

JANUARY 28, 1985

business insurance

update

ISO agrees to revise portion of proposed CGL policy form

NEW YORK—The Independent Insurance Agents of America has dropped its opposition to the Insurance Services Office's new commercial general liability policy forms after ISO agreed to revise the extended reporting period section of the new claims-made form.

Following negotiations with the IIAA's commercial lines committee, ISO agreed to include a 60-day mini-
Continued on next page

Reporting weekly for corporate risk, employee benefit and financial executives/\$1.50 a copy; \$52 a year

Entire contents copyright 1985 by Crain Communications Inc. All rights reserved.

MGM Grand entitled to defense coverage

By STEPHEN TARNOFF

LAS VEGAS, Nev.—MGM Grand Hotels Inc. is entitled to \$4.7 million from one of its excess insurers to cover defense costs arising from claims from the 1980 fire at its Las Vegas hotel, a state court judge says.

In addition, 8th Judicial District Judge John F. Mendoza ruled last week that American Excess Insurance Co. acted in bad faith in failing to promptly reimburse MGM for defense costs, including legal fees. He ordered the insurer to also pay MGM \$165,000 in compensatory damages and \$100,000 in punitive damages.

With interest costs estimated at more than \$1 million, the ruling awards MGM a total of nearly \$6 million.

American Excess says it will appeal the ruling.

The decision is the first to be handed down in MGM's numerous disputes with its insurers over coverage for the Nov. 21, 1980, fire that killed 85 people and injured more than 700 others.

Two other coverage battles are still pending in the courts.

One, scheduled to go to trial March 18, involves a suit by MGM against its broker, Frank B. Hall & Co. Inc., and about 36 insurers that wrote \$170 million in retroactive liability insurance for MGM following the fire. MGM alleges the insurers have failed to indemnify it for the \$75 million settlement it made with fire victims (*BI*, March 21, 1983; Feb. 13, 1984).

Continued on page 71

New Congress prepared to attack benefit issues

By JERRY GEISEL

WASHINGTON—Nearly every employee benefit program will be vulnerable to attacks by Congress this year, benefit experts warn.

Even though congressional committees have not held one hearing on benefit issues this year, experts are already warning that Congress could:

- Place new restrictions on 401(k) salary reduction plans, the fastest growing employer-provided benefit program.
 - Refuse to renew sections of the Internal Revenue Code that now allow employers to provide tax-free educational assistance and group legal benefits to employees.
 - Place a cap on the total amount of tax-free benefits that employers can provide to employees.
 - Make it difficult for employers to terminate overfunded pension plans to recapture excess assets.
 - Change vesting and integration rules for pension plans.
 - Make it more difficult for employers to terminate their underfunded pension plans and shift the liability onto the Pension Benefit Guaranty Corp.
- In addition, Congress also could increase the pension termination insurance premium that employers with

defined benefit plans must pay to the PBGC.

"Everything is up for grabs," said Frederick Rumack, director of tax and legal services at Buck Consultants Inc. "We're in for a hectic year."

"Employee benefit plans are on the congressional examination plate," said Edward J. Davey, vp-technical analysis at Johnson & Higgins in New York.

Although some employers thought the benefit legislation passed by Congress last year—including the Deficit Reduction Act of 1984 and the Retirement Equity Act—marked the end of Congress' attacks on employee benefits, "they are just the beginning," Mr. Davey says.

Observers expect Congress to zealously scrutinize the tax-favored status of many employee benefits because of the mounting federal budget deficit, which is expected to exceed \$200 billion this year.

Employee benefits is one of the few areas left where a significant amount of revenue could be gained by changing tax laws, observers note, a fact Congress has become increasingly aware of.

"It is the deficit that has caused Congress to carefully scrutinize every tax incentive, including those for employee benefits," said Dallas Salisbury, president of the

Continued on page 68



N.Y. hedges on liquidating Ideal Mutual

By JUDY GREENWALD

NEW YORK—The New York Insurance Department says its announcement two weeks ago that it intended to liquidate Ideal Mutual Insurance Co. "at the very least was premature and is regretted."

The department is now conducting an audit of Ideal, which it hopes to complete by Feb. 1. No determination on Ideal's liquidation will be made until the audit is complete, which may extend beyond Feb. 1, said a department spokesman.

"We haven't asked the court for an order of liquidation," said the spokesman. "We haven't assembled the proper evidence to do that."

However, the evidence is being assembled now, the spokesman said.

Nonetheless, previous statements regarding the department's intention to liquidate Ideal Mutual "may have been a little over the mark," said the spokesman.

Previously, another New York department spokesman had told *Business Insurance* that "barring unforeseen circumstances," the department intended to seek a court order this month to liquidate Ideal Mutual (*BI*, Jan. 21).

"It's not a situation that can be rehabilitated," the spokesman had said.

Ideal was placed in rehabilitation on Dec. 26 after a triennial examination of the company by the New York department as of Dec. 31, 1983, found Ideal was \$155 million short of meeting its liabilities of \$310.6 million.

Ideal executives and some policyholders say that the insolvency is grossly overstated (*BI*, Jan. 14).

Since the rehabilitation order, all claims payments to Ideal policyholders have been stopped, and as of Jan. 26 all policies except those held by New York residents have been canceled.

But, because Ideal was an admitted insurer in all 50 states, its policyholders expect to collect on their claims from guaranty funds in their states if Ideal cannot pay claims.

Although the rehabilitation order triggers state guaranty funds in many states, guaranty funds in 22 states cannot begin paying claims until Ideal is ordered liquidated.

Even in states where a rehabilitation order allows guaranty funds to pay claims, no guaranty funds are known to be paying claims because they lack the needed files.

In the two weeks since the New York department said it would liquidate Ideal Mutual, state insurance departments

and guaranty fund associations around the country have been scrambling to get what information they can about the insurer's commitments.

Ideal's files, which are scattered around the country, contain the information on policyholders that is needed by the guaranty funds to begin paying claims on behalf of Ideal.

The New York department is expected to begin mailing information on policyholders to other states this week.

Policyholders of Ideal Mutual's affiliate, Optimum Insurance Co. of Illinois, which is in rehabilitation in Illinois, are in a better position. They can expect to begin receiving claims payments from the insurer next week, according to an Illinois Insurance Department staff member.

A Cook County Circuit Court in Chicago last week granted Optimum Insurance authority to issue checks for past claims as well as current claims, the staffer said.

Optimum Insurance is a subsidiary of Optimum Holding Corp., which is 51% owned by Ideal and 49% owned by the public.

Ideal Mutual policyholders will have to wait longer for their checks.

Continued on page 71

Shand, Morahan's withdrawal puts dent in EIL insurance market's capacity
Page 2

Pool slide manufacturer files bankruptcy to cope with product liability claims
Page 2

update

IIAA won't oppose ISO forms

Continued from previous page

tail without charge in the claims-made CGL form. During that 60 days, the policyholder could buy full tail coverage in the event of non-renewal or cancellation. The full tail coverage would extend the period for reporting claims under the claims-made policy until the aggregate limit was exhausted.

Several agent and broker and risk management groups voiced opposition to the new CGL forms ISO proposed in October 1984. These new contracts, one a claims-made form, the other an occurrence form, represented a radical departure from the CGL forms ISO proposed in January 1984 (BI, Oct. 29, 1984).

The new mini-tail provision will give policyholders time to line up new coverage in the event of non-renewal or cancellation and to decide whether to buy the option for full tail coverage provided for in the new claims-made CGL form.

A spokesman for IIAA said that, although the group has dropped its opposition to the new CGL forms, two issues remain unresolved: coverage for pollution liability, which is excluded from the new contracts, and implementation of the claims-made form, which is not now widely used in the property/casualty insurance industry.

To address these two concerns, the spokesman said ISO has agreed to make available an education program on or before April 1 to help the public understand the new claims-made contract. Also, ISO said it would support an industry effort to help make pollution liability coverage more available. Currently the market for such coverage is severely restricted (see story, page 2).

Carbide may set aside funds

DANBURY, Conn.—Union Carbide Corp. may set aside funds from its 1984 earnings to cover claims from the disastrous toxic gas leak at its Bhopal, India, pesticide plant, according to a published interview with Union Carbide Chairman and Chief Executive Officer Warren M. Anderson.

Mr. Anderson would not comment on the size of the contemplated reserve, but he said the amount would be decided before the company releases its fourth-quarter results, expected this week.

Union Carbide's more than \$200 million in liability coverage may not include coverage of defense costs connected to claims from the gas leak, which killed an estimated 2,500 people and injured as many as 150,000 more (BI, Dec. 24-31, 1984).

In other developments:

- A panel of seven federal judges convened in New Orleans last week to decide whether to consolidate about two dozen lawsuits filed against Union Carbide and to determine where the consolidated actions should be heard. Union Carbide was expected to argue that the suits—which seek billions of dollars—should be heard in India rather than the United States.

- The Environmental Protection Agency said that methyl isocyanate, the chemical that leaked in Bhopal, also leaked from Union Carbide's West Virginia plant 28 times between 1980 and 1984.

J&J unit told to pay \$5 million

ATLANTA—A federal judge has ordered Ortho Pharmaceutical Corp., a Johnson & Johnson unit, to pay \$5.1 million in compensatory damages to a woman who claimed her use of the unit's contraceptive jelly caused her daughter to be born with birth defects.

Judge Marvin H. Shoob ruled that Ortho was negligent in not warning users of Ortho-Gynol Contraceptive Jelly that birth defects could result if the product failed to prevent pregnancy.

The suit was brought by Mary Maihafer, 31, whose daughter was born in 1981 with severe birth defects.

A J&J spokeswoman said the company will appeal the award. Frederick B. Molineux, J&J's director of corporate insurance, refused to comment on the company's insurance coverage.

Two similar suits are now pending against Ortho, and two other suits have been resolved, one through an out-of-court settlement and one through voluntary dismissal, the spokeswoman said.

N.J. amends surplus lines law

TRENTON, N.J.—Amendments to New Jersey's Surplus Lines Guaranty Fund Act were signed last week by Gov. Thomas Kean.

The amendments strengthen capital and surplus requirements by requiring all surplus lines insurers doing business in New Jersey to have twice the minimum capital and surplus required of admitted companies. The amount required of an average surplus lines insurer will be about \$7 million. The insurers have three years to comply.

Additional amendments, which are effective immediately, increase to \$1.5 million from \$400,000 the amount that a surplus lines insurer domiciled outside the U.S. must keep in an irrevocable trust to reimburse policyholders if the insurer becomes insolvent.

The amendments also delegate much of the day-to-day operation

Continued on page 71

index

A.R.M. exercises	46	Vol. 19, No. 4—Business Insurance (ISSN 0007-6864) is published weekly at 740 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, 740 Rush St., Chicago, Ill., 60611; 312-649-5221. Copyright 1985 by Crain Communications Inc.
Classifieds	70	
Comings & goings: industry	66	
Datebook	32	
Insurance services guide	72	
Legal briefs	46	
Letters	8	
Opinions	8	
Perspectives	43	
Spotlight report	3	
Ticker	73	

EIL market crumbles further as Shand, Morahan pulls out

By ROBERT A. FINLAYSON

Capacity in the already-battered environmental impairment liability insurance market is shrinking further as Shand, Morahan & Co. Inc., until recently one of the major EIL markets, says it will no longer write the coverage.

In addition:

- Sources in the EIL market say The Home Insurance Co. is no longer writing EIL coverage. Home officials last week refused to confirm or deny the report.

- Stewart Smith Inc. says it is currently renegotiating its EIL reinsurance, which expires Feb. 1, and will probably be forced to offer lower limits.

Just one month after announcing that a lack of reinsurance capacity had forced a reduction in the EIL policy limits it could offer, Shand, Morahan, an Evanston, Ill.-based underwriting manager, said it would bow out of the market completely.

Shand announced in December that as of Jan. 1, it would be forced to cut its limits from \$20 million per occurrence/\$20 million aggregate to \$2.5 million/\$2.5

million (BI, Dec. 24-31, 1984). Officials with the company, the underwriting manager for Evanston Insurance Co., said they hoped to expand their reinsurance treaty so that they could offer higher limits later.

But on Jan. 15, Shand announced that it had no indication that there would be additional reinsurance capacity for its EIL coverage. As a result, the company said it is withdrawing from the pollution liability market.

Vp Richard P. Kropp said Shand stopped writing new and renewal business, effective Jan. 15. Existing policies will be continued in force until expiration, he added.

Shand had been one of the leading EIL underwriters, with about 30% to 40% of the market.

Mr. Kropp said reinsurers don't want pollution risks because "they fear the U.S. courts." Many underwriters feel that U.S. courts have taken an overly broad interpretation of coverage in pollution cases, EIL experts explain.

"A lot of people think toxic claims will surpass even

Continued on page 67

... MARKET ALERT ...

Lockheed says it is not liable in plane crash

By STACY SHAPIRO

RENO, Nev.—Lockheed Corp.'s risk manager says the company does not believe it will share liability for last week's crash of a Lockheed Electra turboprop in Reno, even though it was the third crash in nine months involving an Electra.

The crash killed at least 68 people.

Lockheed stopped manufacturing the four-engine turboprop as early as the 1960s, when it replaced the plane with the military P3C Orion, explained Robert E. Butler, corporate director of insurance/risk management for Lockheed in Burbank, Calif.

Any Electras still in use are "older planes," he said.

"It is difficult to keep track of them and insist on proper maintenance," Mr. Butler said. "Being such an old plane and removed from the manufacturer, I do not expect that we would have much liability."

Lockheed now has \$1 billion of product liability insurance writ-

Continued on page 67

Citrus growers are burned as cold snap destroys crop

By MICHAEL BRADFORD and STEPHEN TARNOFF

The bitter blast of arctic air that gripped much of the nation last week will be felt by largely uninsured Florida orange growers long after the thaw arrives.

While no estimates of the damage to the Florida citrus crop were available last week, a spokesman for Florida Citrus Mutual, an organization representing the state's citrus growers, said this year's bitter cold affected a wider citrus-growing area than the devastating freeze of December 1983. That freeze destroyed \$280 million in fruit and \$840 million in trees.

"It was much more widespread this year, along the entire citrus belt," the spokesman said.

Assorted property damage was reported across the nation last week from the bitter weather that chilled residents from Maine to Texas.

And, in addition to the more than 123 deaths attributed to the freeze, the cold weather contributed to the crash of two passenger trains in Gary, Ind., which resulted in more than 80 injuries.

As of Jan. 23, the American Insurance Assn. had placed 20 states into its catastrophe category, indicating that at least \$5 million in property damage caused by wind, snow and ice had occurred in each of those states.

Because of the wide scope of the storm, the AIA was gathering damage figures through individual insurance companies last week rather than conducting on-site inspections, according to a spokesman.

Although neither the AIA nor other industry organizations were able to total the damage as of late last week, damage from last week's freeze isn't expected to match the more than \$800 million in property damage caused by the 1983 cold wave, the AIA spokesman said.

Continued on page 72

Pool slide firm files bankruptcy to handle product liability claims

By STEPHEN TARNOFF

LOS ANGELES—The nation's largest manufacturer of diving boards and swimming pool slides is seeking protection under federal bankruptcy laws to cope with product liability lawsuits.

Aquaslide 'n' Dive Corp. of Whittier, Calif., says it doesn't have enough insurance or assets to cover potential awards totaling \$5 million to \$60 million resulting from 15 to 25 product liability suits filed against it.

Almost all the product liability suits involve severe or catastrophic personal injuries, the privately owned manufacturer says.

Aquaslide reported assets of \$4.6 million and liabilities of \$2.2 million, as of Sept. 30, 1984.

The manufacturer has not purchased primary insurance since 1977 and there are gaps over several years in its excess insurance. And, its Bermuda-based captive insurer, established in 1977 when primary insurance costs jumped, provided only \$700,000 annually in coverage.

Aquaslide apparently is the first company not facing asbestos litigation to attempt to use the bankruptcy courts to work out payments for product liability lawsuits.

Three asbestos producers—Manville Corp. of Denver, UNR Industries Inc. of Chicago and Amatec Corp. of Norristown, Pa.—filed for reorganization in 1982, in

large part because of thousands of asbestos lawsuits pending against them.

A judgment in one or more of the product liability actions against Aquaslide will result in "severe, if not catastrophic, disruption of the corporation's ordinary

Continued on page 72

errors & omissions

- Cherokee Insurance Co. of Nashville, Tenn., has paid more than \$4 million in claims under direct property and liability policies since entering voluntary rehabilitation last July, according to Horace E. Gaddis Jr., assistant commissioner in the insurance division of the Tennessee Department of Commerce and Insurance. As reported in the Jan. 14 issue, Cherokee has not yet paid claims filed by any of its general creditors, among which the Tennessee department includes all reinsurance policyholders.

- Security Connecticut Life Insurance Co. underwrites Borden Inc.'s universal life insurance plan (BI, Jan. 21). Metropolitan Life Insurance underwrites Borden's term life insurance plan.

Self Insurance

More self-funding on horizon for property/casualty risks

By DOUGLAS McLEOD

The tightening property/casualty insurance market will prompt risk managers to take a fresh look at self-insuring certain risks, but any growth probably won't be evident in 1985.

Commercial insurance rates are rising so dramatically that insurers' premium volume will grow faster in 1985 than the amount of funds committed to self-insurance, sources say.

As a result, the relative market share of self-insurance to commercial insurance for property/casualty risks will decrease this year.

This is so even though more companies may turn to self-insurance and others will find their cost of self-insuring increased due to a recent tax law change (see story, page 6).

Rate hikes, coverage restrictions, capacity shortages and the unavailability of certain types of coverage will mean an increase—though probably not a boom—in the use of self-insurance, experts say.

"Self-insurance will continue to be a viable approach for many companies, and I think it will continue to grow accordingly," says Warren Brockmeier, vp-risk management with The Wyatt Co. in Chicago.

In a 1983 update of an earlier study, consultant Conning & Co. had predicted that in 1984 admitted commercial insurers would account for about 66% of the total marketplace, while self-insurers would account for 18%, captives for 10% and excess/surplus insurers 6% (BI, Jan. 30, 1984).

While this prediction was probably accurate, the relative market share of self-insurance and captives will probably shrink this year because of rising commercial insurance rates, according to Robert Brian, a Conning general partner.

In 1983, Conning had assumed that commercial property/casualty premiums would increase only 8% in 1985, Mr. Brian said. The company is now projecting increases of 16% this year and 19% in 1986.

Meanwhile, money committed to captive insurance companies and self-funded plans will probably not grow at this pace.

"Captive business and self-insured business is more likely to have been correctly priced, and the premium increases in those areas won't be as sharp as the premium increases we're going to see from commercial companies," Mr. Brian explained.

But, this doesn't mean that there will be less self-insurance.

In a 1984 Conning survey of 157 risk managers, 59% of those responding said they would increase their use of self-insurance if the market hardened, while only 2% said they would self-insure less. About 39% said they would make greater use of captive insurers, Mr. Brian added.

Continued on next page

Surveys find most employers self-funding health benefits

By JERRY GEISEL

The number of employers that are self-funding their group health care plans is exploding.

For the first time, employers that use some variation of self-insurance now outnumber employers that fully insure their health benefits, according to recent surveys.

Of the 268 companies surveyed by The Wyatt Co. last year, 57% in some way self-funded their medical plans. Only 19% of that same sample, which included companies of varying sizes, self-funded their health plans in 1980.

When the Coopers & Lybrand accounting firm surveyed 302 companies in 1984, it found that 60.9% were either self-funding or using minimum premium plans, a funding arrangement that combines elements of self-funding and insurance.

Experts say employers are turning to self-insurance for one main reason: to cut their benefit costs.

Self-insurers can avoid state premium taxes, which usually range between 2% and 3%, and also can earn interest on reserves set aside to pay claims.

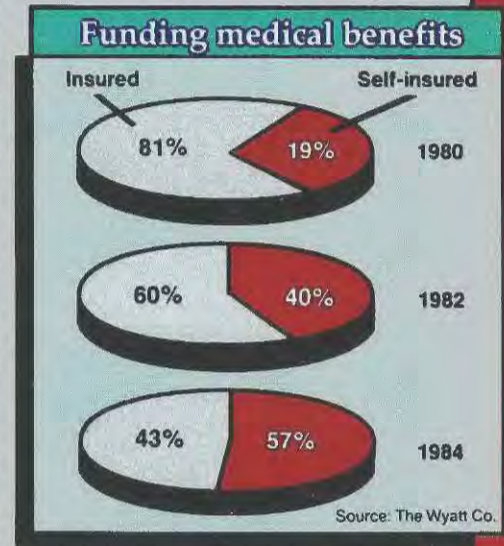
"Employers are looking to squeeze every (health care) dollar," explained Richard Seiden, a senior vp at Frank B. Hall Consulting Co. in New York.

If a company that is spending \$20 million on health insurance premiums can cut its health care costs 4% to 5% by self-funding, that can translate into big savings, points out Richard Bilisoly, a group actuary in Wyatt's Chicago office.

"In 1980, the vast majority of our customers were fully insured," said David Lemire, a regional vp at Connecticut General Life Insurance Co. in Bloomfield, Conn., a CIGNA Corp. unit.

Today, CG's health-care business is split evenly between fully insured employers and employers that purchase minimum premium plans or use the insurer in an administra-

Continued on page 10



Largest claims administrators

As more employers turn to self-insurance, they also tap the expertise and services of third-party claims administrators.

These administrators adjust and pay claims, develop cost-control programs and provide valuable data that allows self-insurers to analyze their losses and identify needed loss-control measures.

The largest administrators of property/casualty claims, including workers compensation, and the largest administrators of group health plans are ranked below, based on information the administrators provided to *Business Insurance*.

The claims administrators are grouped according to the type of claim they administer the most often. They are ranked based on the total amount of all claims they paid on behalf of self-insured clients in 1984, not only in their specialty.

The largest property/casualty administrators are profiled in an article on page 17, and the largest health plan administrators are profiled in another article beginning on page 23.

In addition, the annual *Business Insurance* directory of third-party claims administrators begins on page 50.

Largest claims administrators specializing in property/casualty

Company (Parent)	Claims paid for self-insurers (in millions of dollars)	Number of self-insured clients	Types of claims for self-insurers				Staff serving self-insurers
			Workers comp	General liability	Property	Health	
Crawford & Co.	\$503.0	293	48%	40%	—	—	3,700 ¹
ESIS Inc. (CIGNA Corp.)	\$475.0	1,000	40%	30%	5%	—	4,040 ¹
GAB Business Services Inc. (UAL INC.)	\$400.0	1,000	15%	12%	43%	3%	150
Gallagher Bassett Insurance Service (Arthur J. Gallagher & Co.)	\$307.0	487	49%	15%	12%	16%	530
Alexsis Inc. (Alexander & Alexander Services Inc.)	\$220.0	860	75%	20%	—	1%	570
Scott Wetzel Services Inc. (The Home Group Inc.)	\$218.4	402	67%	16%	—	5%	525

¹ Total staff; full-time equivalent serving self-insurers not available.

Source: BI survey.

Largest claims administrators specializing in health plans

Company (Parent)	Claims paid for self-insurers (in millions of dollars)	Number of self-insured clients	Number of covered employees	Types of claims for self-insurers			Staff serving self-insurers
				Health	Non-health benefits	Property/casualty/work comp	
James Benefits/Fred S. James & Co. Inc. (Transamerica Corp.)	\$1,240	3,150	3 million	73%	6%	21%	650
U.S. Administrators Inc.	\$734	58	863,547	99%	1%	.5%	650
Employee Benefit Claims Inc.	\$250	2,000	250,000	100%	—	—	400
American Benefit Plan Administrators Inc. (Avco Financial Services)	\$250	200	610,000	70%	30%	—	400
Penn General Service Corp. (Republic Hogg Robinson)	\$197	1,223	NA	45%	15%	40%	180
Kelly & Associates	\$150	100	300,000	40%	50%	—	350

Source: BI survey.

Market's impact on self-insurance in flux

Continued from preceding page

"I think what it tells you is that risk managers do have alternatives and with a tremendous change in pricing, those that know they have good business will tend to go back and use more self-insurance and captives," Mr. Brian noted.

However, few observers have seen any voluntary moves toward self-insurance yet.

"Currently, we're in a situation where there is increased self-insurance, but at this point it is being imposed by the market as opposed to being sought as an option by insureds," said Charles Young, a managing director with Marsh & McLennan Cos.

Most insurance buyers are still "scrambling to replace programs" with commercial markets, Mr.

Young noted.

He added that risk managers will start to look at self-insurance again after the latest renewal scramble is over.

"I fully expect that in late 1985 and early 1986, people are going to start analyzing questions of retentions and costs and there will be individual risk managers who will decide whether they want to take an even larger retention," he explained.

Companies that switched from self-insurance to insurance during the soft market may now be "looking at that situation again and saying, 'Hey, the price of insurance has just gotten out of hand,'" says Mr. Brockmeier.

An increase in self-insurance probably will be limited to lines

'Currently, we're in a situation where there is increased self-insurance, but at this point it is being imposed by the market as opposed to being sought as an option by insureds,' says Charles Young, a managing director with M&M.

where commercial markets are the tightest, like products integrity, environmental impairment liability and financial performance coverages, says George M. Betterley, managing principal of Betterley Consulting Group of Newton, Mass., a unit of Tillinghast, Nelson & Warren Inc.

"To the degree that the market is drying up, people may be forced to

self-insure because of simple non-availability," he said. "I do not see a strong move toward self-insurance of major risk categories in the next year or so because of market conditions."

Mr. Betterley added that there may be more self-insurance—or non-insurance—of "extras" that had been included in standard policies at no cost, such as rental value,

contingent business interruption and consequential loss coverages that recently have been included in property insurance policies.

"An awful lot of bells and whistles have been added in the last few years," and risk managers will now have to decide whether to "pay the piper or do without" these coverages, he observed.

Those that do self-insure will make use of several alternative risk financing techniques.

For example, the assumption of larger self-insured retentions by a corporation is becoming more prevalent—although the decision to do so is often made by the insurer and not the buyer.

During recent renewals of product liability insurance programs, retentions have been increased to \$250,000-\$500,000 from \$25,000, according to Charles Mathers, vp and manager of the self-insurance division at Johnson & Higgins.

Retentions on crime coverages also have jumped to \$250,000-\$500,000 from \$25,000, while retentions on highly protected risk property business have doubled, according to M&M's Mr. Young.

In many cases, these increases represent a return to more "realistic" retention levels that existed before the competitive market, observers say.

Many insurance buyers "are going back to deductible levels they knew they could afford in the first place," said H. Felix Kroman, president of Risk Planning Group Inc. of Darien, Conn., another Tillinghast unit.

Risk managers today have the information to make more credible loss projections and thus are able to establish more realistic—and higher—retention levels, Mr. Kroman said.

Even if the insurer does not demand a higher retention, insurance buyers frequently opt for higher retentions to hold down rate increases or to help restructure insurance programs, experts say.

For example, a company might increase its retention to \$500,000 from \$250,000 to obtain a primary insurance limit of \$2.5 million instead of \$1 million, notes Charles L. Ruoff, senior vp for property and casualty with Fred S. James & Co. Inc. in New York.

But, mandatory retention increases may prompt risk managers to consider full self-insurance as an alternative, some say.

When faced with retention increases of the magnitude demanded for product liability risks, "insureds would want to consider self-insuring," Mr. Mathers says.

Establishing a single-parent and group captive insurance company is another alternative funding mechanism, though the tax advantages of operating an offshore single-parent captive have been all but eliminated by recent legislation.

"We have seen a sudden expression of interest in captives, from both single parent entities and groups and associations," says Harry L. Shuford, senior vp and manager of the captive development and planning division at Fred S. James.

Professional liability and products liability are the risks most often considered for placement in a new captive.

Companies interested in single-parent captives tend to be medium- to large-sized corporations with limited product lines, Mr. Shuford said.

Most observers, while anticipating new growth for group captives, see a very limited future for single-parent captives, citing the loss of

Continued on page 6



For Today's... and Tomorrow's... Risks!

Computer Losses. Pollution Liability. Product Recall. Business Interruption Losses. Product Liability. Terrorism. These are just a few of today's risks your business faces. Tomorrow, you can fully expect the emergence of new threats to financial security. Tomorrow, even more, you will need Independent Insurance Agents to provide crucial risk management advice.

Why?

- Because Independent Agents identify and find ways to protect against today's and tomorrow's risks.
- Because at least one of the many companies they represent will offer the precise coverage to fit your needs in the most cost-efficient way. Cost containment literally begins and ends with Independent Agents.
- Because with the advice of your Independent Agent you can eliminate costly overlaps and close gaps in protection.
- Because an Independent Agent can recommend creative programs that utilize traditional insurance, self-insurance, co-insurance, captives, or a combination that best suits the special needs of your business.

- Because your Independent Agent represents you and secures a fast, fair settlement when a loss occurs.

That's why today 7 out of 8 commercial insurance policies are written by Independent Agents. That's why more businesses are turning to Independent Agents for assets protection.

That's why Independent Agents provide more coverage for more individuals, by far, than any other delivery system in the world.

The Independent Agency System represents hundreds of the strongest, oldest, most reliable insurance companies in the country. So, no matter how big or small your needs, you should consult an Independent Insurance Agent. Helping you manage risks as you grow is their *only* business.


For professional counsel and in-depth risk management techniques for your business—and personal needs—see your Independent Insurance Agent identified by this symbol.



Independent Insurance Agents of America

INCORPORATED
100 Church Street, New York, NY 10007

How Wausau helps lighting firm complete assignments.



Whether Musco Sports Lighting, Inc. is assigned to provide mobile lighting for NCAA Football, Super Bowl telecasting or Olympic events, they don't go alone. They go with Wausau, business insurer to this young, innovative Iowa company for eight years.

Joe P. Crookham, President of Musco, recalls, "Given the totally new concept of our enterprise, I was concerned that insurance could be a major problem. But Wausau's interest in our new venture, and their creative underwriting pulled everything together for us. So the 'problem' turned out to be *no* problem.

"We spend a lot of time engineering our products and training our people to reduce risks, and we expect our insurance

company to give us credit for that. Wausau *does*. That's why our relationship evolved from *trying* Wausau to a total service experience, now involving six lines of insurance."

It's a shining example of a business insurance partnership.

WAUSAU WORKS.™



**WAUSAU
INSURANCE
COMPANIES**

Wausau.Wisconsin54401

Watch "The New Tech Times" on PBS.

Principally underwritten by Wausau Insurance Companies.
Check local listings.

DEFRA could hike self-insurers' costs 20%

The Deficit Reduction Act of 1984, which disallows a current year tax deduction on reserves established to pay future claims, could increase the cost of self-insuring as much as 20%, depending on the type of risk, sources say.

However, for many corporations it might still be cheaper to self-insure than to purchase commercial insurance.

According to a study by D.A. Betterley Risk Consultants Inc. in Worcester, Mass., DEFRA could boost the cost of a self-insured workers compensation program by 17%, raising the discounted cost per \$100 loss by \$8.30 to \$57.10 from \$48.80 (see chart).

The cost of self-insuring general liability risks could increase 20.7%, raising the discounted cost per \$100 loss to \$60.10 from \$49.80, while the discounted cost of self-insuring auto liability risks could rise 5.4% to \$68.10 per \$100 loss from \$64.60.

The study assumes payout schedules of seven years for work comp claims, 10 years for general liability claims and four years for motor vehicle liability claims. It also assumes a 46% tax rate; a 10% discount on deducted reserves; and expense levels of 15% of premium for work comp and 25% of premium for general liability and motor vehicle liability.

New tax law increases cost of self-funding liability risks (Cost per \$100 of loss)			
	Reserves tax-deductible	No tax deduction for reserves	Increase in cost
Workers compensation	\$48.80	\$57.10	17.0%
General liability	49.80	60.10	20.7%
Auto liability	64.60	68.10	5.4%

Assumptions: Standard claims payment matrix; expense levels of 15% of premium for workers comp and 25% for general liability; a 46% tax rate and a 10% discount value.
Source: Richard S. Betterley; D.A. Betterley Risk Consultants Inc.

A hypothetical case study done by broker Corroon & Black Corp. found that the cost of self-insuring workers compensation risks rose 15.3% after disallowing a tax deduction for reserves, according to Richard Bureson, senior vp in Corroon and Black's advanced risk management services division.

However, neither Mr. Bureson nor Richard S. Betterley,

president of D.A. Betterley, expects DEFRA to force current self-insurers back to the commercial market.

DEFRA "just lessens the benefits, it does not eliminate them," Mr. Bureson noted.

And Weyerhaeuser Co. has no plans to reconsider its workers comp self-insurance program even though DEFRA will cost the company a "considerable amount," said Kenneth Gipson, manager of statutory benefits.

If Weyerhaeuser purchased commercial insurance for its workers compensation risks, it would pay premiums of about \$45 million even if it were given a 25% discount from manual rates, Mr. Gipson said.

Self-insuring costs about half that, even with the DEFRA changes, Mr. Gipson said. "We're much better off to be self-insured."

"Obviously it has an adverse impact on us, but not to the extent that we would consider not self-insuring," said Michael Skinner, corporate manager of safety and workers compensation for Georgia-Pacific Corp.

Mr. Skinner added that DEFRA does not eliminate a deduction on workers comp losses, but only defers the deduction until losses are actually paid.

Fine Quality. Solid. And Swiss.



We're American. In every way. Contemporary. Innovative. Productive.

But our Swiss heritage makes us sticklers for quality. Sticklers for doing things right.

State-of-the-art ideas tempered by old world standards.

Good reasons why you should have an American organization of Swiss descent protecting your valued business.

Good reasons to choose Zurich-American Insurance Companies.

We create world class insurance that's in a class by itself.

Come to Zurich-American for sound business insurance advice. Vast technical expertise. And the financial strength to protect your enterprise.

You'll find we speak plain English. But if you listen closely, you'll hear our Swiss accent on quality.

Zurich-American

American Creativity. Swiss Dependability.



ZURICH-AMERICAN INSURANCE COMPANIES

Zurich Insurance Company • American Guarantee and Liability Insurance Company • Schaumburg, IL 60196

Self-insurance

Continued from page 4

tax advantages, poor experience writing non-parent related business and the high cost of starting a single-parent captive compared to other risk-funding options.

"A captive is a very expensive risk transfer mechanism, especially if you have any problems with (premium) deductibility," said Kevin F. Donoghue, president of Kevin F. Donoghue & Associates, a Boston-based risk management consultant.

"We will see a net reduction of single-parent captives as many are closed or put on the shelf," Mr. Kloman predicts, adding that as many as a third of existing single parent captives may serve no useful purpose for their parents.

Despite the hardening market, most observers say that cash-flow programs will continue to be available and will continue to attract insurance buyers.

These include retrospectively rated plans like paid-loss retros, in which the policyholder—after paying a deposit premium covering the insurer's costs of administering the program—reimburses the insurer for losses as they are paid, and is thus able to earn investment income on money that otherwise would have gone into the insurer's reserves.

However, some insurers are making their paid-loss programs more restrictive.

Employers Insurance of Wausau is raising its minimum premium requirement to \$500,000 from \$350,000 and increasing its basic premium and premium adjustment factors, according to Tom Murphy, vp-risk management services.

"I do not see paid-loss programs disappearing, but I think they may become less available," said Mr. Murphy.

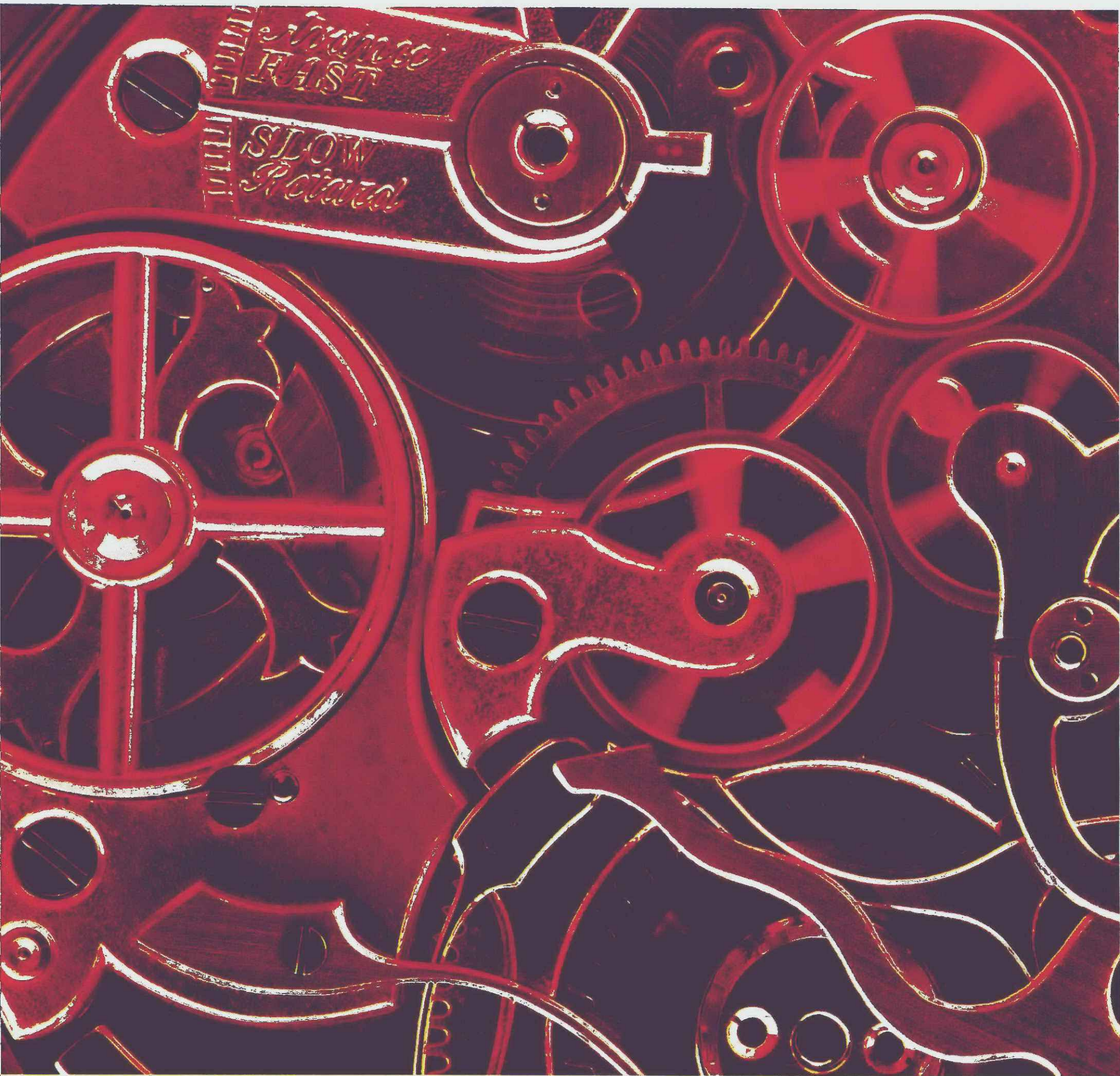
Travelers Indemnity Co., which also writes paid-loss retro programs, will continue to do so, though they may be less feasible for "smaller accounts" with the market tightening, adds Richard Barbieri, second vp.

Buyer interest in paid-loss retros will depend largely on whether the Internal Revenue Service ultimately rules that premiums are tax deductible or whether it disallows the deduction, concluding that paid-loss plans are not true insurance.

The IRS hasn't issued a comprehensive ruling on the point, and observers say that the agency has come to different conclusions in audits of different companies.

If a deduction for paid-loss retro premiums is disallowed, some insurance buyers may switch to incurred-loss retro programs, in which the policyholder pays the insurer in advance for anticipated incurred losses and expenses, experts say.

Everything runs like clockwork.



When an insurance company knows what makes your business tick.

When you work with Sentry, everything winds up working in your favor. Our National Accounts, Risk Management and Special Risks units operate as a single, coordinated department with the flexibility to come through for you, time after time.

By paying close attention to the details of your business, we can design insurance or service programs geared precisely to your needs. With imaginative techniques that match premiums to exposure.

We can also help you minimize those exposures through a complete line of risk management services, including loss control, claims administration, industrial hygiene, loss experience reports, and every service you need to administer self-insurance and captive programs.

And when you work with us, you're not working with a faceless voice on the telephone. You get the personal attention of an account executive who knows your business

inside and out.

If you'd like to see the benefits of working with people who understand your business, give our business a call at (715) 346-6863.



Sentry Insurance
National Accounts Department
Sentry World Headquarters
1800 North Point Drive
Stevens Point, WI 54481

opinions

Self-insurer beware

WITH COMMERCIAL insurance premiums going up and capacity for some types of coverage disappearing, it appears that "self-insurance" is about to be rediscovered as the risk manager's salvation.

But, corporations considering self-insurance for the first time or expanding their self-insurance programs should beware that self-insurance entails more than assuming a risk that previously had been transferred to an insurance company.

As reported in our Spotlight section this week, there are additional risks and new responsibilities involved in self-insurance plans, whether you choose to self-insure your property/casualty risks or employee benefit plans.

Beware that self-insurance means assuming the risks inherent in administering the claims, and adequate fidelity bonds are a must.

If a third-party administrator is used, there's the risk that the TPA could run off with its clients' money, as some California municipalities discovered (see story, page 30). Even if the claims are administered in-house, there's the risk that someone on the staff could embezzle funds, as Hughes Aircraft Co. discovered (*BI*, Oct. 1, 1984).

Illegal activity aside, the quality of the claims administration will have a big impact on the cost of the claims. Good claims administration will lower costs; sloppy claims administration will drive up costs. Risk and benefit managers will have to be prepared to devote the time needed to monitor claims administration,

whether claims are administered in-house or by a TPA, to be sure that claims are not only being paid but the cost of them controlled.

Beware that a self-insurer assumes responsibility for fulfilling the requirements of state regulations governing self-insurers. These include regulations concerning the timely payment of bills as well as statutes governing the right of employers to self-insure workers compensation.

And, complying with state regulations governing self-insurers of workers compensation is no easy task, especially for multistate employers. Regulations differ in all 47 states that permit employers to self-insure workers compensation, and no fewer than 16 states have changed their regulations in the last 18 months.

Beware that the self-insurer isn't necessarily in total control of the cost of its plan.

First, tax laws affect the cost of a self-insured plan, and recent tax law changes have increased the cost of self-insurance for some companies.

Second, few companies can afford or want to totally self-insure so excess insurance and stop-loss insurance is needed. However, these costs are still subject to conditions in the commercial insurance marketplace.

But, most important, losses could be far higher than past experience leads anyone to predict.

Self-insurance can be an attractive alternative to commercial insurance, but heaven on earth it isn't.

You don't have to be a saint to make it work, but don't expect miracles either.

letters

Snuff out health dangers with a ban on smoking

To the editor: We know that smoking is the largest single cause of preventable illness and premature death in the United States. We know that smoking has a most serious negative effect on the companies we represent. However, for some reason those of us working in the risk management/accident prevention area generally have been reluctant to deal with it.

Here are two suggestions: One, a safety rule banning smoking during working hours and a ban on smoking in company

buildings at all times. This approach only stops smoking during work hours, but many employees will view this rule as a good reason to "kick the habit". Overall, it should reduce the level of smoking among employees. And, state and federal safety laws require every company to provide a safe and healthful workplace. Unsafe working conditions, including toxic substances, regardless of their source, must be dealt with. Tobacco smoke is toxic; it is carcinogenic. Tobacco smoke produced in

the workplace is in fact an occupational health hazard no different than asbestos, sulfur dioxide, carbon monoxide or other substances we regularly address and control. We know the best way to deal with a toxic substance, especially if it is carcinogenic, is to eliminate it.

A second suggestion is to consider smoking an addiction. This would allow coverage under the alcohol and drug abuse section of group health plans. Paying for approved stop-smoking programs under group health should be very cost-effective.

We're all concerned about controlling rising health care costs. An aggressive effort to reduce and hopefully eliminate smoking among our employees is an essential cost-control strategy.

W.R. Dagneau
Insurance Supervisor
Wisconsin Public Service Corp.
Green Bay, Wis.

If eye surgery works, it is worth the price

To the editor: I do not consider radial keratotomy (RK) surgery to be cosmetic (*BI*, Dec. 17, 1984) since I already wear contact lenses.

I am almost 37 years old, have worn corrective lenses since I was 7 and have spent as much as \$4,150 on vision care.

I agree that we haven't had time to determine whether it is as effective as it should be. I'm going to wait to have it done, but when the results are in and the side effects erased, count me in. I'll be the first in line, whether it be my pocketbook or the insurer's.

Carolyn J. Johnson
Dallas

Business Insurance welcomes letters from its readers. Please keep your comments as brief as possible. We reserve the right to edit letters for clarity or space. We will not publish unsigned letters. Send your comments to Letters to the Editor, Business Insurance, 740 N. Rush St., Chicago, Ill. 60611.

Small employers can use cost containment

To the editor: Your article, "Right Programs Can Help Control Health Care Costs" (*BI*, Dec. 10, 1984), portrays the "small employer" as being essentially impotent when it comes to utilizing proven cost-containment measures. Nothing could be further from the truth.

Mandatory second opinion surgical programs, pre-admission and concurrent review, the use of health maintenance organizations and preferred provider organizations—all of these are proven cost-containment devices, and all of them are as available to the 50-life employer as to the 5,000-life employer. They are no more or less effective for a small employer than for a large one. A 15% reduction in elective surgeries due to a mandatory second opinion program is a 15% reduction in elective surgeries—whether that's applied

to 100 employees or to 1,000 employees.

The article is full of quotes about how implementing cost-containment measures "creates too much work," "is too much hassle," "could be too expensive," "is certainly burdensome."

The sources of these comments would have been well-advised to heed your editorial in that issue, which said, "these programs will be very similar to the programs implemented by the largest corporations, just on a smaller scale. . . . Small businesses have the option to improve their risk management and employee benefit programs. These options should be exercised." I couldn't agree more.

Richard C. Phillips
Executive Vp
Keenan & Associates
Torrance, Calif.

Insurer offers cost containment for small firms

To the editor: Both in your "Spotlight on Small Business" section (*BI*, Dec. 10, 1984) and in the letters printed in the Jan. 7 edition, you and the authors of those letters seem to want to define small employers as those that have 100 to 500 employees. You state that these employer/employee groups are unable to enjoy the benefit of health care cost-containment programs.

At Union Central Life, we define a small employer as one who has as few as 10 employees, and we offer employers with 10 or more employees the opportunity to purchase a health care cost-containment program. In fact, we have fre-

quently run in your publication an ad directed to these smaller groups, as we feel they can enjoy the same cost savings in their health care premiums that larger groups have experienced.

Pre-admission certification, second surgical opinions, concurrent review and large claim management are working to the advantage of employees and employers of all sizes. Union Central Life wants to help the 10-life employers just as much as we want to help the 500-life employer.

Charles A. Braitsch Jr.
Second Vp-Group Marketing
The Union Central Life Insurance Co.
Cincinnati

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. Burke (Chicago)

Deputy Editor: Lorrie Gibson (Chicago)

CHICAGO: Alison Kittrell (Copy Editor)
Marla Antelis (Assistant Copy Editor)
Carol Cain (Associate Editor)
Meg Fletcher (Associate Editor)
Stephen Tarnoff (Associate Editor)
Linda J. Collins (Agent/Broker Topics Associate Editor)
Diane Kastiel (Staff Reporter)
Marilou Jones (Directory Editor)
Janice L. Wheaton (Graphics Editor)
Amy Palmer (Graphic Artist)
Donna DiBlase (Proofreader)
Jane G. Blumhorst (Editorial Assistant)

LONDON: Stacy Shapiro (London Editor)

LOS ANGELES: Robert A. Finlayson (Bureau Chief)
Steve Taravella (Associate Editor)

NEW YORK: Douglas McLeod (Bureau Chief)
Michael Bradford (Associate Editor)
Judy Greenwald (Associate Editor)

WASHINGTON: Jerry Geisel (Washington Editor)

Corporate: Joe Faraci (Corporate Art Director)

Advertising Director: Donald A. Walsh (New York)

Midwest Sales Manager: Robert L. Niesse (Chicago)

CHICAGO: Deborah D. Neale (District Manager)
Beverly J. Kluxdal (District Manager)
Fran Prybylo (Production Manager)

NEW YORK: Charles A. Horvath (District Manager)
Jack Forrest (District Manager)
Nancy Ellen Zelman (District Manager)
Marianne J. Dueweke (Financial Advertising Manager)

Director of Communications: Ronnie I. Drachman
(New York)

EDITORIAL: Chicago: 312-649-5398
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: Chicago: 312-649-5221

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

JAMES M. FRANKLIN
Vp-finance

Published weekly at 740 Rush St., Chicago, Ill. 60611, Telex 25-4248, Cable CRAINCOM. Offices: 220 E. 42nd St., New York, N.Y. 10017, Telex 604207 CRAIN COM NYK; 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. \$52 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, \$97 per year expedited delivery. WILLIAM STRONG, vp-circulation. ROBERT FIORITO, circulation manager. ROGER DIGREGORIO, fulfillment director. Four weeks' notice required for change of address. Send subscription correspondence to Circulation Department, Business Insurance, 740 Rush St., Chicago, Ill. 60611, or phone 312-649-5221. Microfilm copies are available from University Microfilms, 300 Zeeb Road, Ann Arbor, Mich. 48103. 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



More firms self-fund health plans

Continued from page 3

tive-services-only capacity, Mr. Le-mire says.

At Metropolitan Life Insurance Co., some 80% of clients are, to some extent, self-funding their health care plans, up from 50% a decade ago, said Edward Shults, an assistant vp in New York.

"I'd be hard-pressed to find a large client that wasn't at least partially self-insured," said Mr. Shults.

Few dispute that self-funded health care plans have become the norm at the nation's largest companies. Among employers with 5,000 to 9,999 employees, just 9.1% insured their health care plans, while 63.6% were self-funded and 27.3% used minimum premium plans, according to the Coopers & Lybrand study (see story, page 12).

And at those corporations with more than 10,000 employees, only 16.7% were fully insured, while 61.1% were self-funded and 22.2% used minimum premium plans, the study shows.

Many smaller companies also have switched to self-insurance during the last few years. The Wyatt survey noted that 55% of companies with 1,000 or fewer employees self-funded their health care programs in 1984, up from 44% in 1982.

"Today, it is common to find employers with between 200 and 300 employees that are self-funding" their health care benefits, said Thomas O'Neill, executive vp and chief operating officer at Mass Insurance Consultants & Administrators Inc., a Chicago-based third-party claims administrator.

"The bulk of our new business has been companies with between 100 and 500 employees," said W.B. Davenport, president of Independent Benefit Plans Inc., a TPA in Beech Grove, Ind.

There is no "magic" cut-off in size at which a company becomes too small to consider any type of self-funding arrangement, experts say.

"I've seen companies with 50 employees self-fund, while companies with thousands of employees may be fully insured," said Stephen D. Brink, a consulting actuary with Milliman & Robertson in Milwaukee.

Smaller companies are now turning to self-insurance because businesses once considered too small to self-insure—like those with 50 to 150 employees—are now finding it easy to purchase stop-loss coverage to cap their expenses.

Today, specific stop-loss coverage—which protects self-insurers from large individual claims—can be found for companies with 50 employees, notes Richard Biles, president of Biles & Cook, a TPA in North Hollywood, Calif. Several years ago, stop-loss insurers were reluctant to sell the coverage to employers with fewer than 200 workers, he says.

Also, observers note these smaller companies have only recently begun to examine how their health care dollars were being spent.

The earliest self-funding employers were "big companies which had benefit managers and were more knowledgeable about self-funding techniques," says Wyatt's Mr. Bilisoly. It has only been more recently that small to medium-size companies have hired benefit managers and become more interested in self-funding, he says.

Whatever their size, companies that decide to self-insure their health benefits have several options. For instance, they can:

- Self-fund their benefits through a Voluntary Employee Beneficiary Assn., also known as a 501(c)(9) trust.
- Purchase a minimum pre-

mium plan from a health insurer.

- Buy stop-loss coverages to cover large claims and/or many claims.

Employers that set up a VEBA receive tax deductions for contributions to the trust which must be used to pay benefits and earn interest tax-free.

According to the Wyatt survey, in 1984, some 21% of the 268 surveyed employers self-funded their health care plans through VEBAs, up from 9% in 1980.

Last year, Congress imposed new restrictions on VEBAs to prevent the trusts from accumulating more reserves than needed to pay claims. For example, starting in 1986, an employer cannot receive a tax deduction for VEBA contributions if the trust's reserves exceed 35% of benefits paid out the previous year

(BI, July 2, 1984).

However, an employer can accumulate a larger reserve if it supplies actuarial evidence that more funds are needed.

Yet, these limits on VEBA reserves should not curb the use of the trusts to self-fund medical benefits, experts say.

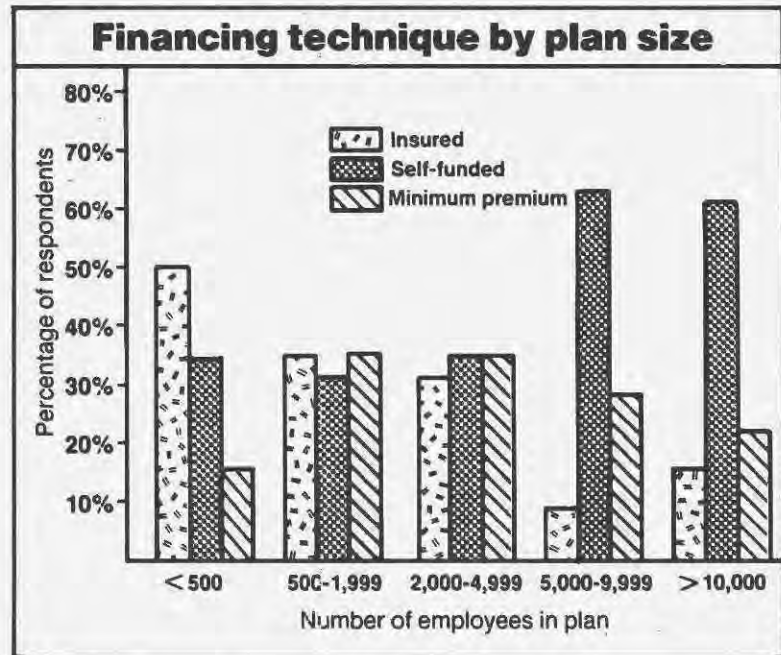
"The reserve limit won't impact on employers' decisions to select a funding technique," said John Hickey, a partner with Kwasha Lipton, a benefit consultant in Fort Lee, N.J. "It is a reasonable limit."

Minimum premium plans are a meld of insurance and self-funding and vary considerably.

One example of a minimum premium plan is as follows.

If the insurer calculated the insured premium at \$1 million, it

Continued on facing page



AMERICAN IN REINS

Managing massive litigation: are you courting disaster?

Two days ago the plaintiff demanded \$800,000 to settle. The defense offered \$100,000. There was no further movement, and the case was carried to verdict. The jury found for the plaintiff; the award was \$3,356,000.

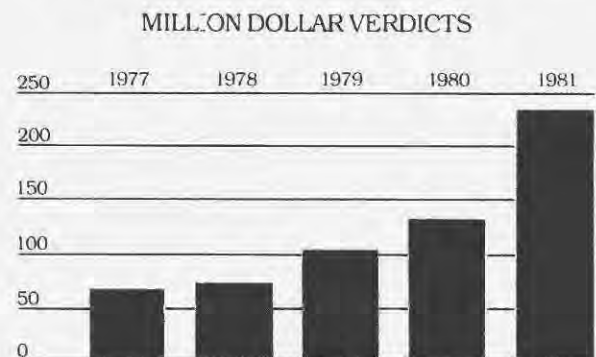
What went wrong? The defense team had already decided that they were willing to pay \$500,000. The case could have been settled for \$500,000. But after the initial \$100,000, the defense made no further offer.

In 31% of the cases we monitored last year, carriers did not offer what they said a case was worth. Back in 1977, however, the figure was an astounding 55%. It was at this time that American Re established a litigation management team, to work for our clients exclusively on these massive cases.

How important litigation management can be is shown by the increase in jury verdicts awarding \$1,000,000 or more in personal injury suits, as shown at the right.

In the face of the national trend, American Re clients who used our specialists increased their percentage of massive injury cases won from 36% to 49%. These victories represent many millions of dollars saved; dollars that flow directly to our clients' bottom lines.

How often do you have a chance to lose a million dollars or more in one case? Possibly once a year, or twice. But these are the ones that can really hurt you. The jury's attitude toward a massively injured person is qualitatively different from that in the ordinary injury case. They want to find for the plaintiff. What's more, the plaintiff is usually represented by a specialist in massive injury cases. The primary company's people, on the other hand, usually handle a large volume of smaller cases. In this unfamiliar type of case, they may hesitate to make hard decisions. They can miss danger signs, or opportunities.



The number of jury verdicts in the U.S. each year awarding \$1 million or more to individual plaintiffs in personal injury suits. Information from Jury Verdict Research, Inc., Solon, Ohio.

AMERICAN REDEF

Continued from facing page would charge the employer a \$100,000 minimum premium to be paid over 12 months to cover the insurer's expenses and profit.

When claims are incurred, the employer deposits the needed funds in an account for the insurer to draw upon, just as though the employer was a self-insurer.

If claims are less than \$900,000, the employer saves money compared with the cost of an insured plan, like a self-insurer.

However, if claims exceed \$900,000, the employer does not owe the insurer more than \$900,000. This is the insurance aspect to a minimum premium plan.

Although minimum premium plans are popular—25.5% of 302 employers surveyed by Coopers & Lybrand purchased minimum premium plans—their popularity may be declining.

Mr. O'Neill of Mass Insurance Consultants & Administrators says

employers often start with minimum premium plans and then switch to self-funded arrangements and buy stop-loss insurance.

In addition, a 1982 California Supreme Court decision may have caused some employers to take another look at minimum premium plans. In that decision, the court sided with the California Insurance Department that state premium taxes must be paid on the amount put into the claims payment account, not just on the "minimum" premium.

Most companies that self-insure their health benefits purchase specific and/or aggregate stop-loss coverages, observers add (see story, page 14).

A specific stop-loss policy pays individual claims that exceed a certain limit. And, while no one can say at what level the average specific stop-loss policy kicks in, it is a lot higher than it used to be.

Five years ago, specific stop-loss

Companies that completely self-fund their health care benefits should be aware that they could be 'blown out of the water by a \$200,000 claim,' said Domenick Ciarniello, a principal with consultant William M. Mercer-Meidinger Inc. in New York.

policies often were designed so that the insurer would pay any claim that exceeded \$10,000, said Virgil Gentzler, president of First Fund Insurance Administrators Inc., a third-party administrator in Irvine, Calif.

Today, Mr. Gentzler reports that specific stop-loss policies often kick in at the \$25,000 to \$50,000 level and that \$100,000 specific stop-loss policies are no longer uncommon.

In addition, self-insured employers also buy aggregate stop-loss coverage, which is triggered if the aggregate amount of claims paid

by the employer in a year exceeds a certain amount. That amount is often equal to 125% of projected claims.

