Annual Info for Buyers pages 27 through 45

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business insurance®

the national newsmagazine for buyers of employe, property and liability protection and financial services

Top Stories—1973

• **Monsanto Corp.** encountered trouble with its ten-year-old self-insured employe benefits plan when a St. Louis circuit court ruled self-insured plans illegal. (Jan. 15) Later in the year, the Mo. legislature amended the state law and made self-funded plans legal, but the state insurance department continued pressing its case for "years of illegal operation." (Jan. 29, Mar. 12, Sept. 24)

• **Thalidomide** made headlines again, with a record-breaking $50 million settlement in Britain which raised serious product liability questions about insurance costs and the risks of developing and marketing new drugs. (Jan. 29)

• **Minneapolis-St. Paul** became one of the first metropolitan areas to start a health maintenance organization for employes of large local firms. (Feb. 12)

• **The Equity Funding** scandal broke wide open, and called attention to a new dimension in white-collar crime after the firm reinsured millions of non-existent life insurance policies by means of executive computer fraud. (Apr. 9)

• **Shipping industry** controversy erupted over a Supreme Court ruling upholding Florida's tough anti-oil pollution law establishing multiple liabilities for oil spill damage regardless of fault or negligence. (May 7)

• **Pre-paid legal** services as permissible employer-paid fringe benefits were brought before Congress as House and Senate leaders introduced an amendment to the Taft-Hartley Law. (May 21) The bill passed. (July 2)

• **Russia's SST** prototype plane crashed at the Paris Air Show killing 14, injuring several dozen more, and generating losses of more than $50 million. (June 18)

• **The Williams-Javits bill** was introduced in Congress, which would force states to comply with minimum federal workmen's compensation standards. The threat of federal takeover of the system prompted frantic attempts by states to upgrade their laws and prevent federal intervention.(June 4 and July 2)

• **A rash of terrorist** kidnap incidents and skyjackings during 1973 was highlighted by the $3 million ransom of a Firestone executive in Argentina and the summer skyjacking by Arab terrorists of a $24 million Japan Air Lines jet in Amsterdam, later destroyed in Libya. (July 16, July 30)

• **Fire prevention** in foreign plants became big news at ITT when plans to spend $70 million over several years for sprinklers in overseas factories were disclosed, following the company's $40 million loss in the Longuenesse, France fire. (Sept. 10)

• **Consumer Product Safety Commission** chairman Richard O. Simpson put top company executives on notice they will be held personally liable for violations of the product safety law. (Sept. 10)

• **The United Auto Workers** agreed to a new contract with Chrysler Corp. which included a major new benefit, dental insurance, paving the way for fast growth of another fringe. (Sept. 24)

• **The energy crisis**, and other shortages, created a new dimension of risks for U.S. corporations. (Aug. 13, Oct. 8, Nov. 5, Dec. 17)

• **Health maintenance organizations** captured the attention of the nation as a final bill emerged from Congress which would make HMO options mandatory for employers of more than 25 workers. (Dec. 17) The bill was signed into law only days before yearend. (See story on page 2.)

• **The United Steelworkers of America** said a major bargaining point in upcoming contract negotiations would be insurance against workers' earnings losses in the event of employer cutbacks due to fuel or materials shortages. (Nov. 19)

For yearend roundups, 1974 outlooks, see pages 65-66.

Mutual Aid Pact helps cover airline losses during strikes

By STEPHEN GOOD

CHICAGO—While Trans World Airlines negotiated a settlement with its striking flight attendants, the company received more than a million dollars every day in a reciprocal insurance agreement.

The 16 airlines that belong to this protection plan call it the Mutual Aid Pact (MAP).

But some union spokesmen say MAP is a trust violation.

Since the Civil Aeronautics Board first approved MAP in 1958, airlines have supported each other during strikes up to 160 days long. Four major strikes since 1969 lasted more than 100 days.

Airlines belonging to MAP include American, Braniff, Continental, Eastern, National, Northwest, Pan American, TWA, United, and Western. The only two non-member carriers are Delta and Southern.

Under the 15-year-old pact a struck airline is immediately entitled to payments from other pact airlines equal to 50% of its average daily operating costs for the year preceding the strike.

During six weeks in November and December, TWA received about $1.75 million a day from other airlines while its 5,000 flight attendants were out picketing.

ACCORDING TO the airline, these funds do not nullify a strike's financial set-backs. One big money-loser for an airline is the first few days after a strike is settled. Passengers often keep reservations with other airlines, and it takes time to resume bookings.

But even if the airline does come out ahead, "the business and goodwill lost aren't worth it," a TWA spokesman added.

He explained that MAP funds are not a trust arrangement, but a legally condoned survival measure.

"It's basically not to make you profitable, but to give you a cushion to survive. During a strike these revenues are lost for good."

But momentum is growing in a campaign to end or modify the MAP because of the way it pools the financial power of 16 major airlines.

Frank O'Connell, legislative representative for the Transport Workers Union, said that TWA received $1,983,000 per day from other airlines beginning Nov. 5, when its strike began.

AFTER TWO WEEKS the percentage of daily operating expenses dropped to 45%, providing TWA with $1,785,510 daily. As a strike continues, this payment level can drop to 35% of the previous year's daily revenues.

These MAP payments could be profitable to an airline, especially in an off-season, Mr. O'Connell contended. TWA would have lost $10-15 million during the last quarter of 1973, he said. But with operating expenses slashed by the strike, the airline should clear $10 million in profits with the MAP revenues.

American Airlines and United Air Lines doled out much of this strike relief pay because their air routes paralleled those of TWA. They were taking many of the passengers that would otherwise have flown with TWA.

The MAP formula calls for each

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G. D. Crain, magazine's founder, dies

CHICAGO—G. D. Crain Jr., founder of *Business Insurance* and chairman of Crain Communications Inc., died Dec. 15 in Evanston Hospital, Evanston, Il.

Mr. Crain, 88, had been hospitalized following a stroke suffered on Nov. 7.

In addition to this magazine, Crain also publishes *Pensions & Investments*, *Advertising Age*, *Promotion*, *Industrial Marketing* and *Automotive News*.

Although Mr. Crain founded five publications and was involved in all aspects of their development, he said he regarded himself "primarily as an editor and reporter and writer." He was an early champion of circulation audits and editorial independence for business publications.

MR. CRAIN'S first publication, started in 1916 when he was 26, was *Hospital Management* (later sold to Clissold Publishing, which ceased publication in 1972). In the same year he started *Class* (which later became *Industrial Marketing*), devoted to specialized advertising in business publications.

Mr. Crain began *Advertising Age* in 1930. He started his fourth publication, *Advertising Requirements*, in 1952. The magazine subsequently became *Advertising & Sales Promotion* now *Promotion*.

Business Insurance, Mr. Crain's second non-marketing publication, was begun in 1967. Last year he was in on the development of Crain's newest publication, *Pensions & Investments*.

He is survived by his wife Gertrude R. Crain, secretary-treasurer of Crain Communications; and two sons, Rance, president and editorial director of the company, and Keith, president and publisher of *Automotive News*. ■

GM group dental plan to cost $125 million

DETROIT—General Motors Corp. may put out a whopping $125 million a year in premiums alone for its new group dental program covering non-union as well as union employes.

A hefty 40% of that business, it was disclosed, will go to Connecticut General Life Insurance Co. The rest is split among at least six other carriers, *Business Insurance* learned.

The United Auto Workers union received the guarantee of a dental plan as part of its recently negotiated contract with GM, a settlement which came just prior to the strike deadline and which followed the patterns set by UAW contracts with Chrysler Corp. and Ford Motor Co. (*Business Insurance* Nov. 5, 1973).

A SPOKESMAN FOR General Motors told this magazine that the new dental plan, which becomes effective Oct. 1, 1974, will cover nearly 600,000 hourly and salaried GM employes and their dependents. All employes with one year seniority will be eligible for dental program benefits, he said.

"THE PLAN WILL cover preventive, restorative and prosthetic services," the spokesman explained, "including dentures and bridgework, up to a maximum of $750 a year.

"There is a maximum lifetime benefit of $500 for orthodontic work for dependent children under the age of 19," he said of the new plan, which is non-contributory (fully employer-paid).

Pre-treatment determination of costs will be required under the plan for any treatment in excess of $100, he pointed out.

The plan calls for no co-payment for specified preventive or emergency dental care, the spokes-

Continued on page 2

Nixon yearend bill-signings make HMOs mandatory, widen flood aid

Health care option a must under group plans

WASHINGTON—President Nixon signed into law only two days before the end of 1973 a bill requiring all employers with more than 25 employes to offer optional enrollment in health maintenance organizations (HMOs) as part of any group health insurance package if an HMO is available in the area.

The Health Maintenance Organization Act of 1973 authorizes $375 million over the next five years for evaluation and organization of HMOs around the country. There are an esitmated 115 such group practices presently in operation. Casper Weinberger, secretary of health, education and welfare, said possibly 300 to 500 HMOs could be established over the next five years as a result of this federal push.

THE FINAL VERSION of the bill emerged early in December (*Business Insurance*, Dec. 17, 1973), and was swiftly adopted by both the House and the Senate.

President Nixon called the new law a "milestone" in the administration's health care strategy. HEW officials said in a briefing that the law is also an important adjunct to a national health insurance proposal that the administration will make public this month.

The Act contains provisions for mandatory basic HMO benefits, including dental care for children, treatment for alcoholism and drug abuse, and crisis intervention mental health care.

The important provision for employers is thought to be the stipulation that HMO membership must be offered only if such a facility is available near the employer's place of business. Basically, all employers coming under the minimum wage laws are affected by this legislation.

UNDER THE HMO CONCEPT, subscribers pay a pre-determined flat fee monthly or yearly, and in return are entitled to basic health case services as needed.

Bill S.14 states that one-third of the membership of the governing body of an HMO must be members in the group, there must be established grievance procedures, there must be an open enrollment period, and there is a prohibition against denial of membership on health grounds.

The law will provide grants for non-profit HMOs, as well as guaranteed loans for profit-making organizations. Spending allocations are for $64 million to be spent in the current fiscal year (which runs until next June 30), $113 million in fiscal 1975, $94 million in fiscal 1976, and $94 million in fiscal 1977, and $10 millon in fiscal 1978.

About $50 million of the appropriation will be spent on studies, to research and evaluate programs to guage how well they do their job.

Federal flood aid act extended; broadened

WASHINGTON—President Nixon signed into law a two-year extension of the Federal Flood Disaster Protection Act Dec. 31, one day before the original act expired.

The extended program doubles and sometimes triples the limits of flood disaster coverage by increasing subsidies to private insurance companies who carry policies in federally-designated flood-prone communities.

Coverage limits for single-family residents are up from $17,500 to $35,000. Other residential dwellings and non-residential property coverage limits rose from $30,000 to $100,000.

Protection against damage to building contents was pushed from a $5,000 to $10,000 limit for residential housing and from $5,000 to $100,000 for non-residential properties.

The original flood protection program was approved in 1968 for a five-year span, expiring at the end of 1973.

A spokesman from the Department of Housing and Urban Development (HUD) said that a total of 2,263 communities are now entitled to emergency subsidies under the Flood Disaster Protection Act.

"We estimate that there are something like 10,000 flood-prone communities in the country," he added. "We're hopeful that all 10,000 will be in the program eventually."

The spokesman noted that communities are often slow to take advantage of the program because they deem it unnecessary, or because any community that applies to HUD for protection must agree to take precautionary steps to reduce the risk of flooding.

One incident that inspired communities to sign into the program was hurricane Agnes, the spokesman noted. The 1972 storm caused more than $2 billion in flood damages to the Mid-Atlantic states.

"Before the storm itself there were less than 10 policies in Wilkes-Barre, Pa.," he said. "Now there are several thousand. You might say that's locking the barn door afterward."

Opposition to the act's renewal was not substantial, the spokesman said. "There was some objection to it on the part of the home builders. They wanted to keep building in some areas that we define as flood-prone." ■

Slower autos could lower deaths 25%

CHICAGO—The proposed 60-mph speed limit for cars and a gradual decrease in gasoline availability could reduce the annual motor vehicle fatality toll as much as 25%, according to the National Safety Council (NSC).

Vincent L. Tofany, NSC president, said the slower speeds and gasoline supply cut-back could result in an annual saving of up to 14,000 lives.

"The council's calculations depend on the present pattern and other circumstances of motor vehicle accidents remaining the same," Mr. Tofany emphasized.

"Assuming a 75% compliance with the new speed limits, our statistics indicate that the speed reduction could mean a 15% decrease in next year's fatality total. ■

Correction

Due to a typographical error, Francis X. McCahill, director of insurance and safety at Bristol-Myers Co., was misquoted in a story which appeared in *Business Insurance* Dec. 3.

Mr. McCahill said his informal survey of about 35 leading drug firms showed product liability losses seldom, if ever, exceed seven-hundredths of one per cent of gross sales. Mr. McCahill added that in compiling product information for underwriters, Bristol-Myers lists all possible side effects of all drugs on the market.

Senator Denenberg?

Herbert S. Denenberg, Pennsylvania's insurance commissioner, says he is "pretty serious" about running for the U.S. Senate this year.

Mr. Denenberg would reportedly campaign as a Democrat and probably face Senator Richard S. Schweker, the state's junior Republican senator whose term expires in January, 1975.

Filing deadline for the candidacy is March 12, and sources say Mr. Denenberg would have to resign his commissioner's post in order to campaign.

The commissioner claimed in a phone interview with *Business Insurance* that his department's programs would continue unabated if he stepped down. But there have been no persons named as a possible successor to the post.

Dental . . .

Continued from page 1

man further noted. Oral surgery, X-rays and restorative treatment, including root canals will be covered, with a 15% co-payment. There is a 50% co-payment for prosthetic and orthodontic treatments.

The GM man said he believes this is the largest dental plan ever written to date.

A number of insurers—including Metropolitan Life Insurance Co., California Dental Services and three different Blue Cross plans—are involved in the dental plan but Connecticut General's share is the largest.

OF THE anticipated $125 million in total premium (barring any long-term layoffs of employes), Connecticut General will receive $50 million. This plan is the largest single transaction in the insurance company's history.

"We will cover about 200,000 General Motors employes," a spokesman for the insurer explained. "Then, after you factor in about 400,000 dependents and that gives us a total of 600,000 people to be covered under this plan. We already had 900,000 people on the dental insurance books so this one contract ups that amount by two-thirds."

In order to handle the load, Connecticut General will establish a network of claims offices around the country to service the account, he said. At the same time, the insurer expects to hire about 200 additional persons to staff these offices.

Exact costs and additional details of the coverage have not yet been worked out, according to the GM spokesman. ■

GUIDE TO FEATURES

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Lockheed Aircraft: Massive firm with a giant insurance plan to match

By JOANNE GAMLIN

BURBANK, CA.—Lockheed Aircraft Corp., the nation's number one defense contractor, pays in annual insurance premiums a sum that many companies would swell with pride to report as assets.

The $2.4 billion aircraft-aerospace-electronics company paid $24.6 million in property/casualty insurance premiums in 1972, according to Robert Butler, corporate insurance manager.

In that same year, Lockheed contributed the healthy sum of $78.3 million to its employe retirement trusts.

Flanked by three other insurance/employe benefit executives, Mr. Butler detailed the mammoth Lockheed corporate insurance program which is noteworthy for its heavy accent on liability coverage and for its innovations in the employe benefit field such as a dental program and a health maintenance organization (HMO) option for those enrolled in the group health plan.

"WITH OUR ABSORPTION in the manufacture of aircraft and missiles, we have always had a powerful need for insurance," said the soft-voiced Mr. Butler, a former L.A. chapter ASIM president. "Just picture for a moment two planes in collision over Times Square."

The result, he said, is that many conventional approaches to corporate insurance are inoperative at Lockheed.

Self-insurance, for instance. At Lockheed, it is confined to auto collision.

"We are at present deliberating whether to go to self-insurance for workmen's compensation," said Mr. Butler. The chief advantage would be an increased cash flow. Lockheed expects to make a decision on the issue in 1974.

TURNING TO RECENT TALK of 1974 merger prospects for Lockheed, burdened with $850 million of debt, Mr. Butler said the impact of such a change on corporate insurance would depend on whether the merger partner is in the aerospace industry and whether the merger makes Lockheed an equal partner or a subsidiary. If the merger partner is in the aerospace industry, he acknowledged that a single, merged insurance program would be a possibility.

It is the products liability portion of the comprehensive liability coverage, Mr. Butler told this magazine, that chews up the largest chunk of premium dollars.

Lockheed has a $150 million comprehensive, first-dollar, liability policy which the executive said protects everything except aircraft products and marine liability. The carrier is Harbor Insurance for the first $5 million of the coverage; the London market underwrites the excess layers.

Aircraft products liability coverage, on the other hand, is 65% in the London market and 35% with U.S. Aviation Underwriters, New York.

IN ADDITION TO its aerospace and electronics divisions, Lockheed owns the Hollywood-Burbank Airport, one of a string of regional terminals that supports L.A. International. Airport liability, along with auto liability, are part of the comprehensive, $150 million program.

"Pollution, including that kind called noise, is excluded from the coverage," Mr. Butler noted. So is oil leakage, except in cases of spillage caused by accidents.

Like so many companies in these energy-short days, Lockheed also has an intense interest in oil. The reason: a recently formed Canadian subsidiary called Lockheed Petroleum Services Ltd. It will be engaged in offshore oil recovery in the Gulf of Mexico, the North Sea and elsewhere.

Mr. Butler believes it represents one of the brighter growth spots in his firm's future.

LIABILITY COVERAGE for the aircraft itself is comprised of a number of separate policies, with a $150 million limit.

Richard Burns, general insurance manager, explained that there are only three carriers in the world having the capacity to handle this amount of insurance for either aircraft liability or aircraft products liability. (The first protects the aircraft while it is still in the manufacturer's hands; the second, the aircraft after it has been sold to a third party.)

The three are: the London market, U.S. Aviation Underwriters and Associated Aviation Underwriters.

Marine liability, written for the company's oceanography vessels, is a separate policy with a $25 million limit. The policy's primary layers are split among three or four domestic carriers, while excess layers are in the London market.

Marsh & McLennan acts as broker for over 90% of the big manufacturer's many insurance policies.

A $1.4 billion blanket fire policy is another major part of the property/casualty coverage, carried on a 50-50 basis by Factory Insurance Association and the Allendale division of Factory Mutual.

Robert Butler

"FOR FIRE WE needed fire protection as well as engineering services so we opted for only domestic carriers," Mr. Butler explained, noting that the limit of $1.4 billion was set after calculating the value of all real and personal property. The figure, therefore, is variable.

The policy carries a low $20,000 deductible.

Business interruption coverage is with the same two carriers, is modeled after the fire policy. But it has a far lower, $300 million limit.

A $20 million difference in

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Lockheed . . .

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conditions policy has a $25,000 deductible on everything except earthquakes and floods, Mr. Burns said. He noted that the earthquake and flood deductibles are $500,000 each. Lloyd's of London carries the primary $5 million layer of this policy, while five domestic carriers take care of the $10 million first excess layer. Two carriers, Appalachian Insurance Co. and National Union Fire Insurance Co., participate in the second $5 million excess layer.

For workmen's compensation, Employers Insurance of Wausau is the carrier for the first $1 million of employer's liability. Beyond $1 million, the $150 million comprehensive liability program takes charge of this policy, Mr. Butler said.

"We believe we have a good safety program, supported by monthly safety meetings in each division, headed by a team of men whose responsibilities begin with OSHA," the insurance executive declared.

LOCKHEED ALSO HAS a blanket $5 million crime policy with a $5,000 deductible. Carriers are Employers Insurance of Wausau for the first $1 million layer and INA for the remaining $4 million.

Lockheed buys directors and officers coverage, but Mr. Butler declined to talk about the policy.

However, the Lockheed managers feel it is the broad employe benefit program that makes the company's insurance story worth telling. The firm has over 60,000 employes worldwide.

Earl Mink, group insurance manager, pointed out that employes can opt each year to take their group health insurance with Travelers Insurance Co. or to join the Kaiser-Permanente HMO.

"About 40% of our 23,000 Burbank employes are enrolled in Kaiser-Permanente now and that figure is constantly growing," he said, adding that Lockheed pays the full cost no matter which route the worker takes.

The major medical portion of the group plan provides for a $25,000 limit per person per illness, after a $100 deductible. Surgical expenses are paid up to $1,900.

Long term disability is completely paid by employes. Open solely to salaried workers, it pays a maximum benefit of $577 a week until age 65.

In cases of accidental death, hourly employes receive a $7,500 lump sum benefit while salaried workers get scheduled amounts from $7,500 to $10,000.

Both hourly and salaried employes are eligible for the life insurance program after 90 days. At that time, hourly workers receive a flat $7,500 while salaried workers receive between $10,000 and $45,000 depending on salary under a plan with Travelers.

UNDER A FURTHER plan with Pacific Mutual, hourly employes receive $1,500 after the one year and $1,500 for each subsequent year up to a total of $7,500 after five years. Salaried workers under the Pacific plan receive an additional $10,000 to $35,000, depending on salary after five years.

A dental insurance program was started in July, 1972. Largely paid by Lockheed, it pays 60% of dental charges for a worker who chooses a California Dental Service dentist. If he picks an outside dentist, the plan usually pays less. Certain procedures such as false teeth and bridgework are paid at the rate of 50% under the plan.

The benefits program also includes a voluntary savings and investment plan. Salaried workers can elect to have from 2 to 8% and hourly workers from $2 to $8, of their weekly paychecks deducted for investment. The money goes into either a bond fund, composed of investments in the government money market, or into a securities fund.

Lockheed Propulsion division manufactures Air Force short range attack missile motors.

Endowed with the same elasticity as the health program, the voluntary savings plan is supported by Lockheed to the tune of one-half of the worker contribution. Should an employe quit or be fired, however, he immediately forfeits a portion of the company-contributed nest egg.

BANKER'S TRUST oversees the hourly plan; Manufacturer's Hanover, the salaried plan.

"The plan has been an outstanding success in terms of employe participation," Mr. Mink said.

Lockheed offers a number of payroll deduction novelties, one being for automobile insurance. Others are for supplementary accidental death benefits, and term life insurance.

Bill Hofford, retirement plan manager, explained that employes are fully vested after 10 years. Salaried employes' pensions are computed on a formula of 1.5% per year of service, based on final salary over five years.

"This means," Mr. Hofford illustrated, "that a 20-year-man would get 30% of his average pay."

Hourly workers get retirement benefits amounting to $8 a month for each year of credited service.

The average age at retirement has been drifting downward for some time, Mr Hofford continued, noting that 60 to 63 years is presently the usual age for departure. Like so many companies, Lockheed has seen its number of retirees soar in recent years, he said. At the end of 1968 Lockheed counted 4,237 retirees; at the end of 1973, it had a cumulative total of 11,003

TO BE ELIGIBLE FOR early retirement, a person has to be 55 years old, in which case the maximum retirement reduction is 2.5% per year for each year under age 65.

The death benefit provided by the retirement program for salaried employes is equal to 10% of the company-sponsored group term insurance held before retirement. For hourly workers, the benefit is a flat $1,000. In both cases, there are minimum amounts, based on the death of the retiree after age 55.

In the event of earlier retirement, the death benefit is equal to 15% of group term life insurance if the retiree dies before age 65 or 20% if the retiree dies prior to attaining age 60. For further protection of the early retiree, there is a supplementary medical plan, with costs shared by the retiree and Lockheed.

A $205,000 fine was levied on Lockheed Shipbuilding and Construction Co. in late December for the Sylmar tunnel explosion that killed 17 people in 1971, according to recent news reports. Lockheed will appeal. ■

It's only natural that a "heavy-lift" pioneer should turn to an insurance pioneer

When you use huge helicopters to haul timber out of otherwise inaccessible forests, that's pioneering. These Sikorsky S-64E Skycranes can hoist up to ten tons of timber per trip — literally fly the load over steep valleys, swamps, rivers and other hazards — and deposit it gently at the loading zone.

This new logging method allows the selective harvest of needed timber that otherwise could not be used. It also greatly reduces the need for logging roads and the associated destruction of the forest environment.

Erickson Air-Crane Co. of Marysville, California, pioneered the practical use of this highly unconventional idea. The kind of idea that requires some unconventional thought . . . especially when it comes to insurance.

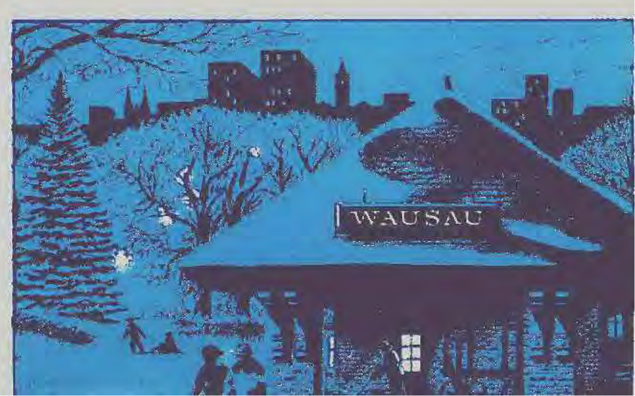
And when you're pioneering a new idea that involves hazards to employees, you just naturally come to the pioneer in workmen's compensation insurance. We're the people who wrote the very first policy in the country back in 1911. We carefully evaluated Erickson's operating procedure, and decided they had done their safety homework very well.

Now we're up there with Erickson, serving the lumber industry on the West Coast, the construction industry in Illinois, the electrical transmission industry in the Southwest, and wherever else Erickson's helicopters are needed tomorrow or the day after.

Because here at the source, our business is business insurance. And sometimes that includes helping new ideas get off the ground.

Come to the source

Employers Insurance of Wausau
Wausau, Wisconsin



Mysterious illness still unsolved at Borden—plant changes made

COLUMBUS—Borden Inc. spent "well in excess of $1 million" for working condition improvements at a coated-fabrics plant where employes suffered from a mysterious ailment earlier this year.

The disease, called "peripheral neuropathy," affected more than 180 Borden employes between March and October. Symptoms included loss of muscle strength and a lack of physical coordination. Some afflicted workers were reportedly too weak to turn a door knob. (*Business Insurance*, Oct. 22, 1973).

Although the illness' cause was never determined, medical experts suspect that fumes from a bad batch of chemicals were ingested by plant workers.

"We're extremely nervous about it," said Corwin Smith, president of Textile Workers Union Local 487. "But we hope the improvements made in the plant will keep us from further illness."

FOR ABOUT TWO MONTHS almost 600 of the union's 950 members stayed away from work while the company, union and health agencies met in Washington, D.C. under the auspices of the federal Mediation and Conciliation Service.

On November 5, all the union members returned to work. Along with the plant improvements they were promised continued medical testing and the permanent establishment of a joint labor-management health committee to augment the regular safety committee.

Included in the million-dollar plant improvement plans are:

- A new ventilation system in the print department, where chemical fumes were strongest;
- respirators in hazardous areas;
- company-provided protective clothing;
- rotation of workers on hazardous jobs;
- paid lunch periods with facilities for eating meals away from the work areas.

This last measure was taken because some investigators suspect that workers consumed toxic chemicals by eating food that was left out in the air where it could absorb fumes.

ELECTRO MYOGRAM TESTS that measure the strength of electrical impulses coursing through muscles are now given to workers in Borden plants around the country every six weeks. A less-than-average reading could indicate peripheral neuropathy.

"Of the original group that had negative readings over 50% are back to normal," said Russell Drake, Borden's risk manager.

"There are only seven to date who are deemed medically or industrially disabled. Even in the worst cases doctors indicated that in a year or two they'd be back to almost full capacity."

Local 487's Mr. Smith said he understood that "not in all cases is it improved."

"But they're not getting any worse," he added. These are rare cases.

MR. SMITH ALSO NOTED that the union is not receiving full reports on the results of the electro myogram testing, "although we feel it is necessary that we keep totally advised." He conceded that the individual workers are being told their own test results.

For those employes who are still out of work, Borden's Mr. Drake explained that they are receiving about two-thirds of their regular wage, as well as total medical cost reimbursement. Borden is self-insured in Ohio for employe benefits.

The first complaints of weak limbs and lost coordination came in March, Mr. Drake said. Investigations by Borden were conducted in July, but the ailment was not considered to be industrially-related. When more workers came down with the illness, alarm grew.

In September Borden called in the Ohio Department of Health. The next month Local 587 demanded a shut-down of the plant and a walk-off by its members. For two days the plant was completely closed while state university medical experts, the Ohio Department of Health, union and company representatives and the Occupational Safety and Health Administration (OSHA) searched for the cause.

None was ever pinpointed.

THE ONLY MAJOR change made in the plant during 1973 was the introduction of a potent solvent called MBK. It is a chemical used in the production of printing ink, made by a subsidiary of the Eastman Kodak Co. Borden has now replaced MBK with another solvent.

But MBK is a popular industrial chemical, used in plants nationwide. No other outbreaks of peripheral neuropathy were reported in connection with the solvent.

"They suspect that may have been the cause," Mr. Drake said. "If it were the MBK, it's so widely used there'd appear to be a high incidence around the country, which there isn't.

"That's the mystery." ■

Legislation to up comp law

HARRISBURG, Pa.—Legislation was introduced in the state senate that would bring the Pennsylvania workmen's compensation act into substantial compliance with the recommendations of the National Commission on State Workmen's Compensation Laws.

The major cost impact would come in the proposal to increase standard maximum weekly benefits to the level of the statewide average weekly wage, instead of the present two-thirds average weekly wage.

The net effect would be a 50% hike, and if the proposal were in effect right now, weekly benefits would go from $100 to $150.

Other provisions of the bill:

- Workers whose weekly wage is less than half the statewide average would receive their weekly pay as compensation.
- The waiting period would be reduced from one week to three days, with payment for the first three days retroactive after 14 days' disability.
- Widows who remarry would be entitled to a lump sum settlement of 104 weeks of benefits in lieu of continued widow's benefits.
- The time limit for filing for benefits would be expanded from two years to three years. ■

Net premiums paid on reinsurance ceded abroad
(Figures in millions of dollars)

	1972	1971	1970	1969	1968	1967	1966	1965
All areas	498.5	473.6	447.7	416.7	408.1	381.9	353.9	305.8
Western Europe	410.7	401.3	392.5	375.8	373.7	354.5	324.9	285.8
Canada	23.1	14.8	12.3	10.3	8.3	6.6	6.0	3.7
Latin America	10.4	10.8	12.8	9.6	8.8	7.6	8.9	7.1
Other countries	54.3	46.7	30.1	21.0	17.3	13.2	14.1	9.2

Losses recovered from abroad on ceded reinsurance

	1972	1971	1970	1969	1968	1967	1966	1965
All areas	273.2	263.7	287.8	269.3	291.2	302.6	310.2	288.8
Western Europe	218.0	220.8	253.8	243.1	266.4	280.8	288.8	273.1
Canada	14.0	13.2	12.5	8.4	9.2	7.5	7.5	5.8
Latin America	4.2	2.5	3.4	4.2	3.9	2.7	4.4	3.2
Cther countries	37.0	27.2	18.1	13.5	11.7	11.6	9.5	6.7

U.S. reinsurance market grows along with foreign

WASHINGTON—American reinsurers collected more than $416 million in net premiums from sales of foreign reinsurance during 1972, the highest amount ever received and an increase of 30% over 1971 figures.

The Commerce Department's 23rd annual survey of reinsurance transactions shows a net outflow of $63.1 million to foreign reinsurers in 1972, a decrease of $43.3 million from the 1971 net payments total and the lowest net outflow since 1967.

Because the figure for net outflow does not take into account profits made by U.S. companies doing business abroad, the Commerce department notes, it does not constitute the total effect of U.S. insurance industry international transactions on the balance of payments.

Premiums amounting to $498.5 million were paid to foreign reinsurers by American companies during 1972, but recoveries of $273.2 million in losses are also reported. In 1971, U.S. companies paid $473.6 million in premiums and recovered $263.7 million in losses.

COMPILED FROM statements filed by 249 reinsurers, the figures in the study do not reflect premiums received by U.S. companies from their U.S. customers. Only international transactions are tallied for the survey's results.

When the Commerce department initiated the reinsurance survey in 1950, U.S. insurance companies had paid foreign reinsurers $129.7 million, while assuming only $17.5 million in premium payments from foreign companies.

"During the period from 1950 to 1967 there was a notably steady increase in the dollar volume of cessions and receipts, but the former increased at a more rapid rate," the study results read in part. "By 1967, the gap between cessions and receipts had reached $238.7 million.

"In 1968, a significant change occurred in the trend of U.S. reinsurance transactions. The pattern was reversed, and, from that year forward, premiums received from foreign insurers have grown at a faster rate and larger dollar volume than premiums paid on cessions abroad. Claims paid have also grown at a faster rate than claims received, but the net balance of both these transactions—premiums and claims—has moved in a favorable direction since 1968." ■

Writer is eligible for jobless pay

SACRAMENTO—A state appeals board here reversed a ruling that denied unemployment benefits to a jobless writer while he was working on a novel.

The department of human resources development had ruled the writer was not eligible for benefits because he had not met state requirements calling for "some work" between unemployment claims.

The department said Lawrence L. Goldman made a claim and exhausted his benefits in November, 1971. He filed a new claim in November, 1972 but the department refused it, saying he had not had "some work" between claims as required by state law.

DURING THE 12-month period between claims, the department said, Mr. Goldman was paid residual wages for television scripts he had authored and he completed a novel for which he received an advance in November, 1972.

The department held that Mr. Goldman's work was self-employment and that it did not meet the very technical "some work" requirement. The California unemployment insurance appeals board reversed the decision, saying Mr. Goldman, "met the requirement of establishing a valid claim for benefits." ■

FM fire policy revised; important new exclusion

NORWOOD, MA.—The Factory Mutual System is moving closer to an all-risk insurance policy, while at the same time writing a specific new exclusion into its policies disclaiming liability for losses resulting from fuel or electricity shortages.

Insurance and the Energy Shortage

FM will broaden four existing coverages and add three new covered perils to its fire insurance policies effective February 1.

Liquid damage, collapse and volcanic eruption perils will be added and coverage against falling aircraft, missiles, and meteorites, sudden and accidental radioactive contamination, consequential damage and consequential loss caused by civil commotion or riot has been extended, all at no extra premium.

The change, termed "a significant step in the direction" of an all-risk property policy, puts to rest the unconfirmed report two months ago that FM's were considering incorporating complete difference-in-conditions coverage into the fire policy. (*Business Insurance*, Nov. 19). In a letter covering the policy changes, Bruce Matoon, vp of public information, stressed, however, "This is certainly not an 'all-risk' policy."

THE ENERGY CRISIS appears to have prompted FM to attach a special exclusion in the consequential damage paragraph: "Liability is not assumed for loss or damage resulting from lack of incoming electricity, fuel, water, steam or refrigerant caused by an occurrence off the premises described in this policy . . ."

The coverage of liquid damage and collapse perils are subject to a minimum $25,000 deductible, while damage from falling aircraft is subject to a $500 deductible. The broad radioactive contamination peril carries a $5,000 deductible.

The liquid damage addition to the policy will provide insureds with protection against accidental liquid damage not only from water but from other liquids. Damage from discharge, leakage (other than fire protection systems) overflow and sewer backup will be included. But damage from flood, surface water or ground water is excluded.

The collapse addition is based on conventional all-risk wording and will provide coverage against structural collapse, except in cases of flood and various types of earth movements.

BROAD RADIOACTIVE contamination has formerly been available as optional coverage. It now becomes standard and provides protection against any on-premises radioactive contamination resulting from materials used or stored or from processes conducted as defined in individual policies.

The consequential damage clauses in the present FM property form presently excludes riot and civil commotion. In the expanded coverage, this peril will be included.

The new and expanded coverage which becomes effective February 1 applies everywhere in the U.S. except Texas, Puerto Rico and the District of Columbia, providing that no regulatory authority subsequently denies approval. Canada is not included.

FM carriers include Allendale Insurance, Arkwright-Boston Insurance, Philadelphia Manufacturers Insurance, and Protection Mutual Insurance. Fire policies written by these firms protect more than 56,000 locations. ■

New supervisor named

Gilbert Krueger has been named to the newly-created supervisor of fringe benefits post at Rexnord Inc. in Milwaukee. He will administer employe benefits programs for the corporation, which manufactures industrial equipment and components. Mr. Krueger was previously group sales supervisor in Wisconsin for the Zurich-American Insurance Cos.

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

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

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

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

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Yes, tell me more about your SIB plan.

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British crisis seen causing few insurance ripples

London

The main effect of the British government's so-called "three day week" order will be on industrial plants, where production lines will be cut to conserve energy, especially electricity, through the winter until Prime Minister Edward Heath gives the order to return to normal.

Lloyd's of London may shiver; but it won't close. It has never shut down in its near-300 year history, even during the hazards of WWII. With a similar spirit it will work normally through Britain's current crisis, created for the most part by severe energy cutbacks.

Similarly, commercial insurance firms in the U.K. are expecting to continue working for overseas clients, who contribute much premium income to the country.

The main effect of the power crisis will be to cut the use of electricity at peak times in order to lighten the load on power plants. There is nothing to stop offices working in daytime conditions, using natural daylight.

LACK OF POWER MAY turn offices into cold, unheated places. But underwriters are determined that even if they have to huddle in overcoats, work will continue as usual at Lloyd's and other insurance centers.

Industrial plants have been told that from early January they will have to cut down to a three-day work week rotating arrangement worked out with power production plants so as to "spread the load" over a five day week for essential power supplies in local working areas. Major industries such as auto and steel will be hit hardest because they require power all the time for production processes.

But offices and department stores will go normally on "no-power" days provided they do not use electricity for lighting or heating. At other times they can use electricity to a reasonable extent.

With Britain's working day starting at 9 a.m., most of the time will be in daylight. Lloyd's and other insurance centers may have to start closing down for the day somewhat earlier than usual as dusk falls. Candles or gas lamps will be used in emergencies to clear documentary work on major overseas risks, if longer hours are required.

Basic facilities for Lloyd's, such as mail and phone communications, are not in any way hit by the crisis, which is confined to the "energy gap." Unfortunately Britain has power, coal, and gasoline problems looming all at once. Hence the power restrictions.

New York

Though American firms which deal consistently with the London insurance market may voice a bit of confusion over how the market will function during the period of Britain's enforced three-day work week, none of them feel that London's assureds will suffer because of U.K. cutbacks.

Confusion arises from the fact it is uncertain whether the London insurance community will attempt to do five days work in three days or will remain in operation five days under rather severe conditions.

Lloyd's of London, according to a representative here, will be in operation the entire five days of the week.

"Lloyd's and the Lloyd's brokers will be open for business five days a week," Keith Brown of LeBoeuf, Lamb, Lieby & McRae, Lloyd's general counsel, told *Business Insurance*. "It might be a little cool in the offices and a bit less bright than usual but business will not be interrupted."

JAMES HIGGINS, head of Marsh & McLennan's National Services Organization, concurred.

"We don't expect this to have a dramatic effect on any United States companies," he noted. "The London insurers will be available on a five-day basis for both underwriting and claims."

"The workload will simply be condensed from five days into three days," explained a spokesman for a large Eastern broker. "We don't anticipate any lapse in service."

And what about American insurance operations with branches or subsidiaries in Great Britain?

"Our offices there are subject to the same rules as everybody else," said a source at Insurance Co. of North America. "We'll be closed and everybody will have to get more done in a shorter period of time.

"HOWEVER," he stressed, "we really don't foresee any problems in either service or pricing."

Specifically exempted from the work cutback were continuous process industries such as automobile, glass and chemical manufacturing. Production lines in these industries cannot be easily restarted once stopped. They will, however, face a 35% cut in power, which is expected to result in layoffs.

About 9 million of Britain's 22 million workers were reportedly covered by minimum wage agreements but the remaining 13 million will receive sharply wage cuts as a result of the shortened work week. ■

Wisconsin's fund income off in 1973

MADISON, WI.—The Wisconsin department of industry, labor and human relations reported the state's unemployment compensation fund earned $13.2 million in inerest in fiscal 1973, a decline of $210,000 from fiscal 1972.