Aggregate stop-loss policies have proven their worth during periods when employers were hit with an unusually high number of small claims, consultants point out.

"In 1980-81, there was a tremendous increase in the number of claims. So a specific stop-loss policy would not have protected you," said Larry Tucker, manager of group benefits consulting in the Newport Beach, Calif., office of

Hewitt Associates.

Some companies assume all the risk and totally self-fund their health care coverages without stop-loss insurance, but this number is believed to be small.

"Generally, it is only the largest companies—those with more than 5,000 employees—that totally self-fund," said Mr. Tucker.

While smaller employers also may completely self-fund their health care exposures, a company with fewer than 500 employees would be extremely foolish to assume all the risk, said Domenick Ciarniello, a principal with William M. Mercer-Meidinger Inc., a New York-based benefit consultant.

Smaller companies that completely self-fund should be aware that they could be "blown out of the water by a \$200,000 claim," said Mr. Ciarniello.

Whether a company self-funds or insures its health benefits will ultimately depend to a large degree on how much risk it is willing to assume, Mr. Brink of Milliman & Robertson said.

"Is a company with an insured premium of \$5 million willing to take a chance that claims could exceed \$8 million if it self-funds?" asks Mr. Ciarniello.

In addition, employers may be better off working out innovative funding arrangements with their insurers, such as gaining more time to pay premiums through deferred premium plans, Mr. Ciarniello said.

But if an employer does decide to self-fund, it will have to pay attention to more than just the funding of the plan if it expects to hold the line on health care costs.

"If you pay the same claims that the insurer was paying, you won't save," said Mr. Lemire at Connecticut General. "You also have to look at how employees are using health care."

Self-funding employers, like fully insured companies, have to examine whether the design of their plans encourages employees to more efficiently use health care services.

For example, a company with an unusually high number of claims for a certain medical procedure may want to consider overhauling its plan so that full reimbursement is provided only if the employee obtains a second surgical opinion.

"The dollars are in benefit disbursement," said Robert Kelly Jr., president of Kelly & Associates Inc., a Chicago-based TPA. "The claims processing component may affect only \$5 of every \$100. We have to attack the \$95."

To attack those costs, self-funding employers need data—like the average number of days it takes hospitals in an area to treat a certain disability. They then can identify the most efficient health care providers and design their plans so that employees have financial incentives to receive services from those providers.

As a result, a self-funding employer will have to evaluate whether its claims administrator, either a TPA or an insurance company acting through an administrative-services-only arrangement, can give it the data it needs to encourage the most efficient use of benefits.

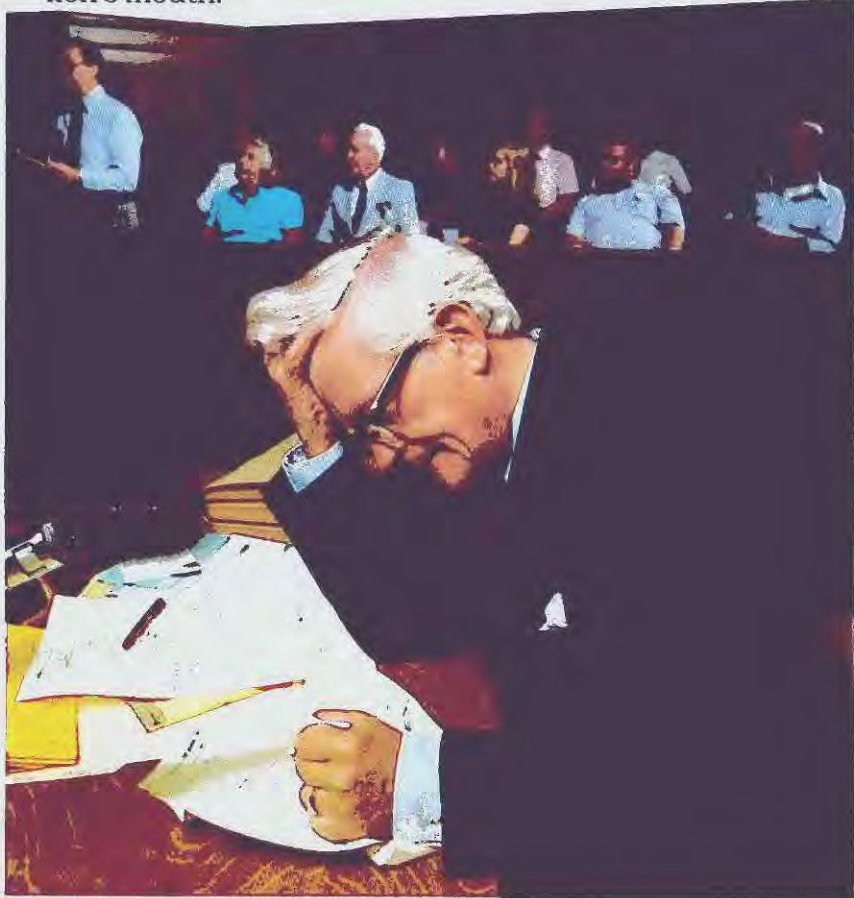
Self-funding employers have to find out exactly what kind of services—including actuarial and statistical reports, and analysis of plan design on benefit costs—their administrators will provide, advises Mr. Brink.

"Anyone can set up an administrator's office. But not all administrators have the same level of expertise," Mr. Brink said.

"It is very easy for an administrator to write checks without doing claims analysis," said Frank Finkenberg, a consulting actuary with Buck Consultants Inc. in New York.

FRONTIERS INSURANCE

Commonly, they fail to estimate what the case is worth, *assuming clear liability*. They may fail to make an adequate offer. They may not make a thorough investigation of the plaintiff's case—especially if they are concerned with other cases at the same time. They may not realize they are in the lion's mouth.



Our specialists are available for consultation and daily trial observation.

They are practiced in working with counsel and the claims person: helping them to investigate a case, anticipate and visualize the plaintiff's presentation, develop the defendant's presentation, estimate verdict potential and advise on offer or trial.

If you can benefit from our Litigation Management service, call Bill Edwards, Vice President and Trial Coordinator for American Re, at (212) 618-7000.



**American
Re-Insurance
Company**

One Liberty Plaza
91 Liberty Street
New York, N.Y. • 10006

AVES REINSURANCE

ATTENTION RISK MANAGERS AND CLAIMS ADMINISTRATORS!

WE HAVE

The In-House Alternative



A Cost-Effective Property and Casualty
RISK INFORMATION SYSTEM

Designed to operate on the IBM System 34 or 36 Computers

System Features

- Completely in House
- On Line/User Friendly
- Menu Driven/Multi Terminal
- Computer Generated Checks
- Automatic W.C. Check Issuance
- Detail Loss Runs
- IBNR Analysis Reports
- Safety & Risk Mgt. Reports
- Claim Repeaters Reports
- On-Line History and Inquiry



FOR MORE INFORMATION CALL OR WRITE
CONWAY COMPUTER CONSULTANTS, INC.

MARKETING
HAROLD BLAUM
820 Howard Avenue
New Orleans, LA 70113
(504) 524-7707

ADMINISTRATION
JACK CONWAY
P.O. Box 12801
Jackson, MS 39211
(601) 932-5504

Health benefit self-funding varies according to industry

Employers that are members of certain industries are more likely to self-insure their health care plans or use a minimum premium plan than employers in other industries, a recently released survey shows.

For instance, among employers in the natural resources industry, which tend to be very large companies, just 15.4% insured their health care plans, while 65.4% self-funded and 19.2% bought minimum premium plans, a funding arrangement that combines elements of self-funding and insurance, the survey says.

Alternative funding techniques were popular in the employer category that includes food products, tobacco, textiles, apparel, lumber

and wood, furniture, paper, printing and publishing manufacturers, according to the survey of more than 300 employers by Coopers & Lybrand, a national accounting firm.

Some 42% of these companies were self-funded, while 29% had minimum premium plans and another 29% were fully insured.

In the category that includes the chemical, petroleum, coal, rubber and plastic, leather, stone, clay and glass, primary metal and fabricated metal industries, some 44.2% were self-funded, 30.2% used minimum premium plans and 25.6% were fully insured.

Fully insured plans are still popular in certain industries. For example, 54.3% of surveyed financial and insurance companies fully insured their health care plans, while 25.7% self-funded and 20% bought minimum premium plans.

In the medical and health industry, 52.4% of the surveyed companies were fully insured, 28.6% self-funded and 19% used minimum premium plans.

Among surveyed governmental entities, some 50% were insured, while 25% each self-funded or used minimum premium plans.

The nation's largest companies are more likely to self-insure their health care plans or use a minimum premium plan than to fully insure health benefits, the survey shows (see story, page 3).

Self-funding and minimum premium plans also are popular at the smaller companies surveyed, although many of those companies still fully insure their employee health care plans.

Among companies surveyed with fewer than 500 employees, 49.6% fully insured their health care plans, 33.6% were self-funded and 16.8% purchased minimum premium plans.

Among companies with 500 to 1,999 employees, some 34% were fully insured, 31% self-funded and 35% had minimum premium plans. Finally, among employers with 2,000 to 4,999 employees, 31.2% were fully insured, 34.4% self-funded and 34.4% used minimum premium plans.

Funding techniques also varied by region.

For example, among companies that operate in multiple sites and tend to be the largest employers, just 9.5% fully insured their health care plans, while 47.6% self-funded and 42.9% purchased minimum premium plans.

Insured plans were most popular among Midwestern employers; 45.8% fully insured their health benefits, 34.4% self-funded and 19.8% used minimum premium plans.

In the Southeast, though, just 35.1% of companies fully insured their health care plans, while 43.3% were self-funded and 21.6% of the employers used minimum premium plans.

The prevalence of funding techniques in other areas of the country include:

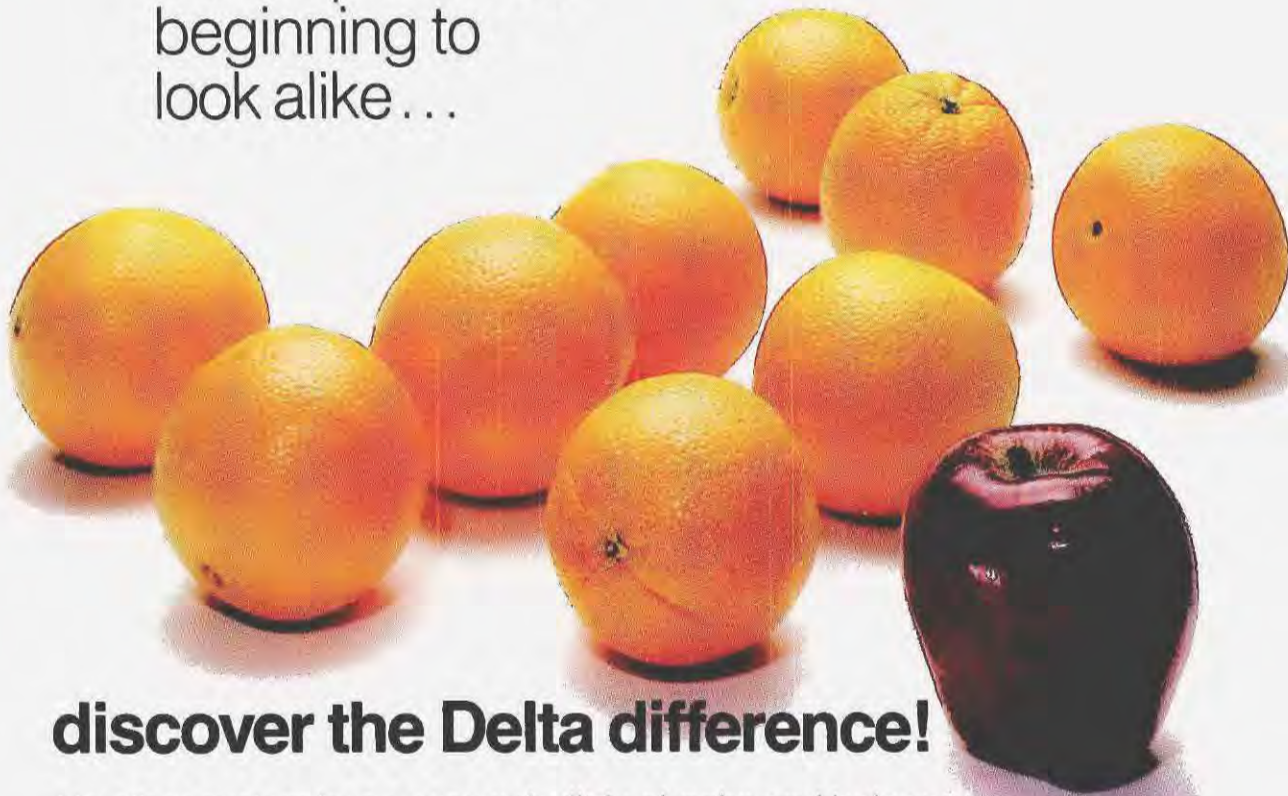
• East Atlantic: insured, 39.2%; minimum premium, 32.4%; self-funded, 28.4%.

• Southwest: insured, 36.7%; self-funded, 33.3%; minimum premium, 30%.

• West: insured, 43.2%; self-funded, 38.6%; minimum premium, 18.2%.

Copies of Coopers & Lybrand's "Employee Medical Costs... A Comparative Study" are available from Andrea Bailey, Coopers & Lybrand, 1999 Bryan, Suite 3000, Dallas, Texas, 75201; 214-754-5215. The cost is \$235 per copy.

if all group dental plans are beginning to look alike...



discover the Delta difference!

No other system has so many built-in checks and balances.

With over 15 million people covered, Delta is the largest dental plan system in the United States.

We're also the oldest.

We wrote the first group dental care programs in the country. Then we pioneered a system of quality assurance and cost containment that is still unmatched by any other plan.

No other system has so many built-in checks and balances.

Participating dentists file their fees with us and guarantee they'll charge no more. In cases where extensive dental work is required, they submit treatment plans in advance to determine how much the program will cover and how much the patient will have to pay.

Patients are only responsible for applicable co-payments and deductibles.

Everything is all spelled out. No surprises, no complaints, no problems. Just predictable fees and affordable rates.

Employer, employee, benefits manager, dentists — everyone knows where they stand with a Delta Dental Plan.

If you can't say the same for your present group dental coverage, then it's time to compare your plan with ours.

For a free copy of Delta's 10-point Dental Plan Comparison Chart, call our National Accounts office at 312-337-4707.

You know where you stand with a Delta Dental Plan.



Delta Dental Plans Association
211 East Chicago Avenue, Dept. F
Chicago, Illinois 60611

*There's a new star
in specialty risks*

GENSTAR

MANAGEMENT COMPANY



North Star Management Corporation has a new name: **GENSTAR Management Company**. But that is not all that has changed. Our new corporate structure enhances our already strong financial base, and we are developing the ability to offer specialty underwriting for primary as well as excess coverage.

Some things will remain the same, of course: our people, and their responsiveness to your needs for innovative solutions to complex risks.

GENSTAR Management Company

a member of the General Re Group

New York (212) 770-0150

Chicago (312) 346-7890

Los Angeles (213) 383-7734

If you want someone who speaks your language,

Speak English.

English & Associates, we mean. We're the settlement annuity experts who know how to help you. See, we've been behind your desk, dealing with those stacks of claims that never seem to get smaller. We know how much structured settlements will make your job—and your life—easier. From claims as small as \$10,000 to those as large as millions, we can

put together plans that will save you money and get those files off your desk and on the closed file list. We even have a unique service called Damage Analysis that establishes the true worth of catastrophic claims.

All this help is yours for the asking. Call us. We think you'll be convinced that in structured settlements, speaking English is a necessity.

English & Associates, Inc.

Settlement Annuity Specialists

LOS ANGELES AREA
(714) 643-2144

NJ. CA. IF. AREA
(415) 631-0610

(300) 824-9090 (CA)

NEW JERSEY
(609) 596-8585

CHICAGO
(312) 399-2051

DALLAS
(214) 934-8208

(800) 228-7193 (USA)

Medical advances hike cost of stop-loss cover

By JUDY GREENWALD

Advances in medical technology are saving lives that previously would have been lost, but they're also ballooning the cost of stop-loss insurance for employers that self-fund their medical benefits.

Underwriters say that rates for specific stop-loss coverage, which caps the employer's cost of an individual claim at a level chosen by the employer, are rising anywhere from 20% to 100% if the employer's retention remains the same.

But, underwriters note that many employers are increasing the amount of risk they retain, which means, in many cases, that specific stop-loss rate hikes are much more

'There seems to be more very large, high claims,' says Peter Anderson of Arthur J. Gallagher & Co.

modest.

And, underwriters also point out that the cost of aggregate stop-loss insurance, which caps an employer's total annual payout for health benefits, is increasing very little.

The amount of risk usually retained by employers is also remaining constant at from 120% to 125% of the employer's annual estimated claims, usually based on three years' loss experience.

The rising cost of claims, largely triggered by advances in medical technology, is costing underwriters of specific stop-loss coverage the most.

For example, an employer whose specific stop-loss coverage is written through Cox Insurance Group recently submitted a claim stemming from the birth of a premature baby that will exhaust the \$250,000 in coverage purchased, says Ray Cox, the owner of the Indianapolis-based underwriting agency.

The insurer would not have faced the claim a few years ago, Mr. Cox said, because the baby probably would have been stillborn or died shortly after birth.

"There seems to be more very large, high claims," agrees Peter Anderson, a benefit consultant at broker Arthur J. Gallagher & Co. in Rolling Meadows, Ill.

Due to these losses, Richard Sellenberg, director of the third-party administrative program at the Hartford Life Insurance Co. in Hartford, Conn., notes that if an employer does not increase its retention, then specific stop-loss rates could as much as double. However, if the retention is increased 50%, then rates might only increase 20% to 30%.

Mr. Cox estimated that specific stop-loss rates will rise only about 20% this year, even if retentions are not increased.

Although medical advances are responsible for much of the rate hike, underwriters also note that rates are rising as the cost of traditional medical care advances. And, they note that some of the rate increases are due to a desire to maintain underwriting profitability.

Stop-loss insurers and underwriting managers are quick to point out that stop-loss coverage has been adequately priced and that stop-loss insurers are in sound financial condition.

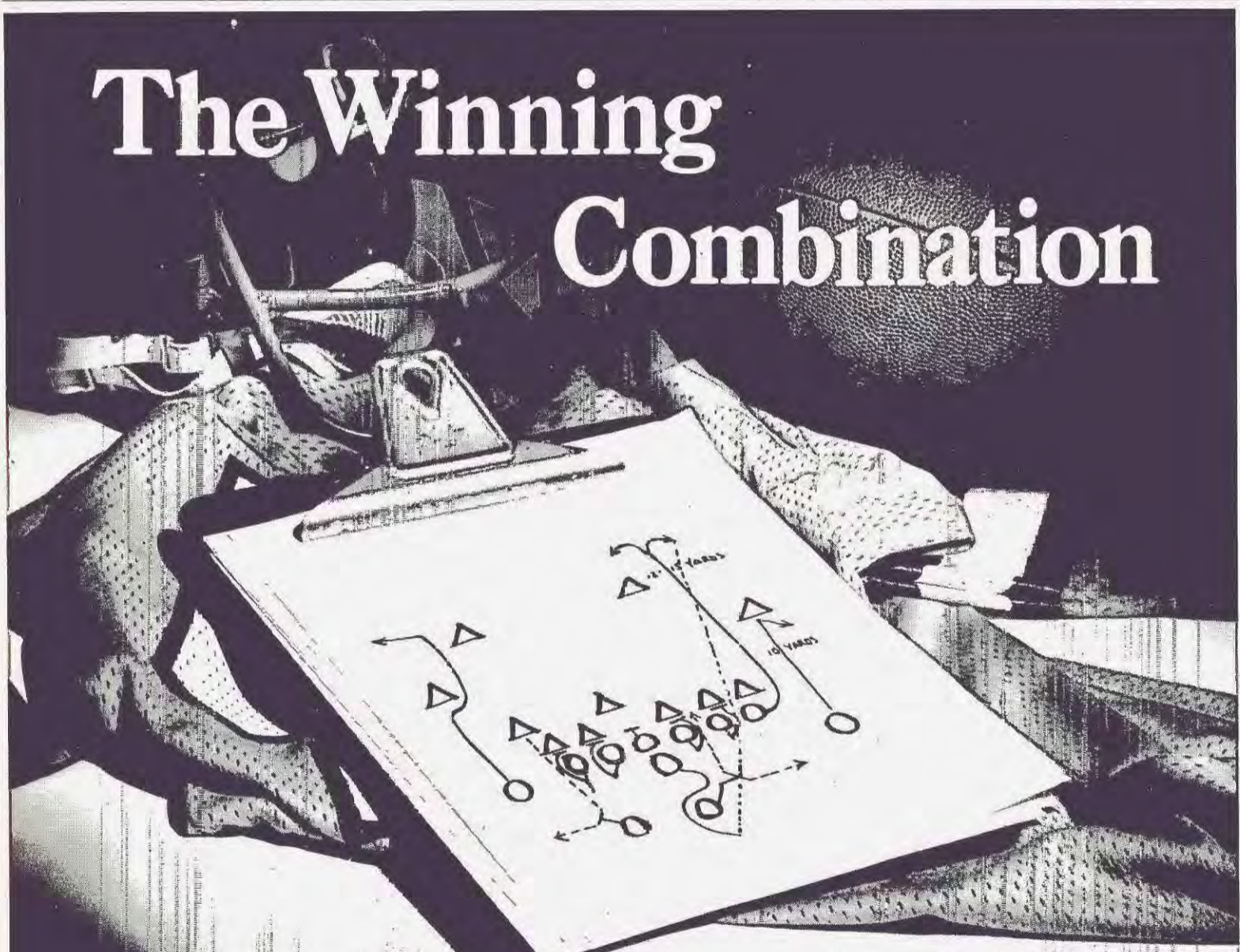
"All in all, I think the market's in decent shape and continues to grow rapidly," says Tom Brown, senior vp and director at New York-based Duncanson & Holt Inc., a reinsurance market for stop-loss insurers.

"There appears to be an underwriting profit," says Mary Ann Dolatowski of the Brouger Agency, based in Greenwood, Ind. Brouger, which underwrites for Lloyd's of London and other stop-loss markets, wrote about \$50 million in medical stop-loss business last year.

H.G. Peterson, director of group health/life at Hartford, which writes more than \$30 million in annualized medical stop-loss premiums, says there is less price competition and more emphasis on service and rate stability in the market.

Continued on page 16

The Winning Combination



It's a matter of teamwork.

To win in the pros you have to play *team* football. If you let your quarterback try to do it all, you'll probably lose.

It's the same in the insurance business. Winners rely on teamwork. That's why Argonaut works exclusively through independent agents and brokers. We want our insureds to have the combined expertise and experience of *two* insurance professionals.

Whether you need workers' compensation, hospital liability, or other commercial casualty lines, we're always ready with affordable, quality coverage.

Independent Agents, Argonaut, and You.

The winning combination.

Argonaut
Where people
take your business seriously.



250 Middlefield Rd., Menlo Park, CA 94025



Managing Risk

**Nobody does it better
than Gallagher**

If you're considering self-insurance for your organization, you're talking risk. You owe it to your bottom line to talk to the people who know what managing risk is all about. Arthur J. Gallagher & Co., international brokers of insurance and risk management services. Nobody does it better.

We do it better because we've put 20 years into building the most comprehensive risk management service in the industry.

We do it better by working directly with you through Gallagher Bassett, our service organization. Gallagher Bassett can function either as an extension of your in-house insurance department or as your full-service claims administration organization.

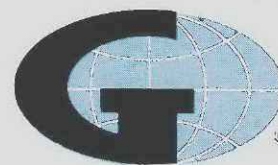
We do it better because we are seasoned professionals in loss control and claims management service. And by aggressively pursuing subrogation, posting property and casualty loss recoveries that far exceed the industry average.

And, we do it better with RISX-FACS™, an on-line computerized reporting system that provides both ordinary and extra-ordinary information to you. You'll have everything you need to know to manage your program. And you'll have it when you want it, in the form you want it.

When it comes to managing risk, ask someone who knows what it's all about. Arthur J. Gallagher & Co.

Write or call us today. Find out for yourself why nobody does it better.

**Go for it.
You're with Gallagher.**



ARTHUR J. GALLAGHER & CO.
10 Gould Center, Golf Road
Rolling Meadows, IL 60008
312/640-8500

Medical advances push up stop-loss rates

Continued from page 14

ket than there was 18 months ago. During a "roller coaster market" that lasted for quite some time, Mr. Peterson says, many employers became disenchanted when stop-loss underwriters would withdraw from the market because they had underpriced the coverage.

"The current market environment seeks stable, reputable carriers," he says, adding that buyers "don't want to change carriers for a penny."

"We're finding that the purchaser is more sophisticated," agrees Scott Taylor, vp-group department at the SAFECO Life Insurance Co. in Seattle, which wrote close to \$40 million in stop-loss coverage in 1984.

"People are looking for stability right now. They're not looking for price," he says. They are looking for "someone who will deliver a quality product."

Observers note that a slowdown in the increase of medical costs also has helped the line's profitability (BI, Dec. 24-31, 1984). But, says R. Michael Conley, vp-group sales for Northwestern National Life Insurance Co. of Minneapolis, stop-loss

For example, Mr. Conley at Northwestern says that his company's minimum is 200 lives, although if the self-insurer also taps Northwestern for administrative services, the insurer would consider selling stop-loss coverage to a group with fewer than 100 lives. "But normally, we're shooting for 200."

North American Life & Casualty

Co. in Minneapolis also requires a minimum of 100 employees, says Tom Lynch, who is in charge of the company's medical stop-loss program. North American, which markets its stop-loss coverage only through third-party administrators, wrote about \$30 million in premiums for the coverage in 1984.

Others in the market include Illi-

nois R.B. Jones Inc., a Lloyd's correspondent based in Chicago and a unit of Alexander & Alexander Services Inc. Illinois R.B. Jones produced more than \$3 million in medical stop-loss premiums last year, according to its president R.J. Ruhe.

Cox, the Indianapolis-based underwriting manager, writes \$10

million in medical stop-loss premiums annually, all on behalf of Lloyd's of London underwriters. It can provide a specific stop-loss policy limit of up to \$1 million.

U.S. Benefits, based in Newport Beach, Calif., underwrites the coverage on behalf of the Harbor Insurance Co. in Los Angeles, a member of the Continental Group. ■

'People are looking for stability right now. They're not looking for price,' says Scott Taylor of SAFECO.

insurers will still be hit with large claims, whatever the inflation rate.

"I don't think we've seen a noticeable dip in what we get tagged for," Mr. Conley says, but he adds that "I think the losses are relatively the same as they were last year. We've stayed on top of it."

Northwestern wrote about \$12 million in medical stop-loss premiums in 1984 and reported a 75% loss ratio.

One approach many, but not all, insurers and underwriters use to increase profitability is to sell stop-loss medical coverage in combination with other forms of insurance.

"Nobody likes to write medical coverage alone," says Hartford's Mr. Peterson.

"You write life with medical coverage in order to make money," he says, adding, however, that stop-loss medical coverage alone has a "satisfactory" loss ratio.

Lincoln National Life Insurance Co., based in Fort Wayne, Ind., generally requires that its clients buy other coverage along with its medical stop-loss coverage. However, it does not deliberately underprice the stop-loss coverage in order to attract the other business, says Bob Williams, who heads the insurer's stop-loss program.

"We price it to make a given profit."

Lincoln National's coverage, which is aimed at self-insured employers with 50 to 200 employees, is marketed through its TPA subsidiary, Lincoln National Administrative Services Co. In 1984, its first full year of operation, it generated about \$1.2 million in stop-loss premiums.

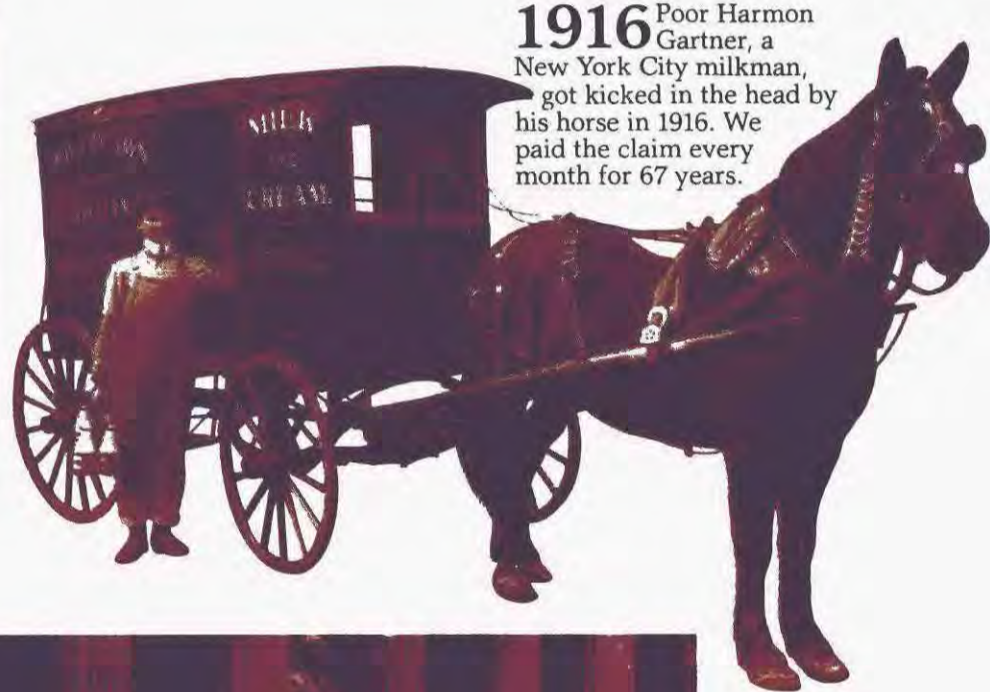
Another stop-loss market, Kansas City, Mo.-based Darby & Associates, which writes about \$5 million in annual medical stop-loss premiums through U.S. fronting insurers reinsured by Lloyd's and European underwriters, also offers the coverage to employers with as few as 50 employees, says Vp Joseph B. Sanches.

However, many underwriters design their coverages for companies with 200 employees or more.

We Go Back But We Never Go



1910 Back in 1910 we wrote our first treaty with the Phoenix Assurance Company. North American Re has the longest continuous record of service to the industry of any U.S. reinsurer.



1916 Poor Harmon Gartner, a New York City milkman, got kicked in the head by his horse in 1916. We paid the claim every month for 67 years.



1929 Black Friday at the Stock Exchange was the beginning of the Great Depression. We helped many insurers survive until the economy recovered.

We did not become professional reinsurers overnight. We began way back in 1910 as the United States operations of Swiss Re.

During those 75 years, we've stood by our clients through two world wars, the great depression, hurricanes, earthquakes and man-made catastrophes too numerous to mention.

We did not enter the business in pursuit of cash flow

Property/casualty rates may aid TPA growth

By MEG FLETCHER

If corporations turn to more self-funding to avoid the higher liability insurance prices quoted this year, third-party administrators specializing in property/casualty claims can expect more business.

Among the six largest TPAs spe-

cializing in property/casualty claims, hopes for growth run high.

GAB Business Services Inc., the third-largest TPA specializing in property/casualty claims, expects its service to self-insurers to grow 15%, while ESIS Inc., the second-largest, predicts growth as high as 22% to 25%.

"The tightening of the market

will certainly make self-insurance a more viable alternative than it had been in the past three years," said Myron Soltau, executive vp at Scott Wetzel Services Inc. in Los Angeles, the sixth-largest property/casualty TPA.

Tempering enthusiasm, however, is some concern over how the new prohibition on tax deductions

for self-funded loss reserves will affect decisions to self-insure.

Also, TPAs are divided over whether corporations will form new captive insurers given the uncertain tax status of wholly owned insurance subsidiaries.

But, TPAs that specialize in property/casualty claims aren't solely relying on new growth in

self-insurance of property/casualty risks. They are branching out into administering health plans.

In the past two years, health claims administration has been the fastest growing area for the fourth-largest property/casualty claims administrator, Gallagher Bassett Insurance Service. In 1984, it was 10% of its business and has grown to 16% this year.

Also expecting to see the health segment of their businesses grow are GAB and Alexis Inc., whose health plan administration was only 5% and 1%, respectively, of their business last year.

Third-party administrators specializing in the administration of property/casualty claims were ranked by *Business Insurance* based on the amount of claims paid on behalf of self-insured clients in 1984, including the small amount of health plan claims they administer for self-insurers.

Largest among these TPAs is Crawford & Co. of Atlanta.

Although known best as an adjuster for insurance companies, Crawford paid out \$503 million in 1984 on behalf of 293 self-insured clients, most of them large corporations.

"We have tried to turn Crawford & Co. from an adjusting-only company into a risk management service company," said President F. L. Minix.

Crawford recently developed a nationwide risk control staff to develop risk control services.

The company updated its computer system and centralized mainframe computers last year, so a client can have on-line access to obtain and manipulate its data base.

Almost half—or 48%—of Crawford's services to self-insurers is related to workers compensation claims.

Another 40% is related to general liability claims and the rest involves almost all types of claims.

While growing in the claims administration area, only 25% of Crawford's \$204 million in gross revenues in 1984 was generated by administration of claims. Claims adjusting, including adjusting claims for 725 self-insurers, generated 61% of its revenues. Services related to health and rehabilitation, risk control, information systems and education generated another 13% of revenues.

"We are probably not known as being the cheapest on the street," said Mr. Minix.

Instead, the TPA emphasizes that it can provide services from its 700 field offices throughout the United States, Puerto Rico and Canada. And, it boasts of experienced managers, training facilities and a full range of services.

Crawford said it could not specify how many of its 3,700 employees serve self-insured clients.

Mr. Minix stressed that Crawford, founded in 1941 and a publicly traded company, doesn't underwrite any insurance or act as a broker. "We can be independent because we are not tied to any particular company," he said.

Increasing revenues is a priority this year, but Mr. Minix declined to project growth because he sees "a state of flux" in demand for TPA services. New clients will come from large companies as well as associations, he said.

A close second in the *BI* ranking of largest TPAs specializing in property/casualty claims is ESIS Inc. of Philadelphia, owned by CIGNA Corp.

ESIS paid out \$475 million in property/casualty claims for 1,000 self-insured clients in 1984, half of which purchase their excess insurance from CIGNA.

Continued on next page

75 Years, Back On Our Word.



1935 By our 25th anniversary North American Re had over a \$2 million surplus. Our quarter century annual report was delivered to Swiss Re aboard the speedy Hindenburg Zeppelin.

1965 Hurricane Betsy caused over \$715 million in insured losses of which reinsurers absorbed about 50%. If it occurred today, the loss would be close to \$3 billion.



1984 North American Re is proud to have reinsured a portion of the Olympic risk.



**Partners In Risk
For 75 Years**

underwriting or any other transitory financial objective.

Our objective has always been to provide the kind of dependable financial stability that our clients rely on reinsurance for.

Which is why so many of our clients have stayed with us for so long.

They know we've been there in the past and we will be there in the future.

The bigger the claim, the more you need to

Speak English.

English & Associates, of course. The settlement annuity company with Damage Analysis, a unique service that establishes the true worth of catastrophic claims.

The idea is to give you a complete breakdown of the projected damages. Then, we show you how spreading the claim dollars over the lifetime of the claimant can save you money. We'll then

assist you in purchasing an annuity to pay those dollars. Damage Analysis is only one way we can help make your job easier. As former claims managers, we know that structured settlements can work for you in many of the toughest situations you face. So, give us a call. We'll show you how English speaks your language.

English & Associates, Inc.

Settlement Annuity Specialists

LOS ANGELES AREA
(714) 643-2144

NO. CALIF. AREA
(415) 631-0610
(800) 824-9390 (CA)

NEW JERSEY
(609) 596-8585

CHICAGO
(312) 399-2051
(800) 228-7193 (USA)

DALLAS
(214) 934-8208

TPAs see growth

Continued from preceding page

Established in 1955, ESIS uses the services of the 4,000 CIGNA property/casualty claims personnel located around the country. ESIS subsidiaries providing TPA services include Robert F. Coleman Inc. in New York and Self Insurers' Management Corp. in Massachusetts and New Hampshire.

About 80% of ESIS' revenues are generated by claims administration, 10% by claims adjusting and 10% by claims auditing projects.

ESIS expects to grow 22% to 25% in 1985 by gaining new large corporate clients, its main client base, said James S. Carpenter, president. More growth will come from associations.

All major ESIS clients are now on-line to the company's data processing system. About 40% of ESIS's services is related to workers compensation claims, 30% to general li-

ability, 20% to automobile, 5% to property and 5% to professional liability. CIGNA's subsidiary Connecticut General Life Insurance Co. provides health plan administration to its clients.

GAB Business Services Inc., known for its claims adjusting for insurers, is the third-largest claims administrator specializing in property/casualty claims but the only one of the six largest with a large concentration in property claims.

GAB paid out \$400 million in claims on behalf of 1,000 self-insured clients. It also adjusted claims for 400 self-insured clients.

About 43% of GAB's services are related to property claims handling, 15% to work comp, 12% to general liability, 10% to auto liability and the rest to professional liability, bonds, ocean marine, inland marine and health insurance. Of GAB's 4,400 employees in 650 service locations and 16 sales offices nationwide, about 150 serve self-insured clients.

GAB, owned by UAL Inc., is celebrating its 100th anniversary with a move to new headquarters in Parsippany, N.J. It was started by insurers that handled losses after the 1871 Chicago fire, which caused \$196 million in damage.

GAB expects its services to self-insured clients to grow about 15% in the second half of 1985, says Paul Dougherty, senior vp. The first six months of this year will be an adjustment period, he says. "We see that the market has turned so quickly that risk managers are off base and grappling with the changes," he says.

He expects new clients to come from the company's same corporate and industrial base of major companies. Of GAB's 1,400 self-insured clients, 1,200 are corporations, 150 are public/government entities and 50 are association plans.

Mr. Dougherty says he expects to see more clients forming captives, adding, "I think the best thing in 1985 would be to be a consultant for self-insureds and captives."

He says GAB's strength is in the information it gathers and reports for self-insured clients. GAB has a new program that will give its clients access to their claims data so they can manipulate it themselves.

Gallagher Bassett Insurance Service in Rolling Meadows, Ill., a subsidiary of broker Arthur J. Gallagher & Co., is the fourth-largest claims administrator specializing in property/casualty claims. Nearly half its services to its 487 self-insured clients involve work comp.

Gallagher Bassett paid \$307 million in claims in 1984 on behalf of its self-insured clients, which include 239 corporations, 229 government/public entities, 17 association plans involving benefits only and two union-sponsored plans, also for benefits only. The corporate clients are mostly medium-sized corporations, although some are large.

Gallagher Bassett has 66 administrative offices and 15 sales offices nationwide. Its services generated \$21.8 million in gross revenues in 1984, of which 86% were related to claims administration and adjusting, 13% to loss control and management information services and property appraisals and 1% to claims auditing.

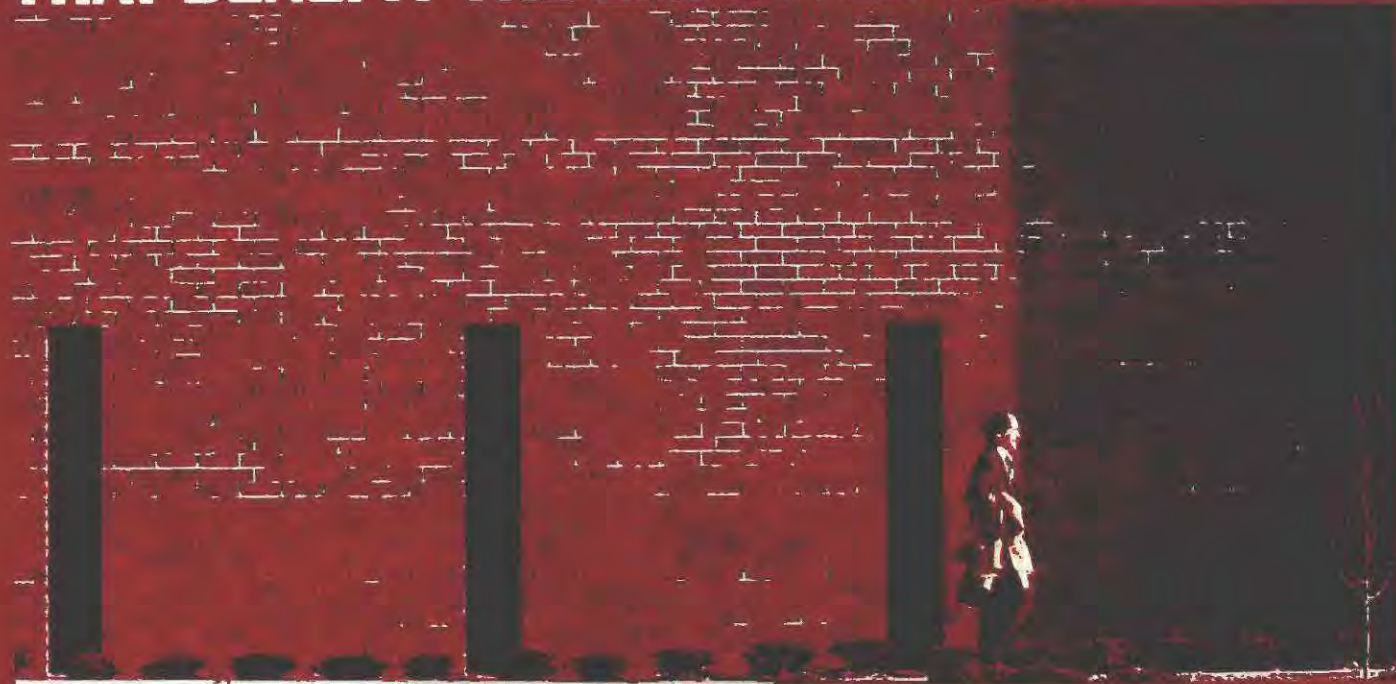
Gallagher Bassett expects to grow about 23% in 1985, primarily because of the tightened insurance market, said President John G. Campbell. But, the fastest growing segment of its business is in administering health claims, he noted.

Mr. Campbell detects a tendency among some employers to switch from a TPA to in-house administration, but he is encouraged that in losing an administration client the company gains an auditing client. In 1984, the company conducted claims audits for 15 self-insurers.

In an audit of a self-administered program, the TPA reviews the in-

Continued on page 26

QUESTION: WHERE CAN I FIND EMPLOYEE BENEFIT PLANS THAT BENEFIT THE EMPLOYER TOO?



Benefit from our experience.

At Brougner, we have a variety of plans to choose from. Some, like Greenwood Plus, provide big protection for smaller employers. Others offer optimum Stop-Loss protection for larger employers.

But every plan is built on Brougner experience. Every plan is backed by Brougner expertise.

And every plan is designed to be good business for any business. Benefiting the company man. And the man who owns the company.

BROUGNER. The Answer.

For more information on Brougner Employee Benefit plans, attach your business card to this ad and mail it to this address.



BROUGNER AGENCY, INC.
Lloyd's London Correspondent
P.O. Box BAI, Greenwood, Indiana 46142
(317) 535-8212

Health plan TPAs expect more business in 1985

By MEG FLETCHER

Because employers refuse to let up on their unrelenting drive to control health care costs, the leading third-party administrators of health benefits for self-insurers predict their gross revenues will increase an average of 26% this year.

They say an ever increasing number of employers—both large and small—are turning to TPAs to help manage health care claims and control costs.

"There is a great deal of waste in the health care system, about 30% to 35%," said Samuel X. Kaplan, president of U.S. Administrators in Los Angeles, the second-largest health plan administrator, according to a *Business Insurance* ranking of administrators based on the amount of health and non-health claims they paid on behalf of self-insured clients in 1984.

The administrators also say their businesses are growing because of the increasing number of health claims for higher dollar amounts.

Despite the slowing down in the rate of inflation for health care costs (*BI*, Dec. 24-31, 1984), most administrators are not seeing a slowdown in claims or a reduction in the size of claims.

Inflation—while moderating—still continues to drive up the cost of medical care, said E. Drew Crowley, senior vp of research and development at James Benefits, the largest administrator specializing in health care claims.

Another factor fueling growth for the TPAs is increased hospital utilization, said Christopher J. Dunlap, executive vp of Employee Benefit Claims Inc., the third-largest health claims administrator.

Hospitals are getting people out sooner, but back in more frequently, said U.S. Administrators' Mr. Kaplan.

The TPAs are not worried that their business will shrink if the implementation of cost containment measures continues to control health care costs. Controlling health care costs for their clients rather than just administering the claims will provide plenty of work, says Robert E. Kelly Jr., president of Kelly & Associates Inc. of Chicago, the sixth-largest health claims administrator. "The challenge of the future is how well you impact a client's costs," he said.

"It only gets better," said Mr. Kaplan of the TPAs' future. "The more money that is left, the more money there is available for benefits." And the TPAs will be asked to administer these benefits.

Although it already is the largest of the third-party administrators specializing in health claims, James Benefits expects its gross revenues to increase by another 35% in 1985.

Ninety percent of James Benefits' \$51.4 million in gross revenues in 1984 was generated by claims administration, with 5% from claims adjusting and 5% from claims auditing.

In 1984, James paid out \$1.24 billion in claims on behalf of 3,150 self-insured clients.

'The challenge of the future is how well you impact a client's costs,' Mr. Kelly says.

The new growth for James Benefits, which does three-quarters of its business with self-insurers in the health benefits area and 15% in the workers compensation area, will come from the addition of two new clients and two anticipated mergers with other TPAs, said Mr. Crowley. However, he would not detail the merger plans.

James Benefits, which purchased administrator Galbraith & Green in 1980 and is headquartered in Salt Lake City, Utah, now has 45 offices nationwide, said Mr. Crowley. It is a subsidiary of broker Fred S. James & Co. Inc., which is owned by Transamerica Corp.

James services both large and small clients. It administers health claims for some 2,500 of its 3,150 self-insured clients and workers compensation claims for 650 clients. Ninety-four percent of its self-insured clients are corporations. The rest are government entities, Taft-Hartley plans and association plans.

James' aim is to meet employers' total needs by implementing cost containment procedures and providing efficient service, said Mr. Crowley, including a maximum of five days between the time a claim reaches a James Benefits' office and a check is issued to pay it.

The administrator's major thrust in 1985 will be the administration of cafeteria and 401(k) plans, he said.

It also hopes to attract more clients by offering them James' software to administer their own claims on their own personal computer. This service is provided for employers with fewer than 4,000 employees.

Larger employers with more than 10,000 employees also would have access to James' mainframe computer.

One main advantage for an employer that taps James Benefits is that it integrates health and workers compensation claims on a daily basis to prevent duplication, Mr. Crowley said. "This is very unusual, even among insurance companies," he added.

U.S. Administrators, the second-largest health benefits administrator, paid out \$734 million in 1984 on behalf of 58 self-insured clients, most of whom are among the 1,000 largest employers in the United States.

Its business is almost exclusively health benefits claims administration.

In 1985, U.S. Administrators is predicting its gross revenues, which the privately held company does not disclose, will grow by 40% as it continues to service very large employers.

The 22-year-old company is the most aggressive TPA in tracking the practice patterns of providers, contends Mr. Kaplan, who owns U.S. Administrators.

His firm reviews all hospital bills line-by-line and finds errors on all of them, said Mr. Kaplan. His company averages a 21% reduction in hospital bills of more than \$10,000, he boasts.

Mr. Kaplan's aim is to let providers know if their pricing or patterns of practice differ from the prevailing norms, and, if necessary,

to stop using such providers.

U.S. Administrators plans to open an office in Pittsburgh in February, giving it six offices nationwide. Other offices are in Los Angeles, Calabasas and Universal City, Calif.; Shrewsbury, N.J.; and Dallas.

Employee Benefit Claims Inc. of Minneapolis is the third-largest TPA specializing in health claims in the *Business Insurance* ranking. It paid out more than \$250 million in health insurance claims exclusively in 1984 on behalf of more than 2,000 self-insured clients.

This business generated \$24 million in gross revenues in 1984 and the administrator is predicting its gross revenues will grow by 25% to 30% in 1985. Eighty-three percent of its gross revenues came from claims administration; 15% from claims auditing; and 2% from claims adjusting.

Employee Benefit Claims caters to the smaller employer, with its average client having 100 to 500 employees. More than a third are corporations and almost two-thirds are government entities.

"We are more competitive than most TPAs," said Christopher Dunlap, executive vp. "We are kind of a no-frills administrator," he said, likening his operation and prices to those of a K mart rather than a Neiman-Marcus.

The privately held company, founded 10 years ago, is branching out to service casualty claims.

In 1985, Employee Benefit Claims plans to reap the rewards of three years of work to set up an advanced computer system that will process claims and reports and be compatible with any hardware.

The computer system will be used mainly by the administrator to make its operations more efficient.

Continued on next page

Don't Miss the Boat!



Risk and employee benefits managers from the best companies in America will convene in New Orleans on April 14-19 for the 23rd annual RIMS Conference.

The program, "In '85 Strive for Excellence", features sessions on strategies for coping with a hard insurance market, new financial techniques, effective risk control, the impact of legal and legislative changes on risk and benefits programs.

Groups of sessions will focus on the international arena, information systems, general management, and employee benefits... from cost containment measures to 401ks.

Another series of sessions is designed to bring new risk managers "up to speed", and some 40 Industry Sessions will zero in on the problems within your industry... from a bank to a utility.

Insurance Market leaders will debate what's ahead and the authors of "The 100 Best Companies to Work for in America" will illustrate actual examples of managerial excellence. Don't miss the exciting computer show. You can take your turn "playing" with state of the art software... plus tour the exhibit hall.



For brochure, call (212) 286-9292, telex 968289 or write: RIMS, Dept. BI, 205 East 42nd St., New York, NY 10017.

Don't Miss the Boat!

MEDICAL STOP LOSS FACILITY



Medical Stop Loss
ARAS Program (35+ Participants)
Specific & Aggregate

Group Life & AD&D
Disability Income (WI & LTD)
Medical Conversion

High Limit Disability
PTD & TTD (Monthly and/or Lump Sum)

COX INSURANCE GROUP, INC.

P.O. BOX 27766
5170 COMMERCE CIRCLE
INDIANAPOLIS, INDIANA 46227
(317) 887-0030 Telex 276252

Correspondent with Lloyds of London

Health plan TPAs expecting more business

Continued from preceding page
cient, but it may be made available to medium- and large-sized employers who want to administer their own plans, he said.

Employee Benefit Claims has offices in 19 cities nationwide. Subsidiaries of Employee Benefit that also administer claims for self-insurers are Employee Benefit Administration Co. in Minnesota and Oklahoma, Employee Compensation Administration Inc. in Florida and California, and EBC-Pennsylvania Inc. in Pennsylvania, Ohio and West Virginia.

Missing third place by a hair is fourth-ranked American Benefit Plan Administrators Inc. of Los Angeles.

It paid out \$250 million in claims in 1984 on behalf of 200 self-in-

sured multiemployer plans.

Its clients consist mainly of construction union employees with an average group size of 2,000.

American Benefit Plan Administrators expects its 1984 gross revenues of \$20 million to grow 15% in 1985. It will seek out clients in Detroit and Ohio, which would be serviced through the TPA's Indianapolis office. The company also will market its services to clients in the Southeast and hopes to open another office in Jacksonville, Fla., bringing the number of administrative offices to 12.

The administrator will be converting to a new data processing system in 1985, which will mean better reports and service for clients, said Charles E. Jackson, president. The new system will include

'We are more competitive than most TPAs. We are kind of a no-frills administrator,' said Christopher Dunlap of Employee Benefit Claims, likening his operation and prices to those of a K mart rather than a Neiman-Marcus.

on-line capabilities for clients.

"To be competitive, there will be a constant change," Mr. Jackson said.

A more efficient data processing system will allow the TPA to cut staff, especially in the medical claims area. The company's 400 employees will eventually drop to about 100, he said.

American Benefit Plan Admin-

istrators was founded in 1952 and acquired in 1969 by Avco Financial Services.

The fifth- and sixth-ranked administrators differ from the top four because less than half of their business is generated from health claims administration. However, the largest percentage of claims they administer for self-insurers is in the health benefits area and the

dollar amount of claims paid by them on behalf of self-insurers placed them among the leading administrators.

Ranked fifth in the BI listing is Penn General Service Corp. of Los Angeles, which paid out \$197 million on behalf of 1,223 self-insured clients. Eighty percent of those clients are corporations and 20% associations.

About 45% of its business is in health plan administration, with the remaining 40% in workers compensation and 15% in life and disability insurance.

While the TPA's name was unfamiliar to some of its larger competitors, its parent is insurance broker Republic Hogg Robinson Inc., which is owned LTV Corp. and Hogg Robinson, a London broker.

Penn General Service Corp., which was founded in 1978, expects its gross revenues to grow 20% in 1985 by serving other brokers' clients in addition to clients of Republic Hogg Robinson, said Richard P. Shea, senior vp.

Its 1984 gross revenues, of which 50% were generated from claims administration and 50% from workers compensation loss control programs and health care cost containment programs, were unavailable.

The administrator plans to streamline operations through the use of a new computer system, which will be chosen and installed this year. Its aim is to go to a paperless claim system for health plan clients, he added.

The TPA does almost all its work in-house, but does use accountant Coopers & Lybrand for tax work and other federally-required filings, he said.

Penn General Service has 12 offices. Subsidiaries that administer claims for self-insurers include Penn General Insurance Services of California Inc., Penn General Services of Michigan Inc. and Penn General Services of New England Inc.

The sixth-largest health care claims administrator is Kelly & Associates of Chicago, which paid out more than \$150 million in health, disability and life claims in 1984 on behalf of more than 100 self-insured clients, split between corporations and Taft-Hartley plans.

In addition to benefit claims administration, which accounts for 40% of Kelly's business involving self-insurers, the firm provides pension plan administration, accounting for another 40% of its business.

Half of its gross revenues in 1984, which Mr. Kelly would not reveal, were generated from claims administration. The other half was from trust fund administration

Mr. Kelly predicts the administrator's gross revenues will grow 15% to 20% in 1985 as existing clients grow larger, and as other companies that have tried self-administering their programs turn to Kelly for help.

Kelly & Associates also anticipates receiving referrals.

"We tend to pick up clients because they are not satisfied with the service they got before from an insurance carrier or another administrator," he said. "The best thing you can do is a good job for the client"

Kelly & Associates emphasizes quality service that is individualized and provided by employees who are mostly promoted from within, Mr. Kelly said.

He continually emphasizes the need to apply cost management techniques to clients' health care plans and to consider the consequences of those measures.

He emphasizes local service with 14 offices.

WE'RE SO SURE YOU'LL LIKE OUR NEW STRUCTURED SETTLEMENT SOFTWARE, WE'LL THROW IN THE HARDWARE FREE.



Recently Brokers' Service introduced STRUCTURE ONE, a new software package that lets

claims adjusters and managers develop their own structured settlements.

Already, the response has been tremendous.

In fact, claims specialists don't just like STRUCTURE ONE, they love it.

Here are a few reasons why.

STRUCTURE ONE lets you print settlement proposals in just ten minutes with and without premium costs. And a basic file in just a minute or two.

It illustrates compounding annuity growth.

It develops and prints settlement releases and third party as-



signment forms. Prints proposal cover sheets, cover letters and addresses envelopes. And even lets you keep track of the progress of your cases.

Naturally, we think everyone in the business should have STRUCTURE ONE.

And if you don't already have the hardware to use it, we'll give it to you free.

Either an IBM PC with a printer for your office.

Or a COMPAQ portable computer and printer that you can even take to a settlement conference with you.

To find out all about STRUCTURE ONE and/or our free computer offer, call Joe O'Reilly at 1-800-343-7772.

He'll tell you why one of the best things in the claims business, these days, is free.

STRUCTURE ONE
FROM BROKERS' SERVICE

500 South Main Street, Providence, RI 02903. Other offices in Boston and New York City.

You can control the cost of disability if you know where to look.



We know where to look.

Your large case clients have faced substantial increases in long term disability costs over the years. Despite what some may think, rising costs are not inevitable. Control is possible. If you know where to look.

Our unique Wellness Plan focuses on prevention, the best form of cost containment, by identifying potential disabilities before they happen. Unionmutual's Personal Profiles estimate an individual's risk of illness and injury, and, combined into a Group Summary Report, give the employer an overall risk report card of his employees. In addition, we have rehabilitative specialists throughout the country, whose primary concern is to get the disabled back to work as quickly as possible.

Our Cash Flow Plus LTDSM gives employers with more than 500 lives an opportunity to participate immediately in plan experience and to improve cash flow. And our unique Fund Balance LTDSM, a standard feature on plans with 1,000 or more lives, allows employers to participate in "new money rate" investment gains in order to reduce plan costs.

Our large case underwriters handle large cases only and, as specialists, are thoroughly familiar with their every aspect. This ensures plans that are among the most cost effective in the industry.

We'd like to show you risk management that focuses on disability cost containment. Send for our LTD Risk Management Guide today, or give us a call and we'll take a look, a long hard look.

Send me your free comprehensive LTD Risk Management Guide.

Name _____

Address _____

City _____

State _____ Zip _____

Phone number _____

Mail to: Fred Brown, Vice President, LTD Products
Unionmutual, 2211 Congress Street,
Portland, Maine 04122



Unionmutual

Putting employee benefits
in a whole new light.

Unionmutual Stock Life Insurance Co. of America, Portland, Maine 04122 (All states except New York)
Unionmutual Stock Life Insurance Company of New York, Elmsford, New York 10523 (New York State only)

If structured settlements are Greek to you,

Speak English.

English & Associates, that is. The company that specializes in making life easier for claims people all over the country.

You see, we do two things really well. The first is explaining, simply and plainly, how settlement annuities work and benefit you. The second is structuring those annuities so you save the

maximum amount of money while giving the maximum benefits. We even have Damage Analysis, a uniquely comprehensive service that projects the true worth of catastrophic claims.

The cost to you? Zero. So call today. After we talk we're sure you'll become part of the English-speaking world.

English & Associates, Inc.

Settlement Annuity Specialists

LOS ANGELES AREA
 (714) 643-2144

NO. CALIF. AREA
 (415) 631-0610
 (800) 824-9090 (CA)

NEW JERSEY
 (609) 596-8585

CHICAGO
 (312) 399-2051
 (800) 228-7193 (USA)

DALLAS
 (214) 934-8208

Property/casualty TPAs

Continued from page 18
 house operations for accuracy and efficiency and makes recommendations.

"In the future, we see much more of that business for us," he said.

Gallagher Bassett's strength is in its experienced staff, training and total dedication and consistent servicing of only self-insurance clients, Mr. Campbell contends.

"With the specialization there is greater expertise and we feel the best product because we are dedicated to that one product—self-insurance," he said.

Gallagher Bassett developed and patented its own computer system. The system provides each client with its own terminal which provides the client with access to claims information and gives it the ability to analyze the information.

Almost all clients are now on the system.

The TPA emphasizes the importance of its loss control services, but will unbundle these services if the client wishes.