The fund, which finances benefits to jobless workers, rose to $279 million in the 12 months ended June 30 from $262.7 million at the end of fiscal 1972, the agency reported. Employer contributions climbed to $82.9 million from $62.7 million in fiscal 1972.

The increase was due to changes in the law and the need to make up the unusually high level of unemployment benefits paid in fiscal 1972, the agency explained.

Benefit payments dropped to $80,692,000 in fiscal 1973 from $104,552,000 the year before. The state unemployment compensation program, financed by a tax on employers, provides weekly benefits of up to $89 for workers losing their jobs through no fault of their own. ■

Okay, Marsh & McLennan! You've been helping protect corporate assets for 102 years.

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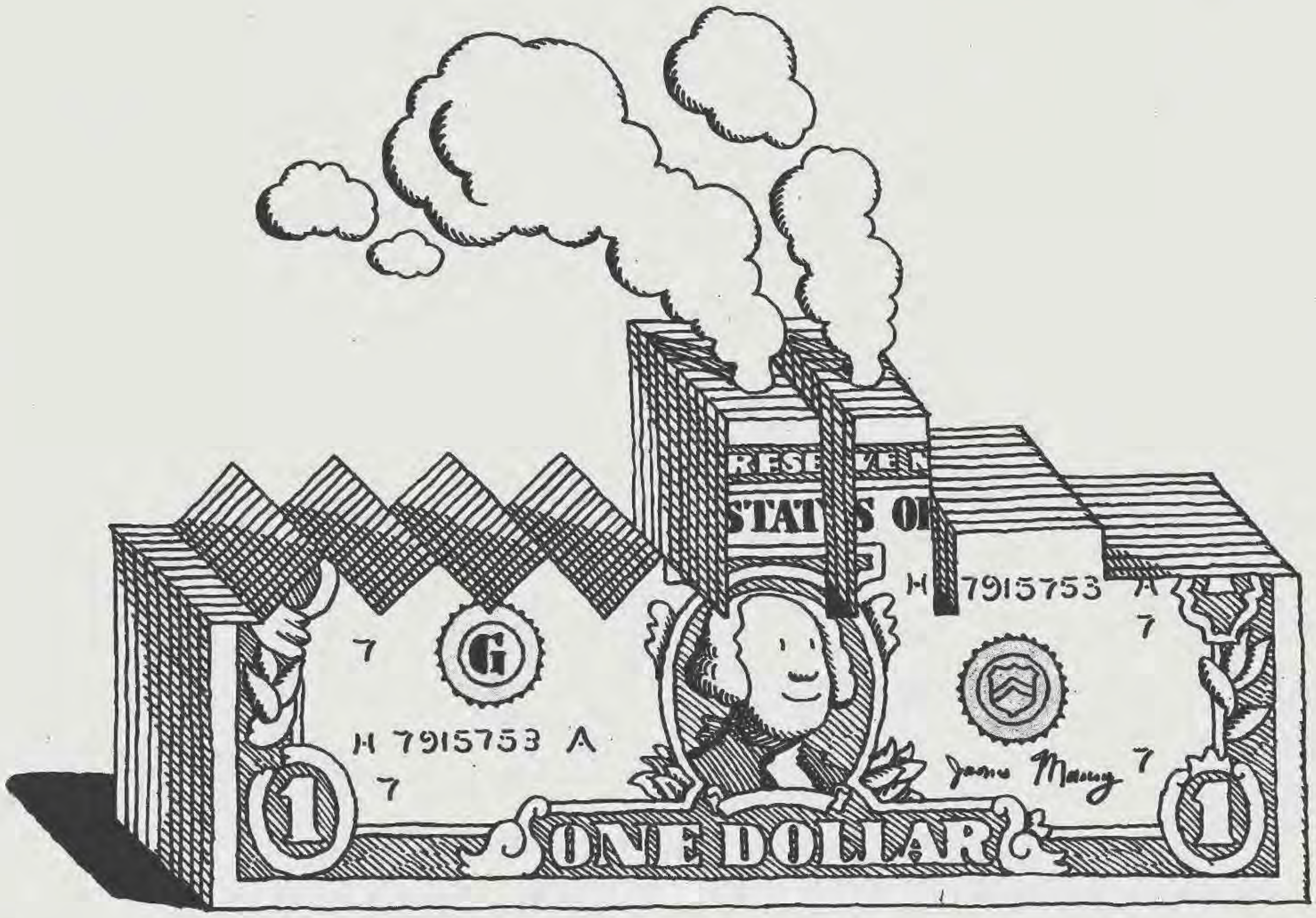

We wouldn't last long in the insurance business if we disappeared once the premiums were paid. We wouldn't be the world's leading insurance broker if we didn't deliver something extra in service.

That's why Marsh & McLennan created the National Services concept: to coordinate and deliver the full scope of our technical and professional expertise to a client, no matter where located; to enable us to function as a unified international company, while supporting and augmenting the skills of our local offices.

We've found it takes an intimate knowledge of clients, insurance markets and the business environments in which they operate to provide the most effective and economical insurance coverages. So we've staffed the National Services organization with senior specialists to meet specific client needs.

Our National Services include:

- Accident & Health
- Average Adjusting
- Aviation
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- Cargo
- Casualty
- Claims
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- Consumer Merchandising
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- Hull
- International—General
- International—Employee Benefits
- Life
- Loss Prevention
- Pensions
- Property
- Surplus Lines & Reinsurance

The growing complexity of today's corporate risk management problems frequently requires specialized solutions. These solutions come from local Marsh & McLennan offices working with our National Services organization.

MARSH & McLENNAN

The Knowledge Broker

Pan Am liability in airliner attack hinges on clauses in ticket contract

NEW YORK—Pan American World Airways' limit of liability for each of 30 passengers who died aboard its Boeing 707 jetliner in an Arab terrorist attack at Fiumicino Airport in Rome last month could be as low as $9,000 or as high as $75,000, depending on international and inter-airlines' agreements, a Pan Am source confirmed.

According to the source, the legal limit of liability on international flights hinges solely on whether or not an American location is listed on a passenger's individual ticket as either the flight's origin, stopover or destination.

Regardless of any other factor, if an American location is listed on the ticket, the limit of liability for proven damages, legal fees and costs is $75,000 per passenger, through a stipulation in the Montreal Agreement of 1966. Under this agreement, it makes no difference where the passenger buys the ticket, boards the plane or intends to go, and there is no need to prove negligence on the part of the airline.

IF NO AMERICAN location is listed, the limit of liability is either $9,000 or $18,000 per passenger, according to clauses formulated at the Warsaw Convention of 1929 and amended at The Hague in 1955.

At least half of the dead were identified as American citizens, most of them dependents and friends of employees of the Arabian American Oil Co. The plane was being prepared for take-off for a flight to Beirut, Lebanon, and Teheran, Iran.

Although the Pan Am source said it will take a while for the airline to determine how each ticket was listed, he said the loss would be covered by United State Aircraft Insurance Group (USAIG). He declined to state the limits of the USAIG policy, and USAIG spokesmen could not be reached for comment.

Harry Marden Jr., Pan Am insurance manager, called the passenger liability limits "an extremely complicated situation," and would only say that the airline "will cover the passengers in accordance with applicable clauses in the ticket contract."

TICKET CONTRACT provisions state:

Persons on a journey involving an ultimate destination or a stop in a country other than the country of origin are advised that the provisions of a treaty known as the Warsaw Convention may be applicable to the entire journey, including any portion entirely within the country of origin or destination.

For such passengers on a journey to, from or with an agreed stopping place in the United States of America, the Convention and special contracts of carriage embodied in applicable tariffs provide that the liability of certain carriers parties to such contracts for death or for personal injury to passengers is limited in most cases to proven damages not to exceed U.S. $75,000 per passenger and this liability up to a certain limit shall not depend on negligence on the part of the carrier.

For such passengers traveling by a carrier not a party to special contracts, or on a journey not to, from or having a stopping place in the United States of America, liability of the carrier for death or for personal injury to passengers is limited in most cases to approximately U.S. $9,000 or U.S. $18,000.

The limit of liability of U.S. $75.000 is inclusive of legal fees and costs, except in case of a claim brought in a State where provision is made for separate award of legal fees and costs, where the limit shall be the sum of U.S. $58,000 exclusive of legal fees and costs.

Another Pam Am spokesman said there is no question that the airline honors all three international travel agreements. Mr. Marden said late last month that no other insurance company had so far called his office for a passenger list, which is the usual procedure when other private insurers are involved.

He said the final estimates of property damage to the jetliners were not expected until this month. although the hull is covered by a $5 million policy written by Lloyd's of London. ■

MAP . . .

Continued from page 1

airline to provide up to 1% of its operating revenues for the previous year in payments to a crippled airline. In addition, "windfall" payments are made by carriers who gain extra profits by taking the struck airline's passengers.

Mr. O'Connell noted that in an extended strike American Airlines could have paid TWA up to $23 million as its 1% of operating revenues. Windfall payments could then go on indefinitely.

According to the Air Line Pilots Assn., Northwest Airlines received $47.2 million in its four-month long strike in 1970.

Despite these gaps in service, the public interest is adequately served by the MAP, a Civil Aeronautics Board (CAB) source explained. In February, 1973, CAB approved the pact for another five years.

"IT WAS THE subject of very, very extensive hearings and all parties were heard," he said. "The entire airline community was there."

When asked whether the unions opposed the MAP, the source replied "I would say so."

But MAP was renewed last year because its members are administration appointees, TWU's Mr. O'Connell said. The CAB's governing board is composed of five men, three Republicans and two Democrats. February's MAP renewal was decided by a vote of 3-2, split down party lines.

Legislative measures have been introduced in Washington to amend or kill the MAP, he noted. Congressman Joseph Karth (D, Mn.) and Senator Mike Gravel (D., Ak.) both introduced amendatory bills last year. And Republican Senator Robert Dole of Kansas recently asked the Senate Commerce Committee to investigate the pact's effectiveness.

A spokesman for non-member Delta Airlines said that his company protects itself from strikes with another kind of business interruption insurance—careful hiring and flight scheduling.

Delta's plans "call for no layoffs," he said. And the company has never suffered a strike that employees can remember. With so little to gain and millions of dollars to lose, Delta chose not to join the expensive MAP club. ■

Risk men surveyed on fire safety systems

MC AFEE, N.J.—Many risk managers are continuing faithful to water sprinkler systems while looking into CO_2 and Halon systems and moving gingerly in the direction of new systems for specialized applications.

Business Insurance surveyed a number of corporate risk managers, gathered at the Playboy Club here for a risk management seminar sponsored by the Society of Chartered Property & Casualty Underwriters to ascertain their feelings about the various systems.

"We are not particularly enamoured of any one system," commented Neil Hamilton, financial services director for the Eaton Corp. "We feel that you should use what you think works best in the areas where it is needed.

"However," he continued, "we use water almost everywhere. We sometimes have other systems in specialized circumstances but those cases are rather minimal."

THE RISK manager for an Eastern manufacturing concern said his company uses water almost exclusively with "a small amount of CO_2."

"We don't use Halon," he noted, "because we are still not sure of how safe it is for people even though the Halon people insist it is perfectly safe."

He pointed out his company uses water even in its EDP protection because "it has been proven beyond a doubt that water is perfectly alright for EDP systems."

As an experiment, his company poured thousands of gallons of water on a computer a year ago, dried it out and used it since without any problems.

On the other side of that fence was Bruce Ebert, corporate risk manager for Jonathan Logan Inc., who also said he mainly uses water but has a Halon system for the company's EDP operations.

"I THINK Halon is more adaptable for EDP use," he said. "And I don't think there are any safety problems associated with it. It has been proven to me that a person can live in a Halon environment."

Joseph Dolan, director of insurance at Sea-Land Service Inc. also leans toward water systems but said he has experimented with Halon.

"You could use Halon to protect the holds of ships," he pointed out. "With CO_2, you couldn't get anyone down there until it had all been cleared out but Halon doesn't pose that problem."

HE ALSO feels Halon is good for EDP installations.

The general satisfaction with water, though, was stated by the risk manager for a Midwestern retailing company who said, "I am extremely fond of water and I am happy to pay whatever water damages there are."

He, too, said his company uses water to protect its computer facilities but acknowledged other systems are being used now in this important area. ■

Prescription benefit plan

HARRISBURG, Pa.—PAID Prescriptions will administer a prescription pharmaceutical benefit plan for the 66,000 full-time employes of the Commonwealth of Pennsylvania represented by the American Federation of State, County and Municipal Employes—AFL-CIO.

The plan became effective November 15, and provides covered employes with prescription pharmaceuticals for themselves and their dependents at a maximum cost of $1.00 for each original prescription (and the same for each refill).

PAID Prescriptions is a service organization which administers pharmaceutical benefit programs for privately employed workers nationwide. ■

Denenberg sues U.S. official, firms on behalf of flood damage victims

SCRANTON, PA.—State insurance commissioner Herbert S. Denenberg and two other state officials filed suit asking $1 billion in damages from the federal government for failing to adequately notify homeowners in this state of the availability of national flood insurance.

A spokesman for the insurance department told *Business Insurance* the damages will be used to establish a special fund to aid homeowners recoup some of their losses and repay debts incurred as a result of flooding caused by Hurricane Agnes last year.

He emphasized that the suit was brought only on behalf of homeowners. He does not foresee the possibility of another suit on behalf of businesses which would have been eligible for the coverage.

The suit was filed late last month in U.S. District Court here by Mr. Denenberg, community affairs secretary William H. Wilcox, attorney general Israel Packel and six flood victims.

DEFENDANTS IN the class action were James T. Lynn, U.S. secretary of Housing and Urban Development (HUD), the National Flood Insurers Assn., the General Accident Fire & Life Assurance Corp. Ltd. and the Zurich Insurance Co.

The suit contends HUD and the insurers were obligated under the National Flood Insurance Act of 1968 to actively promote and sell flood insurance policies but had failed to do so.

As an example, Mr. Denenberg noted that possibly 300,000 households in the state were eligible for the coverage before Agnes struck but at that time, only 638 policies had been sold.

The outspoken insurance regulator called the alleged lack of promotion "a gross act of omission which resulted in extreme and unnecessary suffering for millions of persons."

HE SAID the "cavalier attitude" displayed by HUD in not actively advertising the availability of the coverage could not be tolerated, and added, "Through our action, we are telling the federal government that we will not permit it to continue to flaunt the law, that we will not permit it to forget its obligation to the people and that we will not permit it to ignore Congressional mandate."

Under the terms of the 1968 act, the government sells flood insurance policies through private insurance companies, which then receive a portion of the premium for selling and writing the coverage.

THE AMOUNT OF coverage available is limited to $17,500 for single family residences with a maximum limit of $30,00 on all other types of residential and non-residential properties. Contents coverage, which may be purchased separately, is limited to $5,000.

Mr. Denenberg also noted that persons are not eligible for the insurance, which is sold at subsidized rates, until their communities instituted flood protection measures.

The National Flood Insurers Assn., which would not comment on the suit because "we have not received any papers on it," is a pool of some 100 private insurance firms which act as the servicing organizations for the coverage. Zurich and General Accident, according to the insurance department spokesman, are the companies which administer the program in the affected areas of Pennsylvania.

Well over a year after Hurricane Agnes and her floods killed 38 persons in Pennsylvania and caused an estimated $3 billion in property damage, Mr. Denenberg contends the coverage is still not being promoted properly.

"Another Hurricane Agnes could sweep through Wilkes-Barre tomorrow," he said, "and the uninsured losses would be just as great as in 1972. This is possible because the federal government has not yet sufficiently acted to advertise flood insurance."

Some 100,000 persons were forced from their homes in Wilkes-Barre alone when the floods hit, but Mr. Denenberg said only two flood insurance policies had been sold there between 1968 and 1972. ■

Synercon, R. B. Jones may merge

NASHVILLE—Synercon Corp. and R. B. Jones Corp. are holding preliminary merger discussions, the two firms disclosed.

A merger of the two brokerage and insurance services firms would result in the sixth largest insurance brokerage in the country, with combined revenues of more than $28 million a year, following Fred. S. James & Co. with gross revenues of $53.5 million.

R. B. Jones Corp., based in Kansas City, is currently listed as the tenth largest brokerage firm, with 576 employes and commissions, fees and other income for 1972 of $13.6 million.

SYNERCON CORP. is currently the ninth largest broker with 493 employes and commissions, fees and other income last year totaling nearly $14.3 million.

Synercon is a publicly held firm with offices in many U.S. cities, as well as Milan, Italy, the Republic of Singapore and Bermuda.

R. B. Jones is also publicly held and has offices in the U.S. and Australia.

Both firms offer a full range of services, and both have been actively acquiring smaller brokerage firms around the country in recent years.

No details of completion of talks or a definitive agreement on the merger were available. ■

Two month strike ends

A job safety-related strike involving 700 members of a Textile workers union local at a vinyl-materials plant, Columbus, (Ohio) Coated Fabrics, has ended after two months. The company, union and health agencies agreed on a more effective safety program including measures designed to combat exposure to a disease called peripheral neuropathy. The walkout came after a number of plant workers came down with a disease that reportedly weakened nerves controlling muscles in the arms and legs.

Apartment fire may bring strong new building code

LOS ANGELES—The Stratford Apartment fire that claimed 24 lives here Nov. 15 is producing a tough new city ordinance without the liberal grace period that gave building owners four years to comply with requirements for enclosed stairwells.

A preliminary estimate set damage to the building at $150,000. The loss was covered by a standard fire policy written by the California Fair Plan Assn., with limits of $300,000 on building and $10,000 on its contents. The policy includes extended coverages against vandalism and malicious mischief.

An owners, landlords and tenants policy, written by Interstate Fire and Casualty, Los Angeles, also covered the building, owned by Fred Pavlos, Beverly Hills. Limits were not available.

LACK OF ENCLOSED stairwells was cited by Los Angeles fire department officials as the reason why the fire set by an aronist was able to roar through the three-story building with high loss of life on the upper floors. An open stairwell served as a chimney spreading the blaze, termed the worst residential fire in this city's history.

An 18-year-old transient from Tucson, Az., Michael Altenburger, admitted setting the fire and was arraigned on 24 counts of murder. The youth was ordered held without bail following the hearing.

The city ordinance that gave owners a four-year moratorium on meeting fire safety standards for old residential buildings was enacted following the Ponet Square Hotel fire which killed 19 persons in 1970. It specified that stairwells be enclosed or suitable alternate measure be taken in three-story or higher buildings constructed before 1943.

The "Ponet Square" ordinance also contained a provision that gave the owners until 1976 to comply. The 64-year-old Stratford was ordered to enclose its stairwells on April 4, 1972, and although the job had not yet been accomplished, the building manager was given until Jan. 1, 1976 to do so.

AFTER THE "Ponet Square" ordinance went into effect on Jan. 4, 1972, the Department of Building and Safety found 1,550 residential buildings which required corrective work. Only 98 have complied with the ordinance.

In addition to the four-year moratorium, the ordinance contained three alternatives to enclosed stairwells. These consisted of 1) installation of sprinklers on all stairways, halls, exits and storage areas; 2) installation of firecutoffs, fireproof doors that seal off one floor from another; and 3) demolition of the building. Eleven of the 98 cited owners complied by choosing the third option.

The day after the fire, the city council rescinded the four-year grace period and instructed the city attorney to revise the ordinance. The major change expected in the rewritten ordinance would be a provision that would give owners six months from the effective date to submit plans for corrective work and an additional six months to complete it.

Thus the building owners will have only a total of 12 months in which to complete the necessary work. Building department officials report that it would be almost impossible to make the needed changes in less than a year. ■

$1.5 million malpractice settlement

SAN FRANCISCO—Imperial Insurance Co. will pay $1.5 million, and American Hardware Mutual another $500,000 in one of the largest out of court personal injury settlements ever made to a single person.

Imperial was the prime insurer of the Sunnyvale (Ca.) Medical Clinic and American Hardware carrier of a special multi-peril policy for Armanini Pharmacy, both participants in a case of alleged medical malpractice that left 24-year-old Barbara Brader unconscious and expected to remain in a coma the rest of her life.