Fifth-largest Alexsis Inc. of Livonia, Mich., a subsidiary of Alexander & Alexander Services Inc., paid \$220 million in claims on behalf of 860 self-insured clients in 1984.

Workers compensation claims dominate its business, accounting for about 75%. General liability claims account for about 10%. Only 4% of its business is in auto claims and only 1% in health claims.

"Health benefits administration is a small part of our business but will be increasingly important as time passes," said national director John A. Malasky.

Alexsis' clients include 520 corporations, 303 government entities and 37 association plans.

Corporate clients range in size from those with 100 employees to those with 20,000 employees and for the most part are concentrated in the Eastern United States.

From its 35 administrative offices, Alexsis generated about \$25 million in gross revenues in 1984. Seventy percent was related to claims administration and adjusting, 25% to the design and administration of alternate funding plans and safety programs and 5% to claims auditing projects.

Alexsis expects to grow about 20% in 1985, said Mr. Malasky.

Last year, Alexsis declined to renew contracts with 20% to 25% of its existing clientele to purge clients that were too small to be profitable or placed unusually hard-to-meet demands on the TPA. It expects this move to help it better serve existing clients.

Alexsis' subsidiaries that provide claims administration services include Alexsis Risk Management, SISCO in Louisville, Ky.; Corporate Service Inc. in Michigan; and Summit Consulting Inc. in Lakeland, Fla.

Ranking sixth among TPAs specializing in property/casualty claims is Scott Wetzel Services Inc. of Bremerton, Wash., which is owned by The Home Group Inc.

Scott Wetzel paid \$218.4 million in claims on behalf of 402 self-insured clients in 1984.

Its clients include 369 corporations employing 75 to 20,000, 27 public/government entities and six association plans.

About 87% of Scott Wetzel's gross revenues is related to claims administration, 7% to adjusting, 5% to loss control and data services and 1% to claims auditing projects.

Scott Wetzel anticipates growing about 20% in 1985, with some growth coming from new health plan administration. Last year, 5% of Scott Wetzel's business was in health claim administration.

"That certainly is an area where megadollars are involved, but there certainly is a lot of competition too," said Myron A. Soltau, executive vp.

As it expands its benefits administration, Scott Wetzel plans to decentralize its employee benefit operations to regional offices.

"There is a great desire in employee benefits to have immediate access to the administrator," Mr. Soltau said.

Scott Wetzel now has 30 administrative offices nationwide and four sales offices.

Increased growth is also forecast in the workers compensation and general liability areas, which now represent 67% and 16%, respectively, of Scott Wetzel's business.

Next month, Scott Wetzel expects to announce the successor to the company's founder and president, E. Scott Wetzel Jr., who is retiring this year.



A Dividend with a wallop

State Fund's 1983 dividend delivers another knockout punch to high insurance costs.

Our Board of Directors has set aside \$265,300,000—48% of premium—for payment of 1983 policy year Workers' Compensation Insurance dividends.

We will continue to calculate dividends twice—with 100% payment of what you earn 10 months after policy expiration and any additional earned dividend at 22 months—with NO RECAPTURE, of course.

There continues to be NO LOSS CONVERSION FACTOR.

We're proud of what we give to California employers in both dividends and service. It's a direct result of State Fund's hard work to help keep insured employers' workplaces safe.

Contact us today, to find out what the impact might have been on the bottom line of your business if you'd been insured with State Fund.

THE HEAVYWEIGHT CHAMP, AGAIN!

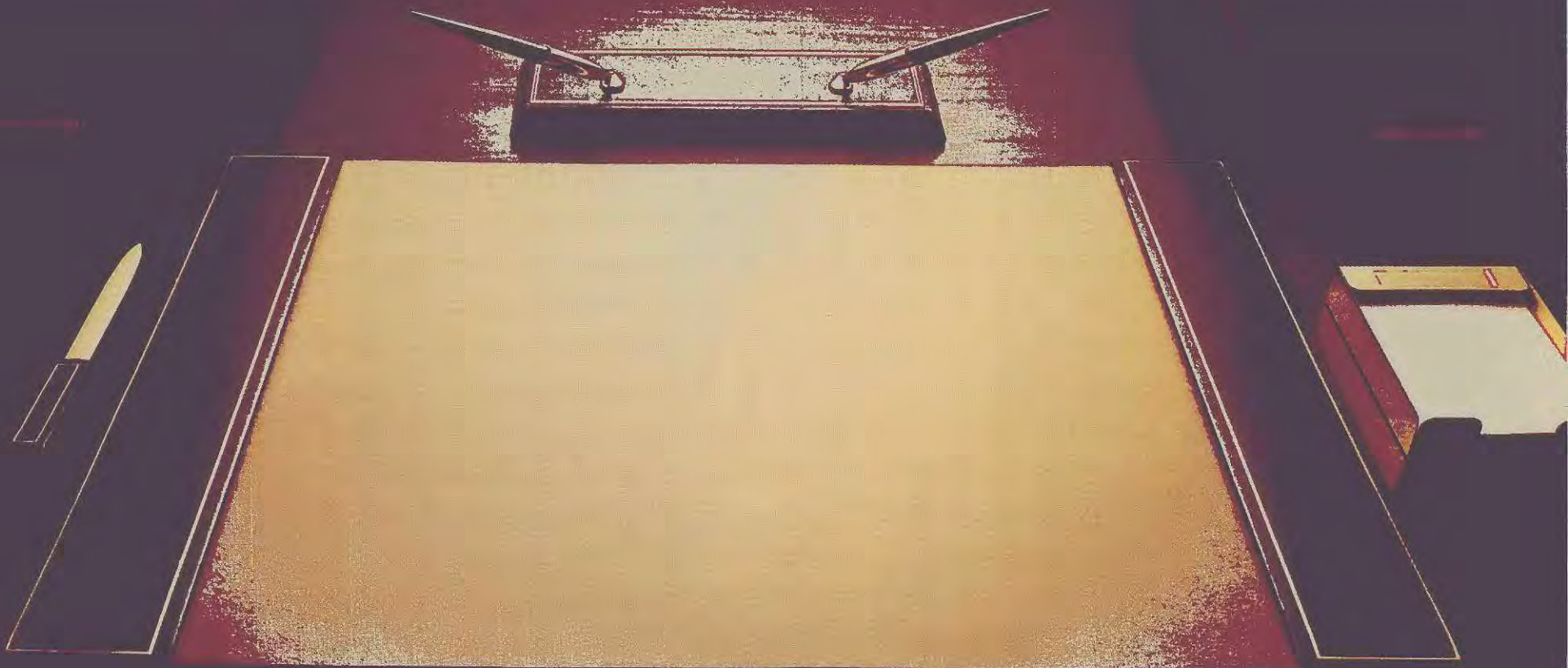
STATE FUND DISTRICT OFFICES

ARCADIA	818-445-4030	LOS ANGELES	213-385-1531	SAN JOSE	408-297-1714
BAKERSFIELD	805-834-8300	OAKLAND	415-638-1500	SANTA ANA	714-567-2800
CERRITOS	213-402-8600	REDDING	916-243-8400	SANTA ROSA	707-544-6200
CULVER CITY	213-670-3623	SACRAMENTO	916-924-3440	STOCKTON	209-951-0080
EUREKA	707-443-9721	SAN BERNARDINO	714-884-7281	VENTURA	805-644-4300
FRESNO	209-445-5858	SAN DIEGO	619-560-1600	WOODLAND HILLS	818-888-4750
		SAN FRANCISCO	415-565-1344		

Under California Law it is unlawful for an insurer to promise the future payment of dividends under an unexpired workers' compensation policy or to misrepresent the conditions for dividend payment. Dividends are payable only pursuant to conditions determined by the Board of Directors or other governing board of the Company following policy expiration. It is a misdemeanor for any insurer or officer or agent thereof, or any insurance broker or solicitor, to promise the payment of future workers' compensation dividends. Past dividend performance is no guarantee of an insurer's future dividend performance.

STATE COMPENSATION INSURANCE FUND

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

More states pass laws to regulate TPAs

By CAROL CAIN

One by one, states are passing laws that set up registration and reporting requirements for third-party administrators—usually administrators of employee health care benefits.

Michigan, Arizona and California last year created or strengthened regulations.

And, Illinois is expected to join the ranks this year, while other states—notably Wisconsin, Indiana, Missouri, Wyoming and South Carolina—may pass such laws or strengthen their existing ones.

“Clearly there is a movement afoot to regulate TPAs,” notes James W. Duff, president of Creative Management Corp., a TPA in Mount Clemens, Mich., and chair-

man of the legislative committee of the Self-Insurance Institute of America in Santa Ana, Calif.

Thirteen states have specific statutes that regulate TPAs: Arizona, California, Florida, Idaho, Indiana, Kansas, Michigan, Montana, Oklahoma, Nevada, North Dakota, Tennessee and Utah. And a few others, like Minnesota, include some regulatory provisions in other laws.

Most of the state TPA laws are variations of a model adopted by the National Assn. of Insurance Commissioners in December 1976, said John McManus, executive vp of Professional Insurance Mass-Marketing Assn., an insurance and TPA trade group in Bethesda, Md.

These laws require a written contract between a TPA and an insurer or self-insurer. They also

generally require that TPAs act as fiduciaries for all premiums collected, and that if premiums are not promptly transmitted to the insurer, they must be deposited in a fiduciary bank account.

The NAIC model, and most state laws, also require that all transactions must be recorded by TPAs and that those records may be examined by the state insurance department and must be held for no less than five years after the policy ends, said Tracy R. Gilliland, government affairs coordinator of the Society of Professional Benefit Administrators in Washington.

Many of the laws require a minimum filing of financial data, but some of the newer laws—like Michigan's law that took effect Jan. 1—are more cumbersome.

“The new Michigan law is probably the cream-of-the-crop bill. . . It goes far beyond what was necessary for regulation,” said James A. Kinder, executive vp of SIIA.

The Michigan law requires:

- That TPAs obtain a certificate of authority from the insurance commissioner. In the certificate application, TPAs must include organizational documents; names, addresses, official position and professional qualifications of individuals responsible for the affairs of the TPA; description of its facilities, services and personnel; and recent financial statements.

- That managers obtain a license from the insurance commissioner and pass an examination.

- The creation of a TPA advisory board to advise the insurance

commissioner on granting licenses and certificates, and to help draft the managers' exam.

- That a disclosure be made to members of an uninsured or partially insured plan on its status and implications for employees.

Although TPAs generally support some type of regulation, many feel the Michigan law goes too far.

Mr. Duff and others think some provisions of the new law may overstep the boundaries of state law and “run afoul of ERISA pre-emptions” of state regulation.

For instance, one section of the law requires TPAs handling a benefit plan to require that the person contracting for the services provide written notice to each individual covered by the plan. Several things must be in that notice, including that if the plan is not insured, individuals may be liable for covered medical expenses if the plan or the plan sponsor does not pay them.

“In my opinion that goes a little bit beyond ERISA requirements,” said Kathryn Cillick, corporate manager of group insurance for Masco Corp. in Taylor, Mich., which has used a TPA for its self-insured employee benefit program since 1973.

No lawsuits challenging these provisions have been filed yet because of legal costs, Mr. Duff said. But, he says if more states adopt similar laws, suits will follow.

Mr. Duff also pointed out the first test for managers is slated for Jan. 23, and though an advisory board is supposed to help draft the test, no board has been appointed.

The Michigan law was drafted because there had been some problems with TPAs that misrepresented their products, failed to procure stop-loss insurance or acted as unlicensed insurers, according to the Michigan Insurance Bureau.

Illinois has had the same problems and is drafting a bill expected to be introduced this spring.

But, Illinois plans to draft a simple bill, “just to get a handle” on TPAs, said Dick Rogers, deputy director of the consumer services division of the state Insurance Department and chairman of a task force drafting the proposal (BI, Nov. 5, 1984).

Although he would not discuss details of the latest draft, he said it basically would require TPAs to register with the state.

Earlier drafts of the bill, however, included some provisions like those in the Michigan bill, said SIIA's Mr. Kinder, who, along with TPAs, is keeping close tabs on the Illinois drafting process.

In other legislation last year, Arizona adopted a law that modified part of its 1977 TPA statute and added some new provisions.

Among those new measures, which went into effect Aug. 4, 1984, Arizona gave the Insurance Department the authority to examine the books and financial records of a TPA at the TPA's expense.

Another change in Arizona law also requires that the security deposit required of TPAs can only be in the form of a surety bond, cash or certain government securities. The security deposit must equal 10% of the funds the TPA handled related to Arizona residents in the previous year or, in the case of a new company, 10% of its expected Arizona business. In the past, TPAs had been allowed to post other types of bonds, like fidelity bonds, said Ted Irish, an analyst with the Insurance Department's examinations and admissions division.

California last year adopted a law that will require TPAs of self-insured workers compensation claims to obtain a certificate of consent from the Department of Industrial Relations. That law takes effect July 1, 1985. ■



We hate life's little surprises as much as you do.

For a risk manager, life should hold few surprises. And that's what you get when you work with us.

We're Parker Services, Inc., a member of the Sentry Insurance family of companies. We offer a complete line of risk management services, including claims administration, loss control, industrial hygiene, loss experience reports and a variety of other services to help you administer your self-insurance and captive programs.

Our experts will make a concerted effort to communicate with you promptly and regularly, so you'll always know precisely what we're doing for you, and why.

So call us collect for our brochure. And if you ever need one of our services, call us again. You'll be astonished by what we can do. But you'll never be surprised.

Call Dave Entwistle collect (715) 346-7357 or Dick Fee (715) 346-6662.



Sentry.

PARKER SERVICES, INC.

Risk Management Services

These Fortune-Listed Companies

American Stores Company • Black & Decker
ChemLawn Corporation • Chrysler Corporation
Crown Central Petroleum Corporation • The Deltona Corporation
Flint Industries, Inc. • Genesco Inc. • Laidlaw Industries, Inc.
Safeway Stores, Incorporated • Sargent Electric Company
Savin Corporation • Warner Communications Inc.

Have Something Very Important In Common:

They are taking advantage of the newly formed Home Group Special Risks division—which provides conventional and cash flow insurance programs plus loss control, claims administration, and actuarial analysis services for large commercial risks. What they and their brokers get in the bargain is a flexible one-stop solution to their complex casualty needs.

Here are some of the reasons why this innovative approach is working so well:

REASON I

We allocated a separate company—City Insurance Company—within The Home to handle this important and growing segment of our business, which services companies whose annual premium is over \$300,000.

REASON II

Home Group Special Risks has a nationwide team of specialists in over 50 major cities in the United States. We have the skill and technology

to develop programs that are individually tailored to meet your clients' needs.

REASON III

We offer The Home's Loss Control Department—with more than 260 safety consultants available all over the country—to assist in identifying problem areas and developing safety programs that help to control, reduce, and eliminate loss. And, through Scott Wetzel Services, Inc., we are also equipped to provide statistical analyses that are custom-designed to give your client monthly or quarterly loss data reports.

REASON IV

We are dedicated to providing superior claims services through more than 100 claims handling facilities across the United States and Canada. Through our modern computer capabilities, we also have a Claims Information Network that can provide immediate access to all pertinent claims data.

Now you can obtain the services and coverages needed for the large commercial account from *one* source—Home Group Special Risks. The benefit can be either more coverage for the same cost or the same coverage for less cost.

Find out more about Home Group Special Risks capabilities by sending in the coupon below.

I'm interested in learning more about Home Group Special Risks.

Please send a background brochure to:

Name _____

Firm _____

Address _____

City _____

State _____ Zip _____

Telephone No. _____

Mail to: Marketing Department, 3rd Floor,
The Home Insurance Company
59 Maiden Lane, New York, N.Y. 10038

BI

**THE HOME
INSURANCE
COMPANY**

A City Investing Company



59 MAIDEN LANE, NEW YORK, NY 10038

Hard Market Leadership



Managing General Agents/Surplus Lines Brokers Since 1947

DELAWARE VALLEY UNDERWRITING AGENCY, INC.

Corporate Headquarters

420 S. York Road, Hatboro, PA 19040 215-443-3500

WESTERN PA. 412-369-2500	NEW JERSEY 800-772-2207 201-564-9633	OHIO 800-362-2907 216-449-0351	WEST VIRGINIA 800-642-9718 304-342-4835	NEW YORK 212-227-8606
-----------------------------	--	--------------------------------------	---	--------------------------

Once burned, cities now screening TPAs

By STEVE TARAVELLA

After being burned once by a fraudulent third-party claims administrator, several California municipalities that self-insure their workers compensation risks are taking steps to ensure it does not happen again.

First, they are insisting that the administrators show they have purchased a fidelity bond that names the employer as an additional insured. And, they are requiring the administrators to have professional liability insurance.

As further protection, some are checking behind the work of their administrators, restricting the ad-

ministrators' authority or requiring more reports from their administrators.

The cities were all clients of Fitzpatrick Self-Insurance Administrators Inc. of Upland, Calif. On Aug. 16, 1982, Larry K. Fitzpatrick and James E. Haggard, president and secretary respectively of the now-defunct administrator, vanished from their Upland office after embezzling funds from numerous public and private self-insured clients in Southern California.

The two men were apprehended on Oct. 15, 1984 by FBI agents in Fort Lauderdale, Fla. On Jan. 9, they pleaded guilty in Los Angeles Municipal Court of conspiring to commit grand theft of more than \$100,000 (BI, Jan. 21).

The men admitted embezzling funds from six public entities in Los Angeles County and one business, Nordskog Industries Inc. in Van Nuys. The municipalities include Beverly Hills, Santa Monica, Downey, Pomona, Baldwin Hills, and Montebello (BI, Nov. 5, 1984).

Mr. Fitzpatrick and Mr. Haggard also could face charges brought by San Bernardino or Orange counties, where other cities also allegedly were defrauded, said the Los Angeles district attorney's office.

One of the key lessons the cities learned from their experience with Fitzpatrick is not only to require a claims administrator to have a fidelity bond but also to make sure the city is named as an additional insured on it and to require physical proof that the bond is in place.

"To the best of my recollection, I thought a bond was in place, but it wasn't something we could collect under," says Don Jack, a consultant in Long Beach, who also serves as risk manager for Beverly Hills. "Where we made an error was in

Continued on page 33

UNHAPPY WITH YOUR SELF INSURANCE CLAIMS ADMINISTRATOR?

- Slow Payments
- Inaccurate Payments
- High Turnover of Personnel
- Systems—Poor Information and Late

CALL THE **NEW** **KAUTZ**

—Mike Poland, President, (213) 585-4045

The West's largest
Self Insurance Administrator

Since 1933
Workers' Compensation
Liability
Employee Benefits
State of the Art Reporting Systems

From The Reprint Department Of:

business insurance

Reporting weekly for corporate risk,
employee benefit and
financial executives

Do you need to distribute copies of articles appearing in Business Insurance at your meetings or for your mailings?

Business Insurance has expanded its reprint department to meet your needs.

For fast, low cost* reprints of articles appearing in Business Insurance, or to obtain reprint permission for your own copies, call or write:

Reprint Department
Business Insurance
220 E. 42nd St.
New York, N.Y. 10017
212-210-0229

*New prices effective 1/1/85



***World class
business leaders
rely on Frank B. Hall...
Because insuring
success is serious
business.***

When CEO's, CFO's, Risk Managers the world over seek newer, smarter ways to protect their corporate assets they turn to Frank B. Hall, the high-performance insurance services company. We're the creative force in our industry. The company with talent and professional substance.

Insuring success in today's highly competitive business arena means much more than a few well-placed policies. It calls for brilliantly-designed risk management programs. 21st century insurance products. Constant service. And a keen sense of cost effectiveness.

That's why serious competitors rely on Frank B. Hall. We're tough and thoroughly professional. We have clout in the insurance marketplace. Our people are creative thinkers. And our service is never-ending.

So when world class insurance decision-makers sit down to improve their corporate protection, they sit down with Frank B. Hall. Talk to us. We can make a difference. Because Frank B. Hall knows insurance matters.

FRANK B. HALL & CO.



The Protection Connection™

Keeping a watch on your business



is our business.

Use this form, or the card in this issue, to enter your subscription to Business Insurance. Or call (312) 649-5221.

Business Insurance
Circulation Dept. 740 Rush Street Chicago, IL 60611

Business Insurance gives you total news coverage of loss prevention, risk financing and benefit management. Every week. Annual subscription (52 issues) in U.S. dollars.

(Check here.) **Surface Mail.** **By Air.**
 USA \$52 \$100
 Canada \$68 \$ 97
 Bermuda (Air only) \$ 97
 Europe/Middle East (Air only) \$ 97
 All other foreign \$68 Rates on request.

new subscription, renewal, payment enclosed.
 bill me, bill company.

name (please print)

title telephone

company

nature of business

business or home address

city state/country zip/postal code

Please send information on your special 20% off group rate for five or more subscriptions.

I prefer not to receive information or advertising by mail from companies not affiliated with Crain Communications.

Mail to: Business Insurance
Circulation Dept. 740 Rush Street Chicago, IL 60611

HAS

datebook

FEB. 11-12. Amendments to the Resource Conservation and Recovery Act seminar in New York, sponsored by the Practising Law Institute; \$390. Registrar, P.L.I. 810 Seventh Ave., New York, N.Y. 10019; 212-765-5700.

FEB. 11-12. How to Audit & Check Insurance Policy Costs & Coverages course in New York, sponsored by the American Management Assns.; \$620 for members; \$715 for non-members. Also **March 14-15** in Chicago, **March 28-29** in Boston. Registrar, American Management Assns., P.O. Box 319, Saranac Lake, N.Y. 12983; 518-891-0065.

FEB. 11-12. Health Care Cost Containment Workshop in Los Angeles, sponsored by the Health Research Institute; \$395. Workshop Coordinator, Health Research Institute, 49 Quail Court, Suite 200, Walnut Creek, Calif. 94596; 415-676-2320.

FEB. 11-15. Basic Risk Management Techniques seminar in Tucson, Ariz., sponsored by the Public Risk & Insurance Management Assn.; \$350 for members; \$400 for non-members. Tina Robinson, Public Risk & Insurance Management Assn., 1120 G St. N.W., Suite 707, Washington, D.C. 20005; 202-737-7556.

FEB. 12. Data Workshop & National Statistical Data Base Briefings workshop in Los An-

geles, sponsored by the Health Research Institute; free. Workshop Coordinator, Health Research Institute, 49 Quail Court, Suite 200, Walnut Creek, Calif. 94596; 415-676-2320.

FEB. 13. Health Improvement/Prevention workshop in Los Angeles, sponsored by the Health Research Institute; \$195. Workshop Coordinator, Health Research Institute, 49 Quail Court, Suite 200, Walnut Creek, Calif. 94596; 415-676-2320.

FEB. 14. Reinsurance luncheon meeting in Montreal, sponsored by the Quebec Risk & Insurance Management Assns.; \$18. Suzan Ness, Chairman, Dominion Textile Inc., 1950 Sherbrooke St. W., Montreal, Quebec H3H 1E7; 514-989-6297.

FEB. 14. Cost Containment for Mid-Sized Businesses on Long Island breakfast seminar in Plainview, Long Island, N.Y., sponsored by The New York Business Group on Health Inc.; free for members and non-members. Registrar, The New York Business Group on Health Inc., 1633 Broadway, 46th Floor, New York, N.Y. 10019; 212-397-1260.

FEB. 14-15. The Future of Lloyd's conference in London, sponsored by Risk Research Group; 225 pounds (about \$270), plus 15% V.A.T. Susan Moore, 181 Queen Victoria St., London, England EC4V 4DD; 01-236-2175.

FEB. 14-15. Current Developments in Bankruptcy and Reorganization conference in New York, sponsored by the Practising Law Institute; \$360. Also, **Feb. 28-March 1** in New Orleans, **March 14-15** in Chicago and **April 11-12** in San Francisco. Registrar, Practising Law Institute, 810 Seventh Ave., New York, N.Y. 10019; 212-765-5700.

FEB. 19. Ambulatory Surgery seminar in New York, sponsored by The New York Business Group on Health Inc.; \$10 for members; \$25 for non-members. Registrar, The New York Business Group on Health Inc., 1633 Broadway, 46th Floor, New York, N.Y. 10019; 212-397-1260.

FEB. 21. Use of Incentives in Health Promotion Programs seminar in New York, sponsored by the Task Force on Health Promotion; members free; \$25 for non-members. Registrar, The New York Business Group on Health Inc., 1633 Broadway, 46th Floor, New York, N.Y. 10019; 212-397-1260.

FEB. 19-22. Reinsurance Contract Word-Ing seminar in Crotonville, N.Y., sponsored by Robert W. Strain Seminars Inc.; \$1,195. Registrar, Strain Seminars Inc., P.O. Box 1000, Wingdale, New York, 12594; 914-832-9384.

FEB. 20-22. Profiting from New Insurance Distribution seminar in Philadelphia, sponsored by Huggins Financial Services Inc.; \$695; 10% discounts for three or more registrants from same company. Registrar, Huggins Financial Services Inc., 229 S. 18th St., Philadelphia, Pa. 19103; 215-875-2300.

FEB. 20-22. Fundamentals of Employee Benefits conference in New York, sponsored by the American Management Assns.; \$695 for members; \$800 for non-members. Also, **March 18-20** in Atlanta. Registrar, American Management Assns., 135 W. 50th St., New York, N.Y. 10020; 212-903-8177.

FEB. 21-22. Income Taxation of Estates and Trusts conference in New York, sponsored by the Practising Law Institute; \$390. Also, **March 21-22** in New Orleans. Registrar, Practising Law Institute, 810 Seventh Ave., New York, N.Y. 10019; 212-765-5700.

FEB. 21-22. Discovery in Medical Malpractice, Products Liability and Personal Injury Cases seminar in New York, sponsored by the Practising Law Institute; \$390. Also, **March 28-29** in San Francisco. Registrar, Practising Law Institute, 810 Seventh Ave., New York, N.Y. 10019; 212-765-5700.

FEB. 22-23. Workers Compensation: Your Safety & Health Balance Sheet course, offered by the University of Southern California; \$95 per day. University of Southern California, Institute of Safety and Systems Management, Office of Extension and In-Service Programs, Los Angeles, Calif. 90089-0021; 213-743-6523/6524.

FEB. 22-23. The National Hearing Conservation Assn.'s annual meeting in Washington; \$150; price subject to change. Sandra Starkweather, 1010 Wisconsin Ave. N.W., Suite 630, Washington D.C. 20007; 202-965-7510.

FEB. 25-27. Techniques of Finance and Accounting course in San Francisco, sponsored by the Risk & Insurance Management Society; \$445 for members; \$545 for non-members. Fran Jordan, Risk & Insurance Management Society, 205 E. 42nd St., New York, N.Y. 10017; 212-286-9292.

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.

Why don't other risk management companies realize that every client is different?



Some Risk Management companies operate as if every client has the exact same needs—because their delivery and support systems are inflexible.

But Risk Management Service Company recognizes you for what you are—a unique organization with individual risk management needs.

With our unique FLEX-SYSTEM™, every program we design is customized specifically to your requirements—whether you are a self insured, a corporate Risk Manager, Primary or Excess Carrier, Reinsurer or Managing General Agent.

Your Risk Management Service Company program is designed to include only those services essential to your needs. A program with the flexibility, responsiveness, cost savings and reliability you deserve from a service company.

Based on your input, we can quickly and effectively customize our claims administration, loss control, data processing, auditing, legal and medical cost containment, and recovery services. And with strong centralized control of our national network of experienced professionals, you're always assured of quality service, reliability of reserves, and integrity of our financial and claim data base.

With our FLEX-SYSTEM™, the programs available to you from Risk Management Service Company are far-reaching—but you select only those services you require. AT RMSC, we recognize your individual needs. And our adaptability to meet those needs is what makes us so exceptional.

If you're ready to meet a Risk Management company that understands your differences, let's talk. Call Andy Cmiel, Director at 214/630-3730.

We're different. Because you're different.

Risk Management Service Company

2730 Stemmons Freeway • 209 Stemmons Tower West • Dallas, Texas 75207
A Lindsey & Newsom Company.

California cities step up TPA checks

Continued from page 30

not requiring that we be named on the bond as an interested payee for the funds Fitzpatrick handled on our behalf."

Beverly Hills required that the Fitzpatrick firm carry \$1 million in professional liability insurance and a \$50,000 fidelity bond, Mr. Jack explained. However, since the bond did not name the city as an additional insured, it only protected Fitzpatrick against errors made by the administrator's employees.

And, because the losses incurred by the Fitzpatrick firm were the result of fraud instead of a professional error, any professional liability coverage Fitzpatrick may have had would not respond to the losses suffered by Beverly Hills or the other cities. However, clients of third-party administrators should still require that the administrators have the coverage to protect them from losses stemming from professional errors, experts say.

"One of the primary things we did when we looked at a new administrator was make sure they had a bond," says Gordon Davis, risk manager for Downey, which lost \$1,672 when Mr. Fitzpatrick and Mr. Haggard fled the state.

The city hopes to recoup \$1,039 of the \$1,672 from the Southern California Bank of Downey, where Mr. Fitzpatrick deposited a check for that amount into his personal account, even though it was made payable to the city, Mr. Davis said.

The check was issued to the city by the Automobile Club of Southern California.

Downey's workers compensation claims are now administered by Colen & Lee, an independent administrator in West Covina.

Colen & Lee carries a fidelity bond of \$500,000 that lists Downey as a named insured, Mr. Davis explains.

"For visible protection," Mr. Davis required the administrator to supply the city with a copy of the bond, issued by National Union Fire Insurance Co. of Pittsburgh, Pa., part of New York-based American International Group Inc.

Santa Monica requires that its current TPA, ComCo Management Inc. in neighboring Los Angeles, carry a \$250,000 fidelity bond and provide the city with proof of the bond's existence, reports Jim Leonard, administrative analyst for the city.

The contract between Santa Monica and Fitzpatrick had specified that the administrator be bonded and Mr. Fitzpatrick assured Mr. Leonard orally in 1981 that a bond was in place, Mr. Leonard says. However, Mr. Fitzpatrick never showed Mr. Leonard a copy of the bond, and Mr. Leonard let the matter lapse, he recalls.

Santa Monica has recovered all but \$6,000 of the \$91,523 it lost in the Fitzpatrick fraud from attorneys who had wrongly issued subrogation checks directly to Mr. Fitzpatrick instead of in the city's name. The city also voluntarily paid \$6,000 owed to attorneys that had litigated claims for Fitzpatrick on the city's behalf.

Montebello, which lost more

than \$20,000 through the Fitzpatrick firm, required its new TPA—Fleming & Associates of La Canada—to show proof of a \$500,000 fidelity bond including the city as an additional insured.

In addition, the city required Fleming to have \$500,000 in general liability insurance and \$1 million in professional liability insurance, said Ronald Chan, risk manager for Montebello.

Fleming has \$1 million in both professional liability and general liability coverage plus a \$1 million fidelity bond, according to G. David Marceau vp.

"We just felt that was part of doing business," he says, adding that Fleming has had such coverage since 1978.

The city of Seal Beach, which did not require a bond of Fitzpatrick and lost \$8,000, asked to be named as an insured on a \$1 million general liability, errors and omissions and fidelity insurance package purchased by its current TPA—Bierly & Associates in South Pasadena, said Daniel P. Josph, assistant city manager.

Bierly's coverage is written by Evanston Insurance Co., Aetna Life & Casualty Co. and Pacific Indemnity Co., a Los Angeles unit of The Chubb Corp.

The city of Pomona also had not required a bond of Fitzpatrick, and was left with a \$14,510 loss of workers compensation funds when Mr. Fitzpatrick and Mr. Haggard left town.

"We didn't think something like that could happen," said Eugene Light, risk manager. "His firm appeared to be doing well, and everybody seemed happy. This caught us all pretty much by surprise," he said.

To avoid being caught by surprise again, the city now requires its workers compensation administrator to have \$1 million in general and professional liability coverage. It now contracts for TPA services with Colen & Lee.

"We felt that if they could get a carrier to write (those limits) for them at a reasonable price, that would be an indication of their reputation, and that the insurer feels they'll do an acceptable job," he

'Nothing is foolproof, but we try to be as careful as we can in checking them,' says Pomona's Mr. Light.

explains.

Colen & Lee's liability coverage is written by Chicago Insurance Co., which is a part of Interstate Insurance Group.

The Fitzpatrick case has triggered "a certain distancing of the administrator," observes Santa Monica's Mr. Leonard. "Maybe that's healthy, because we might have been relying on them too closely. But it's also made things harder."

For example, to keep TPAs in check many employers have established in-house accounting systems that parallel those of their administrator, he says.

The city of Downey, for example, began reviewing both workers compensation and group health claim checks in-house. Compensation payments formerly were reviewed only by the Fitzpatrick firm, Mr. Davis says.

Santa Monica has begun limiting the size of a claim that its TPA can authorize. Any workers compensation claims check of more than \$3,000 must be signed by a city employee instead of the TPA, according to Mr. Leonard.

Montebello has responded similarly.

It now requires that two individuals from its TPA firm sign every check, and that a third signature from a city employee be on every check for more than \$2,000, according to Mr. Chan.

In the meantime, Montebello is trying to recoup \$1,300 from the Bank of America, which cashed a check in that amount for Mr. Fitzpatrick, even though the check was made payable to the city.

Those funds were only discovered missing two weeks ago, when Mr. Chan began preparing testimony for Mr. Fitzpatrick's hearing.

Employers also are spending more time screening TPAs before they hire them, they say.

"Nothing is foolproof, but we try to be as careful as we can in checking them," says Pomona's Mr. Light.

"We don't want the same thing to happen again."

In published bid requests for TPA services, he has stated that all submissions are subject to personal background investigations by the city's Police Department. That has not been necessary yet, but Mr. Light said he believes such a notice may keep less-desirable TPAs away.

The cities' responses to the Fitzpatrick fraud also are creating extra work for the TPAs, too.

For example, Santa Monica now requires ComCo to submit weekly summaries of claims paid, including the number of payments, to whom they were issued, and in what amounts, reports Linda Marshall, ComCo's claims manager. This roster was only kept monthly

in the past.

This and other similar requests from clients are "cumbersome to say the least," Ms. Marshall says. "Some demands are ridiculous. They're difficult, time-consuming and costly."

Nonetheless, TPAs seem to be complying with their clients' wishes and often will point out that they have a fidelity bond when marketing their services.

The California Administrative Services Organization, a professional and educational organization for workers compensation administrators, requires its members to carry a bond "sufficient for the clientele that they have," according to President David Guyer. The requirement developed as "an offshoot of the furor from the Fitzpatrick case."

Mr. Guyer, also executive vp of Kennan & Associates in Torrance, estimates that CASO's 20 members serve 85%-90% of the state's employers that self-insure their work comp.



**PROPERTY • CASUALTY
REINSURANCE**

**AVIATION • MARINE
Domestic • Foreign
Treaty and Facultative**

Dominion Insurance Company of America
Uberrima Fides

127 John Street, New York, N.Y. 10038
Tel: 212-635-2700
TWX: 710-581-3981

Bring us your dragons.

They don't scare us. We're flexible enough to take care of just about any insurance need — no matter how unconventional. Our new name says it all: we're creative, we're specialists . . . and we're one of the largest excess and surplus lines groups in the nation. Call us. We can help.



CIS
CREATIVE INSURANCE SPECIALISTS
Formerly Crump Excess Surplus Specialty Offices

CIS OFFICES: Crump-Davis, Inc., Dallas, TX, 214/363-7636 ■ Crump-Davis, Inc., Denver, CO, 303/320-5300 ■ Crump-Davis of Houston, Inc., Houston, TX, 713/664-7112 ■ Crump London of Ohio, Inc., Columbus, OH, 614/451-3636 ■ CIS Northwest, Inc., Kirkland, WA, 206/827-8702 ■ Crump London Underwriters (Florida), Sanford, FL, 305/321-2040 ■ Crump London Underwriters (Memphis), Memphis, TN, 901/761-1770 ■ Crump London of Wisconsin, Inc., Waukesha, WI, 414/547-7712 ■ Crump-Loveless, Inc., Atlanta, GA, 404/393-4788 ■ Crump-Northeast Risk Managers Ltd., New York, NY, 212/425-7788 ■ G & M Marine, Inc./Surplus Lines, New Orleans, LA, 504/588-9044

Member of AAMGA and NAPSO

Work comp rules tighten for self-insurers

By DIANE LYNN KASTIEL

More states are tightening the reins on employers that self-insure their workers compensation risks, imposing stiffer security deposit requirements, requiring excess insurance and setting up guaranty funds.

A *Business Insurance* survey of the 47 states that allow private employers to self-insure shows that, in the last 18 months, 16 states have tightened the regulations for self-insurers of workers compensation.

(North Dakota, Texas and Wyoming do not allow private employers to self-insure.)

"As a general trend, absolutely the regulations are tightening all over the country," said Robert Young, division vp for broker

Arthur J. Gallagher & Co. in Rolling Meadows, Ill.

Tougher state regulation is supported by the Self-Insurance Institute of America, which represents self-insurers and self-insurance service firms. James W. Duff, a director of and chairman of its legislative and regulatory committee, says this new regulation makes self-insured workers comp programs more financially secure without squelching the self-insurance movement.

"It doesn't seem to have any great effect in slowing down the movement to self-insure," Mr. Duff said. "It does put more of the burden on self-insurers, but I don't think that's all wrong. It forces everybody to take a good, long look at self-insurance. I think people

should consider the step (to self-insure) seriously and have strong financial backing."

The majority of the states that changed their regulations set up tougher security deposit regulations for self-insurers. Some states are limiting both the form of the security deposit and raising the minimum amount of deposit. Others are doing one or the other.

Rhode Island did both. As of Jan. 1, the state no longer accepts letters of credit for the \$500,000 security deposit required from self-insurers. It will only accept a surety bond, says Michael Hanrahan, administrator for the Rhode Island Division of Workers Compensation.

And, the minimum required for security deposits was doubled to \$500,000 in September.

Surety bonds are more secure than letters of credit because bonds purchased to guarantee payment of workers compensation claims cannot be used for any other purpose. But, letters of credit are considered corporate assets and if a company goes bankrupt, the letters of credit can be used by the bankruptcy court to pay liabilities other than workers compensation claims.

Pennsylvania also is now requiring that security deposits be only in the form of surety bonds.

"I won't take any (other kind of) securities," said Charles Wilson, deputy chief of the Operations Evaluations division of the state's Bureau of Workers Compensation. "It has to be a surety bond."

Kansas is considering following Rhode Island's and Pennsylvania's

lead of turning down letters of credit as security deposits.

"We're a little concerned, like most states, on letters of credit," said Richard Smelser, administrative assistant and director of workers compensation for Kansas. "We're thinking about doing away with them."

Many states are raising the minimum amount required for a security deposit.

"If I had my druthers, I'd kick it up even more," said Mr. Hanrahan in Rhode Island, where the minimum deposit was raised to \$500,000 last fall from \$250,000. "I'd make it a minimum of \$1 million for anybody."

Mr. Hanrahan pointed out that most self-insured companies in Rhode Island are Fortune 500 companies and "for a Fortune 500 company, that (\$500,000) is not really a hell of a lot."

In June, California upped the minimum security bond required from self-insurers to \$200,000 from \$100,000, or to 125% of the self-insurer's outstanding or estimated future liabilities, if they are more than \$200,000.

Legislation to increase these requirements was passed after the California Cannery & Growers went belly up in June without enough money to pay its work comp claims (*BI*, April 9, 1984).

In January, Alabama doubled the minimum security deposit required to \$200,000 from \$100,000. According to Marcus Davis, acting chief of the workers compensation division of the state's Industrial Relations Department, the minimum was raised after several self-insured employers filed for bankruptcy under Chapter 11 of the Federal Bankruptcy Code.

Florida increased the minimum security deposit required of self-insured groups to \$100,000 from \$50,000 in December, as part of an effort to more closely monitor group activities, according to Robert Widmer, administrator of self-insurance for Florida.

In July, Idaho increased its minimum security deposit because the state didn't think its requirements were strict enough. Previously, self-insurers were required to post a bond or Treasury note equal to \$50,000 plus 5% of the self-insurer's average annual payroll, up to a maximum of \$5 million. In July, the state increased this maximum to \$10 million.

"Because of inflation, it didn't take a very big company to reach that \$5 million," said Ed Ediger, comptroller of the Idaho Industrial Commission. "So what we did was increase it so that there's more security—a bigger company can take (big workers comp) losses."

In addition, Idaho increased the minimum payroll required to set up a self-insured program to \$4 million from \$2 million, he said.

Also beginning in July, Kentucky began requiring a \$25,000 minimum deposit from self-insurers who employ fewer than 10 people. Employers with more than 10 people must post a minimum deposit of \$100,000 or the annual average of their outstanding claims for the previous three years, whichever is greater. In addition, self-insurers must post another bond or letter of credit equal to the amount of the company's outstanding claims.

Previously, "most of the companies in Kentucky did not post bonds," said Della Cunningham, administrative specialist for self-insured programs.

"They were certified as self-insurers on their financial status alone. That's the problem we had with the self-insurers that went

Continued on page 38

D&O Liability

from

Stewart
Smith
and

FORUM INSURANCE COMPANY

FORUM INSURANCE COMPANY, an affiliate of the MOBIL CORPORATION and part of the MONTGOMERY WARD INSURANCE GROUP, has appointed Stewart Smith as its exclusive underwriting manager for Directors and Officers Liability in the United States. The Forum is Best's Rated "A" (Excellent), Class XII.

Stewart Smith pioneered D&O Liability in the early 1960's and is pleased to be able to continue to provide this important coverage through these new arrangements.

Any Stewart Smith office will gladly discuss the program with you and provide additional details. Contact us.

Stewart
Smith

Member Stewart Wrightson Group

BOSTON (617) 426-0615	CHICAGO (312) 236-7333	DALLAS (214) 688-1051
EDISON, N.J. (201) 265-9595	LOS ANGELES (213) 382-6201	NEW YORK (212) 964-2929
PHILADELPHIA (215) 925-0432	PITTSBURGH (412) 232-0430	SAN FRANCISCO (415) 777-9766

The Creative Link Between Insurers and Brokers

We've made an art out of insuring groups.



alike. So no matter how complex your packaged insurance plan is, we're likely to fit your particular group's needs. Fortunately, shaping group plans to meet individual group needs is something we've got a particular talent for.

As the Group Agency Department of Washington National Insurance Company, we've got the specific insurance alternatives to help you wrap your group from top to bottom. As pioneers in the field of Teachers Group disability insurance, we've got over fifty years of experience for you to draw upon. Backed by Washington National, with over \$16 billion worth of life insurance

we're in a position to give you more than artistic advice.

So whether yours is a large or small business, a health and welfare fund, or a not-for-profit organization, call the Group Agency Department. We've elevated group insurance to an art. And when it comes to helping you do the job, we've got that down to a science.

For immediate assistance call (312) 866-3410 or contact your nearest Washington National Group Office. In the Yellow Pages under Insurance.



**Washington
National**
INSURANCE COMPANY
EVANSTON, ILLINOIS 60201

New requirements for workers compensation self-insurers

(Within the last 18 months)

State	Security deposit	Excess insurance	Guaranty fund	Other requirements
Alabama	\$200,000 from \$100,000.	No change.	None.	----
Alaska	\$300,000 for new self-insurers.	Specific and aggregate.	None.	----
California	\$200,000. ¹	No change.	Established June 1984.	----
Colorado	\$300,000 from \$200,000.	Specific.	None.	----
Florida	\$100,000 from \$50,000 for group self-insurers.	No change.	None. ²	New financial forms.
Idaho	\$50,000 plus 5% of average annual payroll to \$10 million, up from \$5 million.	Not required.	None.	Minimum payroll of \$4 million, up from \$2 million.
Illinois	No change.	No change.	Established group and individual funds in 1983.	New method of analyzing self-insurers' stability.
Iowa	For individual self-insurers: \$200,000; for group self-insurers: security deposit equal to retention on their specific excess insurance.	Specific and aggregate.	None.	Requires combined net worth of \$1 million for self-insured groups.
Kentucky	\$25,000 if fewer than 10 employees; \$100,000 if more than 10 employees; ³ plus bond or LOC equal to outstanding claims.	Not required.	None.	----
Massachusetts	No change.	No change.	Bill pending.	----
Mississippi	No change.	No change.	Fund recommended.	----
Nebraska	\$50,000 minimum surety bond.	Specific or aggregate.	None.	----
Pennsylvania	Only surety bonds accepted.	Not required.	None.	----
Rhode Island	\$500,000 from \$250,000; only surety bonds accepted.	Not required.	None.	----
Utah	\$100,000 minimum.	Specific and aggregate.	None.	----
Washington	Proposal to change minimum from \$200,000 to value of all outstanding claims.	No change.	None.	----

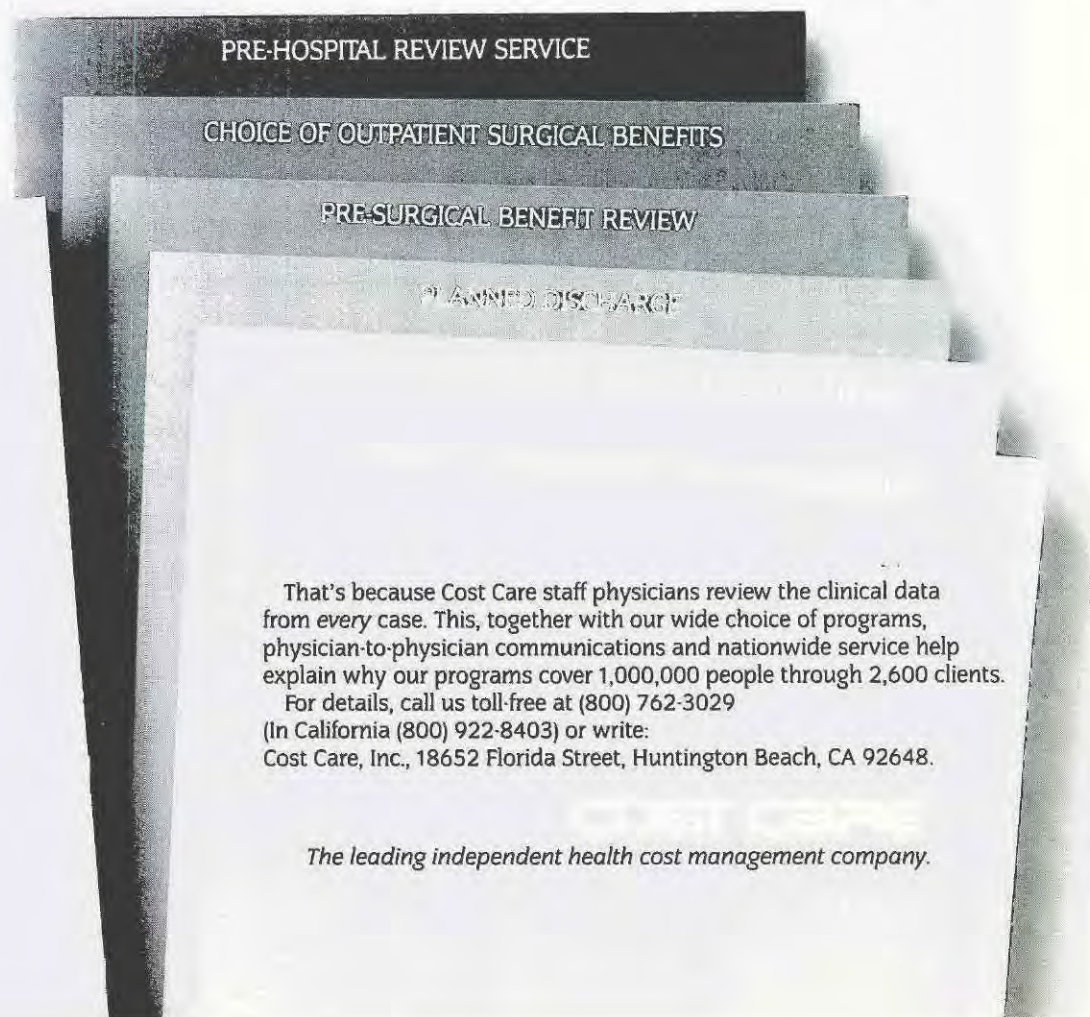
¹ Or 125% of projected/outstanding liabilities, if greater than \$200,000.

² Self-insurers agree to cover claims of insolvent self-insurers on pro rata basis.

³ Or average of outstanding claims for previous three years, whichever is greater.

IMPLEMENT A HEALTH COST MANAGEMENT PROGRAM

THAT WORKS IN EVERY CASE



That's because Cost Care staff physicians review the clinical data from every case. This, together with our wide choice of programs, physician-to-physician communications and nationwide service help explain why our programs cover 1,000,000 people through 2,600 clients. For details, call us toll-free at (800) 762-3029 (In California (800) 922-8403) or write: Cost Care, Inc., 18652 Florida Street, Huntington Beach, CA 92648.

COST CARE

The leading independent health cost management company.

**Where other systems
show signs of collapse,**

**ClaimFacts
shows its
strength.**



**Erisco systems.
Designed with a
vision for the future.**

Short sighted planning and "here-today-gone-tomorrow" technology have burdened too many organizations with outdated health claims systems. What other systems lack is precisely what Erisco systems guarantee: Long term support.

Erisco invites you to scrutinize the long term capabilities of ClaimFacts, our online health claims system. Capabilities like our new system for cost containment. Short and long term disability. And dental processing. Consider too, the advantages of regular enhancements plus a personalized customer support program—and ClaimFacts outperforms any system available today or tomorrow.

Don't wait for time to tell if you've selected the right system. Let us tell you more about ClaimFacts.

Please send me information about ClaimFacts.

Name _____ PLEASE PRINT

Title _____

Company _____

Address _____

City _____ State _____ Zip _____

Phone _____ Ext _____

Erisco
a company of
CB The Dun & Bradstreet Corporation

Work comp rules

Continued from page 34
bankrupt," she said.

Ms. Cunningham said problems with Interstate Motor Freight System, which filed bankruptcy under Chapter 11 last April, and Golden Glow Coals Inc., which filed a Chapter 11 bankruptcy in November 1983 and is in court, moved the state to tighten regulations.

Other states are coupling new or higher security deposits with excess insurance requirements.

Nebraska's first regulations, introduced in August 1983, require that self-insurers purchase either specific or aggregate excess insurance and post surety bonds of at least \$50,000.

According to Yvonne Norton Leung, administrator of the Workmen's Compensation Court in Nebraska, no self-insurers in the state have gone bankrupt; the regulation changes were preventive measures.

In November, Utah began requiring self-insurers to post a security deposit of at least \$100,000 and carry both specific excess and aggregate excess insurance. Previously, security deposits and excess insurance were not required.

According to Frances Moffat, administrative assistant in the workers compensation division of the Utah Industrial Commission, some self-insurers have been asked for more than \$1 million in security deposits; the highest deposit requested was \$1.6 million.

The insolvency of two Salt Lake City-based self-insured companies prompted the regulatory changes, Ms. Moffat said. IML Freight Inc. folded in November and American-Strevell Transport Inc. filed for Chapter 11 bankruptcy in June 1982 and is currently in court.

Ms. Moffat said that although American-Strevell had enough money to pay its workers comp claims, IML's \$100,000 bond is insufficient to cover its outstanding claims, which he said may be double the amount of the bond.

In November 1983, Alaska began requiring new self-insurers to post a minimum security deposit of \$300,000. At the same time, it began requiring self-insurers to carry both specific and aggregate excess insurance, said Richard Austerman, self-insurance administrator.

Iowa's first formal regulations for workers compensation self-insurers, which were effective in

June of 1984, spell out security deposit requirements, allow for excess insurance to be required of individual self-insurers and impose excess insurance requirements on groups.

Previously, applicants for self-insurance "filed in our office, and we made suggestions," said Tony Schrader, deputy commissioner. The self-insurers normally were responsive to suggestions, but that's not to say they always were, he said.

Now, self-insurers have to obey the rules or lose the right to self-insure, he said.

The new regulations require individual self-insurers to post a surety bond of at least \$200,000. In addition, several financial reports are required from self-insurers, which Mr. Schrader said will be scrutinized closely and according to objective standards. And, based on these reports, a self-insurer may be required to carry excess insurance.

The new regulations also allow groups to self-insure in Iowa. The group must show proof that each member made a "proof of payment" deposit of at least 25% of that member's estimated premium for the first year.

And, the members of a group must have a combined net worth of \$1 million and post a minimum security deposit equal to the association's per-occurrence retention. The group also must carry \$3 million per-occurrence excess insurance and \$2 million in aggregate excess insurance that attaches at the \$3 million specific coverage limit.

In addition, all members must file financial reports by a Certified Public Accountant approved by the Insurance Department.

Colorado also increased the minimum security requirement required of self-insurers, to \$300,000 from \$200,000, in November 1983. At the same time, the state began

requiring self-insurers to carry specific excess insurance. In addition, the state may require self-insurers to carry aggregate excess insurance, said John Berger, the state's self-insurance administrator.

In Washington state, new rules are not finalized yet, but a governor's task force and a labor department committee there are considering "making some basic changes in self-insurance in Washington," said Douglas Connell, self-insurance administrator.

"We're going to the self-insurance community and going to be putting some pressure on them to increase their (security bonds)," Mr. Connell said.

Self-insurers in Washington must post a surety bond worth at least \$200,000. However, the state wants to change that amount to equal the value of the self-insurer's outstanding claims.

"The bonds we're interested in having will cover all their (workers compensation) liabilities," Mr. Connell said.

The proposed rules have been drafted and public hearings will be held in February.

Other states are setting up guaranty funds, which require that self-insurers in a state collectively pay the workers compensation claims of any self-insured company that cannot pay its own claims, usually because it is insolvent.

Illinois is one of these states. In December 1983, it created the Group Self-Insurance Insolvency Fund for group self-insurers and the Self-Insured Liability Fund for individual self-insurers.

Self-insurers will be assessed on a retrospective basis only if a self-insurer becomes insolvent.

In June, California also set up a security fund, another step taken in response to the bankruptcy of California Canners & Growers.

Now, if a California-based self-

insurer becomes insolvent, all private self-insurers would be assessed up to 2% of claims paid during the previous year for job-related injuries (BI, June 4, 1984).

In Mississippi, a workers compensation study committee issued a report calling for the establishment of a guaranty fund.

The bankruptcy of Spector Redball Inc. in 1982 and the Chapter 11 bankruptcy of Johns Manville Sales Corp. in August 1982 gave the state a scare sufficient to prompt the guaranty fund proposal, said Marshall Bennett, chairman of the Mississippi Workers Compensation Commission.

Massachusetts also has a guaranty fund bill pending "which we anticipate will be enacted," according to Richard Lundregan, director of self-insurance for Massachusetts.

He said that, although the state has had no problems with bankrupt self-insurers, the guaranty fund would provide even more security against possible insolvencies.

If nothing else, states are vowing to scrutinize self-insurers' financial reports much more closely.

For example, Illinois has devised a system to identify those self-insurers that need the most attention.

The analysis looks at three ratios: the self-insurers' current assets to liabilities, sales to capital and retained earnings, and capital and retained earnings to long-term debt.

Each self-insurer is given "points" based on these three ratios. The lower the "score," the more closely that self-insurer is monitored, said Insurance Analyst Dan Csar.

Florida has developed new forms that make it easier to monitor group self-insurers, according to Mr. Widmer.

"The whole economy's changed—it's forced us to take a closer look at everything," summarized Utah's Ms. Moffat.

AGGREGATE & SPECIFIC

MEDICAL STOP LOSS COVERAGE
for

NEW YORK STATE INSUREDS

- * All Plans are Designed to Meet the Employers Needs
- * Present Coverage May Be Duplicated or Modified

FOR INFORMATION CONTACT

THE FIRST REHABILITATION INSURANCE COMPANY
OF AMERICA
560 Northern Blvd. • Great Neck, New York 11021
(516) 487-8855 (718) 895-7617 (315) 476-6426
(716) 668-8969 (914) 997-9097 (518) 462-1790

METs pose problems for state regulators

Since December 1982, when Congress gave states jurisdiction over self-funded multiemployer trusts, at least 18 states have enacted laws giving their insurance departments the power to do so.

However, one self-insurance trade group leader questions how well these self-funded METs, which "pool" the health plan risks of different employers, are really

being regulated.

The Eriemborn-Burton bill amended the Employee Retirement Income Security Act of 1974 and gave states the power to regulate, and if necessary, to close down self-insured METs that did not qualify as ERISA plans. For a self-funded MET to be considered an ERISA plan, it must be controlled by the participating employers, not

a third-party administrator, a requirement that few METs meet.

But, in order to regulate these METs, each state must pass specific legislation giving the insurance department the right to do so.

California passed a bill in 1983 that gives the Insurance Department the right to investigate and audit METs. And, a similar bill in Louisiana took effect in September 1984.

Other states have adopted the National Assn. of Insurance Commissioners' model law giving insurance departments the authority to regulate METs, said NAIC associate counsel Cindy Lafferty.

The NAIC model was adopted by Illinois in 1982; Arizona, Arkansas, Florida, Montana, New Hampshire, North Dakota, Texas, Virginia and Washington in 1983; and Delaware, Oklahoma, Rhode Island and Tennessee in 1984.

Kansas and Utah both adopted similar legislation in 1983.

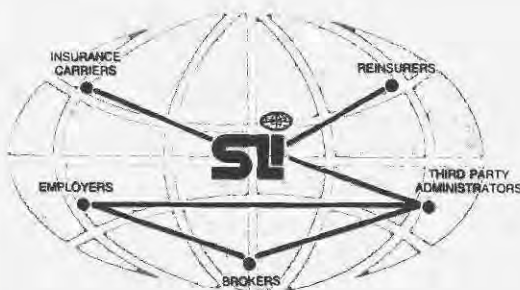
And, several other states are considering giving their insurance departments control over METs.

But, Frederick D. Hunt Jr., executive director of the Society of Professional Benefit Administrators in Washington, says that although some states have enacted laws to regulate METs, most have not enforced them with much gusto—especially if the MET claims it's an ERISA plan.

"You can have the model law, but if someone says, 'Get lost—I'm an ERISA plan,' you cannot enforce the law," Mr. Hunt said.

"Most (insurance) commissioners just say it's more trouble than it's worth."

Although the law says until an MET proves it's an ERISA plan, it is subject to state regulation, "there's no clear test or definition of what is an ERISA plan," Mr. Hunt insists. "There's terrible confusion, really."



STOP LOSS INTERNATIONAL Representing markets for specific and aggregate coverage

Stop Loss International is an independent underwriting and marketing company that provides qualified third party administrators exceptional products and services:

- ◆ Stop Loss coverage available from several underwriting companies
- ◆ Minimum group size 50 lives
- ◆ Minimum specific retention \$15,000
- ◆ Superior turn-around time
- ◆ Group health conversion.

As an added incentive, S.L.I. offers to qualified producers:

- ◆ Profit sharing based on loss ratio
- ◆ Protected market areas
- ◆ Net remittances
- ◆ Monthly aggregate rolling cap



STOP LOSS INTERNATIONAL

921 E. 86th Street, Suite 200, Indianapolis, Indiana 46240 317/251-9788
Laurence B. Day, President J. Allan Hall, Vice President/Underwriting



Independent QicClaim™ Association members:

- CALIFORNIA**
Sacramento
Concept Administrators, Inc. 916/364-7000
- COLORADO**
Denver
Mountain States Administration Company 303/368-4500
- CONNECTICUT**
Glastonbury
Diversified Group Brokerage Corporation 203/659-0381
- GEORGIA**
Savannah
Jones, Hill & Mercer Insurance 912/236-1551
- ILLINOIS**
Champaign
Management Services, Inc. 217/351-9233
Chicago
Allied Benefit Systems, Inc. 312/321-5071
Northbrook
SynCOR Administrative Services, Inc. 312/291-1230
Palatine
CASI® 312/934-7772
Park Ridge
Parkside Medical Services Corporation 312/698-4769
Rosemont
BMS Services, Inc. 312/693-5410
- INDIANA**
East Chicago
Elmer Layden, Inc. 219/397-6920
Elkhart
Pyramid Benefit Services 219/293-5463
Indianapolis
The BeneTech Corporation 312/843-0116
Key Benefit Administrators, Inc. 317/255-3822
Warren Steinborn Associates 317/875-0351
- IOWA**
Des Moines
Employers Claim & Administrative Services, Inc. 515/286-4461
- KANSAS**
Overland Park
Power Group Designs, Inc. 913/491-3280
- LOUISIANA**
Metairie
Associated Health Plans, Inc. of Louisiana 504/834-5235
FundingBenefits Administrative Services, Inc. 504/831-6651
Sigma, Inc. 504/831-0570
New Orleans
Jack A. Parker & Associates, Inc. 504/596-3166
- MARYLAND**
Timonium
BeneChek, Inc. 301/561-0964
- MICHIGAN**
Detroit
CAM Administrative Services, Inc. 313/567-3200
Redford
Governmental Health Managers, Inc. 313/535-7100
- MISSISSIPPI**
Jackson
Benefit Administration Services, Ltd. 601/969-1286
- MISSOURI**
Kansas City
Woodsmall, Frick & Innis, Inc. 816/421-7788
St. Louis
DBL Services, Inc. 314/241-8665
- NORTH CAROLINA**
High Point
Benefit Plan Services, Inc. 919/889-2003
- OHIO**
Cleveland
Administrative Service Consultants, Inc. 216/526-2730
J.P. Farley Corporation 216/871-6800
Columbus (Dublin)
Employee Benefit Management Corp. 614/766-5800
Toledo
Benefit Claims Administrators, Inc. 419/255-1400
- OKLAHOMA**
Oklahoma City
Mutual Assurance Agency, Inc. 405/495-4120
- PENNSYLVANIA**
Bridgeville
Benefit Coordinators Corp. 412/563-6700
Newtown Square
Comprehensive Benefits Service Company, Inc. 215/359-1400
Pittsburgh
Babb, Inc. 412/237-2020
- SOUTH CAROLINA**
Charleston
Heffron, Ingle, McDowell & Cooper 803/577-2600
Columbia
Planned Administrators, Inc. 803/782-5200
- TENNESSEE**
Johnson City
Corporate Systems Administration, Inc. 615/282-3420
Memphis
Pittman & Associates, Inc. 901/323-2140
- TEXAS**
Houston
Insurance Benefit Services, Inc. 713/578-0250
- VIRGINIA**
Norfolk
Benefit Consultant Services, Inc. 804/855-8061
- WISCONSIN**
Appleton
Employee Benefit Claims of Wisconsin, Inc. 414/731-5333
Madison
Preferred Administrative Services, Inc. 608/273-1776
Milwaukee
Employee Benefit Claims of Wisconsin, Inc. 414/273-3540

IT'S TIME TO GIVE YOUR COMPANY'S HEALTH CARE PLAN A PHYSICAL EXAM.

During the past several years, the cost of medical and dental benefits has become a major corporate expense. As a result, corporate financial officers are examining their benefit programs very carefully and evaluating new funding alternatives.

Has Your Broker Recommended Self-Funding?

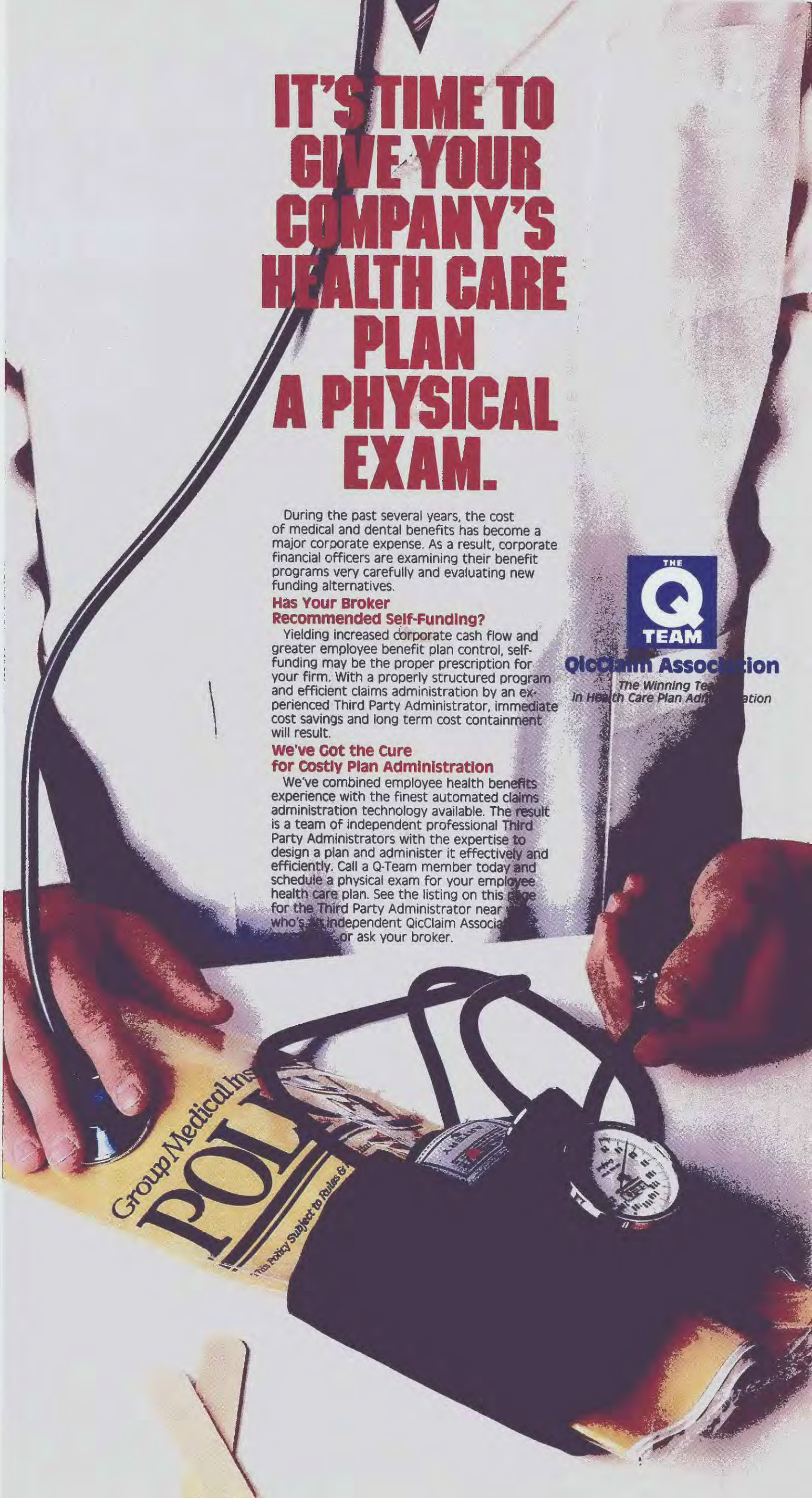
Yielding increased corporate cash flow and greater employee benefit plan control, self-funding may be the proper prescription for your firm. With a properly structured program and efficient claims administration by an experienced Third Party Administrator, immediate cost savings and long term cost containment will result.

We've Got the Cure for Costly Plan Administration

We've combined employee health benefits experience with the finest automated claims administration technology available. The result is a team of independent professional Third Party Administrators with the expertise to design a plan and administer it effectively and efficiently. Call a Q-Team member today and schedule a physical exam for your employee health care plan. See the listing on this page for the Third Party Administrator near you who's an independent QicClaim Association member or ask your broker.

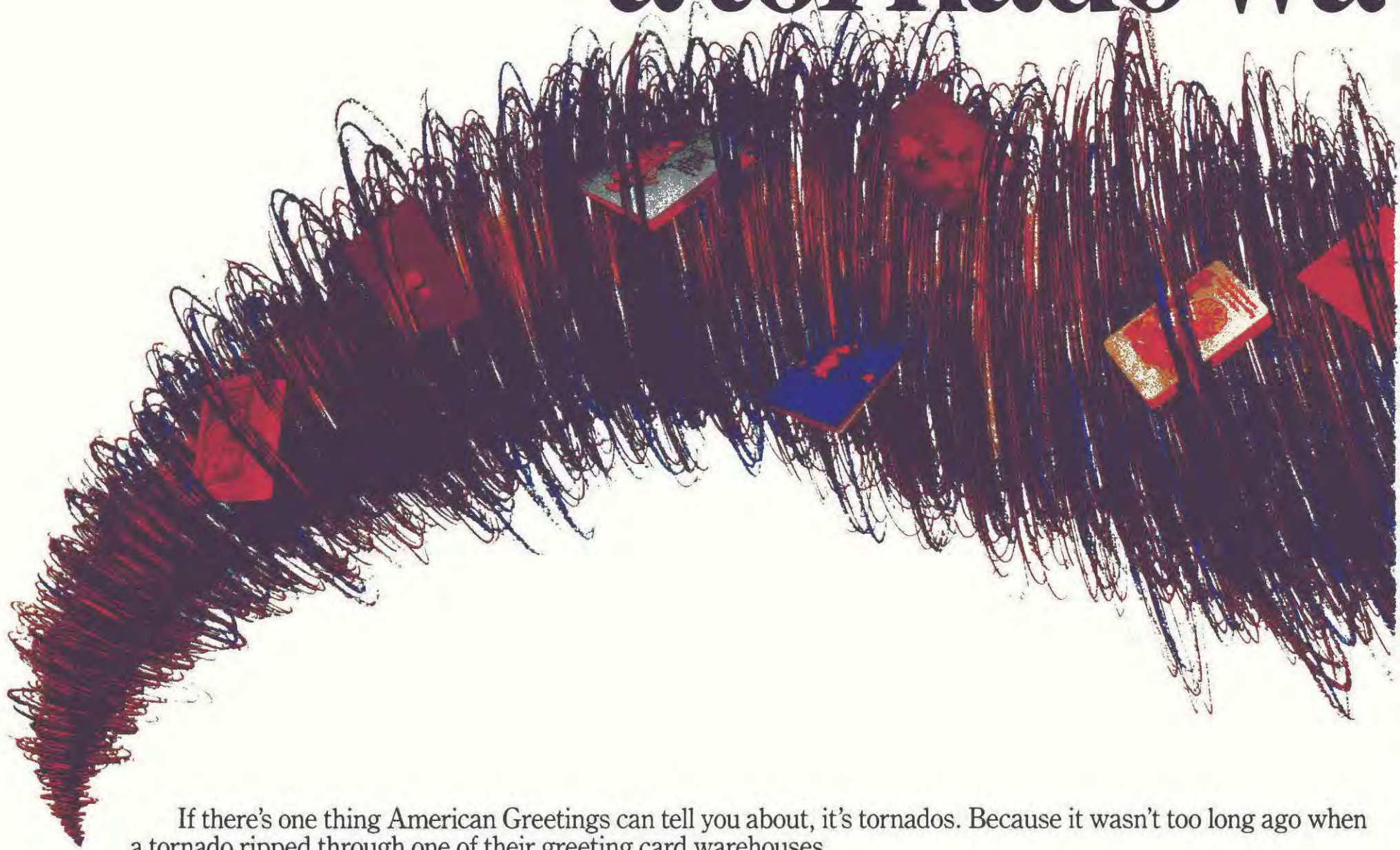


QicClaim Association
The Winning Team
in Health Care Plan Administration



* QicClaim is a registered trademark of Resource Information Management Systems, Inc., Oak Brook, IL 312/789-0230

What American Gr a tornado wa



If there's one thing American Greetings can tell you about, it's tornados. Because it wasn't too long ago when a tornado ripped through one of their greeting card warehouses.

That was in December of 1982. They have since fully recovered.

The reason being, they did a very intelligent thing immediately following the disaster: they called their insurance company, Arkwright-Boston.

WE'RE RESPONSIVE. AND THAT'S NOT A LOT OF HOT AIR.

American Greetings is fast approaching total revenues of \$1 billion. They've been climbing steadily in the Fortune 500 and are the world's largest publicly owned greeting card company. Obviously, a company of that size can't afford to fool around with an insurer who doesn't offer airtight, comprehensive coverage. Or an insurer who isn't responsive.

We are both of these things. As the American Greetings story bears out.

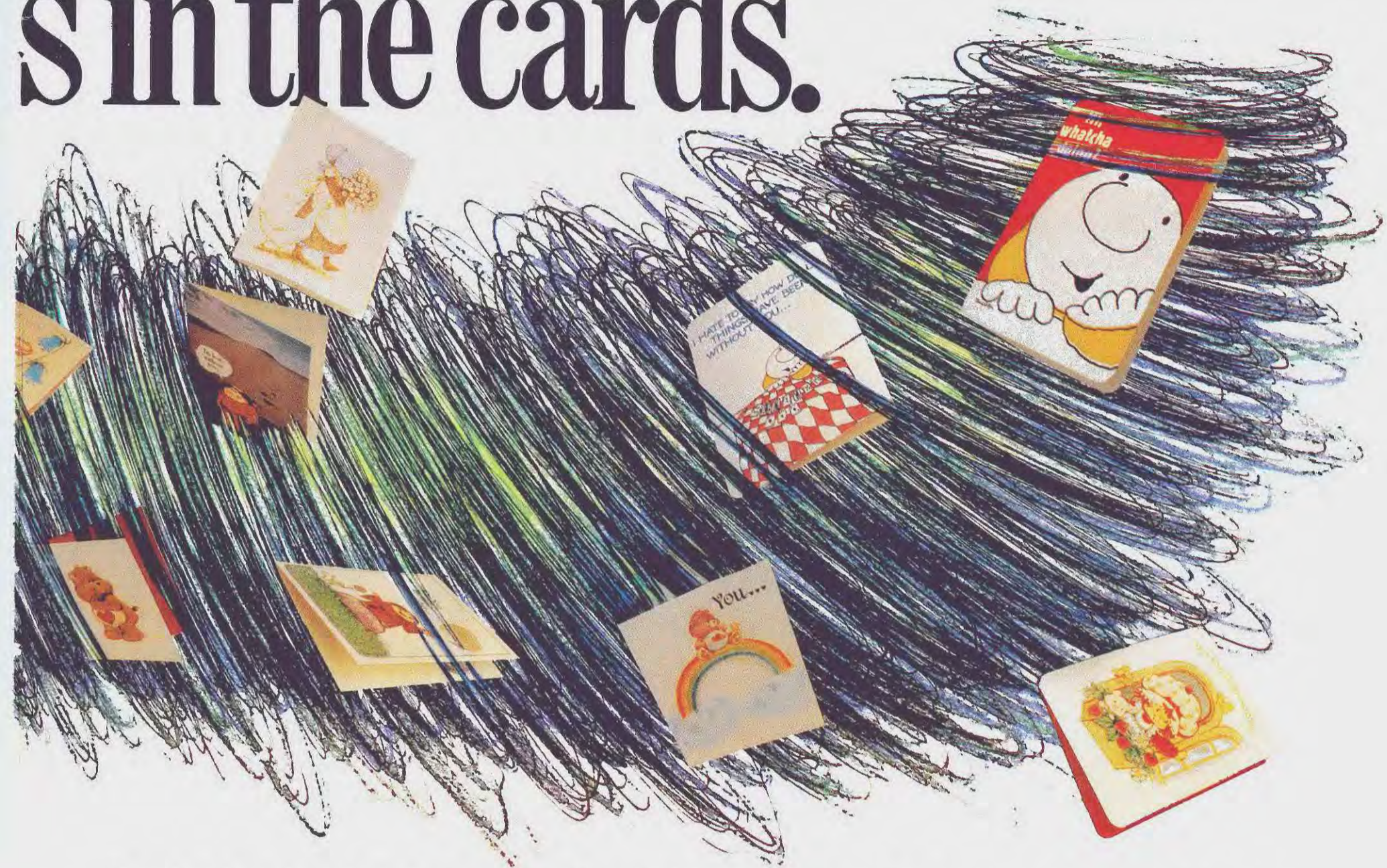
It all started in McCrory, Arkansas, Christmas Eve, 1982. A tornado tore across the state. Taking with it a sizeable portion of the American Greetings plant, including the entire roof.

Our adjuster was on the scene the next morning, and stayed for weeks making the recovery process as painless as possible. And our claims manager was there to make sure the policy was interpreted to everybody's satisfaction.

Something else American Greetings appreciated. Once we know we're going to adjust a loss, it's our philosophy to advance our clients the money they need to get back on their feet. So we advanced them \$2.5 million.

This way, their cash flow remained unaffected during the recovery period. And they were able to begin cleaning up, move merchandise out and lease new warehouse space.

Greetings would do if s in the cards.



To make a long story short, the recovery and repair of the plant went so well, that it was fully operational after only five months.

WE'RE TAKING THE INDUSTRY BY STORM.

To us, it's not so remarkable that the plant was back in action so soon. Because our experience has been that when you pay close attention to details before a disaster occurs, you're not in for any surprises afterwards.

Case in point. The policy for American Greetings includes fire and extended coverage for natural disasters (like tornados); boiler and machinery coverage; DIC for exposures such as floods, theft, transit; and business interruption, which proved invaluable during the plant's five month shutdown.

Another thing that proved invaluable. The Policy Workshop that we encourage all our insureds to attend. It enabled American Greetings to learn how coverages apply to a loss before it even occurs.

With thoroughness like this, it's not too hard to see why American Greetings feels secure with us. And why our other clients feel that way, too.

But don't take our word for it. Ask WestPoint Pepperell. Or Digital Equipment. Or Morton Thiokol. We've designed programs for their individual needs, too. At a competitive cost.

So if the idea of a company that covers you from head to toe intrigues you, call or write us. But do it soon. Because if a disaster hits before we get together, you may not be able to weather it.

Arkwright-Boston Insurance, Marketing Services, 225 Wyman St., Waltham, MA 02154
1-617-890-9300, Ext. 3295.

Ziggy® cards © 1982 Universal Press Syndicate. Other cards © 1979-1983 American Greetings Corporation.

**ARKWRIGHT
BOSTON
INSURANCE**

SHELLY ROTHBART*
On Self-Insurance



For many companies, self-insurance can be a viable alternative to traditional risk transfer. But it isn't a panacea. Because once you've established a fund to pay claims, you're left with a number of other considerations. Which is why you should consider Constitution State Service Company.

CSSC is an independent company that specializes only in providing insurance services. Yet as an affiliate of The Travelers, we also offer well over a century's worth of experience and expertise.

As a result, we can supply both the services and the service that a self-insurance program needs to achieve optimum performance.

Take claim service for instance. At CSSC, we don't just handle claims, we manage them. By using specialists versed in the many fields of casualty-property, we help to reduce the duration and impact of a claim.

When it comes to loss information, we put you in the driver's seat. At CSSC, you can choose anything from paper loss reports to a fully automated, on-line system. Then you decide how much information you want. Or how little. And how often. And we take care of the rest.

But of course, like you, we'd rather not see a claim filed in the first place. And this is where our loss-control professionals can be of service. They're specialists in accident prevention, fully trained to identify, analyze, and help you eliminate safety hazards.

Naturally, these services are available bundled or unbundled, in any combination you desire.

So if you're thinking about self-insuring – or if you already have – don't take any half-way measures. Give us a call.

After all, why risk doubling your exposure when you can get everything you need from a single source? Constitution State Service Company: You'll find we go the distance.

For full information contact me, Shelly Rothbart, President, Constitution State Service Company, 100 Constitution Plaza, Hartford, CT 06115. (203) 277-2397.



Constitution State Service Company

One of The Travelers Companies
100 Constitution Plaza, Hartford, CT 06115

*President, and Chief Operating Officer
Constitution State Service Company

“The danger in going only half the distance is it can often double your exposure.”

FINDING THE RIGHT TPA

Information helps self-insurer make the best choice

By Andrew J. Cmiel

SELECTING A third-party administrator or TPA for a self-funded casualty program is like selecting a computer system. You find they all look the same, and everybody tells you how great they are and what they can do. You find it difficult to cut through the marketing veneer, and you find it difficult to choose the correct vendor for your organization.

You can, however, acquire the information you need to choose the TPA that is right for you.

First, it is important to recognize that there are four major types of TPAs.

There are national independent adjusting companies with TPA capabilities. These companies started as claims adjusters serving insurers and have since broadened into serving self-insurers.

Many large property and casualty insurance companies and brokers now have divisions offering claims administration services.

On a smaller scale, regional insurers and independent adjusting firms have set up TPA services to service their local and regional accounts.

Finally, there are independent risk management TPAs that are not affiliated with any other company and operate to service both local and national accounts. Their prime function is not to sell insurance or adjust claims but to administer claims for self-insurers. Independent TPAs are more prevalent in employee benefit claims administration, but they are multiplying for property and casualty programs.

Each type of TPA has its strong and weak points. At the risk of over-generalizing, I have outlined what I consider to be the weak and strong points of each:

National independent adjusting company with TPA capabilities.

Strong points:

- ★ Extensive national network.
- ★ Sophisticated computer capabilities.
- ★ Full service, multiline adjusting, data processing, loss control, audit and recovery capabilities and cost containment programs on a national basis.

- ★ Flexible fund transfer systems.

- ★ Excess and reinsurance reporting capabilities.

Weak points:

- Possibly inexperienced claim staffs because staffs are often trainee heavy.
- Difficulty in controlling 400 to 1,000 offices for risk management programs that demand coordination.
- The account is tied into existing network whether or not individual offices are up to par.
- The primary business of the company is independent adjusting, not risk management administration.
- Service packages can be rather inflexible.
- Small and medium-sized accounts may find them unresponsive.
- The TPA marketing force generally does not control claim delivery service.
- The many levels of management can make it difficult to get problems resolved quickly.
- The fee includes overhead you may not use.

A large property/casualty insurance company or broker with a TPA division.

Strong points:

- ★ Close ties with fronting and excess insurance packages above the self-insured retention.
- ★ National network of claim offices.
- ★ Multiline claim administration, loss control, data processing, recovery and audit capabilities, possibly medical cost containment.

- ★ Sophisticated computer system.

- ★ Flexible fund transfer system.

Weak points:

- TPA division uses insurance company claims people

Selecting a TPA for a self-funded casualty program is like selecting a computer system. You find they all look the same, and everybody tells you how great they are and what they can do. You find it difficult to cut through the marketing veneer.

to administer claim service. Local claims people may not report to TPA division.

- Recent insurance industry cutbacks reduce the claim service quality in insurance offices.
- Local claim people may not share in the compensation for the account that the marketing people do, possibly reducing the quality of service.
- Local claim people may get mixed signals from local and national management, which adds to confusion.
- Service can be somewhat inflexible.
- Many corporate divisions and layers make it difficult to identify and correct problems.
- TPA marketing contacts usually do not control national delivery system.
- There may be a lack of attention to small and medium-size accounts.
- Fees may include administrative overhead you may not use.
- The integrity of data may be poor and national network computer feed is difficult to control.
- Service is confined to existing claim network.

A regional TPA that may have ties to an insurance company or independent adjusting firm.

Strong points:

- ★ Strong regional network.
- ★ Local or regional client gets good local attention.
- ★ There are close ties between marketing and delivery of services.
- ★ They usually offer full-service multiline claim administration, loss-control services.
- ★ There is strong control over local claim activities and data processing information.
- ★ The simplified organization provides quick response on questions and problems.
- ★ It can be flexible in designing TPA programs.
- ★ Simple but usually effective data processing capabilities.
- ★ Lower administration fee.
- ★ Responsive to small and medium-size accounts.

Weak points:

- National network may be limited.
- Possibly limited capabilities in speciality claim lines, loss control, data processing, financial processing, and recovery audit.
- The TPA may not write insurance.
- Service is confined to existing claim network.
- Possibly limited in cost-containment capabilities.
- Limited consulting capabilities.
- An expanding account can grow out of a TPA's capabilities and network.
- May have a limited fund transfer system.

An independent risk management TPA.

Strong points:

- ★ It is dedicated solely to designing and administering TPA programs.
- ★ A flexible national network of multiline claim, loss control, recovery, audit and cost-containment specialists can be designed for the client.
- ★ Programs can be custom designed for special industry needs.
- ★ Control over all claim administration, data processing, and financial processing can be centralized.

- ★ It is responsive to client questions because of fewer administrative layers.

- ★ Marketing generally is interwoven with delivery services and controls field activities.

- ★ Data processing capabilities can be custom designed.

- ★ Medical and legal cost-containment programs are usually available.

- ★ Administrative costs can be lower.

- ★ Reporting for excess insurance and reinsurance is available.

- ★ Flexible fund transfer systems.

Weak points:

- They may not arrange insurance coverages or have affiliations with insurers.

- The computer system may not have client terminal capabilities.

- The central control of the operation may not be in same geographic area as client headquarters.

- They may not have medical cost-containment programs.

- May not have capacity or capability to service very large programs.

With an understanding of the different types of TPA organizations and their strong and weak points, you can identify several TPAs that fit your needs. The yearly self-insurance issue of *Business Insurance* gives a good breakdown of TPAs and services. The new *Self-Insurance Manual* published by NILS Publishing, Chatsworth, Calif., also is a good reference.

The key to picking the right TPA for your needs is knowing the right questions to ask. The accompanying narrative questionnaire touches on many key aspects of TPA services. With the questionnaire as a guide, a self-insured will be able to get a very clear picture of a TPA.

These questions must be adapted to your own operation and are not intended to be the sole guide, but to give you a good starting point to gather important facts. There are no good or bad answers. You must apply the requirements of your own service needs, size, industry and risk management philosophy in analyzing the answers.

And, while cost is a major factor, you must understand what you are getting for the price. The TPA buyer's questionnaire will give self-insureds a comprehensive check list to compare and make the correct decisions.

While this questionnaire is oriented toward the purchase of claims services for self-funded casualty programs, it can be adapted to benefit plans as well.

Once you have chosen a TPA, how do you control the program? Here are some key points to consider:

- Know specifically what you are buying. The questionnaire gives a good basis to know what you're buying.
- Define in the contract specific responsibilities for claims administration, payment authorities, data processing and litigation control.
- Meet the principals involved with your account and detail exactly how paper and information will flow.
- Determine specifically who your contact will be for questions on claims, data processing, financials, loss control, etc.
- Arrange at least semiannual meetings with your account executive to discuss your program.

Continued on page 44



Andrew J. Cmiel is the director of the Risk Management Service Co., a nationwide TPA based in Dallas. He also is a committee member of the Self Insurance Institute of America.

How to find the right TPA program

Continued from page 43

- Establish discretionary payment levels under which the TPA can pay claims without your authorization. For sensitive claim types and for payments over a predetermined level, i.e. workers compensation lump sums, GL over \$5,000 and product liability, you may not want to give any discretionary authority. But, don't set levels unrealistically low; you can over-control.
- Set up procedures to track cases in litigation and determine who will assign cases to an attorney. All legal bills over \$1,500 should be

reviewed by you prior to payment. Demand clear litigation reports that summarize activity.

- Establish status report procedures for cases reserved over \$25,000, cases in litigation or sensitive issues. Make sure you are advised any time the reserve is increased over \$25,000 or a case goes to litigation.
- Establish the policy that your own internal experts will be involved in cases concerning technical or sensitive areas of your company or products.

- Make sure your own organization is up to speed on how to fill out forms, where to send them and how the program is going to work. The TPA is only as good as the information you provide.

- Reconcile your financial and claim records with the reports coming from TPA every month. Question any discrepancies.
- Require the TPA to use a medical audit cost-containment program on all medical bills over \$1,500.
- Work with the TPA, get to know the people and their procedures and look at the TPA as an

extension of your own organization; not perfect but hard-working.

It is very important that a TPA fits your size and needs. Once you sign a service contract and get involved with a TPA program, it can be awkward and expensive to change programs.

Choosing a TPA program that is right for you is not easy; it takes time. Information is the key to the right decision.

TPA buyer questionnaire

I. The Organization

- Is the TPA owned or operated by a parent company or is it independent? What is the prime business of the parent company?
- Does the TPA control its own services (i.e. claims, data processing, financial reporting etc.) or does it use parent company facilities?
- Do the TPA's marketing representatives control or understand the services they are selling? Ask for organizational diagrams and explanations of specific services.
- Who will be your contact(s) for problems and questions? Do they control your services? How many layers are there between your contact and those who make the decisions?
- How many self-insured clients does the TPA serve?
- What percent of the TPA's total business is related to self-insured clients?
- How many employees does the TPA have? How many are assigned to administration, claims, marketing, data processing? How many are dedicated to self-insurance?
- How long has the TPA been in existence?
- Where are the TPA headquarters, and where are other administrative locations?
- Does the TPA administer programs for other companies in your industry?

II. Network

- How many claim locations are there and where are they?
- Does the TPA control the local, regional, or national service offices, or is your representative just marketing services that are under the control of another division's management?
- Are TPA claim locations near your plants/divisions?
- Ask for resumes detailing the experience of key personnel.
- Who will be your contact(s) within the network?
- Clarify information flow from you to TPA network and back.
- Are you tied to TPA's locations only, or can you use some selected services?

III. Services

- Claims.
 - Establish TPA's expertise by asking for numbers and percent of TPA's claim business conducted in: workers compensation, general liability, automobile, property, professional liability, benefits and specialty areas.
 - Ask for the tenure and expertise of key claim personnel in locations of high activity.
 - Ask for the average claims adjuster's case load.
 - What is the average tenure of claims force?
 - Establish the specific reporting format for first reports, bills, lawsuits and various paper work that will flow to and from you and claims network.
 - What type of quality control program does the TPA have to guarantee that it will meet your specific account requirements (i.e. authority limits, status reports, litigation procedures, coding adhered to)?
 - How does the TPA maintain quality control audits? What type? How many? Results?
 - Who is your claim contact? Does he or she control your account or just pass on information?
 - Does the TPA have medical cost-containment programs? Does the TPA control it? How large and how effective is it? How do you get charged for it?
 - Does the TPA have a legal cost-containment program? How does it work? How effective?
 - How are suits, workers compensation hearings, and other legal assignments handled? Who picks attorneys? Does TPA provide suit/litigation activity reports?
- Who establishes reserves? How are reserves established? Who reviews the adequacy of reserves? Are factor (set) reserves used? If so, how?
- Does the TPA have recovery capabilities for subrogation, salvage, litigation? What is it? How do you get charged?
- Does the TPA have Medical Vocational Educational Rehabilitation programs? What are they and how do they work?
- Audits
 - What type of audits does TPA conduct, i.e. technical, financial, systems, IBNR, reserve adequacy, aggregate audits? Get descriptions of each. Are audits included in the contract fee?
- Loss Control
 - Does the TPA offer loss-control or safety programs? What are they? How many loss-control specialists? Size of network? Does TPA control the loss control or just market the services? Is TPA's loss control program experienced with your industry needs?
 - Get the loss control fee schedule.
- Data Processing Statistical Reporting
 - What types of reports are available? Standard reports include: claim activity reports (monthly and year to date), various break-out capability by clients' various locations, plants and divisions, accident/cause/injury reports, monthly payment recap, monthly fund reconciliation, litigation recap, and ability to produce specialty extracts, i.e. aging and pending claim reports.
 - Examine sample report formats for clarity and structure.
 - Can TPA customize reports for your needs? Is there an extra charge?
 - Can TPA monitor your aggregate losses with its data base to trigger your excess insurance on a timely basis?
 - How accurate will data be on your reports? Check with some of TPA's client references.
 - Whom do you contact to make adjustments in report? How fast can you expect adjustments to be made?
 - When can you expect monthly reports in your office?
 - Can TPA supply CRT in your office for instant access? Can TPA supply tapes? Any additional cost?
 - Who does all the coding? Claim people in all locations? System people in one location?
 - What is TPA's systems quality control program?
- Financial Aspects
 - How many different ways can a TPA bill for its services, i.e., time and expense, per claim, percent of premium, percent incurred, percent paid, flat charge?
 - Ask for pricing alternatives in any bid for comparison purposes.
 - Find out what usually is not included in the standard fee. Are allocated expenses, rehab and recovery charges, special audits, and special reports included or charged for separately? If separate, request fee schedules.
 - How does the TPA arrange for transfer of funds into payment account, i.e. zero balance electronic transfer, trust fund?
 - What is usual minimum balance on trust fund (how many days?) Do you accrue interest while money is in the fund?
 - Does the TPA have the capability to issue your checks or issue vouchers to you for you to issue your checks?
 - Request a sample monthly reconciliation report and review it for clarity and completeness.
 - How do recovery credits appear on your reports?
 - Does TPA allow you to establish authority payment on various types of claims. If so, at what level?
 - How financially viable is TPA? Is TPA connected with financially viable parent? Is the TPA bonded? If so, how much?
 - Review service contract carefully. Services should be clearly stated. Examine hold harmless clauses carefully. Review hidden fees and costs.

GET IDEAS, NOT SURPRISES.

Some reinsurers may delight you with their low rates, but they may also surprise you with late claims payments and disputes over technicalities.

At General Re, you can expect innovative solutions and fresh ideas. We have a team of experts with talent at every level and discipline.

For reliable reinsurance, with no surprises, call General Re today.

**General
Re**

*America's Largest Reinsurer
Providing Quality Service to Quality Clients*

General Reinsurance Corporation, Financial Centre, Stamford, CT
Atlanta, Chicago, Columbus, Dallas, Des Moines, Hartford, Kansas City, Los Angeles, New York, Philadelphia, St. Paul, San Francisco, Seattle, Montreal and Toronto

Risk management can apply to business risks

By The Insurance Institute
of America

The following question and answer is drawn from the curriculum for the Associate in Risk Management (A.R.M.) designation awarded by the Insurance Institute of America. It represents the type of question asked, and possible answers to, the three examinations for the Associate in Risk Management designation.

Although risk management typically deals with losses resulting from accidents rather than from "business risks," the case presented in this question explores some opportunities for applying risk management techniques to a potential "business" loss.

Q: A school district in rural New England is concerned that it may not be able to obtain enough fuel oil to heat its schools during severe winter months and, therefore, may lose its state and federal subsidies by failing to provide the mandated 180 days of education. Such a fuel shortage may arise in some future years because of either the excessive cost or the total unavailability of fuel oil for schools.

The risk management specialist for the school districts has been asked to offer his recommendations for a five-year plan for the school district to overcome this exposure to loss of federal and state funds. This risk management specialist believes that this loss exposure is one to which at least some risk management techniques can be properly applied. For each of the following risk management techniques, define that technique and explain why that technique could or could not be used by the school district to overcome this exposure to loss of federal and state funds:

- Segregation of loss exposures.
- Risk avoidance.
- Loss prevention (other than segregation of loss exposures).
- Loss reduction (other than segregation of loss exposures).
- Non-insurance transfer.

A.R.M. exercises

A: • Segregation of loss exposures is achieved by increasing the number of independent exposure units on which an organization depends so that the loss of one unit has a less severe impact. Segregation involves either separation of an existing exposure into more units (using two warehouses instead of one), or duplication of exposure (using only one truck or one computer, but having standbys, or duplicates, available if the primary truck or computer becomes unusable).

The school district could practice segregation by reducing its dependence upon its current supplier(s). This could be done by, for example, contracting with a greater number of suppliers, using fuels other than oil to heat some (but not all) of the schools or using non-school facilities—and the heating equipment of those facilities—to conduct classes.

• Risk avoidance involves eliminating all possible exposures to loss. The meaning of avoidance in a particular case depends upon the loss exposure for which avoidance is being attempted. Here, the exposure could be narrowly defined as loss of funds from an ability to heat the school with oil, or it could be broadly defined as loss of funds from any failure to operate the schools for the mandated period.

If the exposure is narrowly construed to involve only loss from lack of fuel oil, then this exposure can be avoided by using some other, non-oil source of heat in all the schools. If the exposure is broadly defined as any failure to provide the minimum 180 days of school, then risk avoidance would seem to be impossible—there is no way to guarantee that, come what may, the district's schools will remain open the required number of days.

• Loss prevention includes any measure designed to reduce loss frequency or the likelihood of any given loss. To reduce the likelihood that any given school, or the entire district, will be closed for lack of fuel oil, the school

authorities could rearrange the school schedule to warmer months, which would require less fuel oil; practice fuel conservation; or increase its stored reserves of fuel oil.

• Loss reduction includes any measure taken either before or after a loss occurs to reduce the severity of that loss. Loss reduction assumes that losses will occur but tries to keep them as small as possible. A loss reduction measure also may reduce loss frequency, but this is incidental.

The district presumably could reduce its loss of subsidy funds by reducing the number of days by which the school year falls short of 180 days—for example, providing 175 days of school rather than 160 days, and thereby losing only five days' subsidy rather than 20 days'. This could be done through any of the measures discussed under loss prevention. (Segregation of loss exposures also could reduce the severity of loss, but the question is phrased to exclude answers based on segregation).

• Non-insurance transfer involves a contract with another party (not an insurer) under which that party agrees to be legally responsible for, or to bear the financial burden of, a loss that otherwise would fall on the transferring party—here, the school district's transfer of its potential loss of subsidies.

Non-insurance transfer may not be feasible in this situation, because there may be no other party willing to be responsible for the district's loss. On the other hand, if fuel oil suppliers are eager for the district's business, these suppliers may be willing to guarantee the district an adequate supply of fuel oil and/or to indemnify the school district for all or a portion of its loss of subsidies if, because of lack of fuel oil, the district is not able to provide the required 180 days of school.

The sample questions and answers used in this column are taken from the Associate in Risk Management designation curriculum of the IIA. For more information on the content of the A.R.M. program, write Dr. G.L. Head, Vp, Insurance Institute of America, P.O. Box 314, Malvern, Pa. 19355.

Failure to convert group policy ends coverage

A disability waiver of premium benefit terminated with the termination of a group insurance policy, a Tennessee appellate court ruled in a case of first impression in that state. Thus, failure of the insured to convert the policy to an individual insurance policy upon the payment of premium, as offered by the insurer, resulted in his having no insurance coverage.

In this case, Edith Ballard sought to recover insurance benefits for the death of her husband under a group policy under which her husband had been insured as a totally disabled former employee entitled to a disability waiver of insurance premium.

In March 1977, the group policy was terminated. Mr. Ballard was notified by a letter dated March 30, 1977, that the policy was terminated, and he was given an opportunity by the insurer to convert to an ordinary life contract by April 15. The Ballards failed to respond. Mr. Ballard died Feb. 6, 1978, approximately 11 months after the group policy was terminated. Mrs. Ballard sought death benefits, but the insurer declined coverage. She sued and lost in the trial court.

On appeal, Mrs. Ballard argued that her husband's right to the waiver of premium benefit vested while the policy was in full force and effect and, therefore, the policy could not be terminated by the insurer while he was disabled. But, the court said the policy plainly provided that the waiver of premium benefit terminated upon termination of the policy.

"Nowhere can we find language," the court said, "revealing any indication for the vesting of a right to insurance under a disability waiver of premium benefit." *Ballard vs. North American Life & Casualty*, Court of Appeals of Tennessee, Nov. 29, 1983, *Application for permission to appeal denied* Jan. 30, 1984 (BI/01/J.-\$5).

The Perspective section, which is a forum for readers' opinions, is compiled and edited by Copy Editor Alison Kittrell. She can be reached at 312-649-5262.

legal briefs

Loss of use is 'property damage'

A suit brought by a building owner and tenant against a general contractor and subcontractor for loss of use arising out of negligent design and construction fell within the "property damage" coverage of the contractor's liability insurance, Massachusetts' highest court ruled.

This suit arose over allegedly faulty design and construction of the John Hancock Tower in Boston. Gilbane Building Co. was the project general contractor, and the H.H. Robertson Co. was the curtain wall subcontractor.

In 1968, John Hancock Life Insurance Co. purchased two policies from Continental Casualty Co. A comprehensive general liability policy covered personal injury and property damage for Hancock and Gilbane and Robertson. Hancock later sued Gilbane and Robertson, claiming defective glass panels in the curtain wall arising out of negligent design and construction. Hancock claimed substantial damages, including deprivation of use of the building, diminution in value and lost rental income. Continental declined to defend Gilbane and Robertson. This action was brought to determine whether Continental had a duty to defend. The trial court ruled against Continental.

On appeal, Continental argued, in part, that loss of use of the property was not covered by the policy unless there was physical injury to tangible property, as the policy defined property damage as "injury to or destruction of tangible property." The court concluded that the term "property damage" did not require actual physical damage but could include intangible damage, such as the diminution in value of tangible property. The court agreed with the trial court that Continental had a duty to defend Gilbane and Robertson. *Continental Casualty Co.*

vs. Gilbane Building Co., Supreme Judicial Court of Massachusetts, Feb. 13, 1984 (BI/03/J.-\$5).

Death ends disability benefits

An employee's disability terminated when he died and his heir was not entitled to those compensation benefits that would have been paid had the employee lived, a Louisiana appellate court ruled.

Ethel Chapman sued Home Indemnity Co. for accrued workers compensation benefits allegedly due her deceased son Thomas. Thomas had been insured while working as a butcher for a supermarket. He lost a finger and was awarded benefits of \$163 per week. The insurer paid the benefits for 22 weeks. On July 2, 1981, Thomas died from an accident totally unconnected to his work accident. The insurer paid \$186, representing accrued benefits to the date of Thomas' death. Mrs. Chapman refused and sued, seeking the balance allegedly due under the scheduled loss for a finger. The trial court ruled for the insurer.

The appellate court said that while an employee's heirs can enforce the obligation of an employer to pay disability benefits as a heritable right upon his or her death, only benefits that have accrued to the employee before his or her death can be so transmitted.

Furthermore, the court said that compensation benefits are paid only during "the period of disability." Once an employee dies, the court said, the disability terminates and along with it goes the employer's obligation to pay. *Chapman vs. Home Indemnity Co.*, Court of Appeals of Louisiana, Dec. 14, 1983 (BI/04/J.-\$5).

These abstracts were prepared by Cases Unlimited Inc. A copy of an entire decision may be obtained by sending a check for \$5 made out to Cases Unlimited to Business Insurance, 740 N. Rush St., Chicago, Ill. 60611. List the number for each opinion.

The tools of our trade are current facts, future projections and past performance.

Knowing what worked in the past is just the beginning of the job we do for you. It's our skill in pinpointing the areas where change affects risk that adds a dimension to the many kinds of excess and surplus lines coverage we help you provide your clients.

During the past 50 years, we've developed inventive solutions for coverage in the areas of directors' and officers' liability; umbrella liability; course of construction; product liability; and permanent property, among others. This experience enables us to go beyond the basics to create thorough, thoughtful programs that work for today's needs while anticipating future changes.

Business keeps inventing new ways to do business. At Swett &

Crawford, we keep inventing new ways to cover their risks.



Swett & Crawford

3699 Wilshire Boulevard
Los Angeles, California 90010

Invention is the added dimension.



Offices in: Atlanta, Boston, Chicago, Columbus, Dallas, Denver, Greensboro, Houston, Los Angeles, New Orleans, Newport Beach, New York, Philadelphia, Portland, San Diego, San Fernando Valley, San Francisco, Seattle, Tampa.

Banks, insurance groups prepare for battle

By LINDA J. COLLINS

The battle between banks and the insurance industry over banks' participation in the insurance business will be waged on several fronts this year.

Unlike previous years, when banks and groups of agents and insurers mainly pressed their fight either in Congress or on the state level, action is expected both in Washington and in state legislatures this year.

In Washington, insurance industry lobbyists are expected to attempt to close the so-called "South Dakota loophole," through which banks can skirt the prohibition on insurance activity by federally chartered banks by forming state-chartered banks. The state-chartered subsidiaries would then presumably be allowed to sell and possibly to write insurance.

The loophole was created by a 1983 law passed by the South Dakota Legislature that allows federally regulated bank holding companies to buy state-chartered banks to conduct insurance activities on a national scale (BI, Feb. 28, 1983).

On the state level, banks are expected to push for laws, in some cases similar to South Dakota's, so they can engage in insurance transactions.

"If the loopholes are closed up (on a federal level), there probably wouldn't have to be activity on a state-by-state basis. While these laws are not closed up, states will always find loopholes," said David F. Lambert, executive director of the National Assn. of Insurance Brokers in Washington.

"There seems to be a lot of interest in keeping controls from federal levels of government, but as long as interstate banking continues to

grow, there would seem to be a need for federal regulation to close up these loopholes," he added.

Last year, both sides concentrated on federal legislation after the Federal Reserve Board said it would not act on applications by bank holding companies to buy state-chartered banks in South Dakota.

The Fed said it would not approve the applications until Congress acted to clarify the federal prohibition on bank activity in the insurance industry contained in Title VI of the Garn/St Germain Depository Institutions Act of 1982.

However, Congress failed to pass a banking bill in 1984, and agents and brokers are worried that the South Dakota loophole could reopen because of that inaction.

The Fed's "most immediate pre-occupation is the reactivation of Bank of America's application for entry into South Dakota," said Roger N. Levy, vp-government affairs for the Independent Insurance Agents of America in New York.

"Bank of America reactivated its application, saying the board has had a year to consider it. The board is now wrestling with that one all over again."

Patricia A. Borowski, vp-government and industry affairs for the National Assn. of Professional Insurance Agents in Alexandria, Va., noted that the PIA expects the Fed to act on the applications by "late February or March."

Legislation to close the loophole is already pending in Congress.

H.R. 428, sponsored by Rep. Charles E. "Buddy" Roemer III, D-La., would prohibit state-chartered banks from selling insurance outside the state in which they are chartered, though state-chartered banks would still be allowed to sell insurance inside the state's borders.

In addition, an industry source said that the banking reform legislation expected to be introduced

later in the session by Sen. Jake Garn, R-Utah, chairman of the Senate Banking Committee, will include language designed to close the South Dakota loophole.

Bankers say attempts by the insurance industry to close the South Dakota loophole are misguided.

"The problem with the approach of the insurance industry to the South Dakota problem is that they want national law to regulate the states," said a spokesman for the American Bankers Assn. in Washington. "At least 14 states now allow more permissive insurance activity by state banks. All states would have to conform to a national law, even (in the case of) pre-existing businesses."

"Banks would like to be able to sell a full range of insurance and, if not, to explore where there are things that could be done to the mutual benefit of both industries," the spokesman explained.

The banking industry "can't go to Congress and expect them to let us go into all forms of insurance sales and underwriting. There's too much opposition right now. However, I see a certain amount of inevitability in banks entering the insurance industry," he said.

Although banks and insurance industry groups are split over whether banks should be allowed to sell and write insurance, both sides admit that it will be hard for either banks or the industry to convince Congress to act. Many congressmen fear they will alienate either the banking or the insurance industry if they take a strong stand either way, they say.

"What are the political ramifications?" is the concern of the politicians," Ms. Borowski said. "It looks like everything will prompt a floor fight. . . . No compromises will be acceptable to all parties."

"Congress will be reluctant to make any decisions," she said. "Any decision made will make someone mad."

Besides acting on the federal level to close the South Dakota loophole, agents' groups and other industry organizations are opposing a proposal released in November by the Federal Deposit Insurance Corp. that would regulate state-chartered banks' insurance activities (BI, Dec. 3, 1984).

The FDIC ordered a 60-day comment period when it released the rules, which has not expired.

Although both sides are planning to push for congressional action, activity on the state level is expected to be more intense than in recent years, industry sources agree.

"The real battles will be fought at the state level this year," said the IIAA's Mr. Levy. "There could potentially be a lot of decisions made which will affect bank powers. It is my guess that the banks will be making an all-out effort in the

states.

"After major lobbying in four or five states," Mr. Levy added, "banks could just sit back and watch their efforts pay off."

Ms. Borowski said there is a potential for strong legislative activity in Delaware, Florida, Georgia, Idaho, Louisiana, Massachusetts, Nevada, Minnesota, Missouri, New York and Washington.

"Things have happened in these states. Our legislative 'intelligence' tells us that there is an interest building in some sort of financial institution integration. We're not sure what kind. That's what we are trying to identify."

For instance, Ms. Borowski notes that three bills have been introduced as a package by New York Gov. Mario Cuomo "which would permit all banks doing business in New York to participate in insurance-related activities intrastate."

The bills would allow banks to perform all activities now performed by agents and brokers and would allow banks to underwrite life insurance products, she says. And, the state would conduct a two-year study to determine whether banks should be allowed to write property/casualty business.

Banks have a lot of clout in New York, notes Robert W. Heslip, the former chairman of Bank Regulation: Agents' Committee Effort or BRACE, a combined effort of the National Assn. of Life Underwriters and the New York chapters of the IIAA and the PIA.

"New York City is literally the financial capital of the world. A lot goes through the Wall Street area. The banks can say, 'Look. Either we have things our way or we move somewhere else,'" he said.

"No state will have a greater impact (on bank inroads into insurance) than New York," Mr. Levy agreed.

He said other states in which major legislative efforts will probably be made by banks are California, Texas, Illinois and Michigan.

Matthew Street, who tracks state banking legislation for the American Bankers Assn., says states in which banks have decided to make a push in 1985 include: California, Colorado, Florida, Georgia, Illinois, Maine, Massachusetts, Nevada, New York and Texas.

Opponents of bank involvement in the insurance industry are also taking their battle to the state level.

A bill pre-filed before this year's legislative session in Missouri and sponsored by Sen. Dennis Smith, R-Springfield, would prevent banks from selling insurance covering real or personal property for which a loan or extension of credit was sought. The legislation would apply both to state-chartered banks and to bank holding companies operating within the state.

Congress to consider 'non-bank banks'

Another issue affecting both the insurance industry and banks—the status of so-called "non-bank banks"—will come before Congress this year.

A non-bank bank is an institution that either "accepts deposits subject to withdrawal on demand" or "makes commercial loans," but not both. If it performs both functions, it is considered a bank, according to a 1970 amendment to the Bank Holding Company Act.

Several insurance companies have applied to state and federal regulators to create non-bank banks to circumvent prohibitions on insurer involvement in the banking industry.

The banking industry generally opposes the creation of non-bank banks, and several pieces of legisla-

tion are already pending in Congress that would block the creation of non-bank banks.

Presumably, banks that establish state-chartered non-bank banks in states that allow banks to sell insurance could sell their products directly through the non-bank bank. For this reason, and because they advocate a complete separation of the banking and insurance industries, agent groups also oppose non-bank banks.

Although the comptroller of the currency imposed a moratorium on the approval of new non-bank bank operations for several years to give Congress time to consider the matter, Congress has failed to act on the issue and the comptroller has recently begun approving non-bank bank applications.

INSURANCE FOR BANK AUTO LEASING

We make sure you are covered by a high-quality carrier

Allied with major carriers, we have long experience with this difficult-to-place insurance. We make it easier for you with a quality program of insurance designed specifically for Bank Auto Leasing. We could provide broader coverages at substantial savings.

- Lessors Excess Liability
- Lessors Contingent Liability
- Lessors Contingent Physical Damage
- Interim Car Coverages

We invite your inquiry and your business. Call or write RON RUANE



PAIGE-RUANE, INC. INSURANCE

The Irwin Building
460 N. Gulph Road
King of Prussia, PA 19406
(215) 265-4170

All you have to do is ask. The answers are there.

Computer systems provide data storage and access. But California Interactive Computing's fully integrated packages for *Worker's Compensation*, *Group Health Care* and *General Liability* administration will allow you to manage your data. You will be able to quickly access and analyze the total costs of all your benefit programs and get accurate individual and collective program risk exposure estimates. And you'll have the ability and the flexibility to deal with the unexpected.

Next time you have a question, or just something you'd like to consider, just ask. CIC's system will quickly provide the answers.

CIC provides complete turn-key systems, time-sharing on CIC's host computer, or software for your computer. For detailed information, or to schedule a demonstration, call Gary L. Smart, Director of Marketing.



CALIFORNIA INTERACTIVE COMPUTING, INC.

The Employee Benefits System Company

12517 Chandler Blvd., North Hollywood, CA 91607
(818) 985-2680 or (213) 557-2424.

Banks consider sales of commercial lines

By LINDA J. COLLINS

Although financial institutions are especially interested in selling personal lines of insurance, observers say that banks will start offering commercial lines once they have established insurance operations.

"A lot of banks would like to offer all lines," commented Fritz Elmendorf, who is a spokesman for the American Bankers Assn. in Washington. "Some would like to underwrite as well, (although) brokerage is a more immediate possibility."

"I think there is a reasonable likelihood that larger banks will regard commercial lines sales as a natural extension of the services they already provide to their business customers," said Walter J. Fiorentini, senior vp of First Wisconsin National Bank in Milwaukee.

"Commercial lines is a competitive field requiring substantial expertise, which could be obtained through acquiring agencies or hiring individuals who have that expertise," Mr. Fiorentini added.

The immediate interest of the banks, however, is in personal lines.

"Banks, at this point, feel that the (insurance) products they would be selling would be similar to (their other) financial services, and not products that would have to be sold and resold each year—without all the variables," said William G. Bailey, president of the National Assn. of Professional Insurance Agents, and president of George B. Bailey Inc. in Dryden, N.Y.

"Initially, the threat (of competition by banks) is focused on personal lines," commented David F. Lambert III, executive director of the National Assn. of Insurance Brokers.

However, Mr. Lambert added, "There will probably be some sale of commercial lines with financial guarantee products through banks."

He said that banks "should, at first, remain in very specialized areas; however, any inroads by banks into the insurance business would only ease intrusions into other areas" of insurance.

Alex Riebe Jr., who is the assistant director of the American Bankers Assn.'s security and risk management division in Washington, said: "It depends upon what the bank sees as its long-term objective. . . . Look at (where bank sales of insurance) are permissible and what they are doing there. There is more interest in personal lines."

However, he added that in states in which grandfather clauses allow banks to sell insurance, the banks offer "all types of property/casualty business."

"Commercial lines could (prove to) be even more attractive to financial institutions, since they present a bigger book of business," said Roger N. Levy, vp-government affairs of the Independent Insurance Agents of America.

"There is nothing to say that banks, if they wanted to hire good people, could not sell commercial products at a later date," said Frederick J. England, president of the IIAA and president of Hastings-Tapley Insurance Agency Inc. in Cambridge, Mass.

He warned, however, that "the coercive influences would be far greater in commercial-type business than in the sale of commodity insurance."

That threat of coercion—in which a financial institution would pressure its clients to purchase their insurance coverages through

the bank in exchange for receiving loan approval—is the major concern voiced by insurance industry officials and the public over the entry of banks into the insurance business.

"There is a clear feeling among Congress, both the Senate and the House, as well as in the trade associations, that banks do have a coercive influence in any business transaction," Mr. England said.

"If you have a loaning relationship, you clearly have an influence," he added.

"The same . . . coercion/tie-in problems" arise in commercial lines as they do in personal lines, Mr. Levy explained.

"Sales at the consumer loan level are receiving the most focus now, but that will expand as their marketing becomes more sophisticated and banks broaden their horizon beyond their consumer loan list," he said.

But, bankers say that all insurance buyers, including corporations and other commercial clients, would benefit if banks were able to sell insurance.

The ABA's Mr. Elmendorf said two advantages for insurance buyers would be the convenience of purchasing the coverages through a local bank branch and the "credibility of banks" in general.

Mr. Riebe said banks would provide prospective insurance buyers with an alternative to agents and brokers.

"The one who could provide the best service would get the business," he said.

"Because . . . banks have already established an important relationship with their clients, they will work particularly hard to ensure that the insurance product they provide is eminently satisfactory to those clients," Mr. Fiorentini of First Wisconsin National stressed. "Thus the customers would have leverage."

"To the extent that a bank has a close relationship with its customers, it could package a unique product for the client due to its accumulated knowledge of the client's business," he added.

"And, the banks that enter this field will generally be larger institutions with some leverage due to the increased volume they could generate for an underwriter," he said.

But, Robert W. Heslip, former chairman of the Bank Regulation Agents' Committee Effort (BRACE), a group of agents that oppose bank sales of insurance, sees some problems.

"Banks are privy to a lot of private data," Mr. Heslip warned. "They are trying to start an erosion here and sell it to the public. How will they be regulated? Regulators would have to put a cop in every bank."

Tennessee Insurance Commissioner John C. Neff noted that regulators are concerned about the possibility of bank insolvencies if banks are allowed to write insurance.

"If other (entities) not under the control of insurance commissioners get involved" in insurance underwriting, "that could be a real problem. And, we have always been concerned with the issue of coercion," he said.

And in the sale of commercial lines, Mr. Lambert of the National Assn. of Insurance Brokers voiced another concern.

"Banks do not have the expertise in handling a client's risk management needs, and until they build this expertise, this could be a real problem," he said. ■

COMING SOON

February 1985						
S	M	T	W	T	F	S
					1	2
3	4	5	6	7	8	9
10	11	12	13	14	15	16
17	18	19	20	21	22	23
24	25	26	27	28		

18

RISK MANAGEMENT SVCS.
business insurance

AD CLOSING: FEBRUARY 5

New York: 220 East 42nd Street, N.Y. 10017 (212)210-0133
Chicago: 740 Rush Street, IL 60611 (312)649-5275
Los Angeles: 6404 Wilshire Blvd., CA 90048 (213)651-3710

**Your Clients
Will See
Provident Mutual's
Group Programs
As a
Great Reflection
On You.**

Philadelphia's historic City Hall is reflected by The Provident Mutual Building, new home of Provident Mutual's corporate headquarters.

Provident Mutual has just the right program to mirror your clients' group insurance needs — whether you're looking for Large Case Medical, Life, LTD, Dental or Pension plans.

Chartered in 1865, Provident Mutual has earned an enviable reputation for strength, integrity, and dependable service. Licensed in 49 states and the District of Columbia, the company has more than \$14.5 billion of life insurance in force and assets totaling over \$2.2 billion.

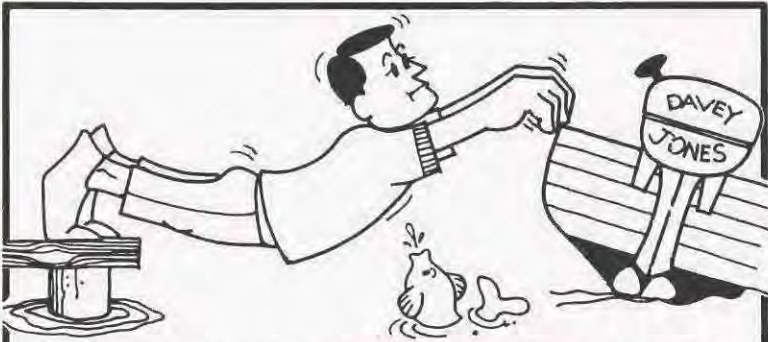
Provident Mutual's Group Division offers an outstanding array of employee benefit products. Our Group Life and Health plans are available on both conventional and al-

ternate funding bases, with cost containment options to meet the needs of the marketplace. Group Pension investment and administrative services are also available.