MISS BRADER, according to testimony before superior court judge John M. Brenner, suffered irreversible brain damage when accidentally given a huge overdose of a cocaine anaesthesia during a special x-ray process at the Sunnyvale Medical Clinic.

Since the June 6, 1972 chest examination, Miss Brader has remained in a coma at El Camino Hospital in Mountain View where she requires around-the-clock $45,000 a year medical care.

Miss Brader, then a 23-year-old grocery clerk recovering from pneumonia, went to the Sunnyvale Medical Clinic for lung x-rays which required insertion of a tube into her throat and use of coloring matter to provide detailed x-ray negatives.

The radiologist, according to her attorney, ordered a 1% solution of cocaine as a local anesthetic. By mistake, the pharmacy provided a 10% cocaine spray, so marked on the bottle. ■

Pensions increased

The Senate late last month gave final approval to a 10% increase in pension benefits for low income war veterans who became permanently disabled from non-service-related causes.

Precedent-setting rule holds hospital liable for actions of staff doctors

SACRAMENTO—Hospital immunity from liability in malpractice actions involving a staff member took a big setback in California when a surgeon and a hospital were ordered to pay $3.7 million in damages to a 31-year-old grocery clerk dying of cancer.

Superior court Judge B. Abbott Goldberg, who heard the case without a jury, awarded the clerk, Albert Gonzales, $1.7 million in compensatory damages to be paid jointly by Dr. John G. Nork, an orthopedic surgeon, and Mercy Hospital of Sacramento. Sharing the compensatory damages are American Mutual, Liability Insurance Co., the doctor's carrier, and Reliance Insurance Co., which provided coverage for the hospital.

Judge Goldberg also assessed Dr. Nork $2 million in punitive damages bringing to $5 million the total settlements against him in this and two previous jury trials for malpractice. Remaining to be tried are 30 more malpractice suits seeking an estimated $50 million against Dr. Nork.

ALTHOUGH MERCY Hospital and Reliance Insurance were not held liable in the two earlier trials, the carrier was providing coverage for the hospital in an undisclosed number of other suits still pending against Dr. Nork.

Other carriers expected to be involved as the suits proceed toward judgment include Insurance Co. of North America, carrier for Sutter Hospital where Dr. Nork also performed surgery, and Farmers Insurance Group, present carrier for Mercy Hospital, American River Hospital, and Mercy San Juan Hospital. The latter three hospitals were also involved in the doctor's surgeries.

The Gonzalez trial, which concluded Nov. 27, with a 196-page opinion delivered by Judge Goldberg, was notable for such bizarre events as Dr. Nork's testimony that he had lied in his two previous malpractice trials. He has charged his insurance carrier, American Mutual Liability, and its attorneys with forcing him to do it. Carrier and attorneys have denied the charges stemming from the two suits, which resulted in settlements of $495,000 and $595,000.

DURING THE TRIAL Dr. Nork testified that from 1963 to 1970 he was addicted to "uppers and downers." The judge said Dr. Nork admitted that "the drugs rendered him incompetent, and that they caused him to treat his patients improperly. Many of the surgeon's former patients were among the 85 witnesses who gave testimony.

Judge Goldberg's opinion pointed out that Dr. Nork "for nine years made a practice of performing unnecessary surgery, and performing it badly, simply to line his pockets." The doctor admitted performing unnecessary and negligent surgery on Mr. Gonzalez, as well as at least 36 other unnecessary back operations on his patients during his nine years of surgery.

Results of the Gonzalez back surgery, performed after a car accident in 1967, made the man "sedentary," said Judge Goldberg. He subsequently suffered emotional trauma causing three suicide attempts, and ultimately suffered cancer of the testes. Doctors give him no more than three years to live.

The question of criminal charges against the doctor is currently under investigation by the Sacramento district attorney. In addition to possible charges of battery to perform unnecessary surgery on a person, charges of perjury in connection with Dr. Nork's two earlier trials are a strong possibility.

In both jury trials he insisted that the surgeries he performed were necessary and proper. Later in the Gonzalez trial he admitted he had lied on the stand in an attempt to defeat what he later recognized as justified claims. He also admitted that the surgery on Gonzalez was unnecessary and improperly performed.

One of the issues that may be settled by a perjury investigation, in the view of one court observer, is the touchy question of whether it is encouraging perjury when a lawyer advises his doctor client to be confident and maintain that he is a good doctor. This was testimony given by Dr. Nork in his first two trials and later recanted in the Gonzalez proceedings.

DURING HIS recent trial, as at present, Dr. Nork practiced medicine at the Veteran's Administration Hospital in Martinez, Ca. His practice there, however, has been limited to treatment of out-patients and taking histories.

His current employment at the VA hospital is permitted by a legal technicality that makes it possible for a doctor to practice at a federal institution without a state license. Apparently the logic here is that the vast majority of military doctors would be unable to practice medicine if they had to obtain a new state license every time they had a change of duty station.

While Dr. Nork still has a valid license to practice in California, VA authorities have forbidden him to perform any surgery in the hospital at Martinez. In addition, steps are being taken to remove him from the rolls of the state's practicing physicians.

On Dec. 4, charges were filed against Dr. Nork by the State Board of Medical Examiners. Charges included five counts of gross negligence, five counts of gross incompetence, 10 counts of unprofessional conduct, five counts of prescribing or administering drugs, and two counts of using dangerous drugs (those defined as unsafe for self medication). The board is expected to conduct a hearing on the charges before the end of December.

IN HOLDING Mercy Hospital liable for damages in the Gonzalez case, Judge Goldberg in his opinion ruled that the hospital "has a duty to protect its patients from malpractice by members of its medical staff" and that the hospital cannot argue nonliability when "the duty of care is of great importance to the public."

The judge also pointed out "nothing in California law relieves them of this duty; that this duty, in 1967, could not be discharged merely by compliance with the then prevailing standards of the Joint Commission of Accreditation of Hospitals." Mercy Hospital has been accredited by JCAH since 1953, and previously had been accredited by the American College of Surgeons. The Gonzalez surgery by Dr.

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Hospitals . . .

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Nork was performed in November, 1967.

In outlining the events leading up to the Gonzalez proceeding, the judge said the hospital did not become aware it had a problem with Dr. Nork until May of 1970. That was when hospital administrators learned the doctor's malpractice insurance had been cancelled by American Mutual.

MERCY HOSPITAL then placed Dr. Nork under a monitoring system, under which he was forbidden to operate without another designated surgeon present. After June 1970 he did no further back surgery at Mercy General or at Mercy San Juan Hospital in Carmichael, the two institutions where he is said to have performed over 90% of his surgery.

Judge Goldberg called the case "a five-month horror" and delivered a harsh indictment of the JCAH standards and "peer review" system under which Mercy Hospital has been functioning.

He wrote, "Mercy at all times complied strictly with the JCAH standards requiring it to keep and review records of patients' treatment, operations, pathology, length of hospitalization, and similar data. It practiced, through its medical staff, the system of 'peer review' of the quality of patients' treatment required by JCAH. But the methods of review required by JCAH in 1967, and before, were random, casual, subjective and uncritical. They would have disclosed Dr. Nork's frauds only by accident."

The California Board of Medical Examiners also received a blast from Judge Goldberg, who termed the board was "derelict" in not taking action against Dr. Nork for continuing incidents of malpractice.

It will be a number of weeks before Judge Goldberg's voluminous opinion is entered as a final judgment. However, attorneys for both hospital and Dr. Nork indicate they are planning to appeal the decision.

IN ADDITION, David Rust, Sacramento attorney representing Mercy Hospital, told *Business Insurance* that a suit will be filed against Dr. Nork and his carrier, American Mutual. This will be an effort to force them to pay the judgment against the hospital and the legal expenses incurred by Mercy.

Edward Freidberg, attorney for Mr. Gonzalez, said it may be three to five years before all appeals in the Nork case are completed. Until then neither doctor nor hospital will be required to pay damages.

Mr. Friedberg also figured as the plaintiff's attorney in another malpractice suit which resulted in a $1.3 million award to a young girl who suffered serious brain damage from treatment at Arcade General Hospital in Sacramento.

Settled out of court last month, the suit is the result of treatment provided six years ago to Kimberly Gerringer. Because of techniques employed by Dr. Gordon Runnels, one of the defendants and chief of staff at the hospital, the girl now has the mentality of an emotionally disturbed first grader and requires round the clock care. She has a life expectancy of 62 years as an obese person.

Terms of the settlement: $550,000 paid by Pharmaceutical Inc. through its insurance carrier, Commercial Union Inc.; $100,000 by Hartford Insurance, the doctors' carrier; $200,000 by former partners of Dr. Runnels through Insurance Co. of North America; $300,000 by Arcade General paid through Truck Insurance Co.; $30,000 by Walter Kidde & Co. paid through Liberty Insurance; $75,000 by one of attending physicians paid through Aetna Casualty and Surety Co.; and $20,000 by Bischof's Surgical House.

Previously the child had been paid $25,000 through a homeowner's policy carried by her parents. ■

Increased malpractice premiums in store

LOS ANGELES—Related actions in the malpractice field soon after the settlement of the Gonzalez vs. Nork case included what was termed a "substantial" boost in premiums by Farmers Insurance Group, the carrier providing group liability insurance to members of the California Hospital Assn.

The rate increase proposed by Farmers was "not unexpected" and was approved December 3 at a meeting of the CHA insurance committee. It will go into effect Jan. 1, 1974. Size of the premium increase was not disclosed pending notification of member hospitals participating in the CHA group liability program.

Recently, however, a state committee on malpractice reported that doctors' malpractice insurance premiums, which increased more than 400% between 1968 and 1970, were due to take another 75% jump in southern California.

AN OBSERVER AT THE December 3 meeting of the CHA insurance committee said the Gonzalez vs. Nork case was discussed as "an information item," but that the results of the trial had no bearing on the premium boost.

The association's official position on increased malpractice losses is that they can be attributed to "new technology and medical expertise which is leading to major medical progress but at a high price when there is a failure of expectation."

Another recent development bound to affect malpractice losses was action taken by the American Medical Assn. on December 5, during its five-day meeting at Anaheim. At that time the AMA yielded to pressure from member doctors who demanded repeal of federal legislation creating a system to monitor the quality and appropriateness of medical care.

The AMA's house of delegates directed its leaders to try to repeal or have amended laws providing for professional standards review organizations (PSRO) that will do the monitoring. The delegates said the public and its legislators should be informed of the "potential deleterious effects of this law on the quality, confidentiality (of patient records) and cost of medical care."

BEGINNING JAN. 1, the PSRO's will under the new law monitor the care provided to 50 million Americans on Medicare, Medicaid (MediCal in California) and the child health program, which presently cost $17 billion annually.

Under the PSRO program as presently stated, doctors who abuse the Medicare or Medicaid programs by doing unnecessary surgery, for instance, would be subject to fines of up to $5,000. ■

editorial opinions

Malpractice

WE HEARD the other day that some actuaries dealing with medical malpractice are now saying if malpractice judgments continue to spiral upwards liability insurance payments for such losses will in the foreseeable future outstrip all other forms of liability insurance awards. Now we read (page 16) that hospital immunity from liability actions involving staff members took a big setback in California when a surgeon and a hospital were ordered to share in a $3.7 million malpractice award.

To the former, we say that it's incredible, but certainly conceivable; to the latter, we hope the trend continues.

It's not that we're down on hospitals and up on doctors, for that is certainly not the case. Strictly speaking, in fact, the reverse is probably true. But we're encouraged by the fact that the courts are beginning to hold hospitals liable for the actions of so-called "agents," for it's almost certain to introduce better risk management to the field of medicine.

The medical malpractice problems for doctors, hospitals and insurers will continue to multiply until the root of the problem is treated. And the root of this problem, we feel, is in the management of medicine.

Maybe a few Harvard Business School techniques need to be introduced into the medical profession. What other industry has grown quite as rapidly, has become quite as crucial to everyone's balance sheet, yet still entrusts practically all management to mini-corporations run by individuals with medical degrees and appointment secretaries.

In this day and age, it seems incredible to admit that many malpractice cases still stem from absent-minded carelessness (yes, many awards involve surgeons who mistakenly remove the wrong limbs or organs). How about starting with something as simple as this: A hospital employe stationed outside the hospital room with vital papers in hand who says something like this, "Good morning, Dr. Jones. You're going to remove Mr. Smith's gall bladder this morning, right?" Sounds ridiculous, we know, but too often we fear the lack of a simple little crosscheck such as this has resulted in pain and suffering for the patient and high insurance rates for the medical profession.

True, a good surgeon can be a genius at what he does best. But that's no reason to assume he can remember or observe all the details long handled for most flourishing businesses by good middle management.

Roving report

FEW ELEMENTS OF the American economy have expanded as rapidly as the fast-emerging multinational corporations involved in international trade through foreign operations. This expansion, moreover, has led to a host of new problems and challenges for those involved in risk and benefits management both abroad and at home.

On March 12 *Business Insurance* will publish its annual International Issue, and this year we're especially excited, for the backbone of this issue will be a special report from Europe by a *Business Insurance* staffer on the scene.

Washington editor Tom Walsh (we thought it might be a good idea to expand his mind and get him out of the Watergate-bound capital during the Congressional recess) is presently traveling in Britain and on the continent gathering material for this issue.

As this is being written, for example, and if his itinerary is holding up, he's meeting with a large multinational pharmaceutical and chemical producer to discuss employe benefit and risk management setups with that company. From there he goes to Zurich, then on to Rome, Paris, London and the Netherlands. He has also scheduled several meetings with members of European counterparts of the American Society of Insurance Management to discuss the growth and development of risk management in Europe.

Business Insurance readers, we learn more and more every day, are becoming greatly involved with international insurance and risk management. And this involvement is likely to increase expanding as the multinational company does. Our report March 12, we're sure, will give readers a better feeling for what they're up against.

G. D. Crain Jr.

ELSEWHERE in this issue we note the passing of G. D. Crain Jr., founder and chairman of the board of Crain Communications Inc.

Mr. Crain, a most successful and enterprising journalist and publisher, founded his company in 1916 and watched it grow into one of the major publishing houses in the United States. Along the way he started publications like *Advertising Age, Industrial Marketing* and, in 1967, *Business Insurance.*

With the latter, G. D. Crain realized a longtime desire to give the commercial consumer of insurance, the professional buyer with a multitude of risks and exposures to insure, his own, independent newsmagazine.

At one time in his early business reporting career, Mr. Crain was a correspondent for the Western Underwriter (now National Underwriter). Unquestionably it was this exposure to insurance trade journalism heavily oriented—as it should be, perhaps—toward the industry it serves that led him to believe so strongly in the need for a consumer-oriented newsmagazine that would respond and react for those who depended on the insurance industry to help protect corporate assets, both human and material.

Perhaps it was visionary that the age of consumerism and the Naders and Denenbergs hit at about the same time *Business Insurance* began publishing.

With G. D. Crain's help, guidance and unwavering support, *Business Insurance* has grown into a strong, independent and influential newsmagazine dedicated to serving the needs of the commercial consumer of insurance and employe benefits.

We shall miss him—his guidance, his criticism and his praise—but we are pledged to continue pursuing goals he established for us.

letters

This column is a readers' forum. Letters are welcome. Address Letters to the Editor, Business Insurance, *708 Third Ave., New York, N.Y. 10017.*

Colorado captives

To the editor: I read with interest the article on page 15 of the December 3rd issue of *Business Insurance* which reports certain aspects of my comments before the regional conference of the American Society of Insurance Management in Chicago. For the most part you have done an excellent job of reporting.

However, there is one very definite misstatement which I feel must be corrected.

In the fifth paragraph of the article it is stated that our legislation would permit the formation of captive insurance companies "without taxation of premiums." That is not true. What the Colorado Captive Insurance Law does provide is that they shall be subject to only a 1% premium tax. This is in contrast to the 2¼% that foreign companies would pay in Colorado or other premium tax rates which would be assessed in other jurisdictions. It is also in contrast to the federal tax which companies must pay on insurance premiums "exported" from the United States to alien companies or off-shore captives.

J. Richard Barnes, C.L.U.
Commissioner of Insurance,
State of Colorado, Denver, Co.

Fortune study

To the editor: In your November 19 issue, you referred to a survey released by Fortune Market Research.

I would appreciate receiving a copy of this study. If you cannot supply it, can you give me information on how to get it.

Norman E. Jones,
Associate Comptroller, The Procter & Gamble Co., Cincinnati, Oh.

Editor's note: **How Major Industrial Corporations View Property/Liability Insurance** *is an extensive survey conducted by Fortune magazine's market research department. Single copies cost $2.25; bulk rate is $1.50 each. Write to the Fortune Marketing Department, Room 1847, Time & Life Bldg., Rockefeller Center, New York, N. Y. 10020.*

Fire protection journal

To the editor: In reference to an article entitled "Computer Protection is Urged." (*Business Insurance*, Nov. 5, 1973) I would like to obtain a copy of the Fire Protection Association of U.K.'s

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business insurance

the national newsmagazine for buyers of employe, property and liability protection and financial services

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Risk men worry about fuel shortage, but not about its effect on sprinklers

NEW YORK—While the fuel shortage and its ramifications may have stirred up some worry on the part of risk managers, the fear of fire protection systems failing due to cutbacks in heat does not seem to be high on the list of possible disastrous consequences.

Most risk men surveyed by *Business Insurance* at a recent CPCU meeting nearby said fire protection could become a problem if industries actually run out of fuel, which they believe is a rather scant possibility. They further noted that the simple act of lowering the temperature in a building should not have an adverse effect on fire protection systems.

"I really doubt sprinkler systems will freeze up during the energy crisis," commented Bruce Ebert, corporate risk manager of Jonathan Logan Inc. "I'm sure we'll be allowed to keep heat up to a point where that will not be a serious danger."

NEIL HAMILTON, director of financial services, Eaton Corp., concurred. "You could have problems with freezing up if you reduced the heat too much," he noted, "so you would have to do something to keep the heat up to a safe level, usually somewhere around 45 degrees."

The risk manager for a large Eastern manufacturing firm sees no problems under normal circumstances but mentioned a problem that could develop even if fuel does not normally disappear.

"Pipe freezing will not be a problem if heat is kept above 50 degrees," he pointed out. "However, I can foresee a problem if you decide to curtail heat completely over the weekend, which I understand some industries are doing. The weekend could be a problem if you did that," Mr. Hamilton said.

"But it certainly couldn't happen in our situation. We have security around on weekends and they would be sure the heat was not off. No one would actually shut off completely over the weekend, would they?"

Angelo Ferraro, assistant insurance manager for First National City Bank, after pointing out that his own sprinkler exposure is minimal, said that shutting down for the weekend would "not be a good idea because it actually takes more energy to build the heat back up to where it was than to keep the heat on and retain it."

Insurance and the Energy Shortage

One risk man, however, did feel there is a definite danger in simply setting back the thermostat.

"The cutting back of heat would have to have some sort of effect," the risk man for a major national retailing concern commented. "Sprinkler systems are usually located in areas with marginal heat as it is."

"The carriers are aware of the problems," said Ronald Kaiser, assistant director of insurance for Lavino Shipping Co., "and they should not penalize their insureds for a lack of protection which is brought about by a national need."

Mr. Kaiser also explained that fire protection systems other than water would not be affected unless fuel runs out, at which point back-up systems, often powered by diesel engines, would be ineffective.

"You sometimes find sprinklers in hidden spaces which don't get much heat as it is," he continued, "and cutting back the heat will make the problem just that much worse. Even without a fire, losses will increase because of the pipes freezing and thawing over and over. They could crack and then you've got water damage."

He felt he would be covered by his insurance if that does happen in any of his locations, as did the majority of the risk men surveyed.

Joseph Dolan, director-insurance, Sea-Land Service Inc., summed up the general attitude: "Cutting back the heat a little isn't going to cause any freezing. Fire protection is really not a big worry," he said. "Right now, I'm concerned about getting enough fuel to run our ships." ■

Letters . . .

Continued from page 18

journal "Fire Prevention" that contains the topic mentioned above. If you could furnish the address of the publisher of the "Fire Protection" Journal it would be most beneficial.

J.C. Vonderhaar
Assistant director of insurance, Washington, D.C.
Southern Railway System, Washington, D.C.

Ed. Note: The Fire Protection Assn. of the U.K. is at Aldermary House, Queen St., London EC4.

Santa Clara risk man

To the Editor: *Business Insurance*, November 5, 1973, carried an article entitled "San Diego's New Risk Man: A First." I am pleased to see that other counties in California are placing their insurance program and risk manager in the hands of competent professional people. It is particularly gratifying that a large county like San Diego is in the forefront in this field, but that they are "the first" I take exception.

Santa Clara County has had an insurance and risk manager full time since January, 1970. Prior to that, risk and insurance was coupled with property management. But, the insurance work load became sufficiently demanding to justify a separate position and separate section. This was established to justify a separate position and separate section. This was established with the General Services Agency and has been filled for the past three years by Mr. Ray Summers, CPCU, an individual whose entire life time has been in the insurance and risk management field. Mr. Summers recently resigned and moved to New Mexico and Santa Clara County is now searching for a new insurance and risk manager.

Whether or not we were the first California county to have an individual of this type, I do not know, but I do know we preceded San Diego County by several years.

Our move to have professional insurance and risk management has, in these past three years, paid for itself. I would encourage other governmental agencies to follow the example of Santa Clara and San Diego counties.

C. J. MacPherson
Chief, General Services Agency, County of Santa Clara, Ca.

Regulation permits '30-and-out' pension

OTTAWA—The revenue department here approved a new private pension plan regulation which could pave the way for implementation of early retirement plans for certain auto workers in this country.

The new regulation permits employes to retire after 30 years of service regardless of their age, and is expected to open the door for United Auto Workers members who negotiated a "30-and-out" retirement plan with Chrysler Canada Ltd. last year.

The revenue department previously refused to allow a federally registered pension plan to pay a full pension benefit to any person under the age of 60, with one noted exception: an employe with 30 years of service was allowed to retire and receive a full pension at age 55.

UNDER THE new ruling, it is possible for an employe to retire with a full pension at age 48.

Thirty-and-out private pension plans, the revenue department said, would be acceptable for registering with the government in the future providing they meet four conditions:

- The employe must complete 30 years of service with one employer;
- The retirement clause, which is optional, must be included in the pension plan through an agreement between management and labor;
- The pension plan must contain provisions to make sure the retiring employe actually leaves the labor force;
- That the plan must conform to provincial legislation and be acceptable to provincial authorities, has put something of a crimp in the auto workers' plans—at least in Ontario.

Provincial law in Ontario prohibits the payment of a government-registered pension to any person under age 55. The UAW is reportedly working to remove the provincial roadblock. ■

Fire rates are reduced by Home

NEW YORK—The Home Indemnity Co. announced an average 7% reduction in fire insurance rates in New York State, effective Oct. 31. The company writes about $5 million in annual fire premiums.

Extended coverage rate were reduced 3% across-the-board after the New York State Bureau of Standard Rates established a new standard. Extended coverage premiums for wind, vandalism, riot and civil disturbances equal about one-seventh of the fire premiums, or roughly $700,000, a spokesman said.

H. C. SCHNEIKEN, actuarial department spokesman, said the rate reduction for fire coverage was the average of some increases but greater decreases, depending on classes and localities.

Breaking down the commercial statistics, Mr. Schneiker said that in New York City rates for offices and buildings were reduced 22%; for manufacturing risks, increased 1% to 2%; motoels, decreased 10%; apartments, increased an average of 7% depending on construction and size; retail risks, reduced 11%.

Outside New York City, Mr. Schneiker said rates for banks and office buildings were reduced 15%; manufacturing risks, increased 13%; motels, decreased 25%; apartments, increased 4%; retail risks, reduced 11%.

Throughout the state, the breakdown of the rates of each class was manufacturing, increased 5%; motels, reduced 25%; apartments, increased 5%; retail risks, reduced 11%. No statewide figures were available for banks and office buildings, although Mr. Schneiker added that schools and churches' rates were reduced 13% statewide. ■

Swinging the ball, 'roughing' the wall: Risky jobs

CHICAGO—When it's time for out with the old and in with the new, in the construction trades the fellow who takes care of the first step is the demolition contractor.

Dangerous work, demolitions. All kinds of variations in buildings, deviations from blueprints after years of remodelings.

The high risk of injury in the hard labor, and the accompanying risk of property damage mean insurance is one of the demolition contractor's major operating expenses, often equalling a whopping 30 to 40% of a wrecking company's payroll.

Ed Burt of Durham & Assoc., insurance broker handling some wrecking company clients, said it is common for a medium-sized company to have a single limit liability cover for bodily injury and/or liability up to $1 million and higher. Usually the coverage has a $100,000 limit on the primary layer, and $1 million to $2 million in excess of that.

SHELDON MANDELL, president of National Wrecking Co., largest demolition company in this metropolitan area, has the basic property and liability policy with Zurich-American Insurance Cos. offered through his trade association, with a limit of $10 million on the excess policy. The primary layer is several million dollars, he said.

Mr. Mandell's company employs 75 and does annual volume of about $7 million a year.

National Wrecking Co.'s vehicles, which are never kept longer than four years, are covered under a fleet insurance plan with a high limit of about $7.5 million. There is a separate equipment floater on cranes, caterpillars and all off-highway equipment which covers the replacement cost of the equipment.

The firm just recently signed up for the new association insurance program. The carrier formerly was Harbor Insurance Co., Mr. Mandell said.

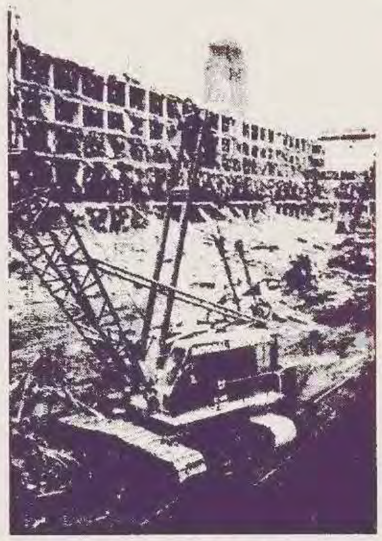
THOMAS LITTLE, the young owner of a smaller, newer demolition firm named Brandenburg Demolition Inc., is sticking with his individual insurance program for the time being but may consider the association program next year.

He has statutory workmen's compensation insurance up to $100,000, property and liability coverage of $100,000-$300,000, with a half-million dollar combined single limit for bodily injury. All these are underwritten by U. S. Fidelity & Guaranty, with Durham & Assoc. broker.

On top of those policies, Mr. Little said he has two umbrella policies, one with a $1 million combined single limit, and the second layer up to $4 million. The first layer is with Reserve Insurance Co., and the second is with CNA, he said.

All told, then, Mr. Little's five year old firm with 13 employes and revenues of just over $500,000 a year, has $5.5 million worth of insurance costing $30,000 to $40,000 a year. The three-year policies are retrospective.

BRANDENBURG JUST negotiated a new broad form property damage cover under its standard p & l policy for contractual liability, completed operations, independent contractor's liability, and all owned, non-owned and hired vehicles.



Mr. Little said broad and expensive insurance is necessary for a demolition company because of instances where, for instance, a contractor is "roughing the walls" of a building but leaving the shell intact and does damage to the shell; or in a case where a building is being cleaned out and it accidently burns down.

He cited other instances where a wrecker might be demolishing a building but salvaging masonry materials of historic significance. If anything happens to those materials while in the wrecking company's possession, the wrecker pays. "This is also true of an instance where a company sells the steel I-beams coming out of a building being demolished, and something happens that the wrecker damages the beams so they can't be sold," he noted.

Mr. Little has an auto policy covering equipment, but may go to an equipment floater that also covers rented equipment under a different carrier than USF & G.

These policies are necessary to cover the expensive equipment wrecking firms have on-site, such as dump trucks each costing over $40,000, cranes costing anywhere from $80,000 to $500,000, bulldozers and front end loaders costing upwards of $55,000. ■

Lower cover; demolition contractors

SEATTLE—The board of public works here adopted a policy which would lower bonding and insurance requirements on demolition contracts of $20,000 or less.

It was apparent that some contractors wanted bidding and insurance requirements lowered because small contractors and minorities just getting started in business have little collateral and documented experience to allow them to obtain the usual 100% bond and insurance.

Under new rules, the board will require a 50% performance bond and insurance with limits of not less than $100,000 for bodily injury, including accidental death, to any one person; and subject to that limit for each person in an amount of not less than $200,000 for each accident; and property damage coverage in an amount of not less than $50,000 for each accident, naming the City of Seattle as an additional insured. ■

Don't let OSHA divert attention from total safety picture: Expert

CHICAGO—The Occupational Safety and Health Act, if not properly implemented, can damage a corporate safety program, accordng to a safety expert for an insurance carrier.

John L. Pickens, assistant vp of the Hartford Insurance Group's loss control department, said that an improperly used OSHA program could harm a safety program by diverting attention from other important aspects of a total safety campaign.

At the same time, he told a National Safety Council audience, a properly used OSHA program makes a safety program just that much better.

Mr. Pickens feels some companies have become over-zealous in their compliance with OSHA standards and, hence, are using the two-year-old law as a crutch in an effort to shore up what were actually fundamentally weak safety and loss control programs.

STRICT COMPLIANCE with OSHA standards and rules will not, Mr. Pickens asserted, accomplish the long range goals of a safety program. As an example, he pointed to a case in which a worker was injured when he attempted to reach a ceiling light by climbing a stack of oil drums.

Stating that OSHA regulations contained detailed specifications for the construction and inspection of ladders, Mr. Pickens added, "But nowhere is there anything in OSHA that says you should not stack empty oil drums on top of each other as a substitute for a ladder."

He said accident rates have continued to climb, even with OSHA on the books.

In 1972, he pointed out, there were approximately 2.2 million industrial accidents that caused disabling injuries to workers, an increase of about 200,000 over 1971.

OSHA is not a cure-all, he indicated. Mr. Pickens said the law is being asked to take on too heavy a portion of the accident prevention load while, at the same time, being the target for a great deal of criticism that is not founded in fact.

Calling the law an "inherently valid piece of legislation," Mr. Pickens pointed to a company which has gone all out to comply with OSHA but its accident rate steadily rose.

"The over-all safety program was weak," he said, contrasting it with a company which integrated OSHA into an already good safety program and saw its accident rate decline.

The size of a company and the degree of difficulty in measuring up to OSHA standards had little to do with each other, according to a Hartford analysis, Mr. Pickens explained.

"THE COMPANIES hit hardest by OSHA were those, of all sizes, whose housekeeping was habitually sloppy, whose safety education programs were weak and who followed the rule 'We'll fix it when it stops running,'" he commented.

If management and safety personnel began thinking of OSHA as an acronym for ownership, supervision, hindrances and attitude, their safety programs, would benefit. These four points, he said, were "critical in any program of loss control."

In explaining the point, Mr. Pickens said a solid safety program helped owners by contributing to profitability. Supervision should have profit-oriented safety responsibilities while hindrance incorporated the idea that loss control is an operating problem.

Regarding attitude, Mr. Pickens said a company cannot expect good safety attitude from employes who do not see those same feelings in their foremen.

"Accidents and injuries are merely clues to the fact that something has gone wrong in the basic process of maangement," he said. ■

Demolition contractors negotiate new covers

CHICAGO—The National Assn. of Demolition Contractors recently negotiated a new national program of property and liability and workmen's compensation insurance for its members with Zurich-American Insurance Cos.

This is the first such program the association has ever had, and offers some unusual coverage for the 30 to 35 contractors who've already signed up: most demolition contractor insurance policies contain exclusions for damage caused by explosion, undermining and collapse, but the new NADC program with Z-A has no such exclusions.

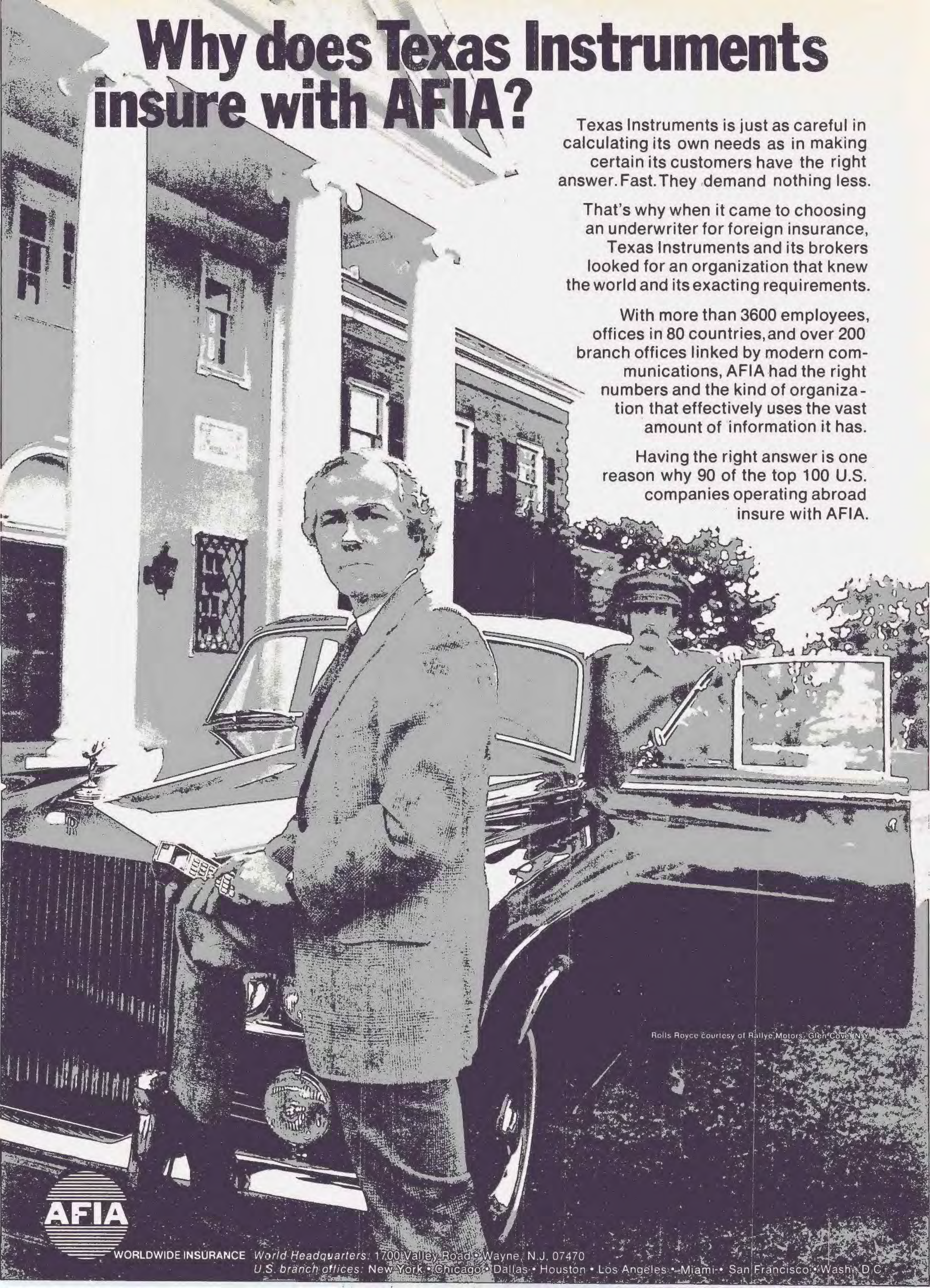
THE ASSOCIATION has some 2,200 members, with estimated average annual insurance premiums of about $15,000 each. This means potential business for Z-A of a whopping $33 million a year, with present NADC business of over a half-million dollars a year.

Robert J. Reardon & Co., Inc. here is broker for the association. The firm set up a similar national p & l program two years ago for the Illinois Food Retailers Assn., with the Hartford Insurance Co., and will actively seek more association business in the future, owner Robert Reardon said.

The demolition contractors' insurance plan offers a 10% discount on contractors' premium costs, Mr. Reardon said. It is open-ended so that a contractor can tailor it to his own needs and set limits at any level.

THE PLAN OFFERS four basic coverages: workmen's compensation insurance; general liability coverage for injury to persons and/or damage to property as a direct result of operations; assumed liability coverage of contingencies covering subcontractor suits, indemnification of hold-harmless obligations, and auto/truck liability; and contractors' equipment coverage of first party physical damage for any reason based on replacement value.

There is presently no business interruption insurance under this program, Mr. Reardon said, although that coverage is being worked on now. There is some question, though, about whether demolition contractors want or need this policy. ■


Why does Texas Instruments insure with AFIA?
Texas Instruments is just as careful in calculating its own needs as in making certain its customers have the right answer. Fast. They demand nothing less.
That's why when it came to choosing an underwriter for foreign insurance, Texas Instruments and its brokers looked for an organization that knew the world and its exacting requirements.
With more than 3600 employees, offices in 80 countries, and over 200 branch offices linked by modern communications, AFIA had the right numbers and the kind of organization that effectively uses the vast amount of information it has.
Having the right answer is one reason why 90 of the top 100 U.S. companies operating abroad insure with AFIA.
Rolls Royce courtesy of Rallye Motors, Glen Cove, N.Y.
AFIA
WORLDWIDE INSURANCE World Headquarters: 1700 Valley Road • Wayne, N.J. 07470
U.S. branch offices: New York • Chicago • Dallas • Houston • Los Angeles • Miami • San Francisco • Wash. D.C.

info for buyers

OUR FOURTH ANNUAL Info for Buyers issue contains pages of items describing the many books, pamphlets, brochures, study kits and audio-visual materials available to risk managers and insurance buyers.

Some of the more than 200 offerings are discussions of risk management, with suggestions for handling certain risks; others detail policies, rates or devices for fire protection and such things as information and claims handling.

Materials from brokers and agents, carriers, providers of safety and security equipment or services, as well as from management consultants are classified under seven categories: Commercial property and liability insurance; employe benefits and financial services; pensions, profit-sharing plans and Social Security; safety, workmen's compensation and the Occupational Safety and Health Act (OSHA); security; foreign insurance and benefits; and general information.

Any item offered free of charge in this section must be requested on the postage-free reader service cards provided. Please list by number the items desired.

Those items for which there is a nominal charge should be ordered directly from the organizations whose names and addresses are provided as part of the specific items.

Commercial property and liability insurance

• The **Crump London Coverage Notes** are published monthly by Crump London Underwriters Inc. and are available free to readers of *Business Insurance*. The Notes include brief descriptions of special coverages, including up-to-date information about changes in rates or markets for coverage. If you would like to receive these monthly mailings write number 101 on the order form.

• **Directory—Brown Brothers Adjusters** is planned for the convenience of claims managers, insurance managers, agents and brokers. This directory lists every city and town in seven western states: Arizona, California, Hawaii, Nevada, Oregon, Utah and Washington. It gives current day and night phone numbers and mileage to the nearest Brown Brothers Adjusters branches. For a free copy write number 102 on the order form.

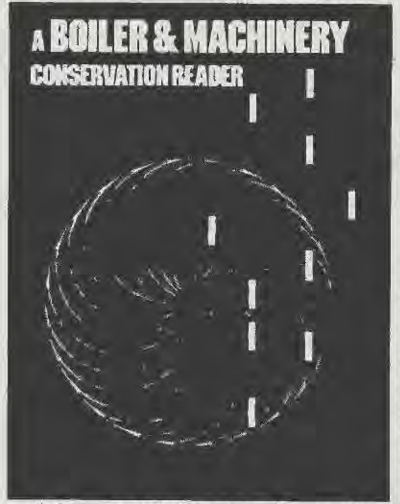
• **Errors and Omissions for Architects and Engineers**, released by Illinois R. B. Jones, is a question and answer brochure which discusses claims and specific needs for this group of people. For a free copy write number 103 on the card.

• **Seedsman Errors and Omissions**, underwritten by Lloyd's of London, discusses a specially developed insurance program exclusively for members of the American Seed Trade Assn. For a free copy of the brochure write number 104 on the card.

• Zurich-American's **Top Security Multi-Peril Policy** explains the plan's broad, flexible insurance program. The policy can be tailored to the needs of business situations and a variety of deductibles and coverages are available. For your free copy write number 105 on the reader service card.