Why not call your nearest Provident Mutual Group Sales Office and ask to take a look at the programs we can offer? We think both you and your clients will be impressed with what you see.



PROVIDENT MUTUAL
SECURITY THROUGH FINANCIAL SERVICES



Are the costs of your health benefits out of sight because an in-house claims system is out of reach?

At last — ClaimNet — the computerized health claims administration system for the rest of us.

Greater cost containment, reduced operating costs, higher productivity, greater accuracy, and detailed management reports were once available to only the biggest companies. The cost of the hardware and software simply kept them out of reach for the rest of us. But ClaimNet puts in-house automation within the reach of almost anyone.

At last, the Claims Administration System you want that runs on the IBM PC.

Initially, you may want ClaimNet just because it runs on the most sought after computer in America—IBM PC. But you'll be happy with ClaimNet over the long haul for other reasons, like:

- improved processor productivity
- improved claims turnaround
- accuracy and consistency
- flexibility and adaptability that comes with a parameter-driven system
- management reporting
- cost effectiveness
- and improved employee/employer relations.

But you don't have to take our word for it. We can demonstrate our system right in your office.

So call Barbara Martin, Vice President of Sales and Marketing today, and get some hands-on experience of ClaimNet—the computerized health claims administration system for the rest of us.



eastern benefit systems, inc.
200 Freeway Drive East, Eas. Orange, NJ 07018
(201) 676-3333

Property/casualty, benefit claims specialists listed

A

Adjustco

Talleyrand Building, 200 White Plains Road, Tarrytown, N.Y. 10591; 914-332-4747

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

Year founded: 1981.

Services provided: 76% claims administration, 4% claims auditing, 20% rehabilitation and other disability management services, information management services, structural settlements, actuarial.

Region served: Nationwide.

Specialty: Both property/casualty and employee benefits/group insurance: 60% workers compensation, 11% general liability, 10% property damage, 10% health insurance, 6% automobile, 3% disability.

Self-insured clients/claims: 266 administration and adjusting clients; \$207 million claims paid. 39 auditing projects conducted.

Client mix: Corporations, public/government entities, multiemployer plans, Taft-Hartley plans, union-sponsored plans, association plans.

Staff: 1,017 employees.

Claims administration charges: Percent of incurred claims, percent of paid claims, percent of payroll, percent of annual premium/deposits, per claim (flat rate), per covered employee, time and expense.

Claims adjusting charges: Percent of incurred claims, percent of paid claims, percent of payroll, percent of annual premium/deposits, per claim (flat rate), per covered employee, time and expense.

Claims auditing charges: Time and expense, flat fee.

1984 gross revenues: Not reported.
Locations: 105 offices throughout the United States.

Principal officers: Thomas V. Hallett, chairman, president and chief executive officer; Leonard E. Churnetski, Joan E. Cannon, Robert E. Heaney, William E. Kuebler, senior vps.

Membership: SIIA.

Alexsis Inc.

29500 Five Mile Road, Livonia, Mich. 48154; 313-525-6820

Parent company: Alexander & Alexander Services Inc.

Year founded: 1932.

Services provided: 70% claims administration and claims adjusting, 5% claims auditing, 25% safety and designing and administering alternate funding plans.

Region served: Nationwide.

Specialty: Both property/casualty and employee benefits/group insurance: 75% workers compensation, 2% general liability, 4% automobile, 1% health insurance.

Self-insured clients/claims: 860 administration clients; \$220 million claims paid. 860 adjusting clients. 47 auditing projects conducted.

Client mix: 520 corporations, 303 public/government entities, 37 association plans.

Staff: 570 employees, all of whom are assigned to serving self-insured clients.

Claims administration charges: Percent of incurred claims, percent of paid claims, percent of payroll, percent of annual premium/deposits, per claim (flat rate), per covered employee, time and expense, flat fee.

Claims adjusting charges: Percent of incurred claims, percent of paid claims, percent of payroll, percent of annual premium/deposits, per claim (flat rate), per covered employee, time and expense, flat fee.

1984 gross revenues: \$25 million.
Locations: Administrative offices in 35 cities.

Principal officers: John A. Malasky, Joseph Giampetro, Ernest C. Fackler III, Ollie Parker and Ron Tobkin.

Membership: NASCO.

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: Both property/casualty and employee benefits/group insurance: 95% health insurance, 5% workers compensation.

Self-insured clients/claims: 3,000 auditing projects conducted.

Client mix: 200 corporations, 25 association plans.

Staff: 350 employees.

Claims auditing charges: Percent of savings.

1984 gross revenues: Not reported.
Locations: Administrative office in Los Angeles; sales offices nationwide.

Principal officers: Gary Gelman, president.

Membership: SIIA.

American Mutual Corp.

Quannapowitt Parkway, Wakefield, Mass. 01880; 617-245-6000.

Parent company: American Mutual Liability Insurance Co.

Year founded: 1971.

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

Region served: Nationwide.

Specialty: Both property/casualty and employee benefits/group insurance: 70% workers compensation, 20% health insurance, 5% general liability, 5% automobile.

Self-insured clients/claims: 28 administration clients, \$31.5 million claims paid. 5 auditing projects conducted.

Client mix: 25 corporations, one public/government entity, two multiemployer plans.

Claims administration charges: Percent of paid claims, percent of payroll, percent of annual premium/deposits, per claim (flat rate), per covered employee.

Claims auditing charges: Time and

expense, flat fee.

1984 gross revenues: Not reported.
Locations: Administrative offices in 14 cities nationwide; sales offices in 72 cities nationwide.

Principal officers: Carl M. DeFranco, vp.

Membership: SIIA.

C

Compensation Consultants Inc./CCI Administrators Inc.

1601 Bethel Road, Columbus, Ohio 43220; 614-459-3933

Year founded: 1950.

Services provided: 75% claims administration, 25% Ohio State Insurance Fund business.

Region served: Midwest.

Specialty: Both property/casualty and employee benefits/group insurance: 75% workers compensation, 25% health insurance.

Self-insured clients/claims: 70 administration clients.

Client mix: 80 corporations.

Staff: 47 employees, 28 of whom are assigned to serving self-insured clients only.

Claims administration charges: Per covered employee.

1984 gross revenues: Not reported.
Locations: Sales offices in Cincinnati and Akron, Ohio.

Principal officers: R.T. Alkire, president; M.D. Graham, executive vp; R.T. Miller, vp-marketing; W.A. Turner Jr., vp-self-insurance; W.A. Turner Sr., treasurer; D.L. Hilmer, vp.

Membership: SIIA.

Constitution State Service Co.

100 Constitution Plaza/Suite 1632, Hartford, Conn. 06103; 203-277-5489.

Parent company: Travelers Insurance Co.

Year founded: 1964.

Services provided: 60% claims administration, 5% claims adjusting, 1% claims auditing, 30% rehabilitation and medical cost control services, 4% loss prevention and safety engineering.

Region served: Nationwide.

Specialty: Both property/casualty and employee benefits/group insurance: 36% workers compensation, 28% general liability, 31% automobile, 2% property damage, 2% professional liability, 1% health insurance.

Self-insured clients/claims: 85 administration clients; \$114.7 million claims paid. 85 adjusting clients. Five auditing projects conducted.

Client mix: 180 corporations, 50 public/government entities.

Staff: More than 3,000 Travelers Insurance claims personnel.

Claims administration charges: Percent of incurred claims, percent of paid claims, percent of payroll, percent of annual premium/deposits, per claim (flat rate), per covered employee, time and expense.

Claims adjusting charges: Percent of incurred claims, percent of paid claims, percent of payroll, percent of annual premium/deposits, per claim (flat rate), per covered employee, time and expense.

Claims auditing charges: Time and expense, flat fee.

1984 gross revenues: Not reported.
Locations: Administrative offices in Hartford, Conn. (CSSC); and Tampa, Fla. (CONSERVCO); Los Angeles; New York; Annandale, Va.; San Antonio, Texas; Minneapolis.

Principal officers: Wheeler H. Hess, board chairman; Charles J. Clarke, executive committee chairman; Sheldon L. Rothbart, president and chief operating officer; Robert D. Greenberg and Lyndsay R. deManbey, vps.

Membership: SIIA.

Creative Risk Management Corp.

34820 Harper Road, Mount Clemens, Mich. 48043; 313-792-6355

Year founded: 1971.

Continued on facing page

BE SURE!

Please send information about Medical Review's Health Care Cost Containment programs.

Better yet, call for an appointment. I'd like to see you promptly.

Name _____ Title _____

Company _____ Tel. # _____

Address _____

City _____ State _____ Zip _____

BI-2

Mail to:

Marc Allen
Medical Review Corp.
40 Maple Avenue
Morristown, NJ 07960
or Call
(201) 267-2233



It works... Nationwide!

Continued from facing page

Services provided: 65% claims administration, including adjusting and auditing; 15% safety engineering, 20% insurance placement.

Region served: Nationwide.

Specialty: 57% workers compensation, 20% health insurance, 15% general liability, 5% automobile, 2% property damage, 1% inland marine.

Self-insured clients/claims: 100 administration and adjusting clients, including 12 associations with 820 individual member corporations self-insured; \$27.5 million (administration) claims paid. 10 auditing projects conducted.

Client mix: 88 corporations, two public/government entities, 12 association plans. 45,000 employees covered for health and workers compensation; average of 450 employees per group.

Staff: 70 employees, of whom 90% are assigned to serving self-insured clients.

Claims administration charges: Percent of annual premium/deposits, per claim (flat rate), per covered employee, time and expense.

Claims adjusting charges: Percent of annual premium/deposits, per claim (flat rate), per covered employee, time and expense.

Claims auditing charges: Time and expense.

1984 gross revenues: Not reported.

Principal officers: James W. Duff, president; Thomas D. Mather and W.T. Platt, senior vps; Lisabeth A. Vernier, vp.

Membership: SIIA.

ministration clients; \$9.931 million claims paid.

Client mix: 42 corporations, two public/government entities, one union-sponsored plan. 11,000 employees covered; average of 244 employees per group.

Staff: 125 employees, 17 of whom are assigned to serving self-insured clients only.

Claims administration charges: Per covered employee, \$3.50-\$5.

1984 gross revenues: \$5 million, of which \$500,000 comes from claim administration.

Principal officers: C. Peyton Daniel, C.S. Drew Jr., Ronald C. Mueller, J.A. Harrison, John S. Childress.

Membership: Life, Health and Accident Claims Assn. of Greater St. Louis.

F

FCS Administrators Inc.

2400 Baseline Road, P.O. Box 308, Grand Island, N.Y. 14072; 716-773-1142

Year founded: 1984.

Services provided: 100% claims administration.

Region served: Eastern United States.

Specialty: Both property/casualty and employee benefits/group insurance: 51% health insurance, 49% workers compensation.

Self-insured clients/claims: 30 administration clients; \$6.48 million claims paid.

Client mix: 21 corporations, 11 public/government entities, one union-sponsored plan. 35,050 employees covered; average number of employees per group, 1,168.

Staff: 25 employees, 19 of whom are assigned to serving self-insured clients only.

Claims administration charges: Percent of annual premium/deposits, 6%; per claim (flat rate), \$40-\$250; per covered employee, \$4-\$7.

1984 gross revenues: Not reported.

Locations: Administrative and sales office in Media, Pa.

Principal officers: Hollis Boss, president; William F. McLaughlin, vp.

Membership: SPBA.

G

GAB Business Services Inc.

Lir den Plaza, 9 Campus Drive, Parsippany, N.J. 07054; 212-306-8000

Parent company: UAL Inc.

Year founded: 1885.

Services provided: 100% claims administration, including adjusting and auditing.

Region served: Nationwide and Caribbean.

Specialty: Both property/casualty and employee benefits/group insurance: 43% property damage, 15% workers compensation, 12% general liability, 10% automobile, 5% inland marine, 5% professional liability, 5% ocean marine, 3% health insurance, 2% bonds.

Self-insured clients/claims: 1,000 administration clients; \$400 million claims paid. 400 adjusting clients 10 auditing projects conducted.

Client mix: 1,200 corporations, 150 public/government entities, 50 association plans.

Staff: 4,400 employees. 150 of whom are assigned to serving self-insured clients only.

Claims administration charges: Percent of incurred claims; percent of paid claims; percent of annual premium/deposits; per claim (flat rate); per covered employee; time and expense.

Claims adjusting charges: Percent of paid claims; time and expense.

1984 gross revenues: Not reported.

Locations: Administrative offices in 650 locations; sales offices in Little Rock, Ark.; Chicago; Wichita, Kan.; Boston; Salt Lake City; Rochester and New York, N.Y.; Philadelphia; Dallas; Orlando, Fla.; Portland, Ore.; Houston;

Continued on next page

D

The Daniel & Henry Co.

100 N. Jefferson, St. Louis, Mo. 63103; 314-421-1525.

Year founded: 1921

Services provided: 8% claims administration, 92% other.

Region served: Nationwide.

Specialty: Both property/casualty and employee benefits/group insurance: 90% health insurance, 8% life, 2% disability.

Self-insured clients/claims: 45 ad-



Leader Administrators, Inc.

Self-funded Employee Benefit Administrators

Medical • Dental • Disability

COMPLETE COST CONTAINMENT SERVICES

- Intensive Utilization Review
- Pre-Admission Review
- Hospital Bill Review
- Plan Design and Benefit Administration Options
- Financial & Statistical Management Reports

FOR EMPLOYER GROUPS WITH \$150,000 OR MORE PAID HEALTH CLAIMS

994 Old Eagle School Road, Wayne, PA 19087 (Suburban Philadelphia) (215) 687-5924

Guide to the BI directory

This directory lists claims specialists that responded to a questionnaire sent to the companies by *Business Insurance*. Although there is no charge to be included in the directory, companies must generate at least 50% or \$500,000 of their gross revenues from claims handling for self-insured clients to be listed.

Claims firms are organized according to the type of business in which they specialize. Those that handle both property/casualty and employee benefits/group insurance are listed beginning on page 50; those that handle only employee benefits/group insurance are listed beginning on page 56; and those that handle only property/casualty claims (including workers compensation) are listed beginning on page 64.

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

- Claims administration, which includes overseeing quality 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 payments and recommending solutions to claims administration problems.

The listing also specifies any other services the company provides.

Also included are the geographic region served, specialties of the company (as a percentage of gross revenues derived from handling claims for self-insured clients), number of self-insured clients and amount of claims paid for them, types of self-insured clients served, information on staffing and ways in which the company bills for its services.

When reported, 1984 gross revenues are listed, followed by the locations of administrative and sales offices, principal officers and membership in claims organizations.

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 independently verify the accuracy of the information.

Full names of the professional organization included in the listings are provided below:

CAIA is California Assn. of Independent Insurance Adjusters; **CASO** is California Administrative Service Organization; **CSIA** is California Self-Insurers Assn.; **HIAA** is Health Insurance Assn. of America; **IAA** is Independent Administrators Assn.; **IAHU** is Indiana Assn. of Health Underwriters; **ICA** is Industrial Claims Assn.; **IEA** is Insurance Education Assn.; **IFEBP** is International Foundation of Employee Benefit Plans; **IFPWF** is International Foundation of Pension & Welfare Funds; **IIAI** is Independent Insurance Agents of Indiana; **NACSO** is National Assn. of Safety & Claims Organizations; **NAIIA** is National Assn. of Independent Insurance Adjusters; **NAPSLO** is National Assn. of Professional Surplus Lines Offices; **NCSI** is National Council of Self-Insureds; **PIMA** is Professional Insurance Mass-Marketing Assn.; **RIMS** is Risk & Insurance Management Society; **SIIA** is Self-Insurance Institute of America; **SPBA** is Society of Professional Benefit Administrators; **TSLA** is Texas Surplus Lines Assn.

The benefit of experience...

GATES McDONALD

The industry leader in the management of unemployment and workers' compensation programs.

Offices coast to coast
Call today: 1-800-848-0317
Photo courtesy of the Ohio Department of Natural Resources

Continued from preceding page

MRM/Multi-Risk Management Inc.350 N. Clark, Chicago, Ill. 60610;
312-670-2100.**Year founded:** 1976.**Services provided:** 65% claims administration, 15% claims adjusting, 20% consulting.**Region served:** Nationwide.**Specialty:** Both property/casualty and employee benefits/group insurance: 50% professional liability, 30% workers compensation, 20% health insurance.**Self-insured clients/claims:** 86 administration clients; \$30 million claims paid.**Client mix:** 80 corporations, three public/government entities, three association plans, 20,000 employees covered; average of 2,000 employees per group.**Staff:** 26 employees, 20 of whom are assigned to serving self-insured clients only.**Claims administration charges:** Per covered employee, \$3-\$7; time and expense, \$35-\$65/hour.**Claims adjusting charges:** Time and expense, senior/field adjuster \$35-\$40/hour, general adjuster \$20-\$30/hour, inside adjuster \$25/hour.**Claims auditing charges:** Time and expense, \$30-\$35/hour.**1984 gross revenues:** Not reported.**Principal officers:** Michael Burack, president; Robert Moysey, vp; Amy Cohen, secretary-treasurer.**N****The NBA Group Inc.**1225 Franklin Ave., Garden City, N.Y.
11530; 516-747-7177**Year founded:** 1982.**Services provided:** 100% claims administration, including adjusting and auditing.**Region served:** Nationwide.**Specialty:** Both property/casualty and employee benefits group insurance: 85% health insurance, 10% life, 5% workers compensation.**Self-insured clients/claims:** 95 administration clients; \$8 million claims paid. 45 adjusting clients. 150 auditing projects conducted.**Client mix:** 88 corporations, four multiemployer plans, three association plans. 15,000 employees covered; average of 250 employees per group.**Staff:** 24 employees, all of whom are assigned to serving self-insured clients only.**Claims administration charges:** Per covered employee, \$4-\$12.**Claims adjusting charges:** Time and expense, senior/field adjuster \$250/day, general adjuster \$175/day, inside adjuster \$125/day.**Claims auditing charges:** Time and expense.**1984 gross revenues:** \$1.5 million.**Locations:** Sales offices in Ohio, California, Nevada, Pennsylvania.**Principal officers:** Roger M. Slot-

kin, president; Michael Koepfer, Douglas Hanson, David Cantlon and Ellen Volpe, vps.

Membership: SPBA, SIIA.**P****Palange & Associates Inc.**160 State St., Suite 500, Boston,
Mass. 02109; 617-542-5700**Year founded:** 1980.**Services provided:** 50% claims auditing, 50% property/casualty claims auditing and management.**Region served:** Nationwide.**Specialty:** Both property/casualty and employee benefits/group insurance: 45% health insurance, 15% professional liability, 10% workers compensation, 10% general liability, 5% disability, 5% life, 5% automobile, 5% property damage.**Self-insured clients/claims:** 100 auditing projects conducted.**Client mix:** 80% corporations, 10% multiemployer plans, 10% association plans.**Staff:** Nine employees, three of whom are assigned to serving self-insured clients only.**Claims auditing charges:** Time and expense.**1984 gross revenues:** Not reported.**Principal officers:** Stephen R. Palange, president; Norman C. Tardi, executive vp; Joseph J. Yablonski, assistant vp; David W. Ives, secretary; Michele N. Alexanian, secretary.**Penn General Service Corp.**11620 Wilshire Blvd., Los Angeles,
Calif. 90025; 213-820-7070**Parent company:** Republic Hogg Robinson Inc.**Year founded:** 1978.**Services provided:** 50% claims administration; 50% program management, workers compensation loss prevention, health care cost containment.**Region served:** Nationwide.**Specialty:** Both property/casualty and employee benefit/group insurance: 45% health insurance, 40% workers compensation, 10% life, 5% disability.**Self-insured clients/claims:** 1 223**Specializing in practical commercial property and casualty reference manuals.**

- The Risk Report
- Risk Financing
- Construction Risk Management
- General Liability Manual

**INTERNATIONAL RISK MANAGEMENT INSTITUTE, INC.**10300 N. Central Expressway
Building III, Suite 208
Dallas, Texas 75231-3390
Telephone (214) 363-9656**Genelco's Health Claims Adjudication and Reporting System**

- productive software for managing good health
- available now for Wang VS computers

Call 314-644-3200
for details**Genelco, Inc.**1201 Macklind Avenue
St. Louis, Missouri 63110

administration clients; \$196.664 million claims paid.

Client mix: 40% corporations, 10% public/government entities; 50% association plans.**Staff:** 180 employees.**Claims administration charges:** Percent of payroll, percent of annual premium/deposits, per claim (flat rate), per covered employee, time and expense.**1984 gross revenues:** Not reported.**Locations:** Administrative offices in Los Angeles; Miami; Caribou, Falmouth and Jackman, Maine; Springfield, Mass.; Cadillac and Southfield, Mich.; Barrington, N.H.; Austin, Lubbock and Dallas, Texas.**Principal officers:** Charles E. Kepper, president/chief executive officer; Richard P. Shea, Richard Wos and William J. Nietschmann, senior vps; Donald Benyas, president-PGS of Michigan.**Membership:** SPBA.**R****Rasmussen Agency Inc.**60 Evergreen Place, East Orange,
N.J. 07018; 201-675-3940**Year founded:** 1975.**Services provided:** 85% claims administration, 5% claims auditing, 10% insurance agency.**Region served:** Northeast.**Specialty:** Both property/casualty and employee benefits group.**Self-insured clients/claims:** 154 administration clients; \$29,495,500 claims paid. 10 auditing projects conducted.**Client mix:** Four corporations, 150 public/government entities, one union-sponsored plan. 33,000 employees covered; average of 700 employees per group.**Staff:** 129 employees, 118 of whom are assigned to serving self-insured clients only.**Claims administration charges:** Percent of payroll, 6%-9%; per covered employee, \$3-\$5.**Claims auditing charges:** Time and expense, \$20-\$30/hour.**1984 gross revenues:** \$6.128 million.**Locations:** Administrative/sales offices in Atlantic City, N.J. and Haverstown, Pa.**Principal officers:** Richard H. Rasmussen, president; Robert F. Hughes, senior vp/treasurer; C. David Martin, senior vp/secretary; Lawrence E. Small, senior vp; Anthony J. Constantino, vp-claims.**Membership:** SPBA, SIIA, National Assn. of Claims and Safety Organization.**S****Self Insured Risk Services Inc.**24370 Northwestern Highway,
Southfield, Mich. 48075;
313-354-9580.**Parent company:** Meadowbrook Inc.**Year founded:** 1980.**Services provided:** 40% claims administration, 50% claims adjusting, 10% excess insurance placement.**Region served:** Nationwide.**Specialty:** Both property/casualty and employee benefits/group insurance: 30% workers compensation, 22% health insurance, 20% general liability, 10% property damage, 5% automobile, 5% professional liability, 5% life, 3% disability.**Self-insured clients/claims:** 95 administration clients; \$11 million claims paid. 95 adjusting clients.**Client mix:** 82 corporations, one public/government entity, two multiemployer plans, 10 association plans.**Staff:** 26 employees, all of whom are assigned to serving self-insured clients only.**Claims administration charges:** Percent of annual premium/deposits, per claim (flat rate), per covered employee, time and expense.**Claims adjusting charges:** Percent of annual premium/deposits, per claim (flat rate), per covered employee, time and expense.**Claims auditing charges:** Time and expense.**1984 gross revenues:** \$1 million.**Locations:** Administrative and sales office in Glenview, Ill. Additional administrative offices in Grand Rapids, Mich., and Stuart, Fla.**Principal officers:** Michael P. Murawski, president; Robert A. Engle, vp; Lee F. Kelly, vp/treasurer; Cheryl Reno, secretary.**Membership:** SPBA, Self-Funded Institute of Michigan, Michigan Self Insurers' Assn.**Southern Risk Services Inc.**2211 Seventh Ave. South, P.O. Box
10265, Birmingham, Ala. 35202;
205-252-9870.**Parent company:** McGriff, Seibels & Williams Inc.**Year founded:** 1966.**Services provided:** 100% claims administration.**Region served:** Southeast.**Specialty:** Both property/casualty and employee benefits/group insurance: 44% workers compensation, 37% health insurance, 10% general liability, 5% automobile, 2% property damage, 2% disability.**Self-insured clients/claims:** 49 administration clients; \$12.68 million claims paid.**Client mix:** 39 corporations, six public/government entities, one multiemployer plan, three association plans.**Staff:** 50 employees, 46 of whom handle both insured and self-insured clients.**Claims administration charges:** Per claims (flat rate), \$12.75 (for in-house insured claims for parent company).**Claims adjusting charges:** Percent of annual premium/deposits, 10%; per claim (flat rate) \$50-\$150; per covered employee, \$1.75-\$5.25; time and expense, senior/field adjuster \$55/hour, general adjuster \$35/hour, inside adjuster \$28/hour.**1984 gross revenues:** Not reported.**Locations:** Sales offices in Florence and Mobile, Ala.; and Pensacola and Orlando, Fla.**Principal officers:** Lee McGriff, chairman; Richard Womack, president, McGriff, Seibels & Williams Inc.; Lionel B. Feemster, president, SRS; John Nixon, vp.**Membership:** SAWCA.**U****Underwriters Safety & Claims Inc.**11405 Park Road, P.O. Box 23790,
Anchorage, Ky. 40223;
502-244-1343**Year founded:** 1941.**Services provided:** 50% claims administration, 5% adjusting, 5% auditing, 40% insurance companies.**Region served:** Southeast and Appalachia.**Specialty:** Both property/casualty and employee benefits/group insurance: 60% workers compensation, 35% health insurance, 5% disability.**Self-insured clients/claims:** 105 administration clients; \$21 million claims paid. 105 adjusting clients. One auditing project conducted.**Client mix:** 102 corporations, three public/government entities. 31,000 employees covered, average of 295 employees per group.**Staffing:** 90 employees, 55 of whom are assigned to serving self-insured clients only.**Claims administration charges:** Percent of paid claims, percent of payroll, percent of annual premium/deposits, per claim (flat rate), per covered employee.**Claims adjusting charges:** Percent of paid claims, percent of payroll, per claim (flat rate), per covered employee.**Claims auditing charges:** Flat fee.**1984 gross revenues:** Not reported.**Locations:** Administrative and sales offices in Louisville, Ky. Additional administrative offices in Paintsville, Ky; Marion, Ill.; Knoxville, Tenn.; Norton, Va.; Pittsburgh.**Principal officers:** Bruce L. Ferguson, president; Bruce W. Ferguson, senior vp; Scott C. Ferguson, vp-finance; Jack D. Stewart, vp-employee benefits; Gary A. Mongilutz, vp-underwriting; Gary G. Gilmour, vp-claims.**Membership:** SIIA.

Continued on facing page

W

Wausau Insurance Cos.
2000 Westwood Drive, Wausau,
Wis. 54401; 715-845-5211.

Year founded: 1911.
Services: Claims administration ad-justing, auditing.

Region served: Nationwide.
Specialty: Both property/casualty and employee benefits/group insur-ance: 66% health insurance, 22% work-ers compensation, 8% general liability, 4% property damage.

Self-insured clients/claims: 115 ad-ministration clients; \$55 million claims paid. Seven adjusting clients. Four au-diting projects conducted.

Client mix: 119 corporations, three public/government entities.

Staff: 7,900 employees.
Claims administration charges: Percent of incurred claims, percent of paid claims, percent of payroll, percent of annual premium/deposits, per claim (flat rate), per covered employee, time and expense.

Claims adjusting charges: Time and expense.

Claims auditing charges: Time and expense.

1984 gross revenues: \$7.5 million.

Locations: 220 administrative/sales offices nationwide.

Principal officers: J. Schoneman, board chairman and chief executive of-ficer; G. Viste, president; L. Tornow, executive vp-regional operations; R. Klein, executive vp-insurance opera-tions; T. Mack, senior vp-risk manage-ment systems.

Scott Wetzel Services Inc.

500 Pacific Ave., Suite 700, P.O.
Box 418, Bremerton, Wash. 98310;
206-479-0200

Parent company: The Home Group Inc.

Year founded: 1941.

Services provided: 87% claims ad-ministration, 7% claims adjusting, 1% claims auditing, 5% loss control and data services.

Region served: Nationwide.

Specialty: Both property/casualty and employee benefits/group insur-ance: 67% workers compensation, 16%

general liability, 10% automobile, 5% health insurance, 2% professional liabil-ity.

Self-insured clients/claims: 402 ad-ministration clients; \$218.4 million claims paid. 31 adjusting clients. Seven auditing projects conducted.

Client mix: 369 corporations, 27 pub-lic/government entities, six association plans.

Staff: 525 employees, all of whom are assigned to serving self-insured clients only.

Claims administration charges: Charges vary.

Claims adjusting charges: Charges vary.

Claims auditing charges: Charges vary.

1984 gross revenues: Not reported.

Locations: Administrative offices in 30 cities nationwide. Sales offices in New York; Chicago; Orange, Calif.; Bremerton, Wash.

Principal officers: E. Scott Wetzel Jr., president/chief executive officer; Donald W. Mulliner, executive vp; Robert E. Spratt, senior vp; Myron A. Sol-tau, executive vp; Ron Hall, assistant vp-claims.

Membership: NASCO, CASIA. ■



Lost. ? And Found.

The Business Insurance Editorial Index helps you find the facts you need *quickly!*

- * Lists *all* Business Insurance news and feature articles.
- * Conveniently organized by subject, persons quoted and companies mentioned.
- * 1985 Editorial Index service includes three quarterly reports and a cumulative annual edition; 1981 thru 1984 Indexes available in hardbound annual editions.
- * You'll never again spend valuable time wading through a pile of back copies to find what you're after!
- * Only \$150 per year.

Find your way to the facts!
Send in the coupon *now!*

business insurance

New York: 220 East 42nd St., NY 10017 (212) 210-0137

Business Insurance Editorial Index.
220 East 42nd Street, New York, NY 10017

Please send me the following Index(es):

Annual Index Only:
___ 1981 ___ 1982 ___ 1983 ___ 1984

___ 1985 Full Index Service

* \$150 each year, plus foreign postage.

PAYMENT MUST ACCOMPANY ORDER

___ Visa ___ Mastercard ___ Check Enclosed

Account # _____ Exp. Date _____

Signature _____

Name _____ Title _____

Company _____

Address _____

City _____ State _____ Zip _____

Phone _____

**YOU'RE INVITED
TO JOIN THE MOST DYNAMIC
EDUCATIONAL ASSOCIATION
AVAILABLE FOR THE
SELF-INSURED...**



SELF-INSURANCE INSTITUTE OF AMERICA

No doubt you have read about SIIA in leading industry publications; you owe it to yourself to support the efforts of SIIA as we fight to preserve and protect your right to choose the option of self-insurance rather than conventional methods of risk funding. As a member of SIIA you will enjoy:

- INDUSTRY REPRESENTATION ON FEDERAL AND STATE ISSUES AFFECTING THE SELF-INSURED
- RECEIPT OF SIIA'S EXCEPTIONAL BI-MONTHLY PUBLICATION *THE SELF INSURER*
- EDUCATIONAL OPPORTUNITIES THROUGH OUR REGIONAL AND NATIONAL CONFERENCES
- RECEIPT OF THE SIIA HOTLINE BULLETIN, ON REGULATION AFFECTING THE SELF-INSURER
- EDUCATIONAL VIDEOS AND CASSETTE TAPES
- PLUS MUCH MORE...



TAKE ACTION NOW...

COMPLETE THE APPLICATION BELOW AND MAIL TO SIIA WITH YOUR ANNUAL DUES PAYMENT OF ONLY \$500. NOTE, IF YOUR APPLICATION AND PAYMENT ARE RECEIVED BEFORE MARCH 1, 1985 WE WILL WAIVE THE INITIATION FEE—A SAVINGS OF \$50!! IN ADDITION, ALL NEW MEMBERS WHO JOIN BEFORE MARCH 1, 1985 WILL RECEIVE ABSOLUTELY FREE SIX OF OUR BEST SELLING EDUCATIONAL TAPES FROM THE 1984 ANNUAL NATIONAL CONFERENCE THAT YOU READ ABOUT IN BI NOV. 12, 84 ISSUE (value \$66.)

COMPANY NAME _____

STREET ADDRESS _____

CITY _____ STATE _____ ZIP _____

VOTING REPRESENTATIVE NAME _____

VOTING REPRESENTATIVE TITLE _____

TELEPHONE # (_____) _____

CHECK HERE IF YOU ONLY DESIRE ADDITIONAL INFORMATION



ACT TODAY: SEND YOUR COMPLETED APPLICATION AND PAYMENT FOR YOUR ANNUAL DUES (INCLUDES SUBSCRIPTION TO *THE SELF-INSURER*) TO:

Mr. James A. Kinder • Executive Vice President
SELF-INSURANCE INSTITUTE OF AMERICA
1700 E. Dyer Road Suite 165 • Santa Ana, CA 92705
(714) 261-2553

From The Reprint Department Of:
business insurance

Reporting weekly for corporate risk,
employee benefit and
financial executives

Do you need to distrib-ute copies of articles appearing in Business Insurance at your meet-ings or for your mailings?

Business Insurance has expanded its reprint department to meet your needs.

For fast, low cost* re-prints of articles appear-ing in Business Insur-ance, or to obtain re-print permission for your own copies, call or write:

Reprint Department
Business Insurance
220 E. 42nd St.
New York, N.Y. 10017

212-210-0229

*New prices effective 1/1/85

Directory of benefit claims specialists

A

ADP Benefit Services Inc.

300 Ellinwood Way, Pleasant Hill, Calif. 94523; 415-827-5870.

Parent company: Automatic Data Processing Inc.

Year founded: 1981.

Services provided: 40% claims administration, 60% commissions and billing administration.

Region served: California.

Specialty: Employee benefits/group insurance; 100% health insurance.

Self-insured clients/claims: 150 administration clients; \$4.2 million claims paid.

Client mix: 150 corporations, 11,000 employees covered; average number of employees per group, 75.

Staff: 97 employees, all of whom are assigned to serving self-insured clients only.

Claims administration charges: Per covered employee, \$6-\$8.

1984 gross revenues: \$3 million.

Locations: Sales offices in Encino, Anaheim, San Diego and Pleasant Hill, Calif.

Principal officers: Garen Staglin, president; Bob Weitman, vp/general manager.

Membership: SIA, IFEBP.

Admar Corp.

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

Year founded: 1973.

Services provided: 33 1/3% claims administration, 66 2/3% cost containment for preferred provider organizations and hospital utilization reviews.

Region served: Southwest United States.

Specialty: Employee benefits/group insurance; 100% health insurance.

Self-insured clients/claims: 60 administration clients; \$17.4 million claims paid in 1984.

Client mix: 59 corporations, one union-sponsored plan, 9,000 employees covered; average number of employees per group, 150.

Staff: 65 employees, 35 of whom are

assigned to serving self-insured clients only.

Claims administration charges: Per covered employee, \$5-\$8.

1984 gross revenues: \$2 million.

Locations: Sales and administrative office in Santa Ana, Calif.

Principal officers: Richard Toral, president; Virginia Pascual, executive vp; Roger Lightholder, vp-operations.

Membership: SPBA.

Administrative Service Consultants Inc.

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

Year founded: 1969.

Services provided: 100% claims administration.

Region served: Nationwide.

Specialty: Employee benefits/group insurance; 90% health insurance, 6% pensions, 4% disability.

Self-insured clients/claims: 121 administration clients; \$20 million claims paid.

Client mix: 106 corporations, 10 public/government entities, one Taft-Hartley plan, four union-sponsored plans, 24,000 employees covered, average number of employees per group, 200.

Staff: 31 employees, 24 of whom are assigned to serving self-insured clients only.

Claims administration charges: Percent of paid claims, 3%; per covered employee, \$5-\$7.

1984 gross revenues: \$800,000.

Locations: Administrative office in Akron, Ohio. Sales offices in Akron and Columbus, Ohio.

Principal officers: Albin J. Terlek, president; Robert W. O'Leary, secretary; William L. Morris, vp.

Membership: SBPA.

Allied Benefit Systems Inc.

401 N. Michigan Ave., Chicago, Ill. 60611; 312-321-5071

Year founded: 1980.

Services provided: 80% claims administration, 5% auditing, 15% fully insured brokerage.

Region served: Nationwide.

Specialty: Employee benefits/group insurance; 90% health insurance, 5% pensions, 5% disability.

Self-insured clients/claims: 32 administration clients; \$8.3 million claims paid. Three auditing projects conducted.

Client mix: 31 corporations, one public/government entity, 8,600 employees covered; average number of employees per group, 270.

Staff: 14 employees, 10 of whom are assigned to serving self-insured clients only.

Claims administration charges: Per covered employee, \$4 and up.

Auditing charges: Time and expense, \$110/hour.

1984 gross revenues: \$485,000.

Principal officers: Laurence Wilneff, president; Ben D. Schenker, executive vp; Paulette Todd, vp.

American Benefit Plan Administrators Inc.

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

Parent company: Avco Financial Services.

Year founded: 1952.

Services provided: 30% claims administration, 5% adjusting, 5% auditing, 60% administration of multiemployer pension and welfare benefit funds.

Region served: Nationwide.

Specialty: Employee benefits/group insurance; 70% health insurance, 30% pensions.

Self-insured clients/claims: 200 administration clients; \$250 million claims paid. 20 auditing projects conducted.

Client mix: 200 Taft-Hartley plans, 610,000 employees covered; average number of employees per group, 2,000.

Staff: 550 employees, 400 of whom are assigned to serving self-insured clients only.

Claims administration charges: Per covered employee, \$1-\$10.

Claims auditing charges: Time and expense, \$6-\$40/hour.

1984 gross revenues: \$20 million.

Locations: Honolulu, Hawaii; Phoenix Ariz.; Dallas; Houston; Denver; Albuquerque, N.M.; Salt Lake City; Indianapolis; St. Paul, Minn.; Kansas City, Mo.

Principal officers: Charles B. Jackson, president; Harry L. Austin, executive vp; C.J. Monson, Irv Baldinger and John McFarlane, senior vps.

Membership: SPBA.

American Insurance Administrators Inc.

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

Year founded: 1977.

Services provided: 80% claims administration, 5% claims adjusting, 5% claims auditing, 10% leasing on-line claim system.

Region served: Nationwide.

Specialty: Employee benefits/group insurance; 94% health insurance, 5% disability, 1% life.

Self-insured clients/claims: 10 administration clients; \$3,821,466 claims paid. Two adjusting clients. Five auditing projects conducted.

Client mix: 10 corporations, one public/government entity, one Taft-Hartley plan, 30,000 employees covered; average employees per group, 2,500.

Staff: 18 employees, all of whom are assigned to serving self-insured clients only.

Claims administration charges: Per covered employee, \$4-\$6; time and expense, cost plus 25%; per draft, 40 cents-\$1.25.

Claims adjusting charges: Time and expense, senior/field adjuster \$75/hour, general adjuster \$40/hour, inside adjuster \$40/hour.

Claims auditing charges: Time and expense.

1984 gross revenues: \$850,000.

Principal officers: F.N. Dastur, president; Herbert Schaffer, executive vp; P.H. Dalal, chief financial officer; Robert Bassin and Roy Richardson, vps.

Membership: SPBA.

American SelfCare Corp. (ASCO)

690 E. North Ave., Carol Stream, Ill. 60188; 312-653-6120

Parent company: American Family Corp.

Year founded: 1953.

Services provided: 98% claims administration, 2% consulting.

Region served: Nationwide.

Specialty: Employee benefits/group insurance; 97% health insurance, 3% disability.

Self-insured clients/claims: 56 administration clients; \$75 million claims paid.

Client mix: 50 corporations, six public/government entities, 50,000 employees covered; average number of employees per group, 900.

Staff: 110 employees, all of whom are assigned to serving self-insured clients only.

Claims administration charges: Per covered employee, \$3-\$5.

1984 gross revenues: \$2 million.

Locations: Administrative and sales office in Columbus, Ga.

Principal officers: Salvador Diaz-Verson Jr., president; Kenneth Kaczmarek, secretary/treasurer; J. Richard Brinkley, vp.

Membership: SBPA, Chicago Claims Assn.

B

Babcock Insurance Corp.

6464 E. Grant Road, Tucson, Ariz. 85715; 602-886-8401

Year founded: 1969.

Services provided: 70% claims administration, 10% claims adjusting, 10% claims auditing, 10% peer review and preferred provider organization discounting.

Region served: Nationwide.

Specialty: Employee benefits/group insurance; 80% health insurance, 10% flex compensation, 5% disability, 5% life.

Self-insured clients/claims: 125 administration clients; more than \$3 million claims paid. 125 adjusting clients. 52 auditing projects conducted.

Client mix: 120 corporations, four public/government entities, one multiemployer plan, 18,000 employees covered; average number of employees per group, 150.

Staff: 52 employees, 30 of whom are assigned to serving self-insured clients only.

Claims administration charges: Percent of paid claims, 3%-4%; percent of annual premium/deposits, 5%; per claim (flat rate), \$1.50-\$2.50; per covered employee, \$2.50-\$4.

Claims adjusting charges: Included in claims administration charges.

Claims auditing charges: Time and expense, \$25/hour.

1984 gross revenues: Not reported.

Locations: Administration office in Phoenix, Ariz.; regional sales representatives in 20 states.

Principal officers: Dwight Babcock, president; Cindy Stewart, manager-group services; Paul Pieroni, controller; David Lovitt, marketing; John Armstrong, data services.

Membership: SPBA, PIMA.

Benefit Plan

Administrators Inc.

P.O. Box 3208, Wichita, Kan. 67201; 316-262-3578

Year founded: 1970.

Services provided: 90% claims administration, 10% commissions and fees.

Region served: Kansas, Oklahoma, Missouri, Nebraska.

Specialty: Employee benefits/group insurance; 86% health insurance, 6% disability, 5% pensions, 2% life, 1% vacation funds.

Self-insured clients/claims: Five administration clients; \$9 million claims paid.

Client mix: Three corporations, two public/government entities, three Taft-Hartley plans, 4,000 employees covered; average number of employees per group, 500.

Staff: Nine employees, four of whom are assigned to serving self-insured clients only.

Claims administration charges: Percent of incurred claims, 3.5%; percent of paid claims, 3.5%; percent of annual premium/deposits, 3%; per covered employee, \$2.88-\$6.50; time and expense, \$70/hour.

1984 gross revenues: \$300,000.

Principal officers: Jerry W. Cole, president; Larry J. Armfield, vp; Joan Crown, administrative assistant; Kim Wallace, claims supervisor.

Membership: SPBA.

Benefit Plans Risk Management Inc.

213 W. Main Cross St., P.O. Box 928, Findlay, Ohio 45839; 419-423-3823

Year founded: 1974.

Services provided: 100% claims administration, adjusting and auditing.

Region served: Nationwide.

Specialty: Employee benefits/group insurance; 65% health insurance, 5% disability, 30% life.

Self-insured clients/claims: 125 administration clients; \$35 million claims paid. 125 adjusting clients. 60 auditing projects conducted.

Client mix: 116 corporations, four public/government entities, one union-sponsored plan, four association plans, 41,000 employees covered; average number of employees per group, 328.

Staff: 40 employees, 18 of whom are assigned to serving self-insured clients only.

Claims administration charges: Per covered employee, \$3.50-\$8.

Claims adjusting charges: Per covered employee, \$3.50-\$8.

Claims auditing charges: On a per case basis.

1984 gross revenues: \$1.4 million.

Locations: Sales offices in Marion, Springfield and Youngstown, Ohio.

Principal officers: J. Roland Hahn, president; Stanley H. Phillips, vp-finance; Ronald J. Scharer, vp-marketing; Jeffrey Whitman, legal/corporate secretary; Marty Terry, director.

Membership: SPBA.

Benefit Technology Inc.

125 W. Central, Suite 310, Bentonville, Ark. 72712; 501-273-7476

Year founded: 1979.

Services provided: 50% claims auditing, 50% software development.

Region served: Nationwide.

Specialty: Employee benefits/group insurance; 90% health insurance, 10% workers compensation.

Self-insured clients/claims: 57 auditing projects conducted.

Client mix: 22 corporations, two association plans, 50,000 employees covered; average number of employees per group, 1,500.

Staff: Four employees, all of whom are assigned to serving self-insured clients only.

Claims auditing charges: Time and expense, \$60/hour.

1984 gross revenues: \$150,000.

Principal officers: John T. Oakes, president; Douglas King, executive vp.

Boon-Chapman

7600 Chevy Chase Drive, Building II, P.O. Box 9201, Austin, Texas 78766; 512-454-2681

Year founded: 1961.

Services provided: 81% claims administration, 19% computer business.

Region served: Southeast.

Continued on facing page

In the oil & gas business, No protection is your biggest risk.



Risk is an unavoidable part of the oil & gas business. You cannot afford to be unprotected!

PIC provides an in-depth analysis of risk management. Covering such topics as: Political Risk, International Market, Maritime Exposures, Environmental Impairment plus many more.

Learn about protecting today's risks so that you will be prepared for tomorrow's disasters.

FOR: Operators, Producers, Service Contractors, Risk Managers and serious industry investors.

FOR MORE INFORMATION CALL OR WRITE: PDI Conference Center, North Texas State University, P.O. Box 13288, Denton, Texas 76203-3288. TOLL FREE OUTSIDE TEXAS 800-433-5676 D/FW METRO 267-5671 or (817) 565-2483.

6th Annual PETROLEUM INSURANCE CONFERENCE

March 27-29, 1985 New Orleans, Louisiana

Presented by Self Insurance Resource, Inc. of Dallas & Professional Development Institute

Continued from facing page
South, Midwest, Southwest and Mountain States.

Specialty: Employee benefits/group insurance: 95.2% health insurance, 3.7% life, 0.8% optional life, 0.3 disability.

Self-insured clients/claims: 31 administration clients; \$27.7 million claims paid.

Client mix: 26 corporations, two public/government entities, 20,823 employees covered; average number of employees per group, 700.

Staff: 67 employees, 25 of whom are assigned to serving self-insured clients only.

Claims administration charges: Percent of paid claims, 2.5%; per covered employee, \$2.90-\$7.28.

1984 gross revenues: Not reported.

Principal officers: T.J. Chapman, president; Dick Carr, vp.

Membership: SPBA, PIMA.

Business Planning Associates Inc.

Box 4517, 2260 Erin Court, Lancaster, Pa. 17604; 717-299-1201

Year founded: 1976.

Services provided: 100% claims administration.

Region served: Pennsylvania.

Specialty: Employee benefits/group insurance: 65% health insurance, 35% pensions.

Self-insured clients/claims: 75 administration clients; \$12 million claims paid.

Client mix: 74 corporations, one multiemployer plan, 20,000 employees covered.

Staff: 39 employees, 15 of whom are assigned to serving self-insured clients only.

Claims administration charges: Per covered employee, \$3-\$5.50.

1984 gross revenues: More than \$2 million.

Principal officers: Carl K. Reigle, chairman; Kathleen Harnish, president; Thomas Bowman, vp-data processing; Agnes Watson, vp-pensions; Mary Caci, secretary.

Membership: SPBA, SIIA, Self-Funded Assn. of Pennsylvania.

C

CC Systems Corp.

2001 Killebrew Drive, Minneapolis, Minn. 55420; 612-854-6500

Year founded: 1982.

Services provided: 100% claims administration.

Region served: Nationwide.

Specialty: Employee benefits/group insurance: 90% health insurance, 10% disability.

Self-insured clients/claims: 30 administration clients; \$12 million claims paid.

Client mix: 27 corporations, one multiemployer plan, one Taft-Hartley plan, one association plan, 15,000 employees covered, average number of employees per group, 500.

Staff: 30 employees, all of whom are assigned to serving self-insured clients only.

Claims administration charges: Percent of paid claims, 5%; per claim (flat rate), \$7-\$10; per covered employee, \$4-\$7.

1984 gross revenues: Not reported.

Locations: Administrative offices in Lansing, Mich.; Kansas City, Mo.; Denver. Sales office in Houston.

Principal officers: William Ellwood, president; Barry Weber, treasurer; David Wilson, vp-administration; David Walter, vp-information services; Diane Selwebach, vp-data processing.

Membership: SPBA, SIIA.

CIBCO Corp.-Division of Employee Benefits Services/Shepherd & Assoc.

P.O. Box 7552, Birmingham, Ala. 35253; 205-871-8435

Year founded: 1978.

Services provided: 80% claims administration, 10% claims adjusting, 10% claims auditing.

Region served: Southeastern United States.

Specialty: Employee benefits/group insurance: 65% health insurance, 20% disability, 10% flex compensation, 5% life.

Self-insured clients/claims: 84 administration clients; \$24 million claims paid. Three adjusting clients. Eight auditing projects conducted.

Client mix: 67 corporations, three public/government entities, two multiemployer plans, four Taft-Hartley plans, six union-sponsored plans, two association plans, 8,400 employees covered; average number of employees per group, 100.

Staff: 26 employees, 23 of whom are assigned to serving self-insured clients only.

Claims administration charges: Percent of paid claims, 7%; per covered employee, \$6.

Claims adjusting charges: Time and expense, senior/field adjuster \$80/hour, general adjuster \$50/hour, inside adjuster \$35/hour.

Claims auditing charges: Time and expense, \$25/hour.

1984 gross revenues: \$500,000.

Locations: Administrative office in Jasper, Ala.

Principal officers: W. Hal Shepherd, president; John C. Shepherd, director-group operations; Gregory Smith, director-marketing; Lonnie Ingle, director-administration/accounting; Walter Garrison, director-payroll processing.

Membership: SPBA, SIIA.

Central Benefit Systems Inc.

1005 Grand Ave., Kansas City, Mo. 64199; 816-842-1838

Parent company: W.S. Vogel Agency Inc.

Year founded: 1979.

Services provided: 75% claims administration, 25% conversion plan pools.

Region served: Nationwide.

Specialty: Employee benefits/group insurance: 90% health insurance, 10% disability.

Self-insured clients/claims: 28 administration clients; \$24 million claims paid.

Client mix: 24 corporations, four public/government entities, 18,000 employees covered; average number of employees per group, 640.

Staff: 25 employees, 21 of whom are assigned to serving self-insured clients only.

Claims administration charges: Per covered employee.

1984 gross revenues: Not reported.

Locations: Administrative and sales office in East Orange, N.J.

Principal officers: William E. Vogel, chief executive officer; David A. Deuter, senior vp; Peggy Fletcher, director-marketing; Diana Bain, assistant treasurer.

Claims Administrators and Plan Supervisors Corp. (CAPSCO)

8140 Mopac Expressway, Westpark 4, Suite 250, Austin, Texas 78759; 512-346-8070

Year founded: 1979.

Services provided: 50% claims administration, 50% administration of employee benefit funds.

Region served: Southwest United States.

Specialty: Employee benefits/group insurance: 90% health insurance, 7% life, 3% disability.

Self-insured clients/claims: 30 administration clients; \$2.2 million claims paid. One adjusting project conducted.

Client mix: 30 corporations, two association plans, 2,000 employees covered; average number of employees per group, 120.

Staff: Eight employees, four of whom are assigned to serving self-insured clients only.

Claims administration charges: Percent of paid claims, 5%; percent of annual premium/deposits, 5%; per claim (flat rate), \$4-\$7.

Claims auditing charges: Time and expense, \$20/hour.

1984 gross revenues: \$350,000.

Principal officers: Clyde Fortenberry, president; Sandra Browning, administrative vp; Cheryl Cepello, treasurer; Betty Jacobs, director-self-funding.

Membership: SPBA, SIIA, IFEBP.

Claims Administration Services Inc.

632 First Bank Drive, Palatine, Ill. 60067; 312-934-7772

Year founded: 1982.

Services provided: 80% claims administration, 20% consulting.

Region served: Nationwide.

Specialty: Employee benefits/group insurance: 95% health insurance, 5% disability.

Self-insured clients/claims: 215 administration clients; \$24 million claims

paid.

Client mix: 100% corporations, 20,000 employees covered; average number of employees per group, 275.

Staff: 21 employees, all of whom are assigned to serving self-insured clients only.

Claims administration charges: Per covered employee, \$2.50-\$4.

1984 gross revenues: \$1 million.

Locations: Administrative office in Chicago.

Principal officers: Stephen F. Rasnick, president.

Membership: SIIA.

Comprehensive Benefits Service Co. Inc.

90 S. Newtown Street Rd., Newtown Square, Pa. 19073; 215-359-1400

Year founded: 1974.

Services provided: 100% claims administration, including adjusting and auditing.

Region served: Nationwide.

Specialty: Employee benefits/group insurance: 90% health insurance, 5% disability, 5% life.

Self-insured clients/claims: 232 administration clients, 1,200 auditing projects conducted.

Client mix: 222 corporations, three public/government entities, two union-sponsored plans, five association plans, 80,000 employees covered; average number of employees per group, 340.

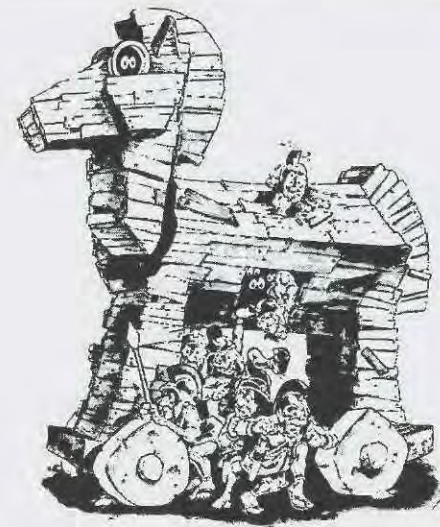
Staff: 115 employees, all of whom are assigned to serving self-insurers only.

Claims administration charges: Per covered employee.

Claims adjusting charges: Percent of paid claims, per claim (flat rate), per covered employee.

Claims auditing charges: Included in fees for administration and adjusting.

Continued on next page



Marine Insurance. If it's Greek to your company, you could be in for a big surprise.

For marine, oil industry or other difficult risk coverage, call or write Adams & Porter Associates, Inc., 510 Bering Drive, Houston, Texas 77057-1408, (713) 975-7500. Also in New York and Bermuda.

Adams & Porter

We take the myth out of corporate insurance.

Captives In Transition

9th International Captive Insurance and Reinsurance Forum March 13-15, 1985

Recent news from Washington and London, from Bermuda and from other domiciles, indicates that the insurance industry is in a period of transition. Reinsurance is said to be drying up and underwriters are removing themselves from certain risks. Rates are going up and the tax news has been more bad news than good news.

Most companies, however, are coping with this changing environment. They are adapting to new regulations, adopting new procedures, finding new partners, if necessary, and, for many, doing business as usual. Since 1977, the International Captive Insurance and Reinsurance Forum has reported the changes in the worldwide insurance industry and analyzed their effects on the companies and people involved and the corporations and other clients they serve. This conference, the ninth in the series, will continue this important function, bringing together industry leaders from all over the world to discuss problems of current concern and interest.

Among the topics to be discussed are:

- Insurance and Reinsurance—The World Scene
- The Economic Politics of Regulation
- Taxes: The Long Term Effects
- Captives and Taxes: Rulings, Cases, Interpretations
- Employee Benefits in Captives
- Current Events in Bermuda
- Mergers & Acquisitions: Where Does the Captive Fit In?

Attendees will have the opportunity to participate in two of the following in-depth workshop sessions—Captive Taxation; Joint Venture Captives; Rent-a-Captives; Rules of the Road for Reinsurance.

The one-day Workshop on Risk Financing and Captives is a comprehensive basic course in the fundamentals of corporate risk financing techniques including captive insurance companies. It is for those persons with limited understanding of and experience with risk financing alternatives.

Fee: **Captives in Transition** US\$700 (\$625 for subsequent registrant(s) from the same company.)
Risk Financing and Captives Workshop US\$250.

One-Day Workshop
Risk Financing
& Captives
March 12, 1985

Hamilton Princess Hotel
Bermuda

Risk Planning Group
Division of

Tillinghast, Nelson & Warren, Inc.

722 Post Road, Darien, CT 06820
203/655-9791 Telex: 996358

Continued from preceding page

1984 gross revenues: Not reported.
Locations: Sales offices in New York; Washington, D.C.; New Hampshire.

Principal officers: Russell Naylor, chief executive officer; Dennis Ryan, vp/legal counsel; Andre Duggin and Thomas Brown, vps.

Membership: SPBA, SIIA.

Computer Claims Administration Inc.

1131 N. 27th, P.O. Box 21367, Billings, Mont. 59104; 406-245-3575

Year founded: 1980.

Services provided: 100% claims administration.

Region served: Northwest United States.

Specialty: Employee benefits/group insurance: 90% health insurance, 10% disability.

Self-insured clients/claims: 16 administration clients; \$4 million claims paid.

Client mix: Eight corporations, eight public/government entities. 3,000 employees covered; average number of employees per group, 125.

Staff: Six employees, all of whom are assigned to serving self-insured clients only.

Claims administration charges: Per covered employee, \$3-\$10.

1984 gross revenues: \$200,000.

Locations: Sales office in Miles City, Mont.

Principal officers: Frederick H. Larson, president; Nicki L. Larson, secretary/treasurer.

Membership: SPBA.

Thomas P. Corcoran, Consultant-Administrator

P.O. Box 4026, Concord, Calif. 94524; 415-798-2550

Year founded: 1968.

Services provided: 10% claims administration, 70% claims adjusting, 20% claims auditing.

Region served: Western United States.

Specialty: Employee benefits/group insurance: 60% health insurance, 25% pensions, 10% disability, 5% life.

Self-insured clients/claims: Six administration clients; \$7.5 million claims paid.

Client mix: 100% Taft-Hartley plans. 12,000 employees covered; average number of employees per group, 2,000.

Staff: 30 employees, none of whom is assigned to serving self-insured clients only.

Claims administration charges: Per covered employee, \$2.80-\$7.50.

Claims adjusting charges: Per covered employee, \$2.80-\$7.50.

Claims auditing charges: Time and expense, \$15-\$75/hour.

1984 gross revenues: \$1.25 million.

Locations: Administrative office in Oakland, Calif.

Principal officers: Thomas P. Corcoran, owner; Dennis Monday, electronic data processing manager; Lynn Monday, office manager; Gino Roth, claims manager.

Membership: SPBA.

Corporate Diversified Services Inc.

10535 Pacific St., Omaha, Neb. 68114; 402-393-3133

Parent company: Blue Cross/Blue Shield of Nebraska.

Year founded: 1974.

Services provided: 60% claims administration, 5% claims adjusting, 5% claims auditing, 30% billing and other administrative services.

Region served: Midwest and Western United States.

Specialty: Employee benefits/group insurance: 80% health insurance, 20% disability.

Self-insured clients/claims: 40 administration clients; \$3.5 million claims paid.

Client mix: 35 corporations, three public/government entities, one Taft-Hartley plan, one union-sponsored plan. 6,000 employees covered; average number of employees per group, 150.

Staff: 32 employees, 14 of whom are assigned to serving self-insured clients only.

Claims administration charges: Per covered employee, \$1.75-\$7; time and expense.