• **Zurich Instant Price (ZIP) System** describes Zurich-American's new highly automated system of computer-calculated quotations for top security multi-peril package policies. This system can provide on-the-spot quotations in the agent's or client's office expediting rating, quoting, policy typing and overall policy insurance. For a free copy of this brochure write number 106 on the reader service card.

• **A Boiler and Machinery Conservation Reader**, published by Philadelphia Manufacturers Mutual Insurance Co., is a compilation of



articles pertaining to the problems of loss prevention in this field. For your free copy write 108 on the reader service card.

• Gay and Taylor Inc. has published a **Directory of Facilities** which lists muitiple line adjusting services available through over 100 offices in the East and Midwest. Company history, experience, quality control procedures and special services are also covered. The directory is published twice a year and is free to *Business Insurance* readers by writing number 107 on the order form.

• Royal-Globe Insurance Cos. have issued **Insure to Value,** a brochure describing the dangers of not insuring business property to current value. Included in the brochure are graphs showing percentage comparisons of increases in the cost of construction of ordinary masonary buildings, frame buildings, protected steel frame buildings and increases in cost of equipment. For a free copy write number 109 on the card.

• **Creative Property Loss Prevention Engineering** describes a new independent property loss prevention engineering consulting service from RM/i Consultants Inc. for the risk manager, insurance consultant and insurance broker. The service is used to pre-engineer new construction and newly acquired and existing properties to qualify them for highly protected risk or special risk insurance treatment, as well as for self-insurance programs. For a copy write number 111 on the reader service card.

• **How to Insure Trust Departments Properly**, a reprint of an article by Bernard J. Daenzer, president of Wohlreich & Anderson Ltd., has been made available by the company. The article discusses errors and omissions coverage for trust departments and includes several examples of recent large losses along with the results of a bank trust department survey. For a free copy write number 112 on the reader service card.

• **Product Liability Re-Underwriting** is discussed in a reprint article by Bernard J. Daenzer, president of Wohreich & Anderson Ltd. It considers the new demands for this coverage, influences of the Consumer Product Safety Act, and the lack of underwriting experience in this area. It also urges utilizing the broader underwriting experience of reinsurers regarding product liability and provides a detailed check-list of underwriting factors. Free copies are available by writing number 113 on the order form.

• **Why Wasn't This Loss Covered** . . . describes the coverage available to supplement your basic liability coverage which has exclusions and limitations. Supplementary liability coverages are designed to cover the most common gaps at a very reasonable cost. If you are in doubt about the coverage provided send for this pamphlet by writing number 114 on the order form.

• Are your present policies adequate to protect your firm against catastrophic law suits and judgements and dangerous gaps in your liability insurance? If your answer is no or you are in doubt, send for **Umbrella Coverage** which describes Kemper Insurance Group's plan. For a free copy write number 115 on the reader service card.

• **Catastrophe Protection for Banks** and other financial institutions is a magazine article reprint written by the president of Wohlreich & Anderson Ltd. He warns insurance managers not to rely on industry insurance guidelines alone. He provides and discusses a detailed coverages check-list suggested to supplement guidelines in determining catastrophe insurance needs for financial institutions. For a free copy write number 116 on the reader service card.

• **There's Money for You in IRM Commercial Inland Marine Lines** describes how agents have earned big commissions on IRM Commercial Inland Marine sales. It explains sales opportunities in various types of inland marine coverages. For a free copy write number 117 on the reader service card.

• **Property and Casualty Risk Consulting,** by Towers, Perrin, Forster & Crosby, is an outline of procedures followed in a typical

risk consulting project—from risk identification to result analysis and yearly review. For a free copy write number 110 on the reader service card.

• **The Third Party at GAB: A Quarter-Century of Casualty Claim Services** lists 11 case histories of widely varying, true life, third party liability claims handled by the General Adjustment Bureau. With the special need in third party losses to develop and preserve evidence within the first few hours or minutes of claim assignment, GAB illustrates the value of the competent professional investigator. The 24-page booklet is free by writing number 118 on the order form.

• A 12-page booklet, **What You Should Know About Changes in the 1973 General Liability Policies**, is available from the General Adjustment Bureau Inc. Each revision of the jacket and the comprehensive general liability part is treated separately, and the exact wording is shown for both the 1966 policy and the corresponding sections of the 1973 editions. Free copies are available by writing number 119 on the order form.

• Information on builders risk insurance for apartments, rehabilitation projects, engineering projects, coverage plans, application form, and a question and answer sheet are all included in **Builders Risk Insurance.** For a free copy write number 120 on the reader service card.

• Hartford Steam Boiler offers informative safety and operational efficiency material, log programs for boilers and for air-conditioning and refrigeration systems. They offer technical bulletins on boiler accidents and a quarterly magazine, **The Locomotive,** which describes power equipment operation and maintenance. For free copies write number 122 on the card.

• The Journal of Commerce has made available a reprint of **Risk Management Methodology,** a special report edited by Dr. Tom Allen, vp of Armistead Miller Wallace Inc., a Synercon subsidiary. This is the first of a series of pamphlets advocating novel approaches for ideas in the risk management field. For a free copy write number 123 on the reader service card.

• **In Boiler & Machinery Insurance, it's the Whimper, not the Bang that'll Cost You** is the title and subject of American International Underwriters's new brochure. It is available to agents, brokers and risk managers by writing number 124 on the order form.

• **Burned Out Shopping Centers Lose Customers and Profits,** an Improved Risk Mutuals shopping center information sheet, is free to *Business Insurance* readers. This eight-page brochure contains suggestions on protecting shopping centers from fires and other perils. For your free copy write number 125 on the order form.

• **Excess Casualty Insurance,** a new pamphlet from American Home/National Union, describes the excess casualty lines being offered by these companies. For a copy write number 126 on the reader service card.

• **Money Moves—But Some times It's Better Staying Put** is a booklet available from All Risk Management Services Inc. The booklet describes ARMS's services available to risk managers. For a free copy write number 127 on the order form.

• Commerce & Industry Insurance Co. has put out an unusual brochure titled **Meet the Great-Granddaddies of Shopping Center Insurance.** Actually printed on a shopping bag, it describes the company's approach to shopping center insurance. To obtain a free copy, write number 128 on the reader service card.

• The National Assn. of Independent Insurance Adjusters has printed the **1973-74 Blue Book of Adjusters** for industry claim/loss executives. The directory of membership contains a complete listing of association officers, committees and member firms. It also lists separately provisional members, international associate members and contains an alphabetized listing of all firms. A free copy of the book may be obtained by writing number 129 on the reader service card.

• **Directors and Officers Liability** is a new brochure available from Stewart, Smith Management Corp. The purpose of the brochure is to give some insight into the legal exposures of directors and officers and illustrate how properly designed D&O can protect them. The brochure is available free by writing number 130 on the reader service card.

• Marsh & McLennan has issued **Claims Guide for Goods and Merchandise.** The brochure is intended to serve as a guide in the handling of losses and damage to property while in transit. Copies are available without charge by writing number 134 on the card.

• Marsh & McLennan has made available sample copies of **Insurance Survey for Electronic Data Processing.** The survey has been designed to assist the company in identifying and isolating the loss exposures, if any, that may be present in your EDP operations. For your free copy write number 133 on the card.

• **Claims Guide for Goods and Merchandise** is intended to serve as a guide in the handling of losses and damage to property while in transit. For a free copy write number 723 on the reader service card.

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Commercial property and liability insurance

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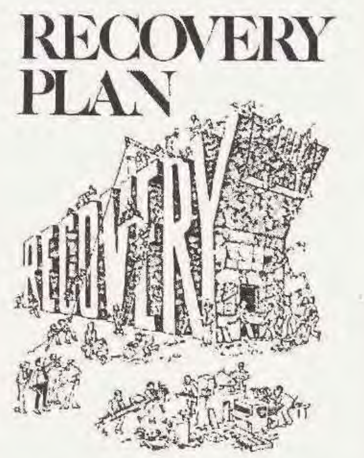
• **Specialists in Excess Lines Coverage**, published by Shand, Morahan & Co., is a brochure outlining the company's services. The brochure gives a background of the company and its staff, distinguishes between the standard and surplus lines markets and touches briefly on the company's role in the field of reinsurance placement. For a free copy write number 131 on the order form.

• **How to Insure Your Insurance**, a brochure available from Marshall and Stevens, lists three important things to check in your property insurance policy. The brochure also contains a discussion about the co-insurance clause. For a free copy write number 132 on the card.

• **Recovery Plan,** offered by Allendale Insurance Co., gives helpful hints for developing a recovery plan after the loss. Whether it be



fire or flood, this booklet tells how to check for further loss and how to get back to normal production. For a free copy write number 121 on the reader service card.

• **A Guide to Property and Liability Insurance on Churches** is designed for the governing body of a church, synagogue, temple, mosques or other place of religious assembly a guide to a complete insurance program for a well run organization and to assist in its maintenance and safety programs. Single copies of the guide are available free by writing number 135 on the reader service card.

• A 250-page book entitled **The Handbook of Property Conservation,** is being sold by the Factory Mutual System for $4.95 a copy, or $4.00 each for ten or more copies. Chapters include information on organizing for emergencies, automatic sprinklers, controlling hazards, and safe-guarding new construction. Inquiries and requests for the book should be addressed to the Director of Publications, Factory Mutual Engineering and Research, 1151 Boston-Providence Turnpike, Norwood, Ma. 02062.

• The Property Loss Research Bureau has released a booklet dealing with the various loss adjustment problems involving condominiums. The booklet sells for $1.00 and is available by writing the bureau, 20 N. Wacker Dr., Chicago, Il. 60606.

• **How to Buy Insurance for a Corporation,** a 3-part series authored by *Business Insurance* contributing editor Bion Francis, is now available in booklet form. The booklet discusses the problems to be expected when buying insurance, and offers practical solutions for solving them. Single copies are $3.50 or $3.25 for orders of 11 or more. They may be obtained by sending a check or money order to Bookshelf, Crain Communication, 740 Rush St., Chicago, Il. 60611.

• **The Primer of Boiler and Machinery Insurance,** a comprehensive single volume treatment of boiler and machinery coverages, in layman's terms, is available from Kemper Insurance. Included in the primer are: descriptions of common hazards inherent in the operations of this equipment; a review of the inspection laws of the various states; a review of insurance coverages applicable to various types of operations; and a simple glossary of the common boiler and machinery terms. Persons interested in purchasing a copy, at $3.00 per copy, can write Public Relations Department, D-1, Kemper Insurance, Long Grove, Il. 60049.

Employe financial benefits and services

• Combined Insurance Co. of America has made available to agents and brokers a brochure-worksheet called **Image 10/40.** It describes benefits and rates for a group long term disability plan for companies employing between 10 and 40 people. For a free copy write number 201 on the reader service card.

• **Comprehensive Health Insurance,** underwritten at Lloyd's of London for the first time, has been released by Illinois R. B. Jones Inc. This is a descriptive brochure about a new accident and health plan. For a free copy write number 202 on the card.

• **Fund Monitoring Services,** published by Blyth Eastman Dillon & Co. Inc., discusses fund audit, performance measurement and portfolio evaluation. This has been prepared for the employe benefit fund administrator or money manager interested in maintaining greater management control over his investing activities. For a free copy of this folder write number 203 on the reader service card.

• **Self-funding Through the Universal Health Care System** is an eight-page brochure describing the self-funding concept and the "health card." For a free copy write number 204 on the reader service card.

• **Build a Better . . .** is a Prudential brochure that describes plan elements for designing accident coverage to suit employe group needs. This company says it tries to fit a plan to the employes, not the employes to the plan. For a free copy write number 205 on the reader service card.

• **The Stuyvesant Approach to Group Insurance for Legal Services** describes the need for this type of service and a solution. Also outlined are the four alpha WD series which are Stuyvesant's lower spectrum plans and which might affect a large segment of Americans. For a free copy of this brochure write number 206 on the reader service card.

Employe benefits and financial services

• Equitable Life Assurance Society of the U.S. has published an extensive survey called **1973 Hospital Room & Board Charges.** The survey is based on data from 1557 short-term general hospitals, providing weighted average charges for private, semi-private and intensive care accommodations in 581 cities. State and national averages are also included. For a free copy write number 207 on the reader service card.

• **Pick and Choose Personalized Protection Plans,** available from Bankers Life & Casualty Co., explains the company's personalized insurance program which is marketed through an individual's employer, union, association or similar organization. The plan is used as a supplement to an individual's present group coverage. Coverages available include life, disability income, hospital indemnity and hospital-medical. For a free copy write number 208 on the card.

• **Group Survivor Income Benefits,** available from Northwestern National Life Insurance Co., describes the company's plan which provides a continuing monthly income with an optional lump sum death benefit. Survivor benefits are expressed as a percentage of an employe's monthly salary. For a copy of the brochure write number 209 on the form.

• **1973 Survey Report—Savings/Thrift, Profit Sharing Plans and Comprehensive Annual Personal Benefit Statements** has been published by Kwasha Lipton Inc. The report is the result of a survey of the "Fortune 1,000" industrials, and contains data about the growth of savings/thrift and profit sharing plans and the use of comprehensive annual personal benefit statements, information about the frequency of plan valuations and frequency of communication with employes and the production of benefit statements and plan administration and record keeping. For a free copy of the report write number 210 on the form.

• Kwasha Lipton Inc. has made available **Benefit Communications,** a booklet describing the company's approach to total benefit communications. It includes a definition of communication objectives, program analysis and design, media selection, production, program implementation and follow-up. For a copy of the booklet write number 211 on the order form.

• **Performance Comparisons,** released by Blyth, Eastman Dillon & Co., is a folder prepared for the employe benefit administrator or money manager who is interested in performance measurement techniques. For your free copy write number 214 on the reader service card.

info for buyers

• Teledyne Life Insurance Co. has released a new brochure called **Portable Selected Group Life.** It offers an explanation of a step-rated, level term product, offered on an employe-pay-all voluntary basis on payroll deductions for employes desiring term life coverage in additional to their regular group plan. Employes leaving their job can take the same term insurance with them with the same premium and request home billing. For a free copy of this brochure write number 215 on the reader service card.

• **Group Insurance is Great . . . But Our Way is Better** is a pamphlet prepared by the Self-Insurers Service Inc. for employers who are considering self-insuring employe health and disability benefits. It explores areas of savings to be realized through the use of a service company for claims payments and other related services. For a copy write number 216 on the order form.

• **Real Estate Investment Counseling for Corporate Executives: One Part of a Compensation Program** is offered by American Realty Consultants Inc. It discusses assistance available to corporations in providing real estate investment counseling for key employes. For a copy write number 217 on the order form.

• Delta Dental Plans Assn. has published **Considering Dental Care Benefits for your Employes?** The pamphlet provides basic information on the subject of group dental insurance programs, methods of evaluating programs, definitions

of dental services, information on utilization and cost and quality control in prepaid dental programs, and a brief description of the Delta Dental Plan System. For a copy write number 212 on the order form.

• Mass Insurance Consultants and Administrators Inc. is offering copies of a speech on **Cost Factors and Other Considerations in Welfare Fund Administration,** by Charles S. Mack, chief operating officer. It was given at the International Foundation of Employe Benefit Plans meeting in August, and includes an evaluation of administrative fees. For a copy write number 218 on the order form.

• Benefacts Inc. will send an **Employe Benefits Communication Kit** containing a brochure on Benefacts' services tracing the growth of the benefits information gap between management and employes. The kit includes also a handbook on ways to effectively communicate your benefits program. For a copy write number 219 on the order form.

• Benefacts Inc. has published a **Total Approach to Communication** brochure which explains how the *employer* benefits from the employe benefits program when employes fully recognize and appreciate the investment made for them. The brochure provides basic information on individualized intra-corporate benefits communication programs set up by Benefacts on comprehensive multi-media levels. For a copy write number 220 on the order form.

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Employe benefits and financial services

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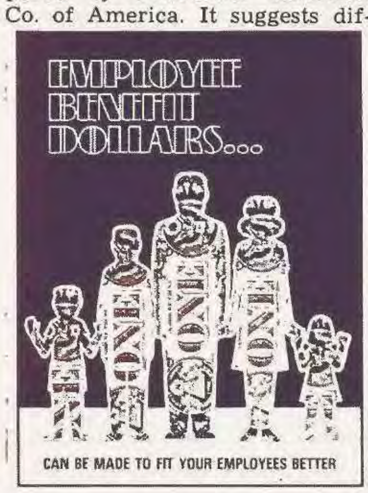
• **Human Resource Information Systems** is a report by Towers, Perrin, Forster & Crosby on HRIS, a computer-based system for collecting, storing, maintaining, and retrieving information pertaining to an organization's human resources. In particular, HRIS can be used in developing pension, incentive and employe benefit plans, employe benefit statements, governmental reports and acturial evaluations. For a free copy write number 213 on the order form.

• Eva-Tone Co. offers **Sound for Better Company Communications,** a demonstration of how corporations use soundsheets to improve employe benefit communications. The material shows how benefit packages, profit sharing plans and retirement programs can be made more understandable. For a copy write number 222 on the order form.

• Bankers Life Nebraska publishes a pamphlet entitled **Group Dental Insurance** which outlines the benefits available under Bankers Life Nebraska's program, with special emphasis on services covered and the types of plans and options which can be installed. For a copy write number 223 on the order form.

• You don't have to spend more to spend better, says **Employe Benefit Dollars,** a brochure prepared by Prudential Insurance Co. of America. It suggests different combinations of life and survivor benefits which can be worked out to tailor life insurance protection to employes' true needs. For a copy write number 231 on the order form.



• **Big Talk,** a brochure prepared by State Mutual of America, discusses the company's group major medical plans called the Big Ben Program. The program provides medical coverage which is payable either in or out of the hospital and has no overall maximum payment limit. A copy of the brochure may be obtained by writing number 232 on the reader service card.

• **Project Health,** a new program advertised as the fifth fringe benefit, is being offered by Searle Educational Systems Inc. The booklet is designed to instruct employes about common health problems such as heart disease, cancer, alcoholism, drug abuse, and respiratory illness. For a copy write number 233 on the order form.

• Alexander & Alexander offers a 10-page brochure outlining the professional capabilities and client services of its consulting actuarial division. For a copy write number 227 on the order form.

• American Appraisal Associates Inc. offers a brochure describing its personnel advisory services, including computerized personnel systems, employe benefits, fair employment practices, in-service training programs, and manager compensation and salary administration. For a copy write number 228 on the order form.

• Towers, Perrin, Forster & Crosby offers a pamphlet detailing the capabilities of the TPF/C Retrieval System, which helps users obtain information from their human resource information systems. For a copy write number 229 on the order form.

• **Cafeteria Compensation: Present Status and Future Potential** is offered by Towers, Perrin, Forster & Crosby. It describes the cafeteria approach to total compensation and discusses the impact of cafeteria compensation on the organization, design considerations and the need for effective communications of the concept. For a copy write number 230 on the order form.

• **Nutshell**—a monthly digest of employe benefit publications, is published by Deferred Compensation Administrators Inc. This monthly service contains digests of articles from more than 75 publications dealing with employe benefits. For a free sample copy write number 235 on the card.

• **For Your Healthy Tomorrow,** a brochure published by American Health Profiles Inc., describes, in pictures and text, multiphasic health screening as performed by the health testing firm. For a free copy write number 236 on the card.

• **Stop Passing the Buck—The MFMS Guide to Self-Insurance** is published by Market Facilities Management Services. It is a guide for risk managers, insurance buyers and corporate executives concerned with the insurance needs of their businesses. It describes MFMS programs in the casualty, workmen's compensation and employe benefits areas. For a copy write number 221 on the order form.

• **The Hewitt Associates Benefit Index** is a composite of salaried benefit programs of 20 leading companies. Large employers can use the index values to see how various parts of their benefit program stack up against a representative standard. For a brochure write number 238 on the reader service card.

• The Institute of Life Insurance and the Health Insurance Institute have released their annual edition of a **List of Worthwhile Life and Health Insurance Books.** The list contains a selection of materials available from commercial publishers and special publishing agencies. Copies may be obtained by writing number 239 on the reader service card.

• Portrait Clothes has published **Variations on a Theme,** a booklet which describes the benefits of career apparel programs. For a copy write number 240 on the card.

Employe benefits and financial services

• **Dependent Life** is a brochure published by Teledyne Life Insurance Co. which explains how employes can participate in this program on an employe-pay-all voluntary basis via payroll deduction, paying $3.50 monthly for $10,000 decreasing term insurance for a spouse with $2,000 level term on eligible children, with a no-cost conversion plan if the employe leaves the job. For a copy write number 224 on the order form.

• **Why More Organizations Select Personalized Insurance Protection From Bankers Life & Casualty Co.** was designed as a presentation to an organization, and explains the company's "personalized insurance protection" mass marketing concept. For a copy write number 225 on the order form.

• Hewitt Assoc. has released a brochure called a **Micro-History of Employe Benefits and Compensation in the United States.** The six-page summary reviews more than 80 key events that have taken place over the past 200 years. Copies can be obtained by writing number 237 on the order form.

• **A Group Income Protection Plan** for employers with 10 to 40 employes is a new pamphlet available from Combined Insurance Co. of America. This booklet describes IMAGE 1040, an easy to install plan that can help avoid loss of income due to disabilities from sickness and accident. For your free copy write number 234 on the order form.

• The Insurance Buyers Council Inc. publishes a monthly digest of developments and ideas concerning employe benefits. To receive the next 12 issues send your name and address, along with a check for $3.00 to the Council, 22 West Rd., Towson, Md. 21204.

Pensions, profit sharing and Social Security

• **Savings, Thrift, & Profit Sharing** describes design, implementation, administration and recordkeeping of these plans. The booklet includes information about the complete automated system of plan accounting and participant recordkeeping offered by Kwasha Lipton. Items covered are basic reports, participant's statement, management tools, historical records, income tax data and calculations, and client input. For a free copy write number 301 on the reader service card.

• **Pension and Profit Sharing Plans Investment Returns** describes the investment year method of allocating investment income and outlines interest rates credited by Pacific Mutual under such a method to qualified group pension and profit-sharing funds. For your free copy write number 302 on the reader service card.

• George B. Buck Consulting Actuaries Inc. has released **New Era for Pensions? Senate Passes Pension Bill.** This booklet discusses important provisions of HR 4200 that would require action on part of employers and indicates what kind of action would be required under pension plans. For a free copy write number 303 on the reader service card.

• **Kwasha Lipton Comments on HR 10470 Retirement Income Security for Employes Act** is a 15-page, detailed analysis of major areas of concern about the pension legislation in front of Congress. For a free copy write number 304 on the card.

• **New Realistic Projections of Social Security Benefits and Taxes:** their impact on the economy and on future private pensions is a 56-page illustrated booklet containing an actuarial study by Geoffrey N. Calvert as he presented it to the American Pension Conference in December 1973. Mr. Calvert shows that unexpected developments in various economic and population indices are leading the Social Security system toward destruction of the private pension system as we know it. For a free copy write number 305 on the reader service card.

• **How to Invest the Fixed Dollar Portion of Your Pension Fund,** released by Aetna Life and Casualty, describes the benefits of the high yield, low risk, fixed dollar pension fund investment. For a free copy write number 306 on the reader service card.

• **Property Records for Medicare and Third Party Reimbursement** discusses the procedures employed by the American Appraisal Co. Inc. to provide documented evidence to support depreciation charges. For your free copy write number 307 on the reader card.

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

• **Flexibility in Compensation and Benefits** is the text of an address delivered before the American Pension Conference by Thomas H. Paine, partner, Hewitt Associates. In addition to the text, the material offered also includes recorded excerpts from the question and answer period. A copy may be obtained by writing number 308 on the reader service card.

• A. S. Hansen Inc. has made available a reprint of a review of "You and Your Pension" by Ralph Nader and Kate Blackwell. The review, entitled **Know Thy Enemy . . . You'll Probably Disagree With Nader, But You'd Better Read Him,** can be obtained by writing number 309 on the order form.

• **Truth in Pensions: New Federal Disclosure Regulations** is the title of a new bulletin published by Johnson & Higgins. It discusses recent regulations which affect nearly every pension, profit sharing and thrift plan by requiring Form D-1S, a supplement to Form D-1. The new form requires disclosure of plan details written "in a manner calculated to be understood by the average participant or beneficiary." For a free copy write number 310 on the order form.

Continued on page 32

TO OBTAIN INFO FOR BUYERS DATA—USE THIS COUPON

business insurance

P. O. Box 395, Wilmette Illinois 60091

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

Name ______________________

Title ______________________

Company ______________________

Address ______________________

City/State/Zip ______________________

Nature of Company's Business ______________________

Essential you supply complete information.

NOTE: THIS COUPON WILL NOT BE SERVICED AFTER FEBRUARY 28, 1974

Safety work comp and OSHA

Continued from page 31

• Commerce Clearing House Inc. has published **Playing it Safe with CCH,** a summary of rights and responsibilities under the Occupational Safety and Health Act of 1970. The booklet emphasizes the act's general duty clause and employer responsibility to provide a safe workplace in compliance with OSHA standards. For a free copy write number 401 on the reader service card.

• The National Fire Protection Assn. has made available a **Publications and Visual Aids Catalog.** Through this catalog you can order pamphlets, books, slides and films about fire codes, recommended practices and standards. You can also order material to present to businesses, industries and fire departments. For a free copy write number 402 on the card.

• **High-Rise Fire Safety,** published by Honeywell Commercial Division, explains the problems of fire in high-rise buildings and an approach to solving them. It explains a totally integrated control and communication system that saves lives, property, energy and labor. For a free copy write number 403 on the reader service card.

• Koppers Co. Inc. has made available to *Business Insurance* readers a brochure called **Questions and Answers on Non-Com Fire Protected Wood.** This 14-page brochure contains complete information on specifications and applications. For a free copy write number 404 on the card.

• **A Comprehensive Plan for Asset Protection** is a 20-page booklet by Honeywell Commercial Division. The booklet explains the Alpha 3000 concept of integrated fire protection, security and building operation systems. Economic advantages to owner and insurer are stressed. For a free copy write number 405 on the form.

• Haws Drinking Faucet Co. has published a 12-page brochure called **Haws Safety Equipment—Catalog No. 571.** This is a mini-form reproduction of 40 pages of the company's safety equipment

catalog. The product line of emergency eyewash equipment, drench and decontamination showers are described. For a free copy write number 407 on the order form.

• Allstate Insurance Co.'s **Automotive Air Bags—Questions and Answers** provides research, developments and current experiences drivers have had when an air bag is deployed during a crash. This booklet also answers many consumer questions about air bag technology and operation in crashes. For your free copy write number 406 on the order form.

• Western Drinking Fountain has a 40-page catalog describing **Western Safety Equipment.** The catalog describes more than 150 eyewashes, deluge showers, and eye/face wash units. There is a complete section on excessories and dimensional drawings are included. For a free copy write number 408 on the card.

• A **Circular on Aldon Glide-Slide** offers *Business Insurance* readers illustrations and information on electric machines for opening sliding doors of railroad hopper cars. These can be used to replace hand bars. For a free copy write number 410 on the card.

• Johnson & Johnson, Industrial Sales Division, has released an **Industrial First Aid Kit Information** booklet. Descriptive information on OSHA-accepted first aid kits is provided, along with supplies that are designed to meet the "consulting physician" requirements. For your free copy write number 411 on the card.

Continued on page 36

Safety, work comp and OSHA

Continued from page 32

• **Emergencies,** a booklet on how to prepare for an industrial emergency in order to prevent chaos, has been issued by Hartford Steam Boiler. The booklet explains the prevention responsibility of management, maintenance and operators and it outlines the four basic areas of control: mutual aid, public relations, plant engineering and maintenance. For your free copy write number 409 on the reader service card.

• National Loss Control Service Corp. has a brochure entitled **Toward a More Quiet Environment.** NATLSCO's noise and vibration consulting service is described along with examples of typical jobs and details of their complete sound laboratory. They are not affiliated with manufacturers of noise control products and so their consultants are able to choose the best solution for each problem. To obtain a free copy of this brochure write number 414 on the reader service card.

• **OSHA Consultation Services** explains NATLSCO's services: compliance program verification, special technical services, pre-compliance analyses and compliance status surveys. The brochure describes the types of problems each service can resolve and details on how their consultants work with client's personnel. For your free copy write number 415 on the card.

• Kemper Insurance Group has published **Winterizing Your Plant.** The pamphlet provides the fire protection that you rely on to keep you in a business which is extremely vulnerable to ice, snow and freezing temperatures. For a copy write number 416 on the order form.

info for buyers

• Kemper Insurance Group has published **With Big Benefits.** The pamphlet provides a description of supplementary accident protection plan for key people which provides a valuable adjunct to workmen's compensation and other employee health benefit plans. For a copy write number 417 on the order form.

• **A Closer Look is Sometimes Necessary . . .** is a 24-page booklet on compensation insurance by the Kemper Insurance Group. It gives a non-technical description of the pricing of workmen's compensation. For a free copy write number 418 on the reader service card.

• The Safety First Products Corp. has a brochure on its dry chemical fire extinguishers in portable, wheeled or stationery models, entitled **Interested in Fire Protection? Then Compare.** Charts are included with performance characteristics of the products. For a free copy write number 419 on the reader service card.

• **Fire Extinguishing Equipment** is a pamphlet distributed by the Safety First Products Corp. on its commercial kitchen system, dry chemical extinguishers, industrial dry chemical and SF 1301 Hanlon total flooding system. For a free copy write number 420 on the reader service card.

• The Walter Kidde & Co. Inc. has a new brochure titled **Fire Extinguishing Systems and Equipment.** The 12-page publication covers carbon dioxide, Halon 1301, dry chemical, Hi-Ex foam and Sentinel pre-engineered dry chemical extinguishing systems. Advantages, applications and system components are described in detail. For a free copy write number 421 on the reader service card.

• An eight-page brochure entitled **Pre-engineered Kidde Sentinel Systems for Industrial Fire Protection Applications** is available from the Walter Kidde & Co. Inc. It details the features, applications, basic system components and auxiliary equipment in the Sentinel fire protection system. For a free copy write number 423 on the reader service card.

• An eight-page brochure on the Kidde & Co. Hanlon 1301 fire extinguishing system is available for those interested in tape storage room and EDP equipment protection. For a free copy of **Hanlon 1301,** write number 424 on the reader service card.

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

• **The ABC's of Fire Protection** is an 8½ by 25 inch fold-out chart which supplies basic information on choosing the correct portable fire extinguisher for the various classes of fires. For a free copy of the brochure, by Walter Kidde & Co. Inc., write number 422 on the reader service card.

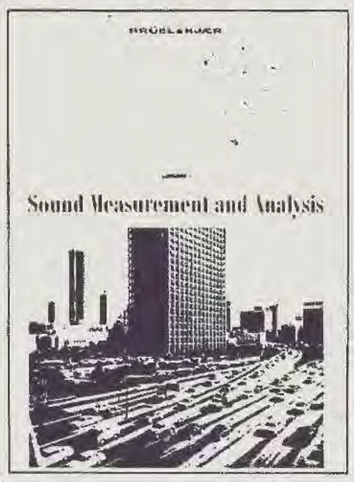
• The Philadelphia Manufacturers Mutual Insurance Company, part of the Factory Mutual System, has released a collection of 25 articles collectively entitled **A Boiler and Machinery Conservation Reader.** All the articles pertain to the problem of loss prevention in the field of boilers and machinery. For a free cpoy, write number 429 on the reader service card.

Safety work comp and OSHA

• **Hi-Ex Foam** is a 12-page pamphlet by the Walter Kidde & Co. on high-expansion foam fire extinguishers. Details on how the foam works, how it is used, and the variety of systems available are accompanied by charts and illustrations. For a free copy write number 425 on the reader service card.

• A fold-out sheet featuring the Kidde MA-2400 fire alarm system modular control panel is being offered by the Walter Kidde & Co. Five different models are described and pictured. For a free copy of **Kidde MA-2400 Fire Alarm Systems,** write number 427 on the reader service card.

• **Sound Measurement and Analysis,** released by Bruel & Kjaer Instruments, can be used as an aid to the correct selection of instruments for a certain noise reduction problem. This brochure summarizes what noise is and how it can be measured. For your free copy write number 412 on the card.



• **Fire Protection Developments in CNG-Fueled Vehicle Operations,** a reprint from the Fire Protection Journal is available from Rollins Burdick Hunter Co. The article describes and explains the installation of compressed natural gas on motor vehicles. These installations have not only proven to be economically sound, but have the added benefit of air pollution reduction. For a free copy write number 452 on the form.

• **Engineered High Speed Fire Protection Systems** is a new, revised pamphlet offered by Fenwal Inc. The Fenwal Hanlon and high-speed water deluge systems are featured along with various detection devices. For a free copy write number 430 on the reader service card.

• **Photographic Identification Services** details the need for a positive identification system and how the Wackenhut photo ID system is utilized by business, industry, institutions and the professions. For a free copy of this booklet write number 431 on the reader service card.

• A four-page brochure describing the all-purpose wheel block, **Sta-Put Wheel Chocks,** is available from Sta-Put Enterprises Inc. The wheel chocks are described and illustrated with an outline of their safety features. For a free copy, write number 432 on the form.

• Allstate Insurance Co. is offering a **Product Liability Loss Control Plan** pamphlet. It summarizes activities involved in a planned product liability loss control program to meet safety and legal responsibilities while developing an effective claims defense. For a free copy, write number 433 on the card.

Product Safety Act has been printed by Allstate Insurance Co. It outlines major provisions of the Act, which became effective Dec. 26, 1972. For a free copy of the pamphlet, write number 439 on the form.

• **Personnel and Property Safety** offers valuable information designed to assist the property owner in developing a specific security plan for his operation. Kemper Insurance Group has released this helpful booklet which you can obtain by writing number 437 on the reader service card.

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TO OBTAIN INFO FOR BUYERS DATA—USE THIS COUPON

business insurance
P. O. Box 395, Wilmette Illinois 60091

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

Name ______________________

Title ______________________

Company ______________________

Address ______________________

City/State/Zip ______________________

Nature of Company's Business ______________________

Essential you supply complete information.

NOTE: THIS COUPON WILL NOT BE SERVICED AFTER FEBRUARY 28, 1974

Safety work comp and OSHA

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• **Classrooms Where Experts Learn** describes the Safety First Products Corp.'s fire school where corporate executives can acquire first hand experience in fighting all types of industrial fires with the latest dry chemical techniques and equipment. Write number 434 on the reader service card.

• **Safety for People, Property and Profit** is a packet designed with practicality in mind. It contains a set of 12 dividers that can be used as file or notebook dividers for safety materials or records. The packet and dividers give a brief resume of loss control assistance available from Allstate. For a free copy write number 435 on the reader service card.

• A series of books, released by the General Adjustment Bureau, tells small employers, employe representatives, insurance safety engineers, state and federal inspectors, trade associations, and others about the OSHA act. It answers questions like how to cope with its provisions, how to protect machines and equipment and how to set up a system for voluntary self inspection for compliance. For your free copy write number 436 on the reader service card.

info for buyers

• Optiscan Computing, Inc. is making available a brochure entitled **Occupational Safety and Health Act Compliance Officer.** It explains the advantages of automating OSHA recordkeeping procedures and describes the OSHA recordkeeping requirements. For a free copy, write number 438 on the form.

• Norris Industries Fire and Safety Equipment division has a new catalogue of **Interior Fire Protection Equipment.** The 12-page brochure provides charts and illustrations of hoses, extinguisher cabinets, valves and other devices that will assist architectural and engineering firms choose insurance-compliance equipment for new building plans. For a free copy, write number 440 on the reader service card.

• **Automatic Fire Protection Systems** is a new brochure printed by the Norris Industries Fire & Safety Equipment Div. The CO2 kitchen fire extinguisher system is featured. For a free copy of the brochure, write number 441 on the form.

• Fire Protection Co. has come out with a 28-page illustrated brochure entitled **Halon Vapor and its 10-Second War Against Fire.** It reviews in depth the Halon qualities in automatic fire protection. The brochure is informative and profusely illustrated. For a free copy, write number 442 on the reader service card.

• **Self Insurance, Major Financial Tool,** is a new pamphlet offered by the Self-Insurers' Management Corp. It explores and charts the financial benefits of self insurance for companies. For a free copy, write number 443 on the reader service form.

• Liberty Mutual Insurance Co. has made available **Medical and Rehabilitation Services.** The booklet describes the rehabilitative services available to injured workers who are covered under the company's workmen's compensation insurance. Copies can be obtained by writing number 446 on the order form.

• The Aetna Life and Casualty Co. has made available a kit concerning the Occupational Safety and Health Act entitled **Obligation or Opportunity.** The kit includes an introductory booklet pertaining to OSHA in general and three individual booklets; sources of information, premises inspection guide, and how to avoid duplicate record keeping on workmen's compensation. The kit may be obtained by writing number 447 on the reader service card.

Safety work comp and OSHA

• A folder with explanations of the advantages in setting up a group health program through self-funding is available from the National Health Care Corp. **Protected Health Care Programs—the New Wave** includes data on genuine claims handling, excess catastrophe protection and more. For a free copy write number 444 on the reader service form.

• An information packet on a concealed automatic sprinkler called **The Unspoiler** is being offered by the Star Sprinkler Corp. The sprinkler is designed in 16 color styles to match ceiling tiles. The packet includes engineering specifications and installation instructions. For a free copy, write number 445 on the form.

• Top national experts describe the ultimate in community emergency medical service from every aspect in **Emergency Medical Service Systems—A Community Challenge.** Communication, transportation, training, the emergency department and financial support is discussed in this brochure by Employers Insurance of Wausau and the Liberty Mutual Insurance Cos. For your free copy write number 413 on the form.

• **This is OSHA,** a U.S. Department of Labor film on job safety and health, is available on a free loan or purchase basis throughout the country. The 16mm color film reports progress in the agency's first two years and covers standards-setting, inspections, training and education, state programs and voluntary compliance. The film may be obtained on free loan from any of 27 film libraries of the Modern Talking Picture Service in 19 states and D.C. For additional information write number 448 on the reader service card.

• Fire prevention tips for restaurants, whether they serve exotic flaming concoctions or hamburgers, are listed in **Insurance and Restaurant Fires,** published by the Insurance Information Institute. The booklet also explains how a restaurant's construction, type of cooking facilities, decor and location are evaluated by insurance companies in calculating fire insurance premiums. For 25 cents a copy, the booklet may be obtained by writing the institute, 110 William St., New York, N.Y. 10038. The cost is 20 cents each for 10 or more copies.

• **Pneumatic Controls for Worker Safety and Industrial Environmental Improvement** has been made available from Ross Operating Valve Co. The report reviews some of the latest developments in double valves, two-hand control circuits, lock-out valves, mufflers and directional control valves. To obtain a copy write number 450 on the order form.

• The **1973-1974 List of ASTM Publications,** issued by the American Society for Testing and Materials, lists more than 600 ASTM publications dealing with standardization test methods and specifications for materials, the knowledge of materials and materials evaluation. For a free copy write number 451 on the card.

• Commerce Clearing House Inc. has issued a **Guidebook to Occupational Safety and Health—1973 Edition.** This book clearly explains inspections, citations and penalties. How inspections are conducted, how to select employers for inspection, employe safety complaints, enforcement, recordkeeping and the role of the states is also discussed. The book costs $6 and can be obtained by writing Commerce Clearing House Inc., 4020 Glendale Ave., Chicago, Il. 60646.

• **Organizing for OSHAct: A Management Challenge** focuses on developing a systematic managerial process aimed for OSHA compliance. The book, issued by Risk Treatment Services Co. Inc., includes a management information system, employe orientation, appraisal of conditions, decision-making tools, recordkeeping systems and an OSHA-oriented approach to purchasing, personnel training and product design. The cost of the book is $7.50. For a copy write James O. Matschulat, Risk Treatment Services, Six E. 43rd St., New York, N.Y. 10017.

• **Guide to Property Conservation** by the Kemper Insurance Group is a 16-page booklet which discusses loss prevention programs in a general way, making it applicable to the responsibilities of risk managers in almost any plant. The guide outlines how to react after a loss as well as how to prevent one. Pre-planning for emergencies is also covered. For a free copy, write number 453 on the reader service card.