Claims adjusting charges: Time and expense, senior/field adjuster \$40/hour, general adjuster \$30/hour, inside adjuster \$15/hour.

Claims auditing charges: Time and expense, \$40/hour.

1984 gross revenues: Not reported.

Principal officers: Richard L. Gutfey, president; Jerry D. Herbel and Robert C. Hopkins, vps; Cheri Kowal, assistant vp.

Membership: SIIA, IFEBP.

Corporate Systems Administration Inc.

3201 Bristol Highway, P.O. Box 1036, Johnson City, Tenn. 37601; 615-282-3420

Parent company: Jones & Hill Insurance.

Year founded: 1980.

Services provided: 100% claims administration.

Region served: Nationwide.

Specialty: Employee benefits/group insurance: 93% health insurance, 5% disability, 2% life.

Self-insured clients/claims: 48 administration clients; \$55 million claims paid.

Client mix: 41 corporations, seven public/government entities. 60 million employees covered; average number of employees per group, 1,000.

Staff: 140 employees, 50 of whom are assigned to serving self-insured clients only.

Claims administration charges: Per claim (flat rate), \$3.50-\$7.

1984 gross revenues: Not reported.

Locations: Administrative offices in Savannah and Atlanta, Ga.; sales office in Savannah, Ga.

Principal officers: Thomas H. Reppas, president; Cecil Byers, vp; Douglas M. Sizemore, secretary/treasurer.

Membership: SPBA, SIIA.

D

Diversified Group Brokerage Corp.

218 New London Turnpike, Box 736, Glastonbury, Conn. 06033; 203-659-0381

Year founded: 1968.

Services provided: 50% claims administration; 10% claims auditing; 40% administration, marketing and cost-containment.

Region served: Nationwide.

Specialty: Employee benefits/group insurance: 80% health insurance, 10% disability, 10% life.

Self-insured clients/claims: 850 administration clients; \$50 million claims paid. 250 auditing projects conducted.

Client mix: 835 corporations, two union-sponsored plans, one association plan. 85,000 employees covered; average number of employees per group, 120.

Staff: 92 employees, 52 of whom are assigned to serving self-insured clients only.

Claims administration charges: Per covered employee, \$6-\$10.

Claims auditing charges: Time and expense, \$15-\$25.

1984 gross revenues: \$5 million.

Locations: Administrative and sales

offices in East Norwalk, Conn.; Braintree, Mass.

Principal officers: Robert H. Soleau, president; Mary Armstrong, vp-administration; Dean Briskey, secretary/treasurer; Eleanor Kissinger, vp-claims; Kathy Shea, vp-underwriting.

Membership: SPBA, SIIA.

E

Eagles' National Corp.

771 Corporate Drive, Lexington, Ky. 40503; 606-223-2386

Parent company: Whitehall Insurance Holdings.

Year founded: 1972.

Services provided: 100% claims administration.

Region served: Nationwide.

Specialty: Employee benefits/group insurance: 95% health insurance, 5% disability.

Self-insured clients/claims: 30 administration clients; \$10 million claims paid.

Client mix: 100% corporations. 7,500 employees; average number of employees per group, 250.

Staff: 12 employees, all of whom are assigned to serving self-insured clients only.

Claims administration charges: Percent of paid claims, 3%-5%; per covered employee, \$2-\$10.

1984 gross revenues: \$500,000.

Locations: Administrative office in Louisville, Ky. Sales offices in Miami; Indianapolis; Chicago; and Salinas, Calif.

Principal officers: R.S. Scowby, president; M.W. Barger, executive vp-marketing; D. Gubbay, vp/secretary; T. Brooks, vp/treasurer.

Membership: HIAA.

Eastern Benefit Systems Inc.

200 Freeway Drive E., East Orange, N.J. 07018; 201-676-3333

Parent company: W.S. Vogel Agency Inc.

Year founded: 1978.

Services provided: 90% claims administration, 10% claim system software sales.

Region served: Nationwide.

Specialty: Employee benefits/group insurance: 85% health insurance, 10% disability, 5% flex compensation.

Self-insured clients/claims: 20 administration clients; \$30 million claims paid.

Client mix: 20 corporations. 28,000 employees covered; average number of employees per group, 1,400.

Staff: 50 employees, 35 of whom are assigned to serving self-insured clients only.

Claims administration charges: Per covered employee.

1984 gross revenues: Not reported.

Locations: Administrative and sales office in Kansas City, Mo.

Principal officers: William E. Vogel, chief executive officer; Antonio Lim, vp; Barbara A. Martin, vp-Eastern Benefit Software Corp.; Thomas J. McMahon, director-operations.

Membership: SPBA.

Employee Benefit Claims Inc. and Subsidiaries

6950 Wayzata Blvd., Minneapolis, Minn. 55426; 612-546-4353

Year founded: 1974.

Services provided: 83% claims administration, 2% claims adjusting, 15% claims auditing.

Region served: Nationwide.

Specialty: Employee benefits/group insurance: 100% health insurance.

Self-insured clients/claims: More than 2,000 administration clients; more than \$250 million claims paid. Four adjusting clients.

Client mix: 760 corporations. 1,200 public/government entities, two multi-employer plans, four Taft-Hartley plans, 10 union-sponsored plans, 26 association plans. Approximately 250,000 employees covered; average number of employees per group, approximately 200.

Staff: 400 employees, all of whom are assigned to handling claims for self-insured clients only.

Claims administration charges: Percent of paid claims, 4%; per covered employee; time and expense, \$50/hour.

Claims adjusting charges: Percent of paid claims; time and expense, se-

nior/field adjuster \$50/hour.

Claims auditing charges: Flat fee; percent of claims paid.

1984 gross revenues: \$25 million.

Locations: Administrative and sales offices in Chicago; Cleveland; Pittsburgh and Erie, Pa.; Miami; Oklahoma City and Tulsa, Okla.; Dallas, Austin, El Paso and Houston, Texas; Phoenix, Ariz.; Los Angeles, San Francisco and Fresno, Calif.; Spokane, Wash.; Billings, Mont.; Sioux Falls, S.D.

Principal officers: Richard J. Dunlap, president; C.J. Dunlap, executive vp; Michael Bedessem, controller; Mary Kouvelas, national claims manager; Craig Endsley, vp-sales.

Membership: SPBA.

Employee Group Services Ltd.

888 10th St., Marion, Iowa 52302; 319-373-1401

Year founded: 1979.

Services provided: 70% claims administration, 30% insurance commissions.

Region served: Midwest.

Specialty: Employee benefits/group insurance: 100% health insurance.

Self-insured clients/claims: More than \$8 million claims paid for administration clients.

Client mix: 60% corporations, 40% public/government entities.

Staff: Nine employees, all of whom are assigned to serving self-insured clients only.

Claims administration charges: Flat fee.

1984 gross revenues: Not reported.

Principal officers: John R. Ver Hulst, president; Jerald Ver Hulst, vp; Jean D. Ver Hulst, treasurer.

Membership: SPBA.

Employee Services Inc.

120 S. Indiana Ave., P.O. Box 1610, Sioux Falls, S.D. 57101; 605-336-2457

Year founded: 1966.

Services provided: 100% claims administration.

Region served: Upper Midwest.

Specialty: Employee benefits/group insurance: 100% health insurance.

Self-insured clients/claims: 36 administration clients; \$7.05 million claims paid.

Client mix: 34 corporations, two public/government entities. 8,000 employees covered; average number of employees per group, 222.

Staff: 14 employees, all of whom are assigned to serving self-insured clients only.

Claims administration charges: Per covered employee.

1984 gross revenues: \$500,000.

Principal officers: John Timmer, president; Henrietta Timmer, vp; Marvin E. Jensen, secretary-treasurer.

Membership: SPBA.

Executive & Employee Benefit Plans Inc.

8995 Roswell Road N.E., Atlanta, Ga. 30338; 404-998-7001

Year founded: 1959.

Services provided: 80% claims administration, 2% claims adjusting, 8% claims auditing, 10% consulting fees and commissions.

Region served: Nationwide.

Specialty: Employee benefits/group insurance: 88% health insurance, 5% life, 3% disability, 2% pensions, 2% flex compensation.

Self-insured clients/claims: 47 administration clients; \$49 million claims paid. 47 adjusting clients. 12 auditing projects conducted.

Client mix: 44 corporations, three public/government entities. 51,700 employees covered; average number of employees per group, 1,110.

Staff: 45 employees, 35 of whom are assigned to serving self-insured clients only.

Claims administration charges: Per covered employee, \$2.50-\$5.50.

Claims adjusting charges: Per claim (flat rate); time and expense, senior/field adjuster \$50/hour, general adjuster \$25/hour, inside adjuster \$35/hour.

Claims auditing charges: Flat fee, \$750-\$2,000/month.

1984 gross revenues: \$1.7 million.

Locations: Administrative and sales offices in Charlotte, N.C.; Orlando, Fla.

Principal officers: W. Richard Perkins, president; Edward A. Hightower Jr., executive vp/treasurer; Marie S. Bricker, vp/secretary.

Membership: SPBA.

Continued on facing page

We are Pleased To Announce
The Opening of Our
Auditing Services Division

Independent Professional Audits and Reviews
of Claim Administrators, Stop Loss Claims
and Administrator Approval Reviews

and Introducing

CLYDE L. EPPS, FLMI

Director of our Auditing Services Division

For details of this new service contact:

S.P. STUCKY COMPANY, INC.
2540 Kent Avenue
West Lafayette, IN 47906
(317) 463-4587

It took something as big as TEXAS to bring us here.

It took the huge volume of settlements we were already handling throughout the state of Texas. It took the right people. The right location. The right need. All are good-sized reasons why we opened our latest office in the heart of Dallas' financial district. All are reasons why you may now rely more completely on the superior service of The Structured Settlements Company.

THE STRUCTURED SETTLEMENTS™ COMPANY

Ron Pitney
Diamond Shamrock Tower
717 N. Harwood St., Suite 800
Dallas, TX 75201-6505
(214) 969-5350/(800) 421-2022

Offices in: Boston • Cincinnati • Dallas • Kansas City • Los Angeles • New York • St. Petersburg • San Francisco

F

Financial Insurance Service Consultants Inc.

2603 W. 22nd St., Suite 22, Oak Brook, Ill. 60521; 312-850-9500

Parent company: Financial Insurance Service Inc.

Year founded: 1970.

Services provided: 90% claims administration; 10% insurance commissions, interest and risk consulting fees.

Region served: Illinois, Michigan, Tennessee.

Specialty: Employee benefits/group insurance; 100% health insurance.

Self-insured clients/claims: 570 administration clients; \$17.5 million claims paid.

Client mix: 18 corporations, one multiemployer plan, 16,000 employees covered; average number of employees per group, 30.

Staff: 20 employees, 17 of whom are assigned to serving self-insured clients only.

Claims administration charges: Per covered employee, \$2.50-\$5.

1984 gross revenues: \$1.3 million.

Principal officers: Joseph J. Ambrose, president; Robert J. Peele, secretary; Ronald O. Anfenson, treasurer; Douglas Rothery, administrator.

Membership: SPBA.

First Fund Insurance Administrators Inc.

17811 Fitch St., Irvine, Calif. 92713; 714-863-0660/800-854-8354

Year founded: 1972.

Services provided: 100% claims administration.

Region served: Pacific Southwest.

Specialty: Employee benefits/group insurance; 100% health insurance.

Self-insured clients/claims: 228 administration clients; \$75 million claims paid.

Client mix: 220 corporations, five public/government entities.

Staff: 143 employees, all of whom are assigned to serving self-insured clients.

Claims administration charges: Per covered employee, \$7-\$15.

1984 gross revenues: \$4.32 million.

Locations: Administrative and sales offices in Phoenix, Ariz. and San Diego; additional sales office in San Francisco.

Principal officers: Virgil D. Gentzler, president; Sharon Magnuson, vp-client services; John Snyder, vp-marketing; Max Gentzler, vp/general manager; Stanford Cam, vp-systems; Robert Moe, chief financial officer.

Membership: SPBA, Mass Marketing Insurance Institute.

Fringe Benefit Review

3727 LaTrobe Drive, Suite 470, Charlotte, N.C. 28222; 704-366-7453

Year founded: 1979.

Services provided: 50% claims administration, 50% employee benefit consulting.

Region served: Southeast United States.

Specialty: Employee benefits/group insurance; 100% health insurance.

Self-insured clients/claims: 50 administration clients.

Client mix: 50 corporations.

Staff: 40 employees, 25 of whom are assigned to serving self-insured clients only.

Claims administration charges: Per covered employee, \$2-\$5.

1984 gross revenues: \$1.2 million.

Locations: Administrative office in High Point, N.C.

Principal officers: F. Richard Atkinson and W. James Michelsen, senior partners.

Membership: SPBA, SIIA.

G

Genelco Inc.

1201 Macklind Ave., St. Louis, Mo. 63110; 314-644-3200

Parent company: General American Life Insurance Co.

Year founded: 1973.

Services provided: 70% claims administration, 10% claims adjusting, 10% claims auditing, 10% advisory and backup services for self-administered employers.

Region served: Nationwide.

Specialty: Employee benefits/group insurance; 90% health insurance, 5% pensions, 3% disability, 2% flex compensation.

Self-insured clients/claims: 77 administration clients; more than \$100 million claims paid.

Client mix: 62 corporations, seven public/government entities, five Taft-Hartley plans, three association plans, 70,000 employees covered; average number of employees per group, 900.

Staff: 110 employees, 80 of whom are assigned to serving self-insured clients only.

Claims administration charges: Per covered employee, \$2.50-\$7.

Claims adjusting charges: Time and expense.

Claims auditing charges: Time and expense.

1984 gross revenues: \$6 million.

Locations: Administrative offices in Denver and Philadelphia.

Principal officers: David Johnson, president; Russel Korte, executive vp; Ben Allen, senior vp; Tom Hiegel, vp; Larry Amundsen, vp-sales.

Membership: SIIA.

Georgetown Benefit Management Inc.

P.O. Box 720677, Atlanta, Ga. 30358; 404-455-1535

Year founded: 1982.

Services provided: 65% claims administration, 35% employee benefits/group insurance consulting.

Region served: Nationwide.

Specialty: Employee benefits/group insurance; 80% health insurance, 15% life, 5% disability.

Self-insured clients/claims: Seven administration clients; \$2.5 million claims paid.

Client mix: Five corporations, two union-sponsored plans, 6,000 employees covered; average number of employees per group, 900.

Staff: 12 employees, four of whom are assigned to serving self-insured clients only.

Claims administration charges: Percent of annual premium/deposits, 4%; per covered employee, \$4-\$8.50; time and expense, \$60/hour; consulting and report fee.

1984 gross revenues: Not reported.

Principal officers: Eugene Oberdorfer, president; Robert Richey, senior vp; Saralyn S. Oberdorfer, secretary/treasurer.

Membership: SPBA.

Grand Canyon Financial Services Corp.

4455 E. Camelback Road, Suite 108-A, Phoenix, Ariz. 85018; 602-952-9977

Year founded: 1976.

Services provided: 70% claims administration, 20% claims adjusting, 10% claims auditing.

Region served: Nationwide.

Specialty: Employee benefits/group insurance; 90% health insurance; 5% disability, 5% life.

Self-insured clients/claims: Nine administration clients; \$587,000 claims paid. Five claim auditing projects conducted.

Client mix: Nine corporations, 1,200 employees covered; average number of employees per group, 130.

Staff: 23 employees, two of whom are assigned to serving self-insured clients only.

Claims administration charges: Per covered employee, \$5-\$8.

Claims adjusting charges: Included in claims administration charges.

1984 gross revenues: \$1.4 million.

Locations: Sales offices in Tucson, Ariz.; San Diego; Denver.

Principal officers: James R. Cone, president; Ronald J. Rostas, vp/controller; Jill Hasselquist, vp-claims.

Membership: SPBA, SIIA.

Group Plans Inc.

8790 Governorshill Drive, Cincinnati, Ohio 45242; 513-677-1801

Parent company: The Sheakley Group.

Year founded: 1979.

Services provided: 100% claims administration.

Region served: West and Midwest.

Specialty: Employee benefits/group insurance; 100% health insurance.

Self-insured clients/claims: 50 administration clients.

Client mix: 48 corporations, two public/government entities.

Staff: 25 employees, all of whom are assigned to serving self-insured clients.

Claims administration charges:

Per covered employee.

1984 gross revenues: Not reported.

Locations: Administrative and sales offices in Chicago; Dayton, Ohio.

Principal officers: Larry A. Sheakley, chairman; Jack Hunter, president; Raymond Sheakley, treasurer.

Group Services & Administration Inc.

3113 Classen Blvd. #4, Oklahoma City, Okla. 73118; 405-528-4400

Year founded: 1980.

Services provided: 95% claims administration, 5% fully insured cases.

Region served: Nationwide.

Specialty: Employee benefits/group insurance; 90% health insurance, 5% disability, 5% life.

Self-insured clients/claims: 23 administration clients; \$950,000 claims paid.

Client mix: 22 corporations, one union-sponsored plan, 1,400 employees covered; average number of employees per group, 61.

Staff: Six employees, two of whom are assigned to serving self-insured clients only.

Claims administration charges:

Per covered employee, \$5-\$11.

1984 gross revenues: \$250,000.

Principal officers: Ron Stephenson, president; Gary Stephenson, vp; Denning Crowe, secretary/treasurer.

H

Health & Pension Plan Administrators Inc.

553 Willow Ave., Cedarhurst, N.Y. 11516; 516-374-1023

Year founded: 1972.

Services provided: 100% claims administration.

Region served: Mid-Atlantic and New England.

Specialty: Employee benefits/group insurance; 100% health insurance.

Self-insured clients/claims: 14 administration clients.

Client mix: Four corporations, 10 Taft-Hartley plans, 50,000 employees covered; average number of employees per group, 4,000.

Staff: 10 employees, all of whom are

assigned to serving self-insured clients only.

Claims administration charges: Per claim (flat rate); per covered employee, \$2-\$4.

1984 gross revenues: \$500,000.

Principal officers: Frank H. Andrews, president.

Membership: SPBA.

Heyenrath & Associates

1142 Manhattan Ave., Suite C.P. 240, Manhattan Beach, Calif. 90266; 213-546-1108

Year founded: 1980.

Services provided: 100% claims auditing.

Region served: Nationwide.

Specialty: Employee benefits/group insurance; 50% workers compensation, 20% general liability, 10% automobile, 5% property damage, 5% professional liability, 5% health insurance, 5% disability.

Self-insured clients/claims: 30 claims auditing projects conducted.

Client mix: 10 corporations, 15 public/government entities, five associa-

Continued on next page

ARC

ADVANCED CLAIMS PROCESSING SYSTEM*What if...*

you had to change your coinsurance and deductible amounts to meet your benefit objectives?

Well here's how...

a large energy exploration company in Houston answered this question. As a user of the ARC Claims Processing, they ran ARC's Instant Replay feature against their Claims history. A surprising answer was revealed. They only had to change the coinsurance amounts to reach their objectives. No change in deductibles was necessary. How long did it take to find the answer? One day!

**More than a Claims Processing System
A SOLUTION FOR SELF ADMINISTRATION**

ARC HEALTH SERVICES, INC.
16775 Addison Road
Dallas, Texas 75248
(214) 248-6241

Video taped system demonstration available on request

Continued from preceding page
 tior plans.

Staff: Two employees.
Claims auditing charges: Time and expense, \$75/hour; flat fee, \$1,000-\$25,000.

1984 gross revenues: \$150,000.
Locations: Administrative offices in Los Angeles; Spokane, Wash.
Principal officers: Leo Heyenrath and Richard Sauer.

Hospital Benefits Inc.

P.O. Box 16979, Jackson, Miss.
 39236; 601-981-5741

Year founded: 1978.
Services provided: 100% claims administration.

Region served: Mississippi, Louisiana, Alabama, Tennessee.
Specialty: Employee benefits/group insurance: 85% health insurance, 11% life, 4% disability.

Self-insured clients/claims: 64 administration clients; \$3,006 million claims paid.

Client mix: 48 corporations, 16 public/government entities, 4,060 employees covered; average number of employees per group, 63.

Staff: 12 employees, 10 of whom are assigned to serving self-insured clients only.

Claims administration charges: Per covered employee, \$1.25-\$6.50.
1984 gross revenues: \$251,500.

Principal officers: Ralph Brewster, president; Barbara Williams, vp/claims manager; Vern Boothe, vp/treasurer; Betty Brewster, secretary.

Membership: SPBA.

I

Imperial Industries

3200 Wilshire Blvd., 10th Floor, Los Angeles, Calif. 90010;
 213-487-6320

Parent company: Bayly, Martin & Fay International.

Year founded: 1948.
Services provided: 80% claims administration, including auditing and adjusting; 20% other services.

Region served: Nationwide.
Specialty: Employee benefits/group insurance: 97% health insurance, 3% disability.

Self-insured clients/claims: 20 administration clients; \$12 million claims paid. One adjusting client. Two auditing projects conducted.

Client mix: 22 corporations, two multiemployer plans, one union-sponsored plan, 11,362 employees covered; average number of employees per group, 517.

Staff: 76 employees, 14 of whom are assigned to serving self-insured clients only.

Claims administration charges: Percent of paid claims, 3.4%; per claim (flat rate); per covered employee; consulting fees.

Claims adjusting charges: Percent

of paid claims, 3.4%; per claim (flat rate); per covered employee; consulting fees.

Claims auditing charges: Time and expense, \$50-\$100/hour.

1984 gross revenues: \$3 million.
Locations: Administrative office in Reno, Nev. Sales offices in Burlingame, Calif. and Reno, Nev.

Principal officers: Robert L. Jenkins, president; Wayne Fong, vp/treasurer; Robert O. Glaza, vp-claims; Jack O. Moore, vp-administration; Kathy Judd, assistant vp/personnel director; Charles Thompson, marketing director.

Independent Benefit Plans Inc.

P.O. Box 1968, Beech Grove, Ind.
 46142; 317-787-5373

Year founded: 1968.
Services provided: 70% claims administration, 30% other services.

Region served: Nationwide.
Specialty: Employee benefits/group insurance: 85% health insurance, 10% life, 5% disability.

Self-insured clients/claims: More than 200 administration clients; \$35 million claims paid.

Client mix: More than 195 corporations, five public/government entities, 30,000 employees covered; average number of employees per group, 150.

Staff: 50 employees, 45 of whom are assigned to serving self-insured clients only.

Claims administration charges: Per covered employee, \$2-\$4.

1984 gross revenues: Not reported.

Principal officers: W.B. Davenport, president; Peter Hansen, vp; Ann Royster, assistant secretary; Alice Davenport, assistant treasurer; Robert Foster, vp/treasurer.

Membership: SIIA.

Independent Employee Consultation Services of Ebasco Inc.

2 World Trade Center, New York, N.Y. 10048; 212-839-1311

Parent company: Ebasco Risk Management Consultants Inc.

Year founded: 1982.
Services provided: 85% claims administration, 15% pension actuarial consulting.

Region served: Nationwide.
Specialty: Employee benefits/group insurance: 80% health insurance, 15% pensions; 5% disability.

Self-insured clients/claims: 13 administration clients; \$8 million claims paid.

Client mix: Eight corporations, two public/government entities, three union-sponsored plans, 10,000 employees covered.

Staff: 14 employees, all of whom are assigned to serving self-insured clients only.

Claims administration charges: Percent of annual premium/deposits, 5%-7.5%; per covered employee, \$4.50-\$12.

1984 gross revenues: \$500,000.

Locations: Lyndhurst, N.J.
Principal officers: B.H. Suter, president; D.R. Cook, senior vp; E.A. Powell and B.E. Buchanan, vps.
Membership: SPBA, IFEBP.

Insurance Benefit Administrators Inc.

5600 S. Wolf Rd., Western Springs, Ill. 60558; 312-246-4900

Year founded: 1969.
Services provided: 5% claims administration and auditing; 95% wholesale brokerage business.

Region served: Nationwide.
Specialty: Employee benefits/group insurance: 90% health insurance, 10% disability.

Self-insured clients/claims: 55 administration clients; \$8.5 million claims paid. 500 auditing projects conducted.

Client mix: 55 corporations, 14,000 employees covered; average number of employees per group, 250.

Staff: 60 employees, seven of whom are assigned to serving self-insured clients only.

Claims administration charges: Per covered employee.

Claims auditing charges: Flat fee.
1984 gross revenues: \$25.5 million.

Locations: Sales office in Cincinnati, Ohio.

Principal officers: Casey Gaik, president; Frances Gaik, secretary/treasurer.

Membership: HIAA, ICA.

Insurance Design Administrators

3 Post Road, Oakland, N.J. 07436;
 201-337-0555/800-225-1345

Year founded: 1983.
Services provided: 85% claims administration, 15% reinsurance commissions.

Region served: Nationwide.
Specialty: Employee benefits/group insurance. 100% health insurance.

Self-insured clients/claims: 44 administration clients; \$1.62 million claims paid.

Client mix: 37 corporations, seven public/government entities, 4,000 employees covered; average number of employees per group, 90.

Staff: 32 employees, 15 of whom are assigned to serving self-insured clients only.

Claims administration charges: Per covered employee, \$4-\$8.

1984 gross revenues: \$220,000.

Locations: Sales office in New York.
Principal officers: Russell P. Manetti, president; Robert Turell, secretary/treasurer; Joseph Healy, vp-marketing; J. Stewart English, vp-finance.

Insurance Management Administrators Inc.

2500 CityWest Blvd., Suite 800
 Houston, Texas 77042;
 713-952-9114

Year founded: 1976.

Services provided: 95% claims administration, 5% other services.

Region served: Nationwide.

Specialty: Employee benefits/group insurance: 98% health insurance, 2% disability.

Self-insured clients/claims: 120 administration clients; \$14 million claims paid.

Client mix: 118 corporations, two public/government entities, 14,000 employees covered; average number of employees per group, 117.

Staff: 32 employees, all of whom are assigned to serving self-insured clients only.

Claims administration charges: Per covered employee, \$4-\$10.

1984 gross revenues: \$1.65 million.

Locations: Administrative office in Dallas; sales offices in Dallas and San Antonio, Texas.

Principal officers: Dan L. Cox, president; Ronald W. Fleming, controller/treasurer; David E. Chotiner, Ashley W. Brown and Dennis B. McMahon, vps.

Membership: SPBA, Texas Assn. of Professional Benefit Administrators.

Insurance Services Inc.

3015 E. Central, Wichita, Kan.
 67214; 316-686-3373

Year founded: 1977.
Services provided: 100% claims administration.

Region served: Nationwide.
Specialty: Employee benefits/group insurance: 100% health insurance.

Self-insured clients/claims: 15 administration clients; \$2 million claims paid.

Client mix: 15 corporations, 2,000 employees covered.

Staff: Seven employees, four of whom are assigned to serving self-insured clients only.

Claims administration charges: Per covered employee, \$6-\$8.

1984 gross revenues: \$175,000.

Principal officers: Tillie D. Salle, president; Marc A. Salle, attorney; Alvin F. Salle, consultant; Dorothy McMinnville, administrator.

Membership: SPBA, SIIA.

J

Jackson, Long & Associates Inc.

20000 Governors Drive, Olympia Fields, Ill. 60461; 312-747-7400

Year founded: 1979.
Services provided: 100% claims administration.

Region served: Illinois.
Specialty: Employee benefits/group insurance: 90% health insurance, 10% disability.

Self-insured clients/claims: 152 administration clients; \$21.5 million claims paid.

Client mix: 145 corporations, six public/government entities, one association plan, 78,000 employees covered; average number of employees per group, 513.

Staff: 40 employees, all of which are assigned to serving self-insured clients only.

Claims administration charges: Per covered employee, 50 cents-\$4.

1984 gross revenues: \$1.5 million.

Principal officers: Richard L. Jackson, president; Donald L. Long, executive vp; Jane R. Bergman, vp-administration.

Membership: SPBA, SIIA.

Thomas L. Jacobs & Associates Inc.

222 W. Adams St., Suite 1499,
 Chicago, Ill. 60606; 312-346-0155

Year founded: 1915.
Services provided: 30% claims administration, 30% claims adjusting, 30% claims auditing, 10% consulting on insurance/benefit administration and cost containment.

Region served: Nationwide.
Specialty: Employee benefits/group insurance: 75% disability, 25% health insurance.

Self-insured clients/claims: 15 administration clients; \$3 million claims paid. 15 adjusting clients. 25 auditing projects conducted.

Client mix: 50 corporations, five public/government entities, 253,000 employees covered; average number of employees per group, 16,000.

Staff: 20 employees, 18 of whom are assigned to serving self-insured clients only.

Claims administration charges:

Per claim (flat rate), \$250-\$400; time and expense, \$80-\$150/hour; monthly service charge, \$25/open claim.

Claims adjusting charges: Per claim (flat rate), \$200-\$400; time and expense, senior/field adjuster \$100/hour, general adjuster \$75/hour, inside adjuster \$50/hour.

Claims auditing charges: Flat fee.

1984 gross revenues: \$1.3 million.

Locations: Sales offices in Dallas and Houston.

Principal officers: Richard A. Lewis, president; Richard H. Wille, executive vp; James E. Roman, senior vp.

Johnson Administrators

P.O. Box 248, Newtown, Pa. 18940;
 215-968-7700

Parent company: The Johnson Cos.

Year founded: 1980.
Services provided: 100% claims administration.

Region served: Mid-Atlantic states.
Specialty: Employee benefits/group insurance: 70% health insurance, 20% disability, 10% flex compensation.

Self-insured clients/claims: 100 administration clients; \$18 million claims paid.

Client mix: 94 corporations, six public/government entities, 25,000 employees covered; average number of employees per group, 250.

Staff: 42 employees, all of whom are assigned to serving self-insured clients only.

Claims administration charges: Per covered employee, \$4-\$10.

1984 gross revenues: \$1.5 million.

Principal officers: Edwin T. Johnson, chairman; Donald L. Gallie, chief executive officer; David O. Oberkircher, marketing manager; Janice M. Haban, claims manager; Andrew T. Grau, underwriting manager.

Membership: SPBA, SIIA.

Joseph/Anthony & Associates Inc.

10121 S. Ewing Ave., Chicago, Ill.
 60617; 312-768-4005

Year founded: 1973.
Services provided: 60% claims administration, 40% other services.

Region served: Midwest.
Specialty: Employee benefits/group insurance: 50% health insurance, 50% pensions.

Self-insured clients/claims: Seven administration clients; \$2.5 million claims paid.

Client mix: One corporation, six Taft-Hartley plans.

Staff: Eight employees, three of whom are assigned to serving self-insured clients only.

Claims administration charges: Flat rate.

1984 gross revenues: \$650,000.

Locations: Administrative office in Rockford, Ill.

Principal officers: Michael G. Linder, president; Joseph T. Groenwald, executive vp.

Membership: SPBA.

K

Kelly & Associates Inc.

303 E. Ohio St., Chicago, Ill. 60611;
 312-649-1200

Year founded: 1955.
Services provided: 50% claims administration, 50% trust fund administration.

Region served: Nationwide.
Specialty: Employee benefits/group insurance: 40% health insurance, 40% pensions, 5% disability, 5% life.

Self-insured clients/claims: More than 100 administration clients; more than \$150 million claims paid.

Client mix: Corporations, Taft-Hartley plans. More than 300,000 employees covered; average number of employees per group, 3,000.

Staff: 350 employees, all of whom are assigned to serving self-insured clients only.

Claims administration charges: Per covered employee.

1984 gross revenues: Not reported.

Locations: Administrative and sales offices in Milwaukee, Wis.; Indianapolis; Decatur, Ill.; Boston; Washington, D.C.; Lansing, Mich.; Denver; Phoenix, Ariz.; Dallas; Houston; New Orleans; Oklahoma City; Little Rock, Ark.

Principal officers: Robert E. Kelly Jr., president; William M. Dunlap, senior vp; James M. McArdle, Gregory A. Best and Douglas F. Matook, vps.

Membership: SPBA.

Continued on facing page

ANNUITIES for Claim Settlement

Mangelsdorf & Mangelsdorf, Inc.

8340 Meadow Road
 Dallas, Texas 75231
 (214) 369-1181

Toll Free Number
 (800) 527-2388

Toll Free in Texas
 (800) 442-6138

Continued from facing page

Kepple & Co. Inc.405 W. Northmoor Road, Peoria, Ill.
61614; 309-692-7330**Year founded:** 1982.**Services provided:** 95% claims administration, 5% insurance brokerage.**Region served:** Nationwide.**Specialty:** Employee benefits/group insurance; 90% health insurance, 5% pensions, 5% disability.**Self-insured clients/claims:** 22 administration clients; \$9 million claims paid.**Client mix:** 15 corporations, two public/government entities, three multi-employer plans, two Taft-Hartley plans.**Staff:** 16 employees, 14 of whom are assigned to serving self-insured clients only.**Claims administration charges:** Percent of paid claims; per covered employee.**1984 gross revenues:** Not reported.**Principal officers:** Michael D. Kepple, president; Linda P. Kepple, vp; Becky Allen, office manager; Ann Duncan, claims manager; Donna Hitch, brokerage manager.**Membership:** SPBA.**Key Benefit Administrators Inc.**2021 E. 52nd St., Indianapolis, Ind.
46220; 317-255-3822**Year founded:** 1979.**Services provided:** 98% claims administration, 2% claims auditing.**Region served:** Nationwide.**Specialty:** Employee benefits/group insurance; 90% health insurance, 5% disability, 5% life.**Self-insured clients/claims:** 123 administration clients; \$19.375 million claims paid. Eight auditing projects conducted.**Client mix:** 113 corporations, six public/government entities, one Taft-Hartley plan, three association plans. 24,500 employees covered; average number of employees per group, 199.**Staff:** 28 employees, all of whom are assigned to serving self-insured clients only.**Claims administration charges:** Per covered employee, \$3.50-\$6.50.**Claims auditing charges:** Time and expense, \$25-\$50/hour.**1984 gross revenues:** \$1.4 million.**Principal officers:** Larry R. Dust, president; Jerry D. Brown, vp/general manager; Anita Quigley, vp-sales administration; Joyce Cloverly, vp-computer operations.**Membership:** SPBA.**L****LaHood & Associates Inc.**6900 W. 80th St., Overland Park,
Kan. 66204; 913-341-0001**Year founded:** 1974.**Services provided:** 98% claims administration, 2% claims auditing.**Region served:** Nationwide.**Specialty:** Employee benefits/group insurance; 80% health insurance, 15% disability, 5% life.**Self-insured clients/claims:** 225 administration clients; \$90 million claims paid.**Client mix:** 211 corporations, three public/government entities, 10 Taft-Hartley plans, one association plan. More than 80,000 employees covered; average number of employees per group, 350.**Staff:** 81 employees, all of whom are assigned to serving self-insured clients only.**Claims administration charges:** Per covered employee, \$1.12-\$9.**1984 gross revenues:** \$3 million.**Locations:** Sales offices in Waterloo, Iowa; Omaha, Neb.; St. Louis.**Principal officers:** George LaHood, president; Joel Frisch and Zona Bauer, vps.**Membership:** SPBA, SIA.**Life Group Administrators Inc.**1245 Waukegan Road, Glenview,
Ill. 60025; 312-724-0500**Parent company:** Larry Gordon Agency Inc.**Year founded:** 1982.**Services provided:** 100% claims administration.**Region served:** Nationwide.**Specialty:** Employee benefits/group insurance; 90% health insurance, 10% disability.**Self-insured clients/claims:** 20 administration clients; \$700,000 claims paid.**Client mix:** 20 corporations, 1,200 employees covered; average number of employees per group, 60.**Staff:** Eight employees, six of whom are assigned to serving self-insured clients only.**Claims administration charges:** Per covered employee, \$5.50-\$8.**1984 gross revenues:** \$55,000.**Locations:** Sales offices in Chicago, Rockford and Geneva, Ill.**Principal officers:** Larry Gordon, president; Stuart F. Pockross, vp; Norine Meister, comptroller; Debra Hutchins, claims manager; Barbara Yoshimura, manager-administration.**Membership:** Midwest Claim Conference.**M****Mass Insurance Consultants & Administrators Inc.**209 S. LaSalle St., Chicago, Ill.
60604; 312-346-2626**Year founded:** 1952.**Services provided:** 95% claims administration, 5% consulting.**Region served:** Nationwide.**Specialty:** Employee benefits/group insurance; 90% health insurance, 5% disability, 5% life.**Self-insured clients/claims:** Six administration clients; \$10 million claims paid.**Client mix:** Six corporations, 27,700 employees covered; average number of employees per group, 4,275.**Staff:** 165 employees, 35 of whom are assigned to serving self-insured clients only.**Claims administration charges:** Percent of annual premium/deposits;

per covered employee, \$3.50-\$5.

1984 gross revenues: \$5.5 million.**Principal officers:** Edward E. Mack Jr., chairman; Thomas J. O'Neill, executive vp/chief operating officer; Kenneth T. Krispin, executive vp; John P. Mack and Charles S. Mack, vps.**Membership:** SPBA.**Medical Claims Service Inc.**119 Beach St., Boston, Mass.
02111; 617-426-8660**Year founded:** 1975.**Services provided:** 100% claims administration.**Region served:** Northeast and Midwest.**Specialty:** Employee benefits/group insurance.**Self-insured clients/claims:** 195 administration clients; \$20 million claims paid.**Client mix:** 195 corporations.**Staff:** 55 employees, 50 of whom are assigned to serving self-insured clients only.**Claims administration charges:** Per covered employee.**1984 gross revenues:** \$2.3 million.**Locations:** Administration and sales offices in Chicago.**Principal officers:** William G. McKelvey, president.**Membership:** SPBA.**N****NBP Inc.**1441 N. Mayfair Road, Milwaukee,
Wis. 53226; 414-258-3600**Year founded:** 1982.**Services provided:** 100% claims administration.**Region served:** Midwest.**Specialty:** Employee benefits/group insurance; 90% health insurance, 10% disability.**Client mix:** 15 corporations, two public/government entities, one association plan. 5,900 employees covered; average number of employees per group, 300.**Staff:** 12 employees, all of whom are assigned to serving self-insured clients only.**Claims administration charges:** Per covered employee, \$4-\$6.**1984 gross revenues:** Not reported.**Principal officers:** Scott Thurner, president; John Mackowski, vp-operations; Martin Tomcek, vp-sales/marketing.**Membership:** SPBA.**National Benefits Corp.**120 Gibraltar Road, Suite 316,
Horsham, Pa. 19044;
215-443-0404/800-457-5555**Year founded:** 1981.**Services provided:** 100% claims administration, including adjusting and auditing.**Region served:** Nationwide.**Specialty:** Employee benefits/group insurance; 85% health insurance, 15% disability.**Self-insured clients/claims:** 12 administration clients; \$5.1 million claims paid. 12 adjusting clients. Three auditing projects conducted.**Client mix:** 12 corporations.**Staff:** 32 employees, six of whom are assigned to serving self-insured clients only.**Claims administration charges:** Per covered employee.**Claims adjusting charges:** Time and expense.**Claims auditing charges:** Time and expense.**1984 gross revenues:** \$43 million.**Locations:** Administrative office in Kansas City, Mo. Sales offices in Kansas City, Mo., and Washington, D.C.**Principal officers:** David A. Partridge, president; Michael J. Sweeney, Arthur D. Cornell, Dennis P. Mulligan and Paul A. Ottobre, vps.**William A. Nechman & Associates**7151 Office City Drive, Suite 104,
Houston, Texas 77087;
713-644-6223**Year founded:** 1980.**Services provided:** 75% claims ad-

Continued on next page

"You must learn to sense what's beneath the surface."

John Harris, speaking about Structured Settlements...



As one of Structured Settlements Company's most expert negotiators, and as an avid sports fisherman during his leisure hours, John Harris has observed some interesting parallels between his vocation and his avocation.

"In Structured Settlements, as in fishing, you're dealing with an objective that's hidden beneath the surface. You have to learn to sense the mutual goals that are often obscured by conflict and emotion. Using all the available tools of knowledge and communication, you must concentrate on and continue to aim at those goals until a successful resolution is achieved. It's never an easy job, but always a very satisfying one."

THE STRUCTURED SETTLEMENTS COMPANY5757 West Century Boulevard
Los Angeles, California 90045
East Coast Office: 800-237-6361
West Coast Office: 800-421-2022
In California: 213-642-1999
In Florida: 813-823-2666Offices in: Los Angeles • San Francisco • Toronto
• St. Petersburg • New York • Cincinnati

Continued from preceding page
ministration, 25% basic administration services.

Region served: Southwest.

Specialty: Employee benefits/group insurance: 80% health insurance, 20% pensions.

Self-insured clients/claims: Eight administration clients; \$3.05 million claims paid.

Client mix: Four corporations, two Taft-Hartley plans, two association plans. 11,700 employees covered; average number of employees per group, 1,462.

Staff: 44 employees, 21 of whom are assigned to serving self-insured clients only.

Claims administration charges: Percent of paid claims, 5.5%; per covered employee, \$4.50-\$6.75.

1984 gross revenues: \$1.5 million.

Locations: Administrative and sales offices in Dallas, San Antonio, Beaumont and Corpus Christi, Texas.

Principal officers: William A. Nechman.

Membership: SIIA, IFEBP.

New York Claim Administrators

2525 One Marine Midland Center, Buffalo, N.Y. 14203; 716-856-6592

Parent company: E.T. Danahy Co. Inc.

Year founded: 1983.

Services provided: 100% claims administration.

Region served: Nationwide.

Specialty: Employee benefits/group insurance: 80% health insurance, 20% disability.

Self-insured clients/claims: Six ad-

ministration clients; \$6 million claims paid (1985 estimate).

Client mix: Four corporations, one multiemployer plan, one Taft-Hartley plan. 6,000 employees covered; average number of employees per group, 1,000.

Staff: Six employees, all of whom are assigned to serving self-insured clients only.

Claims administration charges: Per covered employee, \$2.25-\$4.

1984 gross revenues: \$150,000.

Locations: Administrative office in Syracuse, N.Y.

Principal officers: Ronald K. Zoeller, president; David W. Miller, vp.

Membership: SPBA.

P

PJR Cos.

P.O. Box 324, Blue Bell, Pa. 19422; 215-643-1320

Year founded: 1969.

Services provided: 60% claims administration, 40% other services.

Region served: Mid-Atlantic states.

Specialty: Employee benefits/group insurance: 90% health insurance, 10% disability.

Self-insured clients/claims: 225 administration clients; \$35 million claims paid.

Client mix: 205 corporations, six public/government entities, seven Taft-Hartley plans, four union-sponsored plans, three association plans. 32,000 employees covered; average number of employees per group, 150.

Staff: 45 employees, 35 of whom are assigned to serving self-insured clients

only.

Claims administration charges: Per covered employee, 50 cents-\$13.50.

1984 gross revenues: \$1.35 million.

Locations: Administrative office in Philadelphia. Sales offices in Philadelphia, Harrisburg, Pittsburgh and Allentown, Pa.; Parsippany, N.J.; Baltimore; Wilmington, Del.

Principal officers: Paul J. Roman, president; Whitney A. Knopf, vp.

Membership: SPBA.

R

Reed Stenhouse Associates Inc.

2900 Texas Commerce Tower, Houston, Texas 77002; 713-224-5005

Parent company: Reed Stenhouse Cos. Ltd.

Year founded: 1880.

Services provided: 13% claims administration; 2% claims auditing; 85% benefit, actuarial, compensation and communication consulting services.

Region served: Nationwide.

Specialty: Employee benefits/group insurance: 90% health insurance, 10% disability.

Self-insured clients/claims: 42 administration clients; \$80.9 million claims paid.

Client mix: 83% corporations, 5% union-sponsored plans, 12% association plans. 58,000 employees covered; average number of employees per group, 1,380.

Staff: 72 employees, 28 of whom are assigned to serving self-insured clients only.

Claims administration charges: Percent of paid claims, 4.5%; percent of annual premium/deposits, 4%; per claim (flat rate), \$6-\$8.40; per covered employee, \$1-\$5.

1984 gross revenues: \$3.6 million.

Locations: Administrative and sales offices in San Francisco, Chicago and Pittsburgh. Additional sales offices in Boston, Dallas, Denver, Los Angeles, New York, Philadelphia and St. Louis.

Principal officers: J.E. Stone and Jay A. Cattin, senior vps; Thomas Linklater and William Kooser, managing vps; Peter Kautz, vp.

Membership: SPBA.

Richard J. Reese & Associates Inc.

7645 Metro Blvd., Minneapolis, Minn. 55435; 612-835-7035

Year founded: 1967.

Services provided: 50% claims administration, 50% other services.

Region served: Missouri, Kansas City, North Dakota, South Dakota, Illinois, Iowa, Wisconsin, Minnesota.

Specialty: Employee benefits/group insurance: 60% health insurance, 40% pensions.

Self-insured clients/claims: 15 administration clients; \$50 million claims paid.

Client mix: 15 Taft-Hartley plans. 75,000 employees covered; average number of employees per group, 5,000.

Staff: 80 employees, 30 of whom are assigned to serving self-insured clients only.

Claims administration charges: Percent of paid claims, 3%; percent of annual premium/deposits, 2.75%; per claim (flat rate), \$4-\$6.50; per covered employee, \$2.50-\$5.

1984 gross revenues: \$3.5 million.

Locations: Administrative offices in Des Moines, Iowa; Madison, Wis.; St. Louis and Kansas City, Mo.

Principal officers: Richard J. Reese, David V. Gabrielson and Jerome P. Pollock.

Membership: SPBA.

S

Self-Assurance Co. Inc.

100 Yordy Road, Morton, Ill. 61550; 309-263-7722

Year founded: 1980.

Services provided: 90% claims administration, 5% claims auditing, 5% pre-admission certification.

Region served: Central, Southeast and Southwestern states.

Specialty: Employee benefits/group insurance: 92% health insurance, 5% life, 3% disability.

Self-insured clients/claims: 93 administration clients; \$9 million claims paid.

Client mix: 85 corporations, five public/government entities, one Taft-Hartley plan, two association plans.

Staff: 12 employees, all of whom are assigned to serving self-insured clients only.

Claims administration charges: Per covered employee, \$3-\$5; time and expense, \$35/hour.

Locations: Administrative and sales office in Shawnee Mission, Kan.

Principal officers: Matthew A. Schafer, president; Myrna Fleming, manager-accounting/data processing; Connie Icenogle and Jyl Frowein, managers-claims units; Judy Schafer, manager-underwriting/new business.

Membership: SPBA.

Self-Funded Plans Inc.

1432 Hamilton Ave., Cleveland, Ohio 44114; 216-566-1455

Year founded: 1980.

Services provided: 90% claims administration, 5% claims adjusting, 5% claims auditing.

Region served: Nationwide.

Specialty: Employee benefits/group insurance: 95% health insurance, 5% disability.

Self-insured clients/claims: 126 administration clients; \$9 million claims paid. 126 adjusting clients. 75 auditing projects conducted.

Client mix: 125 corporations, one Taft-Hartley plan. 14,000 employees covered; average number of employees per group, 130.

Staff: 18 employees, all of whom are assigned to serving self-insured clients only.

Claims administration charges: Per covered employee, \$5-\$8.

Claims adjusting charges: Per covered employee, \$5-\$8.

Claims auditing charges: Time and expense, \$40/hour.

1984 gross revenues: \$935,000.

Locations: Sales office in Pittsburgh.

Principal officers: Thomas P. Luby, president; Richard C. Sheldon, vp-sales; Bonnie Bletcher, vp-administration; Marsha A. Phillips, vp-client service.

Membership: SPBA, SIIA.

Self-Insurers Benefit Services

222 S. Prospect, Park Ridge, Ill. 60068; 312-692-7020

Parent company: Combined International Corp.

Year founded: 1980.

Services provided: 100% claims administration, including claims auditing.

Region served: Nationwide.

Specialty: Employee benefits/group insurance: 90% health insurance, 10% disability.

Self-insured clients/claims: 60 administration clients; \$75 million claims paid. Five adjusting projects conducted.

Client mix: 52 corporations, eight public/government entities.

Staff: 80 employees, all of whom are assigned to serving self-insured clients only.

Claims administration charges: Percent of paid claims; per covered em-

ployee.

Claims auditing charges: Flat fee plus expenses.

Locations: Sales service in 40 offices of Rollins Burdick Hunter.

Principal officers: C. Kenneth Frantz, president; James Heil, senior vp; Charles L. Loheny, vp.

Membership: SIIA.

Glen Slaughter & Associates

2150 Franklin St., Oakland, Calif. 94612; 415-451-8564

Year founded: 1955.

Services provided: 90% claims administration, 10% other services.

Region served: Nationwide.

Specialty: Employee benefits/group insurance: 50% health insurance, 50% pensions.

Self-insured clients/claims: 80 administration clients; approximately \$80 million claims paid.

Client mix: 10% corporations, 15% public/government entities, 75% Taft-Hartley plans. 250,000 employees covered.

Staff: 180 employees.

Claims administration charges: Per covered employee.

Locations: Administrative and sales offices in Los Angeles and San Diego, Calif.; Reno and Las Vegas, Nev.; Santa Fe, N.M.

Principal officers: Glen Slaughter, chairman; Gerry Thibault, president; Al Laemmert, Tom Weston and Cliff Wingo, senior vps; Terry O'Toole, financial vp.

Membership: SPBA.

Stirling & Weiss Inc.

51 Locust Ave., New Canaan, Conn. 06840; 203-966-8738

Year founded: 1973.

Services provided: 100% claims administration.

Region served: Nationwide.

Specialty: Employee benefits/group insurance: 90% health insurance, 10% disability.

Self-insured clients/claims: 55 administration clients; \$11 million claims paid.

Client mix: 55 corporations. 12,000 employees covered; average number of employees per group, 218.

Staff: 30 employees, 27 of whom are assigned to serving self-insurers only.

Claims administration charges: Percent of paid claims, 5%; per covered employee, \$1-\$3.

1984 gross revenues: \$1.5 million.

Principal officers: George S. Stirling Jr., president; Richard E. Weiss, executive vp/treasurer; Harold A. Meyer Jr. and Jerome Abbott, senior vps; Denise Welby, vp.

Membership: SPBA.

Susquehanna Administrators Inc.

26-28 W. King St., P.O. Box 1523, Lancaster, Pa. 17603; 717-295-9201

Year founded: 1975.

Services provided: 100% claims administration.

Region served: Mid-Atlantic states.

Specialty: Employee benefits/group insurance: 100% health insurance.

Self-insured clients/claims: 150 administration clients; \$24 million claims paid.

Client mix: 127 corporations, 20 public/government entities; two multiemployer plans, one Taft-Hartley plan. 40,000 employees covered; average number of employees per group, 250-275.

Staff: 45 employees, all of whom are assigned to serving self-insured clients only.

Claims administration charges: Per covered employee, \$4-\$6.

1984 gross revenues: \$2.3 million.

Locations: Administrative office in Baltimore.

Principal officers: Kenneth G. Stoudt, chief executive officer; John B. Penrose, president; J. David Kreider, vp.

Membership: SIIA.

Syncor Administrative Services Inc.

3000 Dundee Road, P.O. Box 1327, Northbrook, Ill. 60062; 312-291-1230

Year founded: 1971.

Services provided: 90% claims administration, 10% claims adjusting.

Region served: Nationwide.

Specialty: Employee benefits/group insurance: 90% health insurance, 10% disability.

Continued on facing page



NATIONAL CLAIMS SERVICE, INC.

P. O. Box 6614 Richmond, Virginia 23230

804-288-8346

WATS: 1-800-368-3013

LOCATIONS IN

ALABAMA — ARIZONA — ARKANSAS — FLORIDA — GEORGIA — ILLINOIS
— INDIANA — KANSAS — KENTUCKY — LOUISIANA — MARYLAND —
MICHIGAN — MISSISSIPPI — MISSOURI — NEW YORK — NORTH CAROLINA
— OHIO — PENNSYLVANIA — SOUTH CAROLINA — TENNESSEE — TEXAS
VIRGINIA — WEST VIRGINIA — WISCONSIN

Supervisory Company— North American Claims Management Co.

P. O. Box 6614

Richmond, Virginia 23230

804-288-7968

Wats: 1-800-368-3013

Telex: 827484

THE INDEPENDENT WITH THE COMPANY APPROACH

MARINE MIDLAND BANK

is pleased to announce that
our Commercial Insurance District
has expanded its facilities.

Our new address is:

85 JOHN STREET

4th FLOOR

NEW YORK, NY 10038

Our staff, with a total of more than 75 years
of experience, will continue to meet the financing
needs of the insurance district.

William J. Zuk, Vice President

766-4344

Frank Wells, Vice President

440-5445

Gale C. Scott, Commercial Banking Officer

766-4345

Ellen D. Walsh, Commercial Banking Officer

766-4346

Carol Drexler, Administrative Assistant

766-4362



MARINE MIDLAND BANK

Continued from facing page

Self-insured clients/claims: 165 administration clients; \$20 million claims paid. Five adjusting clients.

Client mix: 140 corporations, 15 public/government entities, 12 multiemployer plans, three association plans. 21,760 employees covered; average number of employees per group, 128.

Staff: 19 employees, 14 of whom are assigned to serving self-insured clients only.

Claims administration charges: Per covered employee, \$1-\$2.50.

Claims adjusting charges: Percent of annual premium/deposits, 3.5%; per claim (flat rate), \$11-\$25; per covered employee, \$2-\$5.50; time and expense, senior/field adjuster \$150/hour, general adjuster \$100/hour, inside adjuster, \$75/hour.

1984 gross revenues: \$1.75 million.

Principal officers: Anthony J. Corso and Judith A. Corso.

Membership: SPBA, HIA.

T

TIC International Corp.

3901 N. Meridian St., Suite 500,
P.O. Box 88348, Indianapolis, Ind.
46208; 317-924-5311

Year founded: 1951.

Services provided: 60% claims administration; 40% consulting, actuarial and computer business.

Region served: Nationwide.

Specialty: Employee benefits/group insurance: 44% health insurance, 38% pensions, 18% other benefits.

Self-insured clients/claims: 54 administration clients; \$60 million claims paid.

Client mix: 54 Taft-Hartley and multiemployer plans. 70,000 employees covered; average number of employees per group, 1,300.

Staff: 118 employees, 45 of whom are assigned to serving self-insured clients only.

Claims administration charges: Percent of annual premium/deposits, 2.5%; per covered employee; flat amount per month.

1984 gross revenues: \$6 million.

Locations: Administrative offices in Birmingham and East Lansing, Mich.; Louisville, Ky.; New York.

Principal officers: Ronald B. Woodard, president/chief executive officer; Stephen E. Kraabel, executive vp/chief operational officer; John M. Meyer, vp/chief financial officer; Len Teeuws, executive vp; Thomas F. Milton, vp; Connie Steinhart, controller.

Membership: SPBA, IFPWF.

Third Party Administrators Inc.

9292 N. Meridian St., Suite 111,
Indianapolis, Ind. 46260;
317-844-2200

Year founded: 1984.

Services provided: 100% claims administration.

Region served: Midwest.

Specialty: Employee benefits/group insurance: 98% health insurance, 1% flex compensation, 1% disability.

Claims administration charges: Per covered employee, \$3-\$5.

Principal officers: Ethel M. Ewing, president; Arthur V. Brown, chairman of the board; Michael G. Galloway, secretary/treasurer.

Membership: IAHU, IIAI.

Total Group Services Inc.

500 Cascade West Parkway S.E.,
Grand Rapids, Mich. 49506;
616-942-9780

Year founded: 1968.

Services provided: 100% claims administration.

Region served: 17 states.

Specialty: Employee benefits/group insurance: 85% health insurance, 10% disability, 5% flex compensation.

Self-insured clients/claims: 83 administration clients; \$30 million claims paid.

Client mix: 80 corporations, three public/government entities. 27,500 employees covered; average number of employees per group, 331.

Staff: 51 employees, all of whom are assigned to serving self-insurers only.

Claims administration charges: Per covered employee, \$6.50-\$9.75.

1984 gross revenues: \$2 million.

Locations: Administrative office in Dayton, Ohio; sales offices in Dayton, Ohio, and Lansing, Mich.

Principal officers: R. Harvey Nolen, president; John C. McClain, vp-marketing; Thomas C. Dugan, vp-claims; Richard J. Langeland, vp-MIS; Craig A. Groendyk, controller.

Membership: SPBA, SIIA, Self-Funded Institute of Michigan.

U

Underwriters & Administrators Inc.

P.O. Box 6250, Harrisburg, Pa.
17112; 717-564-2673

Year founded: 1977.

Services provided: 90% claims administration, 10% commissions.

Region served: Mid-Atlantic.

Specialty: Employee benefits/group insurance: 65% health insurance, 20% pensions, 15% disability and life.

Self-insured clients/claims: More than 30 administration clients; more than \$7 million claims paid.

Client mix: Eight corporations, two public/government entities; 20 Taft-Hartley plans, two union-sponsored plans. More than 20,000 employees covered.

Staff: 25 employees.

Claims administration charges: Per covered employee; time and expense.

Principal officers: Stanford Golin, president; Donald Evans, treasurer; Steven Golin, secretary; Gregory Golin, vp.

Membership: SPBA.

United Medical Resources Inc.

2343 Auburn Ave., Cincinnati, Ohio
45219; 513-651-3737

Year founded: 1983.

Services provided: 80% claims administration, 20% cost-containment programs.

Region served: Nationwide.

Specialty: Employee benefits/group insurance: 98% health insurance, 2% disability.

Self-insured clients/claims: Seven administration clients; \$13 million claims paid.

Client mix: Seven corporations. 9,200 employees covered; average number of employees per group, 1,200.

Staff: 10 employees, all of whom are assigned to serving self-insured clients only.

Claims administration charges: Per covered employee.

Principal officers: Victoria Bennett Buyniski, president; James L. Armitage, vp/medical director.

Membership: SIIA.

U.S. Administrators Inc.

3540 Wilshire Blvd., Los Angeles,
Calif. 90010; 213-738-0201

Year founded: 1962.

Services provided: 100% claims administration.

Region served: Nationwide.

Specialty: Employee benefits/group insurance: 98.5% health insurance, 1% disability, 0.5% prepaid legal.

Self-insured clients/claims: 58 administration clients; \$734 million claims paid.

Client mix: 56 corporations, one multiemployer plan, one Taft-Hartley plan. 863,547 employees covered; average number of employees per group, 14,889.

Staff: 660 employees, 650 of whom are assigned to serving self-insured clients only.

Claims administration charges: Per covered employee.

Locations: Administrative offices in Calabasas and Universal City, Calif.; Shrewsbury, N.J.; Dallas; Pittsburgh.

Principal officers: Samuel X. Kaplan, president; Sue M. Kaplan, vp/secretary; Bron Wlecial, vp/treasurer.

V

Variable Protection Administrators Inc.

7123 Pearl Road, Suite 300,
Cleveland, Ohio 44130;
216-888-8585

Year founded: 1968.

Services provided: 57% claims administration, including claims adjusting; 1% claims auditing; 42% marketing and reinsurance.

Region served: Nationwide.

Specialty: Employee benefits/group insurance: 94% health insurance; 3% disability; 3% life.

Self-insured clients/claims: Six administration clients; \$500,000 claims paid. Six adjusting clients.

Client mix: Six corporations.

Staff: 90 employees, 15 of whom are

assigned to serving self-insured clients

Claims administration charges: Percent of annual premium/deposits, 12.5%; per covered employee, \$5-\$20.

Claims adjusting charges: Percent of annual premium/deposits, 12.5%; time and expense, senior/field adjuster \$50-\$60/hour, general adjuster \$20/hour, inside adjuster \$7/hour.

Claims auditing charges: Time and expense, \$50-\$100/hour.

1984 gross revenues: \$24 million.

Principal officers: David T. Manley, Timothy Eisenmann, Marvin Settle, Anthony Manley and Norman Louie.

Membership: SPBA.

Vista Administrators Inc.

77 S. Broadway, Suite 260, P.O.
Box 648, Aurora, Ill. 60507;
312-844-2151

Year founded: 1981.

Services provided: 72% claims administration, including adjusting and auditing; 28% other services.

Region served: Metropolitan Chicago area.

Specialty: Employee benefits/group insurance: 100% health insurance.

Self-insured clients/claims: 10 administration clients; \$1.279 million claims paid. 10 adjusting clients.

Client mix: Eight corporations, two public/government entities. 1,384 employees covered; average number of employees per group, more than 200.

Staff: Three employees, two of whom are assigned to serving self-insured clients only.

Claims administration charges: Per covered employee, 50 cents-\$1.50.

Claims adjusting charges: Per covered employee, \$1.50-\$3.50.

Claims auditing charges: Time and expense, \$25/hour.

Principal officers: Nicholas P. Viola, president/chief operational officer; Marilee Viola, secretary.

Voluntary Plan Administrators Inc.

18321 Ventura Blvd., Suite 800,
Tarzana, Calif. 91356;
818-705-3463

Year founded: 1979.

Services provided: 90% claims administration, 5% claims adjusting, 5% claims auditing.

Region served: Nationwide with specialization in California.

Specialty: Employee benefits/group insurance: 85% disability, 15% supplemental salary continuation plans.

Self-insured clients/claims: 200 administration clients. 10 adjusting clients. Five auditing projects conducted.

Client mix: 198 corporations, two public/government entities, 33 multi-employer plans.

Staff: 22 employees, all of whom are assigned to serving self-insured clients only.

Claims administration charges: Percent of payroll; per covered employee, \$10-\$12.

Claims adjusting charges: Time and expense, senior/field adjuster, \$125/hour; inside adjuster, \$75/hour.

Claims auditing charges: Time and expense, \$125/hour.

Locations: Administrative and sales offices in Newport Beach and Santa Clara, Calif.

Principal officers: John H. Bredehorn, president; Ralph D. Hurley, vp.

W

Western Reserve Administrative Services Inc.

8300 Dow Circle, Strongsville, Ohio
44136; 216-243-2800

Parent company: Central Reserve Life of North America

Year founded: 1980.

Services provided: 100% claims administration.

Region served: Nationwide.

Specialty: Employee benefits/group insurance: 98% health insurance, 2% disability.

Self-insured clients/claims: 20 administration clients; \$5 million claims paid.

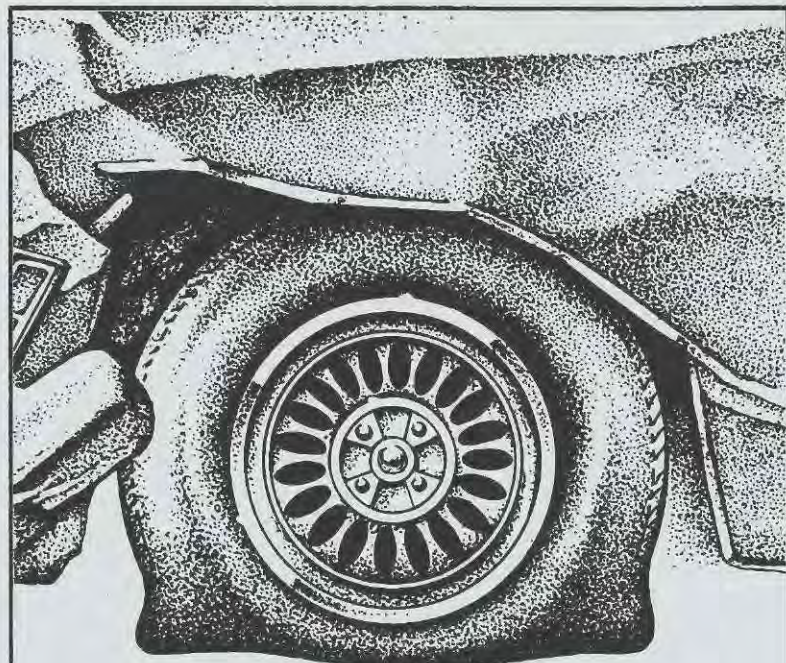
Client mix: 20 corporations. 2,000 employees covered; average number of employees per group, 100.

Claims administration charges: Per covered employee, \$3.50-\$6.

Locations: Sales office in Berea, Ohio.

Principal officers: Joan L. Mack, president; Frank P. Grimone, executive vp; Christian Jensen, vp; Charles Johnson, secretary.

Membership: SIIA, North East Ohio Claims Assn.



The Mystery of the Lethal Front Tire

The tire company was served with a major lawsuit. A fatal accident occurred when a car swerved into oncoming traffic. Failure of the front left tire was alleged to have been the culprit.

Countrywide investigators grew suspicious when they discovered that the skid marks ended prior to impact. Would the driver deliberately let up on the brakes? Then came expert testimony that the deflated tire was caused by the impact. A check of the brakes revealed a contaminant in the brake fluid! The lawsuit was dismissed.

Details of this case have been disguised to protect the confidentiality of our client. But it typifies our claims management work for major self-insured manufacturers throughout America and abroad. Unlike insurance investigators, we are not settlement oriented. Our primary concern is to help you defend the integrity of your product.

Please write down our phone number. We'll resolve your most perplexing mysteries.



Countrywide Services Corporation

Specializing in product liability claims management

11933 Westline Drive, St. Louis, MO 63141, 314/878-3306

Property/casualty claims specialists listed

A

Aetna Technical Services Inc.

151 Farmington Ave., Hartford, Conn. 06156; 203-273-7593

Parent company: Aetna Life & Casualty Co.

Year founded: 1972.

Services provided: 88% claims administration, 10% claims auditing, 2% business for foreign insurance companies.

Region served: Nationwide.

Specialty: Property/casualty claims: 60% workers compensation, 10% general liability, 5% automobile, 5% property damage, 5% professional liability, 5% bonds, 10% foreign insurance companies.

Self-insured client/claims: More than 100 administration clients; more than \$75 million claims paid. More than 30 auditing projects conducted.

Client mix: 85% corporations, 15% public/government entities.

Staff: More than 3,500 total employees, of whom more than 750 are assigned to serving self-insured clients only.

Claims administration charges: Percent of incurred claims, percent of paid claims, percent of payroll, time and expense.

1984 gross revenues: Not reported

Locations: Administrative and sales offices in major cities.

Principal officers: Robertson Mackay, president; Robert McDaniel and Robert F. Warner, vps.

Allied Claim Services Inc.

P.O. Box 488, 372 Ellen Dr., Buffalo, N.Y. 14225-0488; 716-631-9505.

Year founded: 1959.

Services provided: 57% claims administration, 43% claims adjusting.

Region served: New York and Florida.

Specialty: Property/casualty claims: 43% workers compensation, 18% general liability, 17% automobile, 13% property damage, 6% inland marine, 3% professional liability.

Self-insured clients/claims: 18 administration clients; \$1.375 million claims paid. 18 adjusting clients.

Client mix: 18 corporations.

Staff: 29 total employees, 7 of whom are assigned to serving self-insured clients only.

Claims administration charges: Per claim (flat rate).

Claims adjusting charges: Time and expense.

1984 gross revenues: Not reported.

Locations: Administrative and sales offices in Dunkirk, N.Y.; and Venice, Fla.

Principal officers: Henry E.B. Dendler, chairman of the board; Gregory J. Dendler, president; Richard E. Robb, first vp; Gail G. Prange, second vp; Paul J. Nowak and Edward E. Gress, assistant vps.

Membership: National Council of Self-Insureds and New York State Self-Insurers Assn.

B

Bierly & Associates

1631 Huntington Drive, South Pasadena, Calif. 91030; 818-441-3151

Parent company: Bronco Ltd.

Year founded: 1976.

Services provided: 90% claims administration, 9% claims adjusting, 1% claims auditing.

Region served: California and Washington.

Specialty: Property/casualty claims: 100% workers compensation.

Self-insured clients/claims: 437 administration clients; \$25.7 million claims paid. 33 adjusting clients. Four claims auditing projects conducted.

Client mix: 62 corporations, 375 public/government entities. 300,000 total employees covered; average number of employees per group, 800.

Staff: 180 total employees, all of whom are assigned to serving self-insured clients only.

Claims administration charges: Percent of incurred claims, percent of paid claims, percent of payroll, percent of annual premium/deposits, per claim (flat rate).

Claims adjusting charges: Time and expense.

Claims auditing charges: Time and expense.

1984 gross revenues: Not reported.

Locations: Administrative and sales offices in Burlingame, Fresno, Oakland, Santa Ana and San Diego, Calif.; Seattle.

Principal officers: R. Michael Eierly, president; Bruce S. Vanner, executive vp; James Jamerson and Harry Heinen, senior vps.

Membership: California Administrative Service Organization.

C

Claimco

P.O. Box 729, Long Valley, N.J. 07853; 201-832-7752

Year founded: 1982.

Services provided: 20% claims adjusting, 70% claims auditing, 10% consulting services.

Region served: Adjusting service in New Jersey, eastern Pennsylvania and metropolitan New York; other services nationwide.

Specialty: Property/casualty claims: 35% workers compensation, 45% general liability, 10% automobile, 5% property damage, 2% professional liability, 3% reinsurance business.

Self-insured clients/claims: Six adjusting clients. Six auditing projects conducted.

Client mix: 100% corporations. 3,000 total employees covered; average number of employees per group, 500.

Staff: Five employees, three of whom are assigned to serving self-insured clients only.

Claims adjusting charges: Time and expense.

Claims auditing charges: Time and expense, \$45-\$65 per hour; flat fee, \$450-\$600 per diem plus expenses.

1984 gross revenues: Not reported.

Locations: Administrative and sales office in Philadelphia.

Principal officers: John M. Monahan, president; Truxton Bob Ryan and Lew Gohean, vps; Bill Holt, secretary/treasurer.

Membership: NAIIA.

Claims Administration Systems Inc.

12235 Beach Blvd., Caller Box 2005, Stanton, Calif. 90680; 714-895-1223/213-493-3691/800-547-7857 in California

Year founded: 1977.

Services provided: 100% claims administration, including auditing and adjusting.

Region served: Nationwide.

Specialty: Property/casualty claims: 60% workers compensation, 20% general liability, 5% automobile, 15% property damage.

Self-insured clients/claims: 60 administration clients.

Client mix: 30 corporations, 25 public/government entities, five association plans.

Staff: 110 employees, 80 of whom are assigned to serving self-insured clients only.

Claims administration charges: Percent of annual premium/deposits, 4%-6%; per claim (flat rate), \$150-\$320.

Claims adjusting charges: Per claim (flat rate), \$150-\$320; time and expense, senior/field adjuster \$45/hour, general adjuster \$35/hour, inside adjuster \$25/hour.

Claims auditing charges: Time and expense.

1984 gross revenues: Not reported.

Locations: Administrative offices in Walnut Creek and Irvine, Calif.; Garden City, N.Y.

Principal officers: Douglas E. Hanson, president; Hil Lurie, executive vp/chief financial officer; Hugh M. Cone, vp/chief administrative officer; Sharron Sacks, vp-claims; Judith Hanson, secretary.

Claims Management Services Inc.

P.O. Box 767818, Roswell, Ga. 30076; 404-998-7411

Year founded: 1984.

Services provided: 80% claims administration, 10% claims adjusting, 10% claims auditing.

Region served: Southeast United States.

Specialty: Property/casualty claims: 80% workers compensation, 10% general liability, 5% automobile, 5% professional liability.

Self-insured clients/claims: 30 administration clients; \$1.75 million claims paid. Four adjusting clients.

Client mix: 24 corporations, five public/government entities, one union-sponsored plan.

Staff: Eight employees, all of whom are assigned to serving self-insured clients only.

Claims administration charges: Per claim (flat rate), \$50-\$600; time and expense, \$50/hour.

Claims adjusting charges: Per claim (flat rate), \$50-\$100; time and expense, senior/field adjuster \$50/hour, inside adjuster \$25/hour.

1984 gross revenues: Not reported (new company).

Principal officers: Gene L. Jones, president; Thomas O'Steen, vp; Neill G. Stevens, secretary/treasurer.

Crawford & Co.

5620 Glenridge Drive N.E., Box 5047, Atlanta, Ga. 30302; 404-256-0830

Year founded: 1941.

Services provided: 25% claims administration; 61% claims adjusting; 1% claims auditing; 13% health and rehabilitation, risk control, information systems and education.

Region served: Nationwide, also Canada and Puerto Rico.

Specialty: Property/casualty claims: 40% general liability; 48% workers compensation; 12% miscellaneous, including automobile, property damage, professional liability, bonds, ocean marine, inland marine, health insurance and disability.

Self-insured clients/claims: 253 administration clients; \$503 million claims paid. 725 adjusting clients. 25 auditing projects conducted.

Client mix: 895 corporations, 33 public/government entities, 90 association plans.

Staff: More than 3,700 total employees.

Claims administration charges: Percent of incurred claims, percent of annual premium/deposits, per claim (flat rate), time and expense.

Claims adjusting charges: Percent of incurred claims, percent of annual premium/deposits, per claim (flat rate), time and expense.

Claims auditing charges: Time and expense, bid per specifications.

1984 gross revenues: \$204 million.

Locations: Regional sales offices in Chicago, Toronto, Dallas, San Francisco, New York and Washington D.C. Field service/sales offices throughout the U.S., Canada and Puerto Rico.

Principal officers: T.G. Gerrany, chief executive officer; F.L. Minix, president; D.R. Chapman, executive vp-finance; C.C. Lefler, executive vp-marketing; P.A. Bollinger, executive vp-services.

E

EBI Services Inc.

2055 Gateway Place, Suite 700, San Jose, Calif. 95110; 408-977-3600

Parent company: Orion Capital Corp.

Year founded: 1969.

Services provided: 80% claims administration, 10% claims adjusting, 10% safety and loss control services.

Region served: Western United States.

Specialty: Property/casualty claims: 95% workers compensation, 5% flex compensation.

Self-insured clients/claims: 150 administration clients; \$20-\$25 million claims paid. 56 adjusting clients.

Client mix: 137 corporations, 13 public/government entities, 10 association plans.

Staff: 87 employees, all of whom are assigned to serving self-insured clients only.

Claims administration charges: Percent of incurred claims, 6%; percent of paid claims, 6%; per claim (flat rate), \$150-\$400; flat annual fee.

Claims adjusting charges: Time and expense, senior/field adjuster \$35-\$40/hour.

1984 gross revenues: \$3.5 million.

Locations: Administrative offices in Sacramento and Tustin, Calif.; Portland, Ore.; Seattle and Spokane, Wash. Sales offices in Sacramento, Calif.; Seattle.

Principal officers: Alan R. Gruber, chairman; Edward J. Hobbs, vice chairman; Deborah S. Greenfield, Gerald A. Johnston, vps; Arthur J. Costamagna, vp/assistant general counsel.

ESIS Inc.

1600 Arch St., Philadelphia, Pa. 19103; 215-241-2100

Parent company: CIGNA Corp.

Year founded: 1955.

Services provided: 80% claims administration, 10% claims adjusting, 10% claims auditing.

Region served: Nationwide.

Specialty: Property/casualty claims: 15% workers compensation, 12% general liability, 10% automobile, 43% property damage, 5% professional liability, 2% bonds, 5% ocean marine, 5% inland

marine, 3% health.

Self-insured clients/claims: 1,000 administration clients.

Staff: 4,040 employees.

Claims administration charges: Percent of incurred claims, percent of paid claims, percent of payroll, percent of annual premium/deposits, per claim (flat rate), per covered employee, time and expense.

Claims adjusting charges: Percent of incurred claims, percent of payroll, percent of annual premium/deposits, per claim (flat rate), per covered employee, time and expense.

Claims auditing charges: Time and expense, flat fee.

1984 gross revenues: Not reported.

Locations: Sales offices in Atlanta, Boston, Chicago, Dallas, Detroit, Los Angeles, New York, San Francisco.

Principal officers: James S. Carpenter, president; Edward P. Holleran, vp; Susan H. Ludwig, secretary.

Membership: SIIA, NCSI.

F

The Fisher Associates

3465 Torrance Blvd., Suite N, Torrance, Calif. 90503; 213-540-8803

Year founded: 1982.

Services provided: 65% claims administration, 25% claims adjusting, 5% claims auditing, 5% loss control.

Region served: Nationwide.

Specialty: Property/casualty claims: 5% general liability, 70% professional liability, 25% product liability.

Self-insured clients/claims: Eight administration clients; \$300,000 claims paid. Eight adjusting clients. 11 auditing projects conducted.

Client mix: Five corporations, three public/government entities. 22,000 total employees covered; average number of employees per group, 4,000.

Staff: 20 employees, 10 of whom are assigned to serving self-insured clients only.

Claims administration charges: Per claim (flat rate), \$600-\$1000; time and expense, \$34/hour.

Claims adjusting charges: Per claim (flat rate); time and expense, senior/field adjuster \$34/hour, general adjuster \$30/hour, inside adjuster \$25/hour.

Claims auditing charges: Time and expense, \$34/hour.

1984 gross revenues: More than \$1 million.

Locations: Administrative and sales office in San Francisco.

Principal officers: Frederick J. Fisher, president; Alan M. Balcher, senior vp; Janet Buchan, secretary/treasurer; Larry Walter, assistant branch manager/regional claims manager.

Membership: California Assn. of Independent Adjusters, National Assn. of Independent Adjusters.

Fleming & Associates

1313 Foothill Blvd., La Canada, Calif. 91011; 818-790-8714

Year founded: 1976.

Services provided: 90% claims administration, 10% risk management information systems.

Region served: California and western U.S.

Specialty: Property/casualty claims: 80% workers compensation, 20% general liability.

Self-insured clients/claims: 40 administration clients; \$18 million claims paid.

Client mix: Five corporations, 35 public/government entities. 45,000 total employees covered; average number of employees per group, 1,100.

Staff: 24 employees, all of whom are assigned to serving self-insured clients only.

Claims administration charges: Per claim (flat rate), \$175-\$225; time and expense.

1984 gross revenues: More than \$500,000.

Locations: Administrative and sales office in Salinas, Calif.

Principal officers: William Edward Fleming, president; G. David Marceau, vp; T. David Wakehan, vp-claims; Donald G. Anderson, vp-marketing; William Lange, vp-data processing.

Membership: California Administrative Service Organization.

Continued on facing page



Eckert joins The Structured Settlements Company.

The Structured Settlements Company is pleased to announce that Jane E. Eckert has joined the firm as Director, Client Relations.

Prior to her association with us Ms. Eckert served as Vice President, Marketing Services for Tigor Life Insurance Company. Before joining Tigor Life she was Manager of Credit Card Sales for Atlantic Richfield Company.

Ms. Eckert is headquartered in our Los Angeles head office, 5757 W. Century Blvd., Suite 620 Los Angeles, California 90045 213/642-1999 or 800/421-2022.

Offices in Boston • Cincinnati • Dallas • Kansas City • Los Angeles • New York • San Francisco • St. Petersburg

THE STRUCTURED SETTLEMENTS COMPANY

G

The Gibbens Co. Inc.

P.O. Box 71210, Reno, Nev. 89570; 702-826-6600

Year founded: 1966.
Services provided: 98% claims administration, 2% claims auditing.
Region served: Nevada and Colorado.
Specialty: Property/casualty claims: 70% workers compensation, 30% state fund workers compensation and cost control services.
Self-insured clients/claims: 25 administration clients.
Client mix: 25 corporations, 35,000 total employees covered.
Claims auditing charges: Flat fee, \$40/hour.
1984 gross revenues: Not reported.
Locations: Administrative and sales offices in Las Vegas, Nev., and Denver.
Principal officers: William Gibbens and David Addison.

Group VII Services Inc.

136 William St., New York, N.Y. 10038; 212-349-3390

Year founded: 1978.
Services provided: 80% claims administration, 20% claims adjusting.
Region served: East Coast.
Specialty: Property/casualty insurance: 98% workers compensation, 2% general liability.
Self-insured clients/claims: Four administration and adjusting clients; \$400,000 claims paid.
Client mix: Four corporations.
Staff: 12 employees, three of whom are assigned to serving self-insured clients only.
Claims administration charges: Flat fee.
Claims adjusting charges: Included in fees for claims administration.
1984 gross revenues: \$75,000.
Locations: Administrative and sales offices in Upper Darby, Pa. and Hollywood, Calif.
Principal officers: Peter Hjelm, president; Roy Hjelm, George Saunders and Frank Pennartz, vps.

H

HCM Claim Management Corp.

3 Entin Road, Parsippany, N.J. 07054; 201-428-6418

Parent company: The Hertz Corp.
Year founded: 1982.
Services provided: 90% claims administration, 10% claims auditing.
Region served: Nationwide.
Specialty: Property/casualty insurance: 85% automobile, 10% general liability, 5% property damage.
Self-insured clients/claims: Five administration clients; \$60 million claims paid. Three auditing projects conducted.
Client mix: Five corporations.
Staff: 155 employees, 100 of whom are assigned to serving self-insured clients only.
Claims administration charges: Per claim (flat rate), \$125-\$210.
Claims auditing charges: Time and expense; flat fee, \$1,000-\$5,000.
1984 gross revenues: \$8 million.
Locations: Administrative offices in New York, Boston, Pittsburgh, Chicago, Washington, Dallas, Miami, Los Angeles.
Principal officers: Thomas J. Santorelli, vp; Howard Rezak, secretary; David J. Troy Jr., national account executive.
Membership: SIIA.

I

Industrial Indemnity Insurance Services Inc.

201 California St., Suite 1000, San Francisco, Calif. 94111; 415-434-4850

Parent company: Industrial Indemnity.
Year founded: 1980.
Services provided: 75% claims administration, 15% claims adjusting, 10% claims auditing.
Region served: Western U.S.
Specialty: Property/casualty claims: 75% workers compensation, 15% gen-

eral liability, 10% automobile.
Self-insured clients/claims: 30 administration clients; \$12.2 million claims paid. Five adjusting clients. Two auditing projects conducted.
Client mix: 25 corporations, five public/government entities.
Staff: 30 employees, all of whom are assigned to serving self-insured clients only.
Claims administration charges: According to client preference.
Claims adjusting charges: According to client preference.
Claims auditing charges: According to client preference.
1984 gross revenues: Not reported.
Locations: Administrative and sales offices in Seattle, Portland, Ore., San Jose, Stockton and Orange, Calif.
Principal officers: Larry O. Monin, president; Betty Perreault, vp.
Membership: SIIA.

L

Loss Control Management Corp.

6320 Augusta Drive, Springfield, Va. 22150; 703-451-6100

Year founded: 1963.
Services provided: 97% claims administration and adjusting, 3% claims monitoring of insurance companies and independent adjusting.
Region served: Virginia, Maryland, Washington D.C.
Specialty: Property/casualty claims: 70% workers compensation, 10% general liability, 10% automobile, 7% property damage, 3% claims monitoring and independent adjusting.
Self-insured clients/claims: 12 administration and adjusting clients.
Client mix: One corporation, 11 public/government entities. More than 60,000 total employees covered.
Staff: Ten employees, eight of whom are assigned to serving self-insured clients only.
Claims administration charges: Fixed annual fees.
Claims adjusting charges: Included in fixed annual fees charged for claims administration.
1984 gross revenues: Not reported.
Locations: Baltimore.
Principal officers: William U. MacBrayne, president/treasurer; Peter G. Baldwin, vp.
Membership: Washington Claims Assn.

N

National Loss Control Service Corp. (NATLSCO)

Route 22, Kemper Center, Long Grove, Ill. 60049-0035; 312-540-2400

Parent company: Kemper Group.
Year founded: 1968.
Services provided: 80% claims administration, 1% claims auditing, 19% loss control services.
Region served: Nationwide.
Specialty: Property/casualty claims: 69% workers compensation, 15% general liability, 11% automobile, 5% property damage.
Self-insured clients/claims: 95 administration clients. 25 auditing projects conducted.
Client mix: 89 corporations, three public/government entities, three association plans.
Staff: 200 employees, none of whom is assigned to serving self-insured clients only.
Claims administration charges: Percent of incurred claims (experience rated); percent of payroll (experience rated); percent of annual premium/deposits; per claim (flat rate), \$90-\$150.
Claims auditing charges: Time and expense, \$55-\$75.
1984 gross revenues: Not reported.
Locations: Administrative offices in Akron, Ohio; Fairfax, Va.; and 94 branch offices of Kemper Group. Sales offices in North Quincy, Mass.; North Haven, Conn.; Summit, N.J.; New York and Syracuse, N.Y.; Philadelphia; Richmond, Va.; Charlotte, N.C.; Atlanta; Orlando, Fla.; Jackson, Miss.; Mansfield, Ohio; Chicago; St. Louis; Houston; Denver; Phoenix, Ariz.; Los Angeles; San Francisco; Seattle; Edina, Minn.
Principal officers: R.W. Satterfield, president; F.G. Minchik, G.J. Kraficisin, A.D. Odom and D.F. Benevich, vps.

O

Orange Coast Adjusters

7798 Starling Drive, Suite 306, San Diego, Calif. 92123; 619-292-6101

Year founded: 1953
Services provided: 40% claims administration, including claims adjusting; 10% claims auditing; 50% other services.
Region served: Southern California.
Specialty: Property/casualty insurance: 20% workers compensation, 10% general liability, 65% automobile, 5% property damage.
Self-insured clients/claims: Six administration clients. Six adjusting clients. Three auditing projects conducted.
Client mix: Four corporations, two public/government entities.
Staff: 28 employees, none of whom is assigned to serving self-insured clients only.
Claims adjusting charges: Time and expense, senior/field adjuster \$32/hour, general adjuster, \$27/hour, inside adjuster \$27/hour.
Claims auditing charges: Time and expense, \$40/hour.
1984 gross revenues: \$1 million.
Locations: Santa Ana, Los Angeles, San Bernardino/Riverside, Calif.
Principal officers: Robert Webb, president; Lorraine Webb, vp; Kathy Plein, secretary/treasurer.
Membership: CAIA, NAlIA.

P

Parker Services Inc.

1800 N. Point Drive, Stevens Point, Wis. 54481; 715-346-7357

Parent company: Sentry Insurance Co.

Year founded: 1981.
Services provided: 80% claims administration, 15% claims adjusting, 5% claims auditing.
Region served: Nationwide.
Specialty: Property/casualty claims: 65% workers compensation, 10% general liability, 5% automobile, 20% professional liability.
Self-insured clients/claims: 13 administration clients; \$4.5 million claims paid. Nine adjusting clients. Two auditing projects conducted.
Client mix: Seven corporations, two public/government entities, four association plans.
Staff: 30 employees, 10 of whom are assigned to serving self-insured clients only.
Claims administration charges: Percent of incurred claims, 8%-10%; percent of paid claims, 8%-10%; per claim (flat rate); time and expense, \$35-\$55/hour.
Claims adjusting charges: Percent of incurred claims, 8%-10%; percent of paid claims, 8%-10%; per claim (flat rate); time and expense, senior/field adjuster \$45/hour, general adjuster \$35/hour, inside adjuster \$25/hour.

Claims auditing charges: Time and expense, \$35-\$55/hour.
1984 gross revenues: Not reported.
Locations: Administrative offices in major U.S. cities.
Principal officers: Wayne Ashenberg, president; Dave Entwistle, vp-marketing/sales; Kent Foster, vp-environmental health division; Tom Hein, vp-services.

R

Risk Management Service Co.

2730 Stemmons Freeway, 209 Tower West, Dallas, Texas 75207; 214-630-3730

Parent company: Lindsey & Newsum.
Year founded: 1973.
Services provided: 75% claims administration, 15% claims adjusting, 5% claims auditing, 5% risk management consulting.

Continued on next page

Schirmer

SCHIRMER ENGINEERING CORPORATION FIRE PROTECTION ENGINEERING SERVICES

- * Fire Safety Evaluation System Analysis and Report Addressing JCAH Requirements
- * Life Safety and Building Code Analyses
- * Fire Suppression & Fire and Security Alarm System Design
- * Registered Professional Engineers

707 LAKE COOK ROAD, DEERFIELD, IL 60015 • 312/272-8340
 OTHER OFFICES IN DALLAS, SAN FRANCISCO, AND WASHINGTON, DC

REINSURANCE



Specializing in all forms of life, accident and health Reinsurance.

FACULTATIVE/TREATY

Underwriting and loss adjusting intermediary for LLOYDS of LONDON for over 30 years.

- Stop Loss for Self-Funded Employee Benefit Plans
- Stop Loss for Aviation Workers' Compensation
- Catastrophe Excess Treaties
- Special Risks
- Admitted Liability
- Aviation Accident
- Group Travel
- Life

John W. Parker, Jr.
 Deborah Perna
 Milo W. Zidek
 Ralph P. Pillischer
 William R. Guckes, Jr.

215-569-9595

1760 MARKET STREET ■ PHILADELPHIA, PA 19103

Other principal cities in the U.S.: Coral Gables • Dallas • New York • San Francisco
 And Abroad: Bogota • Brussels • Buenos Aires • Caracas • Hamilton • Lima • London • Maracaibo • Mexico City • Milan • Panama City • Paris • Santiago • Sydney

Continued from preceding page

Region served: Nationwide.

Specialty: Property/casualty claims: 60% workers compensation; 15% general liability; 10% automobile; 2% property damage; 2% professional liability; 1% inland marine; 10% miscellaneous, including U.S. longshoremen's and harbor workers' compensation, Jones Act, petroleum and aviation business.

Self-insured clients/claims: 150 administration clients, 200 adjusting clients, 20 auditing projects conducted.

Client mix: 50 corporations, 105 public/government entities, 20 associations.

Staff: 450 employees, 150 of whom are assigned to serving self-insured clients only.

Claims administration charges: Percent of incurred claims, 4%-10%; percent of paid claims, 4%-10%; percent of annual premium/deposits, 3%-8%; per claim (flat rate), \$25-\$500; retrospective adjustment.

Claims adjusting charges: Percent of incurred claims, 3%-8%; percent of paid claims, 3%-8%; percent of annual premium/deposits, 3%-8%; per claim (flat rate), \$25-\$500; time and expense, senior/field adjuster \$24-\$28/hour; general adjuster \$24-\$50/hour, inside adjuster \$24/hour.

Claims auditing charges: Time and expense, \$35/hour and up; flat fee, \$100 and up; percent of savings for medical audits.

1984 gross revenues: Not reported.

Locations: Administrative offices in Tyler and Houston, Texas; 450 claims offices.

Principal officers: Robert Irwin, president; Terry Grant, vp; Andrew

Cmiel, director; James Jackson, claim manager.

Membership: SIIA, NAPSLO, NAIA.

Royal Insurance Service Corp.

150 William St., New York, N.Y. 10036; 212-553-3000

Parent company: Royal Insurance Co.

Year founded: 1980.

Services provided: Claims administration, claims adjusting, claims auditing.

Region served: Nationwide.

Specialty: Property/casualty claims: 63% workers compensation, 18% general liability, 15% automobile, 3% property damage, 1% professional liability.

Self-insured clients/claims: 35 administration clients, 35 adjusting clients, five auditing projects conducted.

Client mix: 25 corporations, five public/government entities, five association plans.

Staff: Approximately 1,300 claims staff.

Claims administration charges: Percent of paid claims, 7%-14%; per claim (flat rate); time and expense, \$35-\$65/hour.

Claims adjusting charges: Percent of paid claims, 7%-14%; per claim (flat rate); time and expense, \$35-\$65/hour.

Claims auditing charges: Time and expense, \$35-\$65/hour; flat fee.

1984 gross revenues: Not reported.

Locations: Administrative and sales offices in major cities.

Principal officers: Joseph F. Peloso,

assistant vp; Joseph Notaro, secretary; Richard W. Liersaph, director.

S

Self-Insurers Service Inc.

10 South Riverside Plaza, Chicago, Ill. 60606; 312-559-2300

Parent company: Combined International Corp.

Year founded: 1956.

Services provided: 99% claims administration, 1% claims auditing.

Region served: Nationwide.

Specialty: Property/casualty claims: 94% workers compensation, 1% general liability, 2% automobile, 1% property damage, 1% professional liability, 1% disability.

Self-insured clients/claims: 100 administration clients; \$45 million claims paid, 11 auditing projects conducted.

Client mix: 90 corporations, five public/government entities, five association plans.

Staff: 89 employees, all of whom are assigned to serving self-insured clients only.

Claims administration charges: Percent of incurred claims, \$6%; percent of paid claims, 8%; percent of payroll, 2%; percent of annual premium/deposits, 7%; per claim (flat rate), \$100-\$200; time and expense, \$40-\$60/hour.

Claims auditing charges: Time and expense, \$45-\$70/hour.

1984 gross revenues: Not reported.

Locations: Administrative offices in Atlanta; Kansas City, Kan.; Las Vegas and Reno, Nev.; Los Angeles; New York; Toledo, Ohio; Washington, D.C. Sales offices throughout the U.S.

Principal officers: Frederick E. Wicks, president/chief executive officer; Thomas P. Beresky, vice chairman; Herbert J. Carlson, executive vp; William J. Trimmer, vp-claims; Kenneth M. Wzorek, vp-loss control.

Membership: Casualty Adjusters Assn.

Raymond Sheakley & Associates Inc.

8790 Governorhill Drive, Cincinnati, Ohio 45242; 513-677-1780

Parent company: The Sheakley

Group.

Year founded: 1963

Services provided: 100% claims administration.

Region served: Ohio, Indiana, Michigan, Kentucky, Illinois, Iowa, California, Arizona and Nevada.

Specialty: Property/casualty claims: 100% workers compensation.

Self-insured clients/claims: More than 40 administration clients.

Client mix: 37 corporations, five public/government entities.

Staff: 120 employees, 25 of whom are assigned to serving self-insured clients only.

Claims administration charges: Percent of annual premium/deposits, per claim (flat rate), time and expense.

1984 gross revenues: Not reported.

Locations: Administrative offices in Chicago, Los Angeles and San Francisco. Sales offices in Chicago; Columbus and Cleveland, Ohio; Los Angeles, San Francisco and Sacramento, Calif.; Phoenix, Ariz.; Denver.

Principal officers: Raymond Sheakley, chairman; Larry A. Sheakley, president; Jack Hunter, executive vp.

T

Total Compensation Services Ltd.

500 Cascade West Parkway S.E., Grand Rapids, Mich. 49506; 616-942-8321

Year founded: 1978.

Services provided: 90% claims administration, 5% claims adjusting, 5% claims auditing.

Region served: Midwest.

Specialty: Property/casualty claims: 100% workers compensation.

Self-insured clients/claims: 73 administration clients; \$4 million claims paid, 250 auditing projects conducted.

Client mix: 68 corporations, five public/government entities, two association plans.

Staff: 17 employees, all of whom are assigned to serving self-insured clients only.

Claims administration charges: Per claim, \$67-\$170; flat fee, \$9,000-\$120,000.

Claims adjusting charges: Combined with charges for claims administration services.

Claims auditing charges: Time and expense, \$50/hour; flat fee.

1984 gross revenues: \$1 million.

Locations: Sales office in Lansing, Mich.

Principal officers: R. Harvey Nolan, president; Thomas Dugan, vp-claims; Richard J. Langeland, vp-MIS; Craig A. Groendyk, controller; Wendall D. Decker, assistant vp.

Membership: SPBA, SIIA.

U

Underwriters Adjusting Co. (UAC)

2 Corporate Place South, Piscataway, N.J. 08854; 201-981-8200

Parent company: The Continental Corp.

Year founded: 1918.

Services provided: 45% claims administration, 50% claims adjusting, 5% claims auditing.

Region served: Nationwide.

Specialty: Property/casualty claims: 24% workers compensation, 24% general liability, 18% automobile, 12% property damage, 8% professional liability, 5% bonds, 1% ocean marine, 5% inland marine, 3% rehabilitation.

Self-insured clients/claims: 500 administration clients; \$100 million claims paid, 450 adjusting clients.

Staff: 3,800 employees.

Claims administration charges: Percent of incurred claims, percent of paid claims, percent of payroll, percent of annual premium/deposits, per claim (flat rate), time and expense.

Claims adjusting charges: Percent of incurred claims; percent of paid claims; percent of payroll; percent of annual premium/deposits; per claim (flat rate); time and expense, senior/field adjuster \$30/hour, general adjuster \$29/hour, inside adjuster \$28/hour.

Claims auditing charges: Time and expense, flat fee.

1984 gross revenues: \$150 million.

Locations: 300 administrative and sales offices throughout the U.S.

Principal officers: R.A. Simon, chairman; D.K. Stone, executive vp; E.T. Harris, senior vp; W.F. Bergs and R.F. Mastroberti, vps.

You Can Have an IBM Computerized Health Claims Benefit System for 25¢ per month.



If you're looking for a computerized health claims benefit system — look no further.

Our IBM on-line, real time system is your best investment for the future. This multi-task operating system offers fast responsiveness, providing you with a major increase in productivity. It is comprehensive, easy to understand, and easy to operate.

Computerization of employee benefit claims payments has become a necessity to achieve full value of your benefit administrator's time and alleviate the pressure of competition.

Our turn-key software package can give you all of these benefits at a price you can afford.

Call or write us for more information.

WLT

Software Services, Inc.

THE EMPLOYEE BENEFIT MANAGER'S COMPUTER SYSTEM CONSULTANT

35 Crocker St., Mount Clemens, MI 48043 (313) 463-6770

*Based on 5,000 employee lives, per month, five year lease.

Swett & Crawford names Fox CEO

comings & goings: industry

Joseph L. Fox has been elected chief executive officer of the Swett & Crawford Group, the Los Angeles-based wholesale insurance brokerage subsidiary of The St. Paul Cos.

Mr. Fox, previously executive vp of Continental Reinsurance Corp., will be responsible for the group's regional offices in Dallas, Los Angeles, New York and San Francisco, along with six other operations: Dana Roehrig & Associates, Montgomery General Agency, IWest Insurance Managers, John H. Crowther Co., Appleton & Cox and Swett & Crawford Management.

Other excess/surplus changes:

Ralph F. Leistner elected executive vp of McAlear Associates Inc. in Grand Rapids, Mich. Mr. Leistner joined the surplus lines brokerage firm in 1974, and most recently was senior vp.

Andrew M. Haldane named vp-general manager for the Illinois region of Intercontinental Insurance Managers Inc., based in Schaumburg, Ill. He had been vp for loss control at IIMI, a managing general agency specializing in workers compensation. Intercontinental Insurance Managers is a subsidiary of the Intercontinental Financial Group of North America.

Agents/brokers

Terry Looney named employee benefits manager of Carson, Luebbehusen & Burk Inc., a Fort Worth, Texas, insurance brokerage firm specializing in the energy industry. He had been manager of the benefits department of a Fort Worth property/casualty agency.

Russell T. Sheehan named vp in the international department at

Johnson & Higgins. Mr. Sheehan joined J&H in November 1984.

Also at J&H, **John E. Jenniges** named executive vp and manager of the New Orleans office. Mr. Jenniges joined J&H in 1974 and most recently was vp. He succeeds **Kennard B. Ross**, who retired.

Caesar Lesniak joins Great Lakes Agency Inc. in Chicago as vp. Also at Great Lakes, **Bruno J. Scodro** promoted to vp.

James F. Murphy named managing vp of Alexander & Alexander Services Inc.'s San Jose, Calif., office. Mr. Murphy joined A&A in 1982 and was named deputy managing vp of the San Jose office in 1984.

Also at A&A, **Lawrence E. Burk** named managing vp of the New York office. Mr. Burk joined A&A in 1970 and most recently was managing vp of A&A in Detroit. And, **Allen J. McDowell** appointed president and chief operating officer of A&A of Michigan in Detroit. He most recently was in the Lincoln, Neb., office.

P. Joseph McCarthy, manager of Fred S. James & Co. Inc.'s Boston office, promoted to president of Fred S. James & Co. of New England. He joined James in 1972.

Insurers

Nelson H.C. Simons promoted to president of the Ivanhoe International Group of Cos. in Bermuda. Mr. Simons had been vp-underwriting. He succeeds **Warren H. Larson**, who retired.

Richard J. Guilfoyle named

president and chief executive officer of UMI Group Inc. in Philadelphia. Mr. Guilfoyle previously was corporate senior vp at Reliance Insurance Co.

Gerald A. Isom, president of Transamerica Insurance Co. in San Francisco, named to the additional post of chief executive officer. Mr. Isom joined Transamerica as president in June 1984. He succeeds **John F. Reynolds**, who continues as company chairman.

Two senior vps named at New England Mutual Life Insurance Co. in Boston They are: **Joseph W. Pearson**, senior vp-group pensions, and **Robert E. Schneider**, senior vp and actuary.

Other suppliers

William J. Nicholas named principal of Yaffe & Offutt Associates, a Baltimore-based employee benefit and consulting firm. Mr. Nicholas will be the head of retirement plan consulting. He was most recently a senior trust officer with Maryland National Bank.

James C. Beale appointed senior financial consultant at Creative Settlements Inc. in Buffalo, N.Y. Mr. Beale will be responsible for design, negotiation and implementation of periodic claim payments.

William Boulware III named vp of Settlement Planning Inc., a Minneapolis-based consulting firm specializing in the brokerage of settlement annuities. Mr. Boulware had previously been regional manager of Provident Mutual Insurance Co.

Beacon files, other records disappear in North Carolina

By CAROL CAIN

RALEIGH, N.C.—The new state insurance commissioner's first days in office are being complicated by the discovery of hundreds of missing files, including those that pertain to Beacon Insurance Co., which the state Insurance Department placed in rehabilitation in February 1984 (BI, Feb. 27, 1984).

"About 90% of the file cabinets in the commissioner's area are completely emptied out," said Commissioner James E. Long, who assumed the post Jan. 7.

Mr. Long was elected last fall, replacing John R. Ingram, who served as insurance commissioner for 12 years. Mr. Ingram passed up an attempt for a fourth term last year when he opted to run for governor; he was defeated in the primary.

According to reports, many of the missing files have been found in trash cans on the loading docks of the Dobbs Building—a state office building whose tenants include not only the Insurance Department, but also the Industrial Commission, Commerce Department, Burial Commission and Crime Control Unit.

Other files, uncashed checks made out to the department and insurers' licenses were found amid an estimated 8 tons of garbage collected from the building's dumpsters and emptied at the state fairgrounds.

Personnel from the Insurance Department and the State Bureau of Investigation rummaged

through the garbage to recover an additional six to eight cartons of Insurance Department files, including some of the original documents in the Beacon case.

Those files are being held by the Bureau of Investigation pending the outcome of its investigation, said Ron Hawley, an agent with the bureau. He refused to elaborate on the circumstances because of the allegation that government records or documents possibly were destroyed.

"We're in the midst of an investigation... and don't know how long our inquiry will take," Mr. Hawley said, noting that no charges have been filed.

"A lot of paper dealing with Beacon was among the files recovered," Mr. Long said, but since the Bureau of Investigation is holding those files, "we are hampered."

Attorneys from Beacon refused to comment.

In addition to the files recovered from the garbage, an additional 50 boxes that appeared to be hastily packed were sent to the State Archives, although they were returned to the Insurance Department.

"We are working long hours to try to get a handle on what the situation is," Mr. Long said, noting that some department employees have been working 14-hour days sifting through the papers in order to get the department rolling again.

Mr. Long noted that insurance agencies in the state also have furnished the department with volunteers to help issue licenses and re-

newals.

In between sorting through the files, department staffers are answering a "constant series of phone calls" asking about pending departmental hearings and the outcome of hearings held before Mr. Long took office. Several hearings were scheduled by the previous insurance commissioner and those are being reviewed, Mr. Long explained.

Employer groups, insurers and agents associations have not yet felt any ripple effect from the missing files, they report. However, they have already had introductory meetings with the new commissioner and report seeing a willingness on his part to listen and seek out ideas.

Former Commissioner Ingram refused to comment to *Business Insurance* regarding the missing documents, but he did hold an impromptu press conference last week in Greensboro, N.C., attended by local broadcast media.

Mr. Ingram reportedly said he did not throw out any "valuable state records" and said Mr. Long has dismissed many departmental employees upon taking office. With that many people leaving, it was natural that several files would have been cleaned out or sent to the archives, Mr. Ingram reportedly said.

He also reportedly said that with the dismissals and the chaotic condition of the department, some staff members may have "inadvertently" thrown away documents when cleaning out their desks. ■

Lockheed won't be liable for crash, company says

Continued from page 2

ten by Lloyd's of London underwriters and other London markets that Mr. Butler says would cover any claims arising from the Reno crash. The coverage was brokered by Marsh & McLennan Inc. and its London affiliate, C.T. Bowring & Co. Ltd., he confirmed.

The charter plane that crashed in Reno Jan. 21 was owned by Galaxy Airline of Fort Lauderdale, Fla., and was the same one used by Jesse Jackson during his 1984 campaign for the Democratic presidential nomination. The hull was insured for \$1.8 million in the London market. The coverage is led by the Aviation & General Insurance Co. Ltd.

Galaxy also had \$200 million in liability coverage placed in the London and European markets led by London Aviation Insurance Group, sources said.

The plane, which was bound for Minneapolis, crashed shortly after takeoff from the Reno airport.

The Lockheed Electra 188 crashed in a recreational vehicle sales lot after clearing a hotel. No injuries were reported to anyone on the ground. Three of the passengers survived the crash, but two were listed in critical condition last week. In addition, rescue workers reported 68 dead.

Before the crash, the pilot had radioed that the plane had developed a vibration and he wanted to return to the Reno airport.

Two lawsuits had already been filed last week against Lockheed, Galaxy and Caesar's World, the entertainment company that chartered the plane, according to Walter Lock, of the Los Angeles law firm of Engstrom, Lipscomb & Lack. The firm represents both Caesar's World and Galaxy.

"Galaxy is a small operation, and everyone is traumatized by the death of their friends and colleagues," said a Galaxy spokesman.

The crash is the third disaster involving an Electra since 1984.

On Jan. 9, 1985, a Lockheed Electra operated by TPI International Airways crashed on approach to Kansas City, Mo., from Detroit, killing three crew members. The plane was on a cargo run.

On May 30, 1984, a Lockheed Electra operated by by Zatrof International broke up 21,000 feet above Chalk Hill, Pa., while on a cargo flight from Baltimore to Detroit. Four crew members died.

Also, in June 1983, there was a near-disaster involving a Lockheed Electra in Anchorage, Alaska. The plane, operated by a company called Reeve-Aleutian, was climbing to 23,000 feet when it lost two engines. The pilot crash landed, and no one was killed.

A total of 40 Lockheed Electras have been lost since 1959, including two lost in a hangar collapse, one lost in a hangar fire and one blown up by terrorists near Boston, according to London sources.

EIL market shrinks further with Shand's withdrawal

Continued from page 2

asbestos," Mr. Kropp said.

Sources in the EIL market reported last week that New York-based Home is no longer writing EIL coverage. Company officials last week refused to confirm or deny this information.

Last November, The Home said it was dropping its EIL limits to \$5 million per occurrence/\$10 million aggregate from \$15 million/\$20 million. At that time, a spokesman said that because of the type of risk The Home underwrites—small companies with moderate pollution exposures—it did not need the higher limits (BI, Nov. 12, 1984).

Meanwhile, Stewart Smith Inc. of Chicago is currently renegotiating its reinsurance treaty, which expires Feb. 1. A spokesman for Stewart Smith, which currently offers limits of \$15 million per occurrence/\$20 million aggregate, said he is not sure what limits it will be able to offer after negotiations are completed.

The spokesman said the company hopes to be able to offer limits of at least \$3 million/\$6 million; the limits required to meet federal financial responsibility requirements for those firms that are required by law to have EIL coverage.

Although Stewart Smith has written among the highest limits offered by EIL underwriters, the company only writes coverage for smaller companies with modest pollution exposures.

American International Group Inc. currently offers limits of \$10 million per occurrence/\$10 million aggregate. Vp John J. Amore said last week. Before Jan. 1, AIG had offered limits of \$20 million/\$20 million, but was forced to reduce those limits because of shrinking reinsurance support for its program.

Mr. Amore said AIG will attempt to develop some excess EIL capacity so that it can offer policyholders higher limits. He said there "probably is demand for coverage up to limits of \$100 million."

In fact, some brokers predict that limits in the \$10 million range are too low to interest larger companies, which can self-insure their pollution risks.

However, Mr. Amore said that AIG has not lost any policyholders as a result of the lowered limits, but added that it may be too early to tell if the limits will affect the insurer's EIL business.

Mr. Amore said the EIL market shakeout is a result of some underwriters "not exercising good underwriting judgment." He thinks that increased rates and more disciplined underwriting will eventually bring reinsurers back into the EIL market.

All of the markets say coverage will cost from 50% to 200% more this year than last year. The amount of increase will depend on the type of risk and any prior increases.

In addition to AIG and Stewart Smith, other active EIL markets include the Pollution Liability Insurance Assn., which offers EIL limits of \$6 million per occurrence/\$9.4 million aggregate, and Swett & Crawford Management Co. Ltd, a subsidiary of The St. Paul Cos. Inc., which offers limits of \$6 million per occurrence/\$6 million aggregate.

Travelers Indemnity Co., which offers limits of \$10 million per occurrence/\$10 million aggregate, and Hartford Insurance Group, which offers limits of \$9.5 million per occurrence/\$9.5 million aggregate, also write EIL coverage, but only for clients that purchase other types of coverage from them. ■

A Lot Has Changed Since You Last Looked At The BI Directory

What could be as changing as the ever-changing world of insurance, employee benefits and risk management services? The names, facts and figures from the corporations that buy such products and services!

The 1984 *Business Insurance Directory of Corporate Buyers of Insurance, Benefit Plans and Risk Management Services*, published in August, has been revised, updated and greatly expanded to include information on more than 1,600 of the largest U.S. corporations.

Sales volume, employee population, company address and phone number are some of the facts you'll find... along with the names and titles of chief financial officers, and executives in charge of risk management, employee benefits, personnel, pension and retirement plans and more.

In addition, a special index lists corporations by size, based on number of employees. A new geographic index is also included.

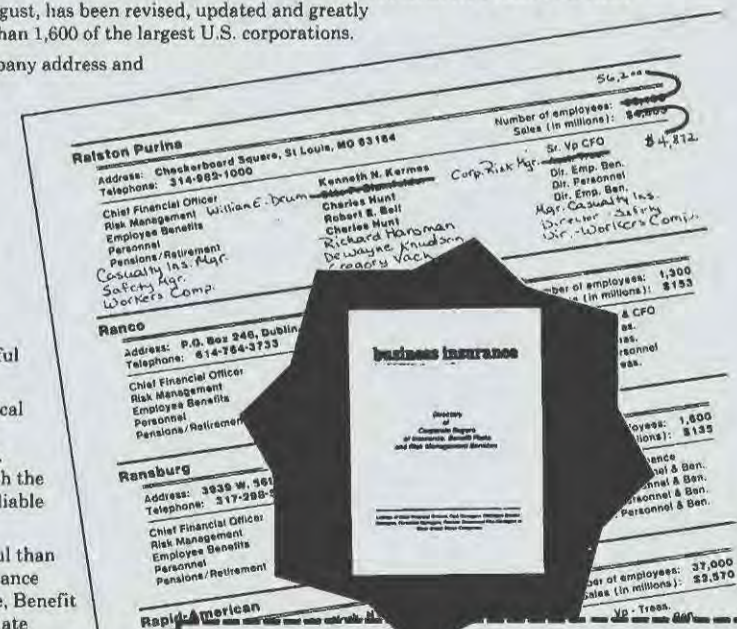
'Buyers' and 'sellers' alike will find the 1984 BI Directory to be tremendously helpful in carrying out their job responsibilities.

As a buyer, you can turn to the alphabetical listings to identify professionals in similar positions in companies much like your own.

Sellers, too, will find that flipping through the BI Directory is by far the quickest, most reliable way to identify the powers that buy.

Expanded. Up-to-date. More useful than ever before. That's the 1984 *Business Insurance Directory of Corporate Buyers of Insurance, Benefit Plans and Risk Management Services*. Update yourself for a cost of just \$50; ten or more copies at a reduced price of just \$40 each.

Fill out the coupon now and send for your copy of the newly updated 1984 BI Directory.



business insurance

Crain Communications Inc.
1984 Business Insurance Directory
740 N. Rush Street
Chicago, IL 60611
(312)280-3167

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 quantity of 10 or more

_____ Payment Enclosed
Bill me _____ plus \$5 additional charge for handling
_____ Visa _____ Mastercard

Account # _____ Exp. Date _____
Signature _____
Name _____
Title _____
Company _____
Address _____
City _____ State _____ Zip _____
Phone (area code) (____) _____

Congress set to attack benefit issues

Continued from page 1

Employee Benefit Research Institute, a Washington-based benefits think tank.

And employee benefit plans are even more vulnerable to attack now that the Treasury Department, in its tax simplification proposal, has determined which employee benefits should be eliminated or curtailed (BI, Dec. 3, 1984).

The Treasury tax plan would eliminate 401(k) plans and tax-free cafeteria plans and would tax employees on employers' health care contributions that exceed a certain amount.

In addition, under the Treasury Department plan, employers' costs of providing benefits like term life insurance, educational assistance programs, dependent child care, van pooling and group legal plans also would be included as taxable income to employees (BI, Dec. 3, 1984).

While many agree the Treasury tax plan is too complex and controversial to soon win congressional approval, the employee benefits provisions easily could be attached to a deficit reduction bill.

All of the Treasury's benefit provisions "will be viewed as fair game" for inclusion in a deficit reduction bill, said the EBRI's Mr. Salisbury.

"Congress has a mandate to do something about the deficit... and our concern is that benefits will be attached to a deficit reduction bill," said Mr. Rumack of Buck Consultants.

Perhaps the most vulnerable benefit to attack is 401(k) plans, which now allow employees to reduce their pretax wages by up to \$30,000 a year and funnel that money into special accounts where funds earn interest tax-free until they are withdrawn.

Mr. Salisbury believes there are three major reasons why Congress may curb 401(k) plans:

- There is increasing concern that the growth of 401(k) plans is cutting into federal revenues. According to the Treasury Department, eliminating 401(k) plans would cut the deficit by \$4.6 billion between 1986 and 1990 (BI, Dec. 10, 1984).

- Some congressmen and regulators believe 401(k) plans provide excessive benefits because those employees who participate in 401(k) plans often are already covered by other retirement plans.

- Some officials question whether income from the plans is being used for its original purpose: retirement. Some employers allow workers to withdraw funds to make a downpayment on a house or pay for a child's college educational expenses.

The Internal Revenue Service has never issued final regulation regarding these so-called "hard-

'Remember, if a battle is won... it still is only a battle. The congressional scrutiny on benefits as a source of revenue means the battles will be fought again and again,' says Mr. Salisbury of the Employee Benefit Research Institute.

ship" withdrawals.

Some say 401(k) plans also are vulnerable because the Treasury Department prefers Individual Retirement Accounts over group savings vehicles like 401(k)s, that are not available to all workers.

"They (the Treasury Department) want to raise IRA limits and 401(k) plans could be sacrificed," said Mr. Davey of Johnson & Higgins.

The Treasury tax proposal calls for increasing the annual tax deduction individuals can take for IRA contributions to \$2,500 from \$2,000.

Still, experts doubt that Congress would go so far as to abolish 401(k) plans, as the Treasury has proposed.

Congress more likely will place a lower limit on the amount that an employee can contribute to a 401(k) plan or restrict the withdrawal of funds from 401(k) accounts before an employee retires or leaves a company, Mr. Salisbury said.

Benefits experts also say Congress could cap the amount of tax-free benefits that a worker can receive from his or her employer.

"Some members of Congress might view a benefit tax cap as a quick and easy way to narrow the deficit," said Mr. Davey.

Last year, for example, Sen. Robert Dole, R-Kan., who is now the Senate majority leader, suggested that employers' overall benefit contributions that exceed \$250 or \$260 a month should be considered taxable income to the employee.

In addition, both Sen. Dole and the Treasury Department have proposed that employer health care contributions that exceed \$70 a month for individual coverage and \$175 a month for family coverage be included as taxable income.

Benefit observers also point out that Congress also may not renew sections of the tax code that allow employers to offer educational assistance and group legal benefits on a tax-free basis.

Section 127 of the Internal Revenue Code, which covers educational assistance benefits, and Section 120, which addresses group legal plans, expire on Dec. 31.

"I give group legal and education assistance a less than 50% chance of being renewed," Mr. Salisbury said.

Last year, Congress waited until the last day of the session before it agreed to extend Section 127, and then it amended the section to cap the maximum tax-free educational

reimbursement at \$5,000 per employee.

Congress, Mr. Salisbury said, has been increasingly reluctant to continue the tax-favored status of "secondary" benefits like educational assistance and group legal plans, as opposed to benefits like group health and life insurance.

Not all possible benefit changes, though, are related to the federal deficit.

For example, Rep. Edward Roybal, D-Calif., is expected to introduce legislation that will make it difficult for companies to terminate pension plans to recapture excess assets.

A company would have to cite "business necessity," such as possible bankruptcy, before it could terminate an overfunded plan.

Mr. Roybal believes that employees lose future retirement income when companies terminate overfunded plans and such terminations should be curbed.

In another pension issue, the PBGC, the federal agency that guarantees workers' pension benefits, is expected to propose legislation next month to make it more difficult for employers to terminate underfunded pension funds.

Even though the specifics of the proposal are now being hammered out, the legislation will call for an increase in termination insurance premiums to between \$7 and \$8 per plan participant—up from the current annual premium of \$2.60 per plan participant.

Legislation that would raise the PBGC premium as well as curb loopholes in the termination insurance program that make it easy for employers to dump their pension plan liabilities onto the PBGC have been proposed during previous congressional sessions, but have never made it to either the House or Senate floors.

Previous bills died because they were too complex and because business groups couldn't agree on the extent of changes.

The PBGC, though, has embarked on a new legislative strategy that it believes will increase the chances of a reform/premium increase bill gaining passage.

This time, the PBGC is talking to more business groups so it has a better understanding of how the business community wants the bill structured, said Kevin Putt, assistant executive director at the PBGC.

Boy wins settlement from park district

CHICAGO—A former insurer of the Chicago Park District will pay the bulk of a structured settlement that guarantees a minimum of \$9.5 million to an 8-year-old Chicago boy who was severely injured in 1978 after falling from a slide in a Chicago park.

At the time of the accident, the Park District had a \$1 million property/\$3 million general liability first-dollar policy and \$50 million in excess insurance with United States Fidelity & Guaranty Co. of Baltimore, said Jack Mathews, treasurer of the Chicago Park District.