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

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Security

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• A brochure titled **Top Security** is available from Multra-Guard Inc. The company's Multra-Sonic 2 system, a sound detection system that allows a monitor to "listen" to noises on protected premises is highlighted. For a free copy write number 502 on the reader service card.

• The Walter Kidde & Co. Inc. has a 12-page brochure which illustrates and describes intrusion systems and components as well as fire alarm systems. Intrusion control systems include ultrasonic and infra-red light detection devices. For a free copy of **Intruision/Fire Alarm Systems and Components**, write number 503 on the reader service card.

• The Advance Industrial Security Inc. has a brochure available on its security guard services for property protection, titled **Security Systems.** For your free copy of the brochure write number 504 on the reader service card.

• A brochure on the Burns International Security Services, titled **Complete Scope of International Investigations** is now available. Special attention is given to investigative services for multinational companies for incidents of arson, fraud, sabotage, and other losses. For a free copy write number 505 on the reader service card.

• Closed-circuit television equipment for audio-visual security systems are featured in the Sony Corp. of America's **AV Products Catalogue** and **Video Cassette Catalogue.** Also included are video tape system descriptions. For free copies write number 506 on the reader service card.

• An informative brochure on investigative services provided by Advance Industrial Security Inc. is available, titled **Something Worth Investigating.** Pre-employment, internal and insurance investigation services are outlined with information on company methods, policies and consultations. For a free copy write number 508 on the card.

info for buyers

• Two brochures that describe access control systems are available from Diebold Inc. The diebold pamphlets explain the flexibility and effectiveness of the R20 and R40 access security systems with illustrations and diagrams. For free copies write number 508 on the reader service card.

• **Diebold Insulated Files** describes the complete line of insulated filing cabinets marketed by Diebold Inc. Charts and model illustrations are included in the eight-page pamphlet. A free copy can be obtained by writing number 509 in the reader service form.

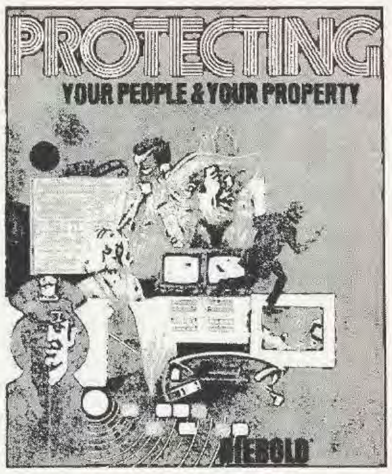
• The Diebold VSS-2 video surveillance system is described in a small, colorful brochure entitled **To Stop a Thief . . . To Catch a Thief . . .** Optional accessories are also outlined for the crime prevention and criminal identification system. For a free brochure, write number 510 on the reader service card.

• **Paper Shredding Machines** includes three catalogue sheets on models manufactured by the Shredmaster Corp. Charts with machine specifications and illustrations are included on heavy duty as well as small office models. For a free copy write number 511 on the form.

• **Cardox Halon 1301 Fire Extinguishing Systems and Equipment** describes the engineering design of Halon 1301 by Chemtron's Cardox products division, including methods of automatic and manual actuation and heat detection devices. The brochure also lists the advantages of using Halon 1301 for fire protection. For a free copy write number 512 on the order form.

• Adams Rite Mfg. Co. publishes a brochure entitled **Protection For Any Building** which describes how to defend glass doors against the most frequent kinds of forced entry attempts. For a free copy write number 513 on the customer order form.

• **Protecting Your People & Your Property** is a brochure describing the Diebold Inc.'s 12-24 security system, with its wide



range of electronic protection options. For a free copy write number 501 on the reader service card.

• A brochure on the **Mini Mux 200** multiplex data transmission system is available from American Multiplex Systems Inc. The brochure describes how the system can be used in fire-security warning operations. For a free copy, write number 515 on the reader service card.

• **Protection for Your Computer Systems** details some of the potentials for losses due to failure to take essential steps to protect computer equipment and records. For a free copy write number 516 on the reader service card.

• **50 Ways to Reduce Crime Losses,** released by Kemper Insurance, provides a list that tests the efficiency of your proper insurance and internal control for losses before they occur. For a free copy write number 517 on the reader service card.

• **I.Q. Your Defense Against Dishonesty . . .** is a national study which shows that most firms are under insured for infidelity losses. This folder, released by Kemper Insurance, provides an uncomplicated formula to determine the minimum amount of honesty insurance a company should carry. For a free copy of this brochure write number 518 on the reader service card.

• Filmdex Chex System Inc. is offering a selection of literature illustrating and describing the company's photographic security systems and business and industrial radios. For complete information write number 521 on the order form.

• A **Computer Center Risk Management** booklet and a self-rating **Computer Security Guide** have been prepared by Risk Treatment Services. They are available without charge by writing 522.

Security

• **Advanced Security Techniques,** a booklet available from Advanced Computer Techniques Corp. describes the company's services for assessing the internal and external vulnerability of automatic data processing systems and facilities and developing individually designed practical and cost-effective corrective measures for their security. For a copy write number 519 on the order form.

• A new 12-page condensed catalog describing many of the popular burglar and fire alarm products is now available from Morse Products Mfg. Included in the fully illustrated catalog are burglar alarm transmitters, fire alarm equipment, central station equipment and a new security polling system. For a free copy write number 520 on the order form.

• Friskem Magnetic Detection Devices, a division of Infinetics Inc. has made available a folder of material describing the company's hand held, walk-thru and intrusion detectors. The literature includes descriptions, applications, specifications, and price information. For copies write number 523 on the reader service card.

• Literature from Mosler details the company's concept of lock security and explains the variety of lock systems available. Seven different types of locks are shown and their function and applications are explained. For a copy of the literature write number 524 on the reader service card.

• **Computer Fire Detection Systems** is an eight-page brochure, published by Pyrotronics, outlining high hazard fire areas associated with computer facilities and

describes how fire can affect operations. It includes a checklist for the operations manager. For a free copy write number 514 on the order form.

• Valuable information pertaining to the fire extinguishing mechanism of dry chemicals appears in the expanded appendix of the 1973 edition of the **Standard for Dry Chemical Extinguishing Systems,** now available from the National Fire Protection Assn. Copies are available for $1.25. Write the NFPA Publications Service Department, 470 Atlantic Ave., Boston, Ma.

• Royal-Globe Insurance has prepared a 64-page booklet entitled **Burglary Protection devices.** It is profusely illustrated with lock and alarm system diagrams, and includes pointers on how to protect against burglary. Cost of the booklet is $1. Requests should be mailed to Joseph Venturelli, Corporate Communications Department, Royal-Globe Insurance Companies, 150 Williams St., New York, New York 10038.

• Insurors Press will offer a **Protection of Assets Manual** beginning in February. The two-volume handbook touches on all aspects of security, including structural barriers, locks, alarms, insurance on the protection of assets, data processing operations protection, theft and fraud prevention. It will contain an index, and supplements will be printed monthly. Cost of the manual is $135 the first year and $75 each following year. Inquiries should be sent to George Nordhaus, Insurors Press, P.O. Box 1430, Santa Monica, Ca. 90406.

• A full color, sound film entitled **Crisis Management** is available from Charles S. MacCrone Productions. The film deals with the process of evaluating business risk exposure, realigning preventive priorities and capabilities, and utilizing business and police resources to deal effectively with the risk of criminal confrontations. The film may be either purchased or rented. For complete information, write Charles S. MacCrone Productions, 8048 Soquel Dr., Aptos Village, Aptos, Ca. 95003.

Foreign insurance and benefits

• **FCIA Export Credit Insurance: the Competitive Edge,** released by Foreign Credit Insurance Assn., explains the types and benefits of insurance offered by the association, the commerical and political losses covered by FCIA and special programs available to suit individual U.S. exporter needs. For a free copy write number 601 on the reader service card.

• American's International Life's **New Concepts, Third Country National's International Pension Planning** offers specific programs for the corporate benefits buyer. The brochure discusses facilities, coverages available and service capacity world wide. For a free copy write number 602 on the reader service card.

• AFIA Worldwide Insurance offers some **Frank Talk on Foreign Royalties Overseas,** including discussion of why interest in royalties is on the rise, why foreign royalties need to be insured, what to look for in foreign royalties coverage and how to obtain that coverage in the U.S. For a copy write number 604 on the order form.

• **Plain Talk on Products Liability Overseas** is published by AFIA Worldwide Insurance. In it, the company describes why products liability is needed overseas and explains the differences between the way such coverage is written domestically and for overseas exposures. The brochure discusses how the insurance should be written to protect the insured. For a copy write number 605 on the order form.

• Alexander & Alexander publishes an illustrated brochure describing its international network of branch offices and jont venture corporations on all continents. The pamphlet also tells how the international operations function. For a copy write number 607 on the order form.

• Marsh & McLennan has made available a booklet titled **Australian Employee Benefits in the Seventies.** It discusses some of the recent trends and changes in employe benefits in this growing continent, emphasizing the implications for both employes and employers. For a free copy write number 609 on the card.

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Foreign insurance and benefits

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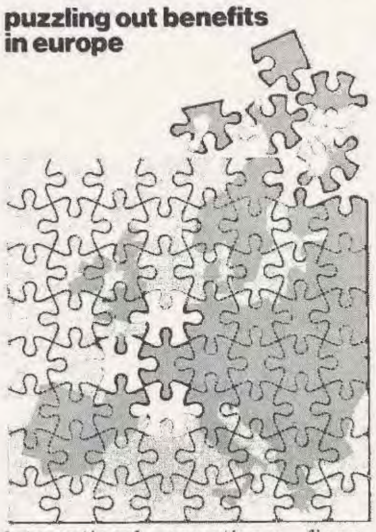
• AFIA Worldwide Insurance uncomplicates boiler and machinery insurance overseas in its booklet containing a description of basic conditions necessary in coverage abroad; the coverages available; a comparison of policies admitted, non-admitted and DIC, along with special factors relating to overseas insurance. The booklet also gives information required of the agent or broker. For a copy write number 606 on the order form.

• **Total Remuneration in the European Economic Community, Japan and the United States** is a Towers, Perrin, Forster & Crosby report which includes statistical profiles of eleven countries, as well as information on many aspects of remuneration such as new programs designed for expatriates. For a copy write number 226 on the form.

• The booklet **Puzzling Out Benefits in Europe** outlines facts which should be vital to the management of every company, large or small, with operations in Europe. It should be of greatest interest to those concerned with



international operations: financial officers and others responsible for personnel, employe benefits, compensation and remuneration in general. For a free copy, from Insurope Secretariat in Brussels, write number 603 on the reader service card.

General information

• Yosemite Great Falls Insurance Cos., based in San Francisco, is making available a **Marketing Guide** which briefly outlines what the company has to offer in various states, as well as by type of coverage written in personal lines, commercial and casualty lines, commercial property and ocean marine lines. For a free copy write number 701 on the reader service card.

• You can find out **How To Tell When Your Company Has Outgrown Its Insurance Service** by reading Alexander & Alexander's brochure which poses nine basic questions for senior corporate executives of growing commercial enterprises. Each question in the 40-page booklet is illustrated with a cartoon designed to reveal problems potentially lethal to any business. For a free copy write number 702 on the order form.

• Nationwide Boiler Rentals Inc. publishes an **Emergency Steam Plan Analysis** which shows how to develop a company plan for emergency boiler outages, with suggestions of how to analyze steam demand and minimize plant interruption in case of boiler breakdown. For a copy write number 703 on the reader service card.

• The **Mobile Boiler Rental Primer** poses the 28 questions most frequently asked by plant engineers and insurance carriers about emergency mobile rental boilers, and answers them. The book also includes a listing of boiler sizes available, how they are shipped and hook-up procedures. For a free copy write number 704 on the order form.

• The **Little Red Book** is a revised and updated listing of all General Adjustment Bureau office locations, domestic and foreign. It lists all district, regional and branch offices, with complete addresses as well as day and night telephone numbers. The guide also lists and describes various GAB services. For a free copy write number 705 on the reader service card.

• The General Adjustment Bureau offers a **Comparative Analysis of Unfair Claim Settlement Practices and Regulations.** It has been updated to include changes in statutes effective in 1973 in 12 states. Unfair practices range from misrepresentation of pertinent facts or policy provisions to failure to acknowledge and act promptly upon communications. For a copy write number 706 on the reader service card.

• Justin S. Lencke, an insurance consultant, offers a brochure entitled **Insurance Is a Puzzlement** which offers suggestions about how to examine your policy to find what it doesn't cover, where it restricts your rights, in what ways it fails to provide for your exposures. For a copy write number 708 on the order.

• **Business as Usual? Not Necessarily. Profits as Usual? Yes.** This new brochure, available from Commerce & Industry Insurance Co., outlines the advantages of three special forms of business interruption insurance that have been developed especially for retailers, wholesalers and manufacturers. For a free copy write number 709 on the reader service card.

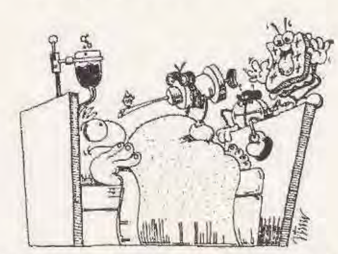
NOTE: Most items listed here are available without charge. For free material use the coupon in this issue or a postcard, indicating the item number. Material which is available at a price should be requested directly from the source, at the address given.

• **Weather Insurance** is a brochure published by American Home Assurance Co. which gives general information on precipitation insurance covering outdoor activities, including snow, hail, and rain. For a copy write number 710 on the reader service card.

• Risk Management Consultants Inc. (RIMCO) answers in its new brochure the question, "Isn't there someone around to give professional advice about insurance matters, but doesn't sell insurance?" RIMCO's booklet describes how the firm identifies, evaluates and determines the most feasible way to handle the risks faced by your company. For a free copy write number 711 on the order form.

• **No Time For Bugs** is a booklet containing humorous case histories illustrating the right and wrong ways to handle medical situations. It was originally published by Time Insurance Co. for its own policyholders, but is now

NO TIME FOR BUGS



widely available. Its objective is to show readers how they can hold down medical expenses and inconveniences, particularly where hospitalization is required. For a copy write number 707 on the order form.

• **What Is Self Insurance?** is a compact brochure which defines the idea of self-insurance, its potential advantages and pitfalls, and the services available in the management of a self-insurance program. The brochure is published by the Transport Underwriters Assn. For a free copy write number 714 on the form.

• The Eastman Kodak Co. offers a booklet entitled **The Management of Information** which describes various microfilm systems, their uses and benefits. The book includes details of how such things as accident reports, claim files, deeds, and insurance files can be put on microfilm for fast information retreival and compact filing. For a free copy write number 715 on the order form.

General information

• A 16-page booklet from Lawyers Title Insurance Corp. gives **Thirty-One Questions and Answers About Title Insurance.** The booklet also includes a glossary of real estate terms. For a copy, write number 712 on the order form.

info for buyers

• For a brief description of commercial credit insurance and its applications to commercial companies, read **Play It Safe With ACI,** published by American Credit Indemnity Co. For a free copy write number 713 on the reader service card.

• Home Insurance Co. offers a 48-page booklet inventorying the various insurance products available. For a copy write number 716 on the reader service card.

• Coats & Burchard Co. publishes **Fast "Facts"**, a brochure describing the property data bank, a computerized property asset control systems utilizing techniques of appraisal research, property economics and financial data to use in developing reports for accounting, insurance, proof of loss and other administrative services. For a copy write number 717 on the reader service card.

• **Loss Prevention Publications and Training Aids** offers a complete listing of publications, films and learning kits available from Factory Mutual Engineering and Research. For a free copy write number 718 on the reader service card.

• **How to Insure Your Insurance,** published by Marshall & Stevens Inc., points out some of the traps in the corporate insurance policy and suggests how to avoid them. The coverage trap . . . determining correct values for covered items, and the proof of loss trap . . . being ready with what's really required for a fast, fair settlement are discussed. For a free copy write 719 on the reader service card.

• **Today's Appraisals and the Valuation Revolution,** available from Marshall & Stevens Inc., contains facts on new tools and techniques of today's professional appraiser. It suggests revolutionary methods which can be used by today's management teams to gain tighter control on ever-changing values for insurance and other purposes. Complete listing of commercial appraisal services provided by the company and world wide associates is included. For a free copy write number 720 on the reader service card.

• **How Not to Cook Your Corporate Goose,** a brochure from Marshall & Stevens Inc., succinctly suggests practical precautionary steps the corporate risk manager can take to be sure of adequate coverage and usable proof of loss. The emerging role of the professional valuation consultant in the total corporate insurance program is spelled out in helpful terms. For a free copy write number 721 on the reader service card.

• **Special Risk-Excess & Surplus Lines Kit** provides information and applications regarding Interstate National Corp.'s operations and lines of insurance. The emphasis is on non-standard lines of insurance. For a copy write number 723 on the reader service card.

• **A Custom Service for Banks** describes the uni-group approach to property management and control and the diverse record needs for bank owned, managed or leased property. Bankers may obtain this free booklet by writing number 724 on the reader service card

• **The Love Machine** is a brochure introducing the Optiscan computing automated accounting service based on input of optical character reading rather than standard methods of keypunching. It is published by Optiscan Computing Inc. For a free copy write number 722 on the customer order card.

Continued on page 44

TO OBTAIN INFO FOR BUYERS DATA—USE THIS COUPON

business insurance

P. O. Box 395, Wilmette Illinois 60091

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

Name ____________

Title ____________

Company ____________

Address ____________

City/State/Zip ____________

Nature of Company's Business ____________

Essential you supply complete information.

NOTE: THIS COUPON WILL NOT BE SERVICED AFTER FEBRUARY 28, 1974

General information

Continued from page 43

• **Signs of the Times** is an American Credit Indemnity Co. booklet showing credit usage trends in chart and statistical form. The book discusses credit problems and the advantages of having credit insurance. For a free copy write number 725 on the reader service card.

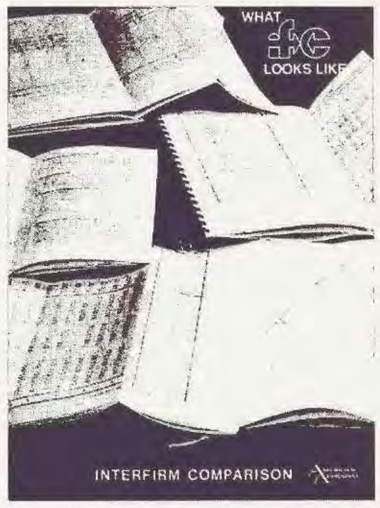
• American Credit Indemnity Co. offers a brochure which answers the most frequent questions about commercial credit insurance. For a free copy write number 726 on the order form.

• **Employe Information Systems Datapak** is published by Benefacts Inc., a subsidiary of Alexander & Alexander, as a discussion of problems encountered by personnel departments in gathering and compiling "need-to-know" information about large groups of people. The brochure explores the phenomenon of the corporate records explosion and its ramifications. For a free copy write number 729 on the order form.

• A book of **General Information on Insurance and Bonds** is available from the Hartford Insurance Group. It gives broad-brush treatment to the overall insurance markets, and contains general descriptions of fire, casualty and life policies. For a free copy write number 730 on the reader service card.

• **A Glossary of Insurance Terms** is published by the Hartford Insurance Group and is designed to provide the reader with a general understanding of insurance phraseology used in fire, casualty, life and bonding. For a free copy write number 731 on the order form.

• **What IFC Looks Like** is a brochure prepared by American Appraisal Interfirm Comparison. It explains how an IFC analysis shows where and why a firm's



overall business compares with that of similar firms. For a free copy write number 728 on the reader service form.

• **Jet Sense** is an illustrated booklet from Associated Aviation Underwriters presenting useful information for today's industrial and/general aviation jet pilot. The booklet suggests ways to prevent jet accidents by using the jet plane properly. For a free copy write number 734 on the order form.

• **Twin Sense** is an illustrated booklet published by Associated Aviation Underwriters to encourage flying safety. It is the stated objective of the booklet to point out some limitations of twin-engine planes, and alert pilots so they may better understand them. For a free copy