Franklin P. Nelson was almost 2 when he fell from the top of a 12-foot slide on Sept. 1, 1978. He suffered a skull fracture and brain damage, which resulted in vision

and speech impairments and paralysis of his left side.

The youth's lawsuit charged the Park District with failure to adequately supervise the park and to warn that the slide should not be used by children under 12, and it cited the asphalt surface under the slide.

Also named in the suit were Miracle Recreation Equipment Co. in Grinnell, Iowa, which built the Tornado Slide, and Allstate Fence Co. of suburban Chicago, which installed the slide.

Miracle Recreation self-insured its exposure and will pay about 9% of the settlement. Allstate Fence will pay a small amount, but information about its insurance was unavailable.

According to the settlement,

Franklin will receive \$9,583 a month beginning Feb. 1, said Michael J. Radtke, a Chicago attorney from Goldberg & Goldberg who represented the youth. The settlement provides for annual inflationary increases and guarantees payments over the next 40 years, Mr. Radtke said.

The money must be spent for the direct benefit of Franklin, according to the settlement.

Last year the Park District decided to self-insure its liability risks and developed an intensive loss-prevention program, Mr. Mathews said.

The district has a \$50 million excess policy with Fireman's Fund Insurance Cos. above a \$125,000 self-insured retention per occurrence and an \$850,000 aggregate. ■

EQUAL OPPORTUNITIES

Each weekly issue of Business Insurance gives you an equal opportunity to reach and motivate BI's more than 121,000 purchasing influentials... top financial and administrative executives, risk managers, employee benefits managers and the agents and brokers who serve their needs.

When you want to reach *your* prime audience, the BI audience is unequalled!

PUBLISHING DATES	CLOSING DATES
Dec 24 *	Dec 11

1985

Jan 7	Dec 19
Jan 14	Dec 27
Jan 21	Jan 9
Jan 28	Jan 15
Feb 4	Jan 23
Feb 11	Jan 30
Feb 18	Feb 5
Feb 25	Feb 12
Mar 4	Feb 20
Mar 11	Feb 27
Mar 18	Mar 5
Mar 25	Mar 13
Apr 1	Mar 20
Apr 8	Mar 27
Apr 15	Apr 2
Apr 22	Apr 9
Apr 29	Apr 16
May 6	Apr 24
May 13	May 1
May 20	May 8
May 27	May 14
Jun 3	May 21
Jun 10	May 29
Jun 17	Jun 5
Jun 24	Jun 11
Jul 1	Jun 19
Jul 8	Jun 25
Jul 15	Jul 3
Jul 22	Jul 9
Jul 29	Jul 17

business insurance

New York: (212)210-0133
Chicago: (312)649-5275
Los Angeles: (213)651-3710



Photo: Index/Stone International, Inc.

STYLE

Style is the distinctive way you do things. But just to be different is not enough. You've got to be the best, to rise above all others.

When a publication projects its own personality and presents news to its readers in a thoughtful and distinctive way, that's style.

Business Insurance is that kind of publication. It has that kind of style.

To excel, to report skillfully and accurately, to write clearly and concisely, are all elements of BI's style.

That's why more than 121,000 corporate executives, risk managers, employee benefit managers, insurance executives and others rely on Business Insurance each week. Their responsibilities include making critical purchasing decisions ... decisions that require information on the ever-changing markets and your products and services.

Make it your style to advertise in BI and command the attention of the most influential executives in your market. Because style is Business Insurance.

**business
insurance**

a publication of Crain Communications Inc.

The game plan that works.

New York: 220 East 42nd Street, NY 10017 (212) 210-0133 Chicago: 740 Rush Street, IL 60611 (312) 649-5276 Los Angeles: 6404 Wilshire Blvd., CA 90048 (213) 651-3710

the professional marketplace

RATES AND CLOSING TIME:

Rates: Display classified is \$73.26 per column inch, minimum of one inch. Straight classified is \$6.50 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. Responses to blind box ads must fit into business size envelope. Responses are forwarded daily.

Closing: Published every Monday Copy must be in written form by noon Tuesday, 6 days preceding publishing date. No verbal phone copy accepted. Prepayment required. Mail ads to Beverly Kluxdal, Classified Advertising, 740 N. Rush St., Chicago, IL 60611. For more information call 312-649-5340.

HELP WANTED

PROFESSIONAL REINSURER has an excellent opportunity for a professional claims individual to join its Westport, Connecticut staff as a Senior Claims Officer, reporting directly to the Department Vice President. Individuals with the background, skills and entrepreneurship to meet this challenge should reply to: Robert E. Brownley, Vice President, Trenwick America Reinsurance Corporation, 21 Charles Street, Westport, CT 06880, 203/226-8116.

Marketing Representative—Expanding TPA is seeking an assertive individual for eastern and midwestern territories. Knowledge of Self-Funding required. Liberal salary & benefits. Send resume and salary requirements to:

Box 1620, Business Insurance,
740 Rush Street, Chicago, IL 60611

REGIONAL DIRECTOR

Our client, a nationally known insurance firm, seeks an individual to head their regional operation located in large metropolitan SUNBELT location. Will be immediately responsible for 50+ person office with multi-state locations. Ideal candidates will have at least 10 years of large agency/brokerage experience and will have enjoyed a highly successful career as both a proven producer of large commercial casualty/property accounts PLUS will have had successful track record as a person responsible for bottom line profit, ie, senior management experience. Our client, who seeks to have their need filled during the first quarter of 1985, is in a position to offer a **SIX DIGIT DOLLAR** starting package depending, of course, on the candidate's experience plus future promotional potential. Please contact Jim Gilbert now, as our client is ready to begin interviewing process, at **INSURANCE RECRUITERS, INC.** 6060 North Central Exp. #470, Dallas, Texas, 75206. AC 214/361-9323.

Nat'l Ins. firm seeks to purchase local claims adjustment Co., preferably NY, NJ, PA. PIs call Larry at 800-526-9082 or in NJ 201-368-3777 or write to IMS/Underwriting Mgrs., 12 Rt. 17N., Paramus, NJ 07652

Nat'l Ins. Underwriting Mgt firm seeks to purchase wholesale brokerage agency companies preferably NY, NJ, PA—will consider anywhere. PIs call Larry at 800-526-9082 or in NJ 201-368-3777 or write to IMS Underwriting Mgrs., Inc., 12 Rt. 17 N., Paramus, NJ 07652

POSITION WANTED

Insurance Broker, 13 yrs exp, MBA in Int'l Bus. 7 yrs Int'l exp (3yrs in Far East). Reached level of Branch Mgr for major brokerage. Seeking position that will offer career and challenge to fully utilize background. Reply:

Box 1621, Business Insurance,
740 Rush Street, Chicago, IL 60611

INSURANCE BROKERAGE PRODUCERS

Major San Francisco co. starting insurance brokerage affiliate seeks experienced property & casualty sales professionals in the Bay Area. Min. 7 yrs. brokerage experience & book of controlled business in excess of \$150K comm.

Salary & benefits commensurate w/experience. Equity participation considered. Send salary history & resume to:

Box 1611, Business Insurance
740 Rush St., Chicago, IL 60611

EOE

COMM'L UNDERWRITER BROKERAGE FIRM

Insurance brokerage firm seeks Commercial Lines Underwriter/Account Executive in the San Francisco Bay Area. Minimum 6 yrs. experience at brokerage level. Excellent career w/mgmt. responsibility for candidates with proven abilities in mktg., client contact & brokerage. Salary & benefits open.

Send resume & salary history to:

Box 1616, Business Insurance
740 Rush St., Chicago, IL 60611

EOE

New Jersey Insurance Company seeks venture capital partner for innovative insurance program with nationwide potential.

Box 1576
Business Insurance
740 Rush St.
Chicago, IL 60611

LONG HAUL TRUCK

- Workers Comp • Bobtail
- Cargo • General Liability
- One A Rated Admitted Mkt.

1-800-647-3769

Herbert E. Baker - President

 American Owner/Operator Underwriters Inc.
Suite 520 1886 Peachtree St. Atlanta, GA 30309

Vice President and Casualty Fac Underwriter

Well-accepted national reinsurer with Midwest home office seeks highly motivated individual with proven leadership ability to complement management team. Strong reinsurance underwriting background a prerequisite, including three years at primary company in commercial lines and ten years for well respected reinsurer. Must be experienced with buffer layers and large accounts. Responsibilities of highly-visible position include refinement of underwriting guidelines and rates. Substantial salary plus relocation expenses. For confidential consideration send your resume and salary requirements to:

Box 1613, Business Insurance,
740 Rush Street, Chicago, IL 60611.

AIRCRAFT FOR TRADE (MU2) FOR INSURANCE AGENCY
Please call Jim at 215-374-4041 (day) or 215-777-1120 (evening).

TRUCKING MARKETS WANTED

St. Louis based wholesaler requires trucking market for Liability and Physical Damage to be underwritten by mature, seasoned agency underwriter. Excellent volume assured. Reply to:

Box 1609, Business Insurance,
740 Rush St., Chicago, IL 60611

INDEPENDENT MARKETING REPRESENTATIVES

We are seeking qualified independent Marketing Representatives to sell our Computerized Medical Health Claims Administration System. We offer a very flexible commission schedule for the right representatives.

Please direct inquiries to:

WLT SOFTWARE SERVICES, INC.
35 CROCKER BOULEVARD
MOUNT CLEMENS MI 48043
TELEPHONE: (313) 463-6770

Property/Casualty Agency wanted for cash or partnership investment in the Chicagoland area.
Box 1605, Business Insurance
740 Rush Street, Chicago, IL 60611

BROKERS

V.I.P. Auto Dealer's Employee Benefit Program A national MET exclusively for employees of auto dealers underwritten by The Prudential Insurance Company of America, providing Life, Major Medical, Dental, A & S, and Prescription Drug Benefits.
For further information contact:
Robert N. Alberti, CLU
V.I.P. Marketing Group, Inc.
P.O. Box C, Pequannock, NJ 07440
1-800-524-0879

Assure yourself top quality employees—Advertise your openings in the Business Insurance Classifieds.

RISK MANAGEMENT ADMINISTRATOR

Dynamic, diversified Hi-Tech Company seeks a Risk Management professional for its Corporate Insurance staff in New York City. This challenging position involves all administrative, financial and analytical duties associated with our Corporate Risk Programs including contract review and loss control.

MBA or MBA candidate with a degree in Accounting or Finance required.

Please send resume and salary history in confidence to:

Box 1622, Business Insurance
740 Rush St., Chicago, IL 60611

Equal Opportunity Employer: M/F/H/V

PRESIDENT

Federated Rural Electric Insurance Corporation Kansas City, Kansas

Federated is now receiving resumes of candidates with executive level experience in property and casualty insurance coverage. Highly desirable that candidate have served as president of an appropriate sized property and casualty company.

Fifteen years experience in the industry with some law training. Masters Degree in Business Administration an asset. Successful candidate will be expected to engage in considerable travel related to maintaining business relationship with present clientele of approximately 350 electric and telephone cooperatives in 20 states. Experience serving cooperatives desired.

Corporation presently writing approximately 12 million dollars in direct premiums. Seeking to expand market into all states which have rural electric and/or telephone cooperatives. Present staff of 26 employees.

Salary range of position \$80,000—\$120,000. Hiring range competitive, based on experience and qualifications. Excellent benefits. Re-location assistance provided.

Please send resume with recent salary history plus 3 references by 15 February to:

Neil Doherty
NRECA
1800 Massachusetts Avenue, N.W.
Washington, D.C. 20036

BENEFITS MANAGER to \$50,000 NEW ENGLAND

We are representing a diversified corporation situated in Central New England w/10,000+ employees. The candidate we seek should have 4-6 years of quality experience, w/an emphasis in Pension Administration, which should consist of both Define Benefit & Define Contribution. Additional exposure to Group Administration & Plan Design also preferred. This candidate must have strong financial skills, ie, MBA Finance, Accounting or Business, and work w/in the Treasury/Finance Department. Excellent interpersonal skills and aggressive personality required. For immediate consideration, contact our executive recruiter in New York at 212-227-8000. Ask for RICH MEYERS/BILL PERRY.

LOGIC

170 Broadway, Suite 1708
New York, NY 10038

VICE-PRESIDENT

Business Men's Assurance is seeking a Group Risk Appraisal Vice-President for our home office in Kansas City. This individual will play a key role in the continuing expansion of our group insurance business unit.

Qualified candidates should possess a proven group underwriting and management track record including an in-depth knowledge of risk selection concepts and techniques applicable to the 50-300 employer group market, familiarity with alternate, partial and self-funding products, exposure to computer applications relevant to the group underwriting function, a college degree and a record of academic accomplishment within the industry.

This opportunity offers an attractive compensation package including excellent comprehensive benefits and liberal relocation assistance. If you seek a challenging, secure, growth-oriented environment where performance and professionalism are recognized and rewarded, this is the opportunity to pursue without delay.

For prompt, confidential consideration, please mail resume and salary requirements to Mike Cartella. (Principals only.)

BMA

Business Men's Assurance
Company of America
P.O. Box 458, Kansas City, Mo. 64141

Equal Opportunity Employer

CHIEF EXECUTIVE

IVANS, the Insurance Value Added Network Services, with headquarters in White Plains, New York, is seeking to replace its CEO who will retire in 1985.

The candidate for this exciting, challenging, and rewarding opportunity should:

- presently be a senior officer within the property-casualty insurance industry;
- communicate effectively with industry decision makers;
- be a self-motivated manager;
- possess a flair for marketing and business development; and enjoy extensive travel.

Position ideal for an executive contemplating a career change—or nearing retirement—offers an attractive compensation and benefit package.

Interested candidates are invited to submit a resume in confidence to **IVANS, Box 1623, Business Insurance, 740 Rush St., Chicago, Ill 60611.**

BI Classifieds assure top quality results!

Business Insurance

Circulation Breakdown*

Commercial Consumers

Administrative Management: owners, presidents, vps, etc. 5,357

Financial Management:

chief financial officers, vps of finance, secretaries, treasurers, etc. 9,876

Insurance Management:

vps, directors, managers of insurance, risk, benefits compensation, safety, security, etc. 7,254

Associations

1,069

Government, Unions, Educational Institutions

860

Commercial Consumers

Sub-Total 24,416

Insurance Agents & Brokers

9443

Insurance Cos.

5636

Financial Institutions

403

Actuaries, Attorneys, Adjusters, Appraisers & Consultants

3220

Others allied to the field

1127

TOTAL

44,245

*Source: Business/Occupational breakdown of qualified circulation, May 7, 1984 issue, as submitted to BPA for June 1984, BPA Publisher's Statement.

Ideal Mutual

Continued from page 1

Larry Coleman, financial services manager of the National Assn. of Insurance Commissioners in Kansas City, Mo., estimates that within 60 days of a liquidation order, most of the guaranty fund associations should begin to pay claims.

The five states in which Ideal wrote the most premiums are New York, California, Texas, Minnesota and Florida.

But, Mr. Coleman adds, "They're going to want the files, and they're going to want to look at the files" before the guaranty funds start paying claims.

Ideal's files are "so terribly fragmented" that the New York Insurance Department has a difficult task of matching policyholders' files with their states, says Jerry Service, director of the Florida Insurance Department's division of rehabilitation and liquidation.

Florida, whose guaranty fund is triggered by a liquidation order, has started an early effort to acquire Florida policyholders' files. About half have been found so far, says Mr. Service.

In Minnesota, where a liquidation order also is needed to trigger the guaranty fund, Ralph Fenske, managing secretary of the Minnesota Insurance Guaranty Assn. in Minneapolis, says: "We can't just go out and pay money. We have to have the files that show what needs to be paid."

"This thing is an awful mess, frankly, the full extent of which hasn't dawned on me yet, either," Mr. Fenske said.

Ideal Mutual, which wrote \$200.1 million in direct premiums in 1983, had only eight people working in the claims department when the New York Insurance Department's liquidation bureau took over the

company, says an Insurance Department spokesman.

Besides whatever files were at its New York headquarters, there were files at the managing general agencies Ideal did business with, as well as at its claims adjusting firms, which have offices around the country.

At a meeting of interested parties two weeks ago called by the New York Insurance Department, MGAs were instructed how to organize their files so they would know which state's guaranty funds to approach, says the spokesman.

Meanwhile, New York-based GAB Services Inc., one of the claims adjusting firms used by Ideal, has already sent data to the guaranty associations, a company official said.

Senior Vp Paul Dougherty said GAB sent a printout to each guaranty association telling it which GAB branch handled each of their state policyholders' claims, the claimant's name, the kind of claim, claims incurred and paid to date, the reserve outstanding, the accident date if relevant and whether the claim was in litigation.

Mr. Dougherty said the bulk of the claims were workers compensation claims. He said he did not know the percentage of Ideal business GAB handled, and he would not release the total amount of claims handled by GAB, noting that some of the claims on the list mailed out could have been closed.

As of late last week, none of the guaranty funds has contacted him for additional information, said Mr. Dougherty, who said he hopes his company will continue to handle the business.

B. Frederick Becker, Ideal Mutual's former president, says that in addition to GAB, claims adjusting firms used by Ideal included Atlanta-based Crawford & Co. and Piscataway, N.J.,-based Un-

derwriters Adjusting Co.

T.G. Germany, Crawford's chief executive officer, said: "We're working with the New York Insurance Department," but he had no additional comment.

Crawford's clients that are Ideal policyholders include Dart & Kraft and Quaker Oats Co., according to a source outside of Crawford.

R.A. Simon, chairman of Underwriters Adjusting Co., said the company is working with the New York Insurance Department.

In New York, where Ideal wrote direct premiums of \$27.6 million and reported unpaid losses of \$26.4 million in 1983, policyholders will be paid out of the state's \$250 million guaranty fund, which pays a maximum of \$1 million per claim.

In California, where Ideal wrote direct premiums of \$25.2 million in 1983, Joe Martin, chief of the Insurance Department's conservation and liquidation division in Los Angeles, says the California department was awaiting information from the New York department. In the meantime, his department planned to obtain a court order last week giving it permission to liquidate Ideal's assets in the state.

Ideal has on deposit in California bonds valued at about \$9 million to cover workers compensation claims, but Mr. Martin estimates losses will eventually total about \$20 million.

Ideal reported unpaid losses in California of \$14.9 million in 1983.

An official of the Texas Insurance Department said it is now awaiting a finding by its commissioner that Ideal is an impaired insurer, which would trigger its guaranty fund. The Texas fund pays a maximum of \$50,000 per claim. Ideal wrote \$16.1 million in direct premiums in Texas in 1983, and reported \$15.3 million in unpaid losses.

In Minnesota, Ideal had written

about \$13 million in direct written premiums as of December 1983, of which \$9.5 million was in workers compensation, says Jay Kaleski, assistant commissioner. Unpaid losses totalled \$15.1 million. Mr. Fenske estimates there are 2,200 outstanding Ideal claims in Minnesota. He anticipates that to handle these claims, the guaranty association will expand its current staff, which now consists of himself and two part-time employees.

The state's guaranty fund has a \$100 deductible and a maximum claim of \$300,000 for property/casualty claims, but no limit for workers compensation claims.

The Florida Insurance Department estimates Ideal wrote direct premiums of about \$13 million in 1984, of which about 40% was for workers compensation. In 1983, Ideal wrote \$11.6 million in direct premiums in Florida and reported \$15.1 million in unpaid losses.

Mr. Service said he is not sure what Florida's losses will eventually total. "A hard number isn't going to shake out for a long while," he said. Florida's guaranty association has a \$100 deductible for all claims except workers compensation claims, and a \$300,000 maximum.

Florida, he said, has obtained an ancillary receivership giving it control of Ideal's assets in the state, but those assets total only about \$100,000.

Mr. Service said he is satisfied with what the New York Insurance Department has done so far. "I think they're making an effort. They're trying. We'd like to be further down the road than we are, but we don't have any serious beef with them."

Guaranty funds are operated in every state and are separate entities from the insurance departments, although they often work closely together, says the NAIC's

Mr. Coleman.

The guaranty funds are funded by assessments on insurers doing business in each state. Only New York's fund is prefunded by an assessment on insurers; other funds assess insurers as money is needed.

He noted assessments are deductible from insurers' premium taxes, so they are, in effect, temporary financing paid for by the individual state's taxpayers.

Assessments are generally done on a line basis. Workers compensation insurers, for instance, contribute towards paying workers compensation claims.

Generally, if an individual policyholder's claim exceeds the maximum a state guaranty fund will pay, the policyholder will seek reimbursement directly from the liquidator, becoming a creditor.

And, each guaranty fund that pays claims from Ideal policyholders will then seek compensation from the liquidator, which in Ideal's case would be the New York Insurance Department.

Mr. Coleman says the guaranty fund associations have three choices when it comes to processing Ideal claims. They could do it themselves, they could arrange for Ideal's claims adjusting firms to continue to handle the work or they could contract out to another insurer.

Referring to workers compensation claims, which can often stretch out for many years, Mr. Coleman said: "I think a lot of the funds will probably run it out because they're in the business anyway" as a result of previous insurers that have gone into liquidation.

Mr. Coleman noted that in some cases, to insure a smooth flow of payment, agents and brokers may "purely on a voluntary basis" decide to pay their client's claims themselves, then await reimbursement from the association fund. ■

MGM Grand

Continued from page 1

MGM has paid out \$107 million in claims stemming from the fire.

And in a separate case, MGM is litigating with several of its property insurers the extent of property damage to the hotel (*BI*, March 1, 1982; April 18, 1983). No trial date has been set in the property insurance litigation, in which insurers contend MGM overstated the property damage caused by the fire.

MGM's suit against American Excess involved a \$10 million excess of \$10 million layer of coverage written by the insurer. That layer was part of the \$30 million of liability coverage MGM had at the time of the fire.

American Excess paid the \$10 million limit in 1981 to MGM, but it contended its liability for defense costs that were not included within the policy limits was limited to a percentage of the total defense expenses incurred by the hotel as a result of the fire.

Since total defense costs could not be determined until all claims had been settled, American Excess wanted to delay any payments for defense costs until the claims were settled.

MGM, however, argued that American Excess was obligated to pay defense costs during the period in which MGM was using the \$10 million from American Excess to settle claims. That period extended from October 1981 through March 1982.

In June 1984, Judge Mendoza ruled on summary judgment motions that American Excess was required to pay some money to MGM, said American Excess attorney David Garthe.

At that point, the insurer paid the entire \$4.7 million in defense costs to the court with the understanding that if Judge Mendoza ruled that less than the \$4.7 million was owed, the insurer would be reimbursed, Mr. Garthe said.

In his oral opinion, Judge Mendoza said MGM could reasonably have expected that defense and legal expenses should have been paid as they were incurred.

"The actions of the insurance company in this case seem to me to be aggressively overreacting to a legal interpretation which they hung onto tenaciously right from the very beginning to the end, to the extent that they, I think, overlooked their obligation and their duty," Judge Mendoza said.

"I believe that it is the insurance company's obligation to immediately come in and to attempt to assist and to help their insured in their time of aggravation, woe or whatever it might be, and certainly MGM was in this position."

American Excess "did not take the position that, I think, that reasonable persons and reasonable parties who have agreed to contract together should take," he ruled.

Judge Mendoza accused the insurer of "dilatatory tactics" that included filing a declaratory judgment in the case in Reno, Nev., 402 miles from the site of the fire; fighting the removal of the litigation to Las Vegas; and failing to answer interrogatories.

"It seems to this court that these delaying tactics don't give one the impression that the insurance company wanted to have this matter resolved at the earliest possible moment in order to determine their liabilities," he added.

"It would seem to me that they should have forthwith proceeded to try to have the matter litigated if that was their intent and try to have the matter resolved. In this, they failed."

"I think," Judge Mendoza continued, "that people—whether they are large corporations or small individual policyholders—have to be treated with greater deference, have to be treated much more fairly than was done in this case."

Noting that insurers might differ with policyholders on interpreta-

tions of insurance policies, the judge said the "voice of reason" should tell insurers they should consider assisting their clients, even if the policyholder might be taking an incorrect position.

"This case, with that sort of approach, was totally lacking," he added. "It was, 'we have a position to maintain and by God, that's our interpretation and that's what we intend to do.'"

Judge Mendoza also noted that American Excess deprived MGM of its right to use the money it should have paid for defense costs and forced MGM to use its own money to pay its obligations.

"I find in looking at the issue that there is and was bad faith practiced by AEI upon its insured, MGM. And the part that concerns me... and comes through from this evidence is that there was just a position taken that nothing would be paid, no matter how long it took before the total amount of the obligations were ascertained, or until some court ordered AEI to pay."

Bernard Segelin, MGM Grand's vp and general counsel, said the company was "very pleased" with the decision.

"We were disappointed the way the carrier handled the situation. They wouldn't reimburse us for any (defense) costs," he said.

The important thing about the decision, he added, is that it stated a policyholder is entitled to fair and deferential treatment, regardless of whether the insured is an individual or a large corporation.

MGM outside counsel Samuel S. Lionel said that MGM should receive more than \$1 million in interest on the \$4.7 million.

Mr. Lionel pointed out that even under American Excess' argument, the insurer recognized that it owed some defense costs even though it would not pay anything.

Mr. Lionel, with the Las Vegas firm of Lionel Sawyer & Collins, said the decision could have an impact on the upcoming trial of the

retroactive insurance litigation.

"It certainly could with respect to bad faith," he said, noting that MGM alleges the retroactive insurers acted in bad faith by not paying claims brought by fire victims.

The decision "shows the tendency of the courts in Nevada to recognize the obligations of carriers to treat insureds fairly and in good faith," he added.

Mr. Segelin added that there are no settlement negotiations under way between MGM and the retroactive insurers.

An attorney for American Excess said last week that the company would appeal the decision.

"I disagree with the judge's opinion on the policy requirements," said Mr. Garthe of the Oakland, Calif., firm of Boornazian, Jenson & Garthe.

"We, of course, think very definitely—the court did not follow the policy language," said Jim Boornazian, a partner with the same firm.

Mr. Boornazian added American Excess offered a "very substantial amount of money" to settle the case, but MGM rejected the offer.

American Excess' appeal will go directly to the Nevada Supreme Court since there is no intermediate appellate court in the state. ■

update

N.J. surplus lines changes

Continued from page 2

of the surplus lines marketplace to an association of surplus lines brokers, under the direction of the state insurance commissioner. The association will disseminate information and accept and review reports from surplus line insurers.

Lebed named CIGNA president

PHILADELPHIA—Hartzel Z. Lebed is the new president of CIGNA Corp. He succeeds Robert D. Kilpatrick, who will remain chairman and chief executive officer.

Mr. Lebed had been executive vp of CIGNA and president of the Employee Benefits and Financial Services Group.

Transit drops MGA business

LOS ANGELES—Transit Casualty Co. will stop accepting all new business written by managing general agencies to focus its resources on public transportation risks, company officials said last week.

"We're getting rid of all business except for public transportation," said Norman D. Thompson, a Transit vp.

Transit is not canceling current policies written by MGAs. The business will be run off as it expires.

The lines to be discontinued include excess and umbrella liability coverage and captive insurance and reinsurance programs. This business, primarily produced by National Underwriting Agency Inc. in Chicago and Donald F. Muldoon & Co. in New York, represents about \$200 million in annual gross premiums, Mr. Thompson said.

Last fall, Transit decided to discontinue fronting programs and to only write risks for which it kept a larger retention (*BI*, Nov. 26).

Pool slide company files for bankruptcy

Continued from page 2

and usual course of business and may significantly impair its ability to remain in business," says a resolution adopted by the company's board of directors before the company filed its bankruptcy petition Dec. 7 in U.S. Bankruptcy Court for the Central District of California.

While in Chapter 11, all litigation against a company is stayed as it tries to work out a plan for paying its debts.

Aquaslide wants to settle the product liability claims in bankruptcy court and will ask the court to set up a fund to pay the claims over a period of time while allowing the company to remain in business, says its attorney, William H. Ginsburg of the Los Angeles firm of Wood, Lucksinger & Epstein.

But, a recent change in the bankruptcy law could preclude Aquaslide from obtaining the protection of the bankruptcy court against the product liability suits and could allow the plaintiffs to force their suits to trial in federal court.

Aquaslide did not enter Chapter 11 lightly, Mr. Ginsburg said. Bankruptcy proceedings cause problems with distributors and suppliers and also are very expensive, he said. And, liquidation of the company is a "dangerous possibility," Mr. Ginsburg added.

"Aquaslide is suffering," he said. However, the attorney for Crystal Scales, one plaintiff suing Aquaslide, says her client will ask the court to lift the stay on litigation and will challenge the bankruptcy petition.

The attorney, Anne P. McHugh of the Trenton, N.J. firm of Pelletieri, Rabstein & Altman, contends that Aquaslide filed for bankruptcy to pressure plaintiffs' attorneys into settling for less money than they could otherwise get.

Aquaslide was found liable at a trial in October in Camden, N.J., for injuries to Ms. Scales that left her a quadriplegic. Ms. Scales had plunged headfirst into 3 feet of water from a pool slide manufactured by Aquaslide.

A separate trial for damages was scheduled to begin Dec. 10, but, on Dec. 7, Aquaslide filed its bankruptcy petition.

While no one knows what Ms. Scales would have received from a jury, plaintiff and defense attorneys in the case estimate the verdict likely would have ranged from \$1.5 million to \$6 million.

Ms. McHugh says Aquaslide had threatened to file for reorganization soon after the Scales suit was filed and also when her client declined to accept the company's offer of settlement.

"My suspicion is that this is a gimmick of Aquaslide to buy off plaintiffs' attorneys," Ms. McHugh said. "It tends to cause plaintiffs' attorneys to settle cases at unbelievably low rates, considering the nature of the injuries."

Mr. Ginsburg denied that Aquaslide filed for reorganization only to avoid this judgment, or that it was a tactical move to force plaintiffs to lower their demands.

The Scales case "was one of several" that precipitated the filing," Mr. Ginsburg said. "It was the case of the moment."

Had the Scales case been the only case Aquaslide was facing, the company would not have had to file for reorganization, he added.

Aquaslide's product liability insurance problems began in September 1977, when the company lost its primary insurance because of mounting litigation. The manufacturer could not afford to buy the coverage from another insurer, said Peter Brown, claims manager and administrator for Athens Insurance Services in Concord, Calif., a division of Aquaslide's insurance broker, James C. Jenkins Services.

As a result, Athens Insurance Services helped Aquaslide set up a captive insurer in Bermuda to provide \$700,000 annually in primary coverage: Eureka Insurance Ltd. of Bermuda.

But, Aquaslide could not purchase any excess insurance from 1977 to 1983. Although it found excess insurance in 1983 and 1984, it does not have any now.

Mr. Brown declined to provide details of the excess coverage be-

cause product liability suits are pending.

"We want insurance in the worst way," adds Aquaslide's attorney Mr. Ginsburg. "We were unable to find it."

"The insurance companies and the plaintiffs' bar are regulating which industry shall live and which shall die," he charges.

For the Scales case, Aquaslide has only \$214,000 in coverage from Eureka. The other \$500,000 has been exhausted in paying defense costs and other product liability claim payments.

Mr. Ginsburg said Aquaslide informed plaintiffs of the problems it was facing, including that they were "killing the goose that lays the golden egg," but they would not settle, he added.

In the Scales case, Aquaslide offered the remaining insurance

money plus an additional \$100,000 in cash from Aquaslide, which would have given the plaintiff about \$300,000, Mr. Ginsburg said.

This would have been in addition to the \$1.35 million in settlements she has already received from other defendants.

Ms. McHugh says that the \$1.35 million Ms. Scales received prior to trial should help her pursue a recovery from Aquaslide.

"She has the money to litigate this issue," Ms. McHugh says.

Ms. Scales attorney also argues that the owners of Aquaslide also own other corporations that are essentially "alter egos" of Aquaslide and that plaintiffs should also be able to tap the assets of those corporations.

Aquaslide attorney Mr. Ginsburg counters that the other corporations are separate from Aquaslide

and therefore are not liable for claims against Aquaslide.

Aquaslide's bankruptcy move may not result in a settlement fund set up by the bankruptcy court as it seeks, due to a recent change in the bankruptcy law.

There is disagreement over what the new bankruptcy law requires for disposing of third-party liability suits. But, already two federal district courts have said that the new bankruptcy law requires bankruptcy courts to refer liability claims to federal district courts for litigation of liability and damages if they can't be settled in bankruptcy court.

Mr. Ginsburg said that Aquaslide was aware of the possibility that the product liability lawsuits could be tried in federal court instead of settled in bankruptcy court, but "that is not what we want."

Florida citrus growers suffer losses

Continued from page 2

However, the damage in Florida was very severe.

Probably less than 10% of Florida's orange groves have insurance coverage for damage caused by cold weather, the citrus association spokesman said, noting that fewer groves are insured now than during the 1983 freeze. He said many growers in Northern Florida that were hit hard during the 1983 cold snap are no longer in business. Only a small number of growers in the southern part of the state, who were hurt by this year's freeze, have ever purchased crop insurance.

Last week, orange growers were attempting to minimize their losses by salvaging as much mature fruit as possible. Fruit that was ripe at the time of the freeze can still be sold for processing, he said.

Florida orange growers kept all-night vigils over crops during the freeze, armed with portable heaters and wind machines that kept intense cold from settling into the fruit.

Orange growers have traditionally lived by a rule of thumb that damage to oranges begins when the temperature falls below 27 degrees. Over a four-day period beginning Jan. 19, the mercury dipped as low as 19 degrees in Lakeland, which is located in one of the state's major citrus-producing counties. Temperatures as low as 7 degrees were reported in Jacksonville, which is further north.

Citrus growers weren't the only Florida farmers to be hit. Winter vegetables, including 9,000 acres of cabbage in the Jacksonville area, also were devastated.

Clyde M. Barnes, a cabbage grower near Jacksonville, said he expects to lose most of his nearly 200-acre crop and adds that he has no insurance to cover an expected \$100,000 in losses.

"There's no insurance available for crops here," Mr. Barnes said. "There's no way to make up these losses."

In Gary, Ind., a spokesman for the Chicago South Shore & South Bend Railroad said the recent cold weather indirectly contributed to the crash of two Chicago South Shore trains Jan. 22. The crash caused more than 80 injuries.

The accident occurred after a westbound train collided with an eastbound train on track normally reserved for eastbound trains. The westbound train was using the track because electrical power wires on the westbound track had broken due to severe cold, said South Shore Vp Tim Jorgensen.

Neither Mr. Jorgensen nor Richard Bunton, director of passenger services for the railroad, would

comment on the railroad's potential liability stemming from the accident or on its liability insurance.

However, sources in the railroad industry said railroads often have a self-insured retention between \$500,000 and \$2 million to \$3 million, depending on the size of the railroad.

One source speculated that a railroad similar in size to the Chicago South Shore would have a self-insured retention of approximately \$500,000.

Federal safety experts and the railroad were investigating the cause of the crash last week.

Fruits, vegetables and electrical wires weren't the only things that froze last week. Many business reported frozen pipes, which can be a huge safety hazard if sprinkler systems are rendered inoperable.

Industrial Risk Insurers, which provides a 24-hour hot line called Restore Shut Valves Properly for policyholders with frozen pipes, received 170 calls at its field offices on Jan. 20 and Jan. 21. The RSVP line usually handles around 400 calls per month, according to Dean Wilson, an executive engineer with IRI in Hartford, Conn.

Mr. Wilson said IRI engineers were responding to calls from many policyholders that were experiencing frozen and bursting pipes and broken sprinkler systems. Indianapolis, Houston, Dallas, St. Louis and Chicago were the areas in which customers asked for the most help.

An IRI spokesman said areas of buildings where there is only "marginal heating," such as suspended ceilings and corners, were problem spots during the freeze.

Pipes and sprinkler systems that run through such cold spots in buildings were exposed to the intense weather for extended periods of time, he explained. "These areas survive during normal cold, but in a penetrating, sustained cold, they

become frozen."

In New Orleans, four generators froze in 14-degree weather Jan. 20, cutting electricity to 70,000 homes and businesses and leaving two nursing homes without heat for several hours. However, no health problems were reported from the nursing homes that were without power.

In Queens, N.Y., the horses never got out of the gate at the Aqueduct Race Track on Jan. 20 when cold weather forced cancellation of the races, including the \$50,000 Count Fleet Handicap.

The track suspended racing at least until Jan. 26 because of the weather, but a spokesman would not say whether the Aqueduct had cancellation insurance coverage.

Another track spokesman said the track would not attempt to make up the canceled race dates.

Probably the most heralded cancellation due to the freeze occurred in Washington. President Reagan's inaugural parade was canceled because of the frigid weather, and organizers of the parade were left out in the cold.

Bleacher seats along the parade route had been sold for \$75 to \$100, and the inaugural committee plans to issue refunds for the 25,000 parade tickets that were sold if the refund requests are received before Feb. 10.

Two American International Group affiliates—American Home Assurance Co. and National Union Fire Insurance Co. of Pittsburgh, Pa.—underwrote a package of property/casualty coverage for the inaugural festivities, including property coverage on the reviewing stands, general liability, directors and officers liability, excess liability umbrella, comprehensive crime and auto coverages.

However, the package, which was brokered by Johnson & Higgins in Washington, did not include cancellation coverage.

Oregon court rules on libel

SALEM, Ore.—A state Supreme Court ruling has made it easier for private parties to recover from the news media in libel suits in Oregon.

The court said private parties are required to show only that the media were negligent—not grossly negligent—to recover damages as a result of defamatory statements.

The Oregon case involved a \$7.4 million suit brought by the Bank of Oregon and its president, Homer Wadsworth, in 1979 against the Willamette Week newspaper.

The paper was at the time owned by Guard Publishing Co., publisher of The Register-Guard newspaper in Eugene, Ore. It has been sold and

is doing business as the Willamette Newspapers Inc.

The bank and Mr. Wadsworth claimed they were defamed in a story about the bank's financial dealings.

The trial court judge ruled that the plaintiffs had to prove gross negligence, but this was overturned by the state Court of Appeals. The case now goes back to the trial court, unless it is appealed to the U.S. Supreme Court.

Bruce Smith, the paper's attorney, could not be reached for comment, but he has indicated he has not decided whether to recommend a Supreme Court review.

insurance services guide

Use the Insurance Services Guide to reach your best prospects.

Engineering & Consulting Services for Risk Improvement Programs
Code Analysis Loss Investigations
Sprinkler and Special Hazard Systems
Fire Alarm and Security Systems
NY 914/666-2981 VA 703/938-9132 FL 305/374-4009
SF 415/924-6474 LA 213/597-0303 IL 312/530-1494
GAGE-BABCOCK & ASSOCIATES
Corporate Office, 135 Addison,
Elmhurst, IL 60126

INSURANCE INTERMEDIARIES
Our fees paid by insurers • Large accounts placed
• Commissions negotiated

1655 Peachtree St., Suite 520, Atlanta, GA 30329
404-892-0791 TELEX 80-4319
(Former Ins. Comm. 8 yrs., Former Pres. NAIC)

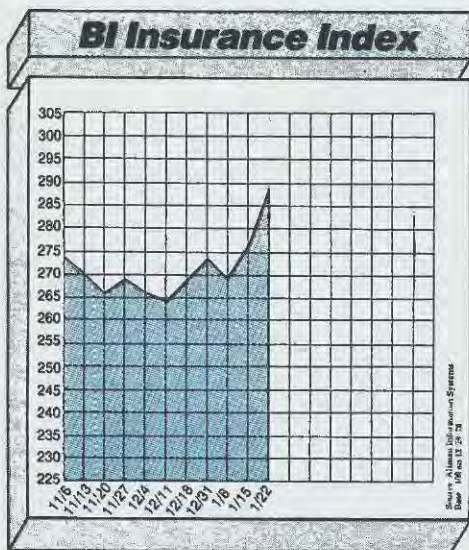
ATWOOD & CO.
Consulting Actuaries
Reinsurance and Reserve Analysis
for Captives, Self Insurers & Insurers.
13113 Polvera Ave.
Rancho Bernardo, CA 92128
(619) 451-6049

AUSTRALIA—INFORMATION
Written reports on any insurance related matter—
e.g., legislation, admitted-non admitted, mandatory,
self insurance options, inspections, briefings, re-
ports on carriers.
Write airmail or telex:
McGregor Insurance Management,
Suite 6, 76A Archer Street, Chatswood, Sydney, 2067
Australia.
Telex AA 27642 (Mark for attention User No. CD 139).

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 1
St. Louis, MO 63141
(314) 878-5002

**WORKERS
COMPENSATION
CLAIMS
SOFTWARE FOR
IBM PC XT**
All functions and state forms
Insurance Network Systems, Inc.
5118 North 56th Street
Tampa, Florida 33610
813-621-6069 (Fl)
800-237-8133 (U.S.)

For advertising information in the INSURANCE SERVICES GUIDE
Contact: Beverly Kluxdal, 740 Rush Street, Chicago, Illinois 60611.
Telephone (312) 649-5340



The Business Insurance stock index rose to a new high during the period that ended Jan. 22. The BI index of insurance industry stocks closed at 289.1 points on Jan. 22, up 11.6 points from 277.5 points on Jan. 15. The previous high, set on June 21, 1983, was 281.6 points. A total of 47 stocks were up for the period ending Jan. 22, seven were down, and seven were unchanged. The biggest gains were posted by Optimum Holding Corp., up 50.4%; Integrated Resources Inc., up 24.6%; Aneco Reinsurance Co. Ltd., up 18.2%; CNA Financial Corp., up 12.3%; and the Crump Cos. Inc., up 11.8%. The biggest losses were reported by Mission Insurance Group Inc., down 7.4%; Carolina Casualty Insurance Co., down 7.1%; Combined International Corp., down 3.4%; Tokio Marine & Fire Insurance Co., down 2.8%; and Aetna Life & Casualty Co., down 2.6%. The BI index rose 4.2% for the period, compared with an increase of 2.7% in the New York Stock Exchange composite.

Insurers must recognize their reserve deficiencies

By MYRON M. PICOULT
Special to Business Insurance

WE THOUGHT we would start this month's column by paraphrasing William Shakespeare and stealing a line from our last column:

"To reserve or not to reserve, that is the question;

"Whether 'tis nobler to maintain a false facade of reserve sufficiency in the mind,

"Or to belly up to the bar, clock the year and face reality."

Property/casualty company managements are at a critical juncture as they grapple with what kinds of numbers to report for the fourth quarter of 1984 and for the full year. In short, they are between the proverbial rock and hard place. The suspense will be ending shortly, as companies begin to report their year-end figures.

To recognize the reserve deficiencies adequately, most companies would increase underwriting losses materially. In many instances, underwriting losses already exceed taxable income sources. Hence, a dollar in pretax losses would quickly become a dollar on an aftertax basis and further erode the already strained surplus account.

As we have stated in the past, there are 365 days in a year, but only one Dec. 31 when it comes to reviewing and calculating reserve levels.

Many industry observers have estimated that the industry's reserves are at least 10% underwater. Some guess the figure to be closer to 20%. The fact that many company managements do not agree with this assessment is, of course, not surprising.

Looking for some preliminary data for 1984, we have developed the following for

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. His column appears the fourth Monday of every month.



Mr. Picoult

the stock segment of the industry. Earned premiums rose 7%, incurred losses jumped 16.7%, paid claims soared 17.2% and aggregate loss reserves expanded 8.8% to \$99.2 billion.

Finally, the reserves-to-statutory surplus ratio approximated 190.5% at year-end 1984, compared with 161.6% at Dec. 31, 1983. This spike is more a function of a decline in surplus than a sharp increase in reserves.

The decline in the surplus account in 1984 was caused by operating losses. We believe that this was the first time in more than 20 years that a decline in surplus was not accompanied by an overall decline in the stock market.

Another factor that was somewhat unique to the 1984 period compared with prior underwriting downturns in 1969 and 1975 was the fact that it was commercial lines that was the major problem. In the prior periods, it was personal lines that created most of the havoc.

In general, personal lines coverages are more "short-tail" oriented than the commercial lines. Hence, the higher level of concern about reserve adequacy this time around. As a footnote, it is normally said that the under-reserver is also an underpricer.

Last month we provided some insights into the industry's current leverage positions and what the numbers looked like using certain assumptions. The traditional measure of leverage in the industry is the premiums-to-surplus ratio (net premiums written/statutory surplus). This ratio typically has been used to indicate underwriting capacity.

Many years ago, the critical benchmark was a 2-to-1 relationship. However, this obviously has changed. Today, it seems that insurance regulators and rating agencies become anxious when the ratio flirts with the 4-to-1 level.

All things being equal, the greater the ratio the less the margin of safety, given a material deterioration in underwriting experience or erosion of an insurer's capital base.

We do not consider this ratio to be as meaningful as the reserve-to-surplus ratio. The premium-to-surplus ratio does not take into account such factors as mix of business, reinsurance covers and policy limits. We believe the reserve ratio more accurately depicts how leveraged the industry currently is.

Liability exposures, which have grown rapidly in recent years, carry higher reserve

levels vis a vis comparable property coverages. Liability insurance, because of constant changes in the interpretation of tort liability, has become increasingly susceptible to reserve deficiencies. Hence, the debilitating impact of a shortfall in reserves on a particular company is more realistically depicted in this relationship.

Many investors have made a bet that the profit recovery in the offing will be a carbon copy of the 1969 and 1975 recoveries. In the prior upturns, surplus growth outstripped premium growth and the traditional measures of leverage actually declined.

This time around, the industry's financial position has been materially compromised. A slower recovery in operating income, a sharp escalation in reinsurance prices together with tightened underwriting standards, and the prospect of a diminution in the ability of self-insurance facilities to pick up the slack, all point to a capacity crunch that may last much longer than insureds and insurers would like to think.

It is not inconceivable that the premium-to-surplus ratio—which averaged 2.8-to-1 for a screen of public companies as of Sept. 30, 1984—or the reserve-to-surplus ratio that averaged 3.4-to-1—could be 1.5 times greater within the next three to four years.

The Road Runner is no match for Shakespeare. His verbal claim to fame is "Beep Beep." However, his expression as the cliff gives way under him, the dynamite explodes under him or the steamroller rolls over him says it all.

The impending capacity crunch is not going to be the industry's salvation. Indeed, the Road Runner and the XYZ Insurance Co. may be one and the same.

Financial briefs

Fireman's Fund property

Fireman's Fund Insurance Cos. has sold its Novato, Calif., headquarters and several other properties to a European investment group for \$145 million, according to Fireman's Fund.

Fireman's Fund will continue to use the facilities, after signing a contract that gives it 10-year leases on the properties with an option to lengthen the agreement an additional 15 years.

The company's California holdings that were involved in the transaction included two office facilities in San Rafael and properties in Sacramento, San Jose and Santa Ana. In addition, properties in Phoenix, Ariz., and Avon, Conn. were also sold to the European group.

"This is an increasingly common transaction," explained William M. McCormick, chairman and chief executive officer of Fireman's Fund. "These properties were an enormous dormant asset. Selling the facilities and then renting them back improves our surplus and liquidity and enables us to invest the money."

Toa-Re boosts surplus

The Toa-Re Insurance Co. of America, based in Morristown, N.J., has increased its surplus by \$5 million. The money was contributed by the parent company and sole shareholder, the Toa Fire & Marine Reinsurance Co. Ltd. of Tokyo.

Richard F. Gilmore, chairman and chief executive officer of Toa-Re, said, "This contribution will increase Toa-Re's surplus to approximately \$20 million and evidences Toa's strong commitment to the U.S. reinsurance market."

USF&G dividend

USF&G Corp. has declared a dividend of 52 cents a share, payable Jan. 31 to stockholders of record Dec. 28, 1984.

Reliance dividend

The Reliance Insurance Co. declared a regular quarterly dividend on its Series A Preferred Stock of 67 cents a share, payable April 1 to shareholders of record March 15.

British Issues

22 Jan Companies	Price	P/E	Div. pence	Yield %	1 Week High-Low	
					pence	pence
Comml Union	203	N/M	16.9	8.3	203-200	
Genl Accident	525	52.5	27.1	5.2	536-515	
Gdn Royal Exch	670	18.1	32.9	4.9	673-656	
Royal	570	95.0	32.6	5.7	570-538	
Sun Alliance	420	40.0	20.0	4.8	423-410	
Brokers						
CE Heath	626	10.7	24.3	3.9	626-605	
Hogg Robinson	252	14.4	9.7	3.8	267-252	
JH Minet	252	17.4	7.4	2.9	252-244	
Sedg Grp	373	17.3	11.5	3.1	376-365	
Stew Wrightson	588	16.8	21.4	3.6	588-550	
Willis Faber	615	22.0	15.0	2.4	615-590	

Source: Philip Olsen/Alan Clifton, Insurance Industry Specialists Kitcat & Aitken Stockbrokers, London

BI Industry Stock Report

Insurance Cos.	Jan. 22, 1985					1/16/85 thru 1/22/85					Jan. 22, 1985					1/16/85 thru 1/22/85				
	Price	% Chg.	P/E	\$ Div.	% Yld.	High	Low	Vol. (000)	Price	% Chg.	P/E	\$ Div.	% Yld.	High	Low	Vol. (000)				
Aetna Life & Cas Co	NYSE	37.00	-2.6	19.0	2.64	7.1	38.38	37.00	1,924.3	United States Fid & Gty Co	NYSE	27.63	4.2	8.9	2.08	7.5	27.75	26.88	767.5	
American Bankers Ins Group	OTC	12.75	10.9	7.9	0.50	3.9	13.13	11.38	509.8	United Svcs Life Ins Co	OTC	28.63	2.2	5.6	1.20	4.2	28.75	28.25	17.9	
American General Corp	NYSE	27.88	7.2	10.3	0.90	3.2	28.00	27.00	1,795.2	USlife Corp	NYSE	37.50	9.1	10.4	1.04	2.8	37.50	36.13	854.0	
American Intl Finl Corp	OTC	15.25	-2.4	0.0	1.12	7.3	15.63	15.25	4.9	Washington Natl Corp	NYSE	24.13	10.9	13.3	1.08	4.5	25.25	23.13	247.4	
American Intl Group Inc	NYSE	68.50	3.6	13.4	0.44	0.6	68.50	66.63	699.6	Zenith Natl Ins Corp	OTC	14.25	3.6	11.3	0.68	4.8	14.25	13.75	65.0	
American Natl Ins Co	OTC	30.00	1.3	8.2	1.08	3.6	30.00	29.38	237.9	INSURANCE COMPANIES					AVERAGE	14.2	3.7			
Aneco Reins Ltd	OTC	1.63	18.2	0.0	0.00	0.0	1.63	1.50	13.8	Agents/Brokers										
Aveco Corp	AMEX	21.00	7.7	11.5	0.60	2.9	21.00	20.13	12.8	Alexander & Alexander Svcs	NYSE	25.88	2.0	287.5	1.00	3.9	26.00	25.50	475.5	
Banks Iowa Inc	OTC	42.00	1.2	13.2	1.56	3.7	42.50	41.50	9.6	Baldwin & Lyons Inc	OTC	45.00	0.0	19.4	0.80	1.8	45.00	45.00	1.4	
Bitco Corp	OTC	11.50	4.5	2.1	0.40	3.5	11.50	11.00	26.6	Corroon & Black Corp	NYSE	34.00	3.0	20.4	1.00	2.9	34.13	32.50	231.3	
Carolina Cas Ins Co	OTC	3.25	-7.1	0.0	0.00	0.0	3.50	3.25	0.8	Crump E H Cos Inc	OTC	22.50	11.8	20.1	0.44	2.0	22.63	21.00	255.9	
Chubb Corp	NYSE	52.63	3.7	18.5	2.20	4.2	52.63	50.75	398.3	Eaett & Chandler Cos Inc	OTC	11.00	0.0	0.0	0.00	0.0	11.00	11.00	0.6	
Combined Intl Corp	NYSE	38.50	-3.4	9.7	2.08	5.4	40.13	38.50	461.3	Gallagher Arthur J & Co	OTC	30.50	2.5	21.2	0.22	0.0	30.50	29.75	64.5	
Continental Corp	NYSE	37.63	0.3	107.5	2.60	6.9	37.88	37.50	649.6	Hall Frank B & Co Inc	NYSE	23.50	4.6	39.2	1.00	3.9	25.50	24.38	356.0	
Crawford & Co	OTC	20.75	5.1	13.3	0.66	3.2	20.75	20.75	41.0	Integrated Res Inc	AMEX	19.00	24.6	7.5	0.00	0.0	19.00	15.88	716.1	
Crown Life Ins Co	OTC	118.50	0.0	7.7	4.00	3.4	118.50	118.50	1.5	Marsh & McLennan Cos Inc	NYSE	60.00	2.8	29.0	2.40	4.0	60.00	59.00	299.0	
Employers Cas Co	OTC	34.50	0.0	7.9	1.20	3.5	34.50	34.50	15.2	Poe & Assoc Inc	OTC	6.25	0.0	0.0	0.00	0.0	6.25	6.25	1.5	
Equifax Inc	NYSE	34.50	-0.4	13.0	1.70	4.9	35.00	34.50	42.0	Reed Stenhouse Cos Ltd	OTC	19.25	6.2	27.5	0.60	3.1	19.25	18.63	416.6	
Farmers Group Inc	OTC	54.13	8.3	11.7	1.52	2.8	54.13	50.13	753.6	AGENTS/BROKERS					AVERAGE	25.9	2.4			
Foremost Corp Amer	OTC	27.75	2.8	16.2	0.96	3.5	27.75	27.00	111.3	Conglomerates/Holding Cos.										
Fremont Gen Corp	OTC	18.63	4.2	0.0	0.48	2.6	18.63	18.00	293.1	American Express(Fireman's Fd)	NYSE	38.50	0.3	20.1	1.28	3.3	39.13	37.75	5,166.7	
Great West Life Assurn Co	OTC	325.00	0.0	8.7	12.00	3.7	325.00	325.00	0.0	Anderson Clayton(Ranger/PanAm)	NYSE	35.63	3.3	16.8	1.32	3.7	35.63	34.88	61.7	
Hanover Ins Co	OTC	30.00	8.1	14.3	0.56	1.9	30.00	27.75	79.1	Arco Inc	NYSE	10.88	1.2	0.0	0.00	0.0	11.25	10.63	481.0	
Hartford Steam Boiler Insptn	OTC	60.50	0.8	20.0	3.00	5.0	60.50	60.00	15.2	CIGNA Corp	NYSE	45.88	0.5	37.9	2.60	5.7	47.75	45.88	1,811.9	
Jefferson Natl Life Ins Co	OTC	20.50	0.6	9.7	0.44	2.1	20.50	20.38	13.4	City Investing Co. (Home Ins.)	NYSE	39.00	-1.3	9.4	2.00	5.1	39.50	39.00	722.2	
Kemper Corp	OTC	44.75	1.4	31.7	1.80	4.0	44.75	44.13	99.8	CNA Finl Corp (CNA)	NYSE	40.00	12.3	19.5	0.00	0.0	40.00	35.75	139.7	
Lincoln Natl Corp Ind	NYSE	40.38	0.9	9.4	1.84	4.6	40.75	39.25	431.0	Control Data (Comal. Credit)	NYSE	35.88	1.4	12.9	0.72	2.0	36.63	35.25	1,506.3	
Mission Ins Group Inc	NYSE	7.88	-7.4	0.0	0.50	6.3	8.00	7.75	229.3	General Re Corp	NYSE	64.50	4.5	22.5	1.44	2.2	65.00	61.88	648.8	
Northern Natl Life Ins	OTC	32.88	6.0	12.7	0.80	2.4	33.00	31.25	695.0	ITT (Hartford Group)	NYSE	32.00	2.0	8.7	1.00	3.1	32.25	31.63	3,978.4	
Ohio Cas Corp	OTC	46.25	0.5	17.7	2.68	5.8	46.25	46.00	127.1	Optimum Hldg Corp	OTC	0.19	50.4	0.0	0.00	0.0	0.19	0.13	7.1	
Old Rep Intl Corp	OTC	30.75	2.5	6.2	0.88	2.9	30.75	30.00	450.9	Sears Roebuck & Co. (Allstate)	NYSE	34.00	5.0	8.3	1.76	5.2	35.00	32.38	3,782.4	
Orion Cap Corp	NYSE	21.75	3.6	241.7	0.76	3.5	21.75	20.88	70.5	Teledyne Inc (Argonaut)	NYSE	254.75	6.6	14.0	0.00	0.0	254.75	242.00	333.3	
Preferred Risk Life Ins Co	OTC	28.50	1.8	9.3	0.74	2.6	28.50	28.25	19.0	Transamerica Corp	NYSE	27.38	2.3	11.4	1.64	6.0	28.38	27.38	742.1	
Provident Life & Acc Ins Co	OTC	81.00	1.2	7.6	2.88	3.6	81.00	80.00	33.4	CONGLOMERATES/HOLDING COS.					AVERAGE	16.7	2.1			
St Paul Cos Inc	OTC	52.50	5.8	0.0	3.00	5.7	52.50	49.75	1,130.6											
SAFECO Corp	OTC	34.00	1.5	9.4	1.50	4.4	34.00	33.50	447.1											
Sfi Corp	OTC	18.25	2.1	15.1	0.68	3.7	18.50	18.00	270.3											
Seibels Bruce Group Inc	OTC	22.00	10.0	0.0	0.80	3.6	22.00	20.00	125.9											
Statefarm Group Inc	OTC	6.38	6.2	9.5	0.15	2.4	6.63	6.38	88.1											
Tokio Marine & Fire Ins Co	OTC	145.00	-2.8	25.1	1.05	0.7	149.50	145.00	6.4											
Travelers Corp	NYSE	40.00	5.3	10.1	2.04	5.1	40.00	38.13	1,625.4											
United Fire & Cas Co	OTC	20.50	2.5	0.0	0.80	3.9	20.50	20.50	0.1											

*Record high/low since Jan. 1, 1984

**Where does a company
that turns waste into profits
find efficient insurance protection?**



Stephen M. Heumann
Vice President-Treasurer
International Mill Service, Inc.

“We turned to Northbrook.”

In steel mills around the world, International Mill Service operates systems that convert mill wastes and slag into useful commercial products.

So with a corporate mind-set of high efficiency, IMS sought insurance protection for their U.S. operations that would provide the best casualty coverage in the most efficient way.

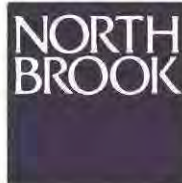
They found it at Northbrook.

Together, IMS and Northbrook worked out a loss-sensitive pricing program. Essentially, it enabled IMS to operate much like a self-insured.

According to Stephen Heumann, “What that did was increase employee incentive toward loss reduction. And with continued employee involvement, plus strong, ongoing communication between IMS and Northbrook, the program continues to get better and better.”

Take a lesson from IMS. See if the innovative Northbrook approach to pricing can make your insurance protection more efficient. Call your nearest Northbrook agent or broker today.

*For more information:
J. Dor. Johnson (Chicago) 312-551-2990
Chuck Gehrke (Atlanta) 404-435-2424
Cheri DeGeere (Los Angeles) 714-851-1447*



**Northbrook
National Accounts**

A Division of Northbrook Property
and Casualty Insurance Company
South Barrington, Illinois 60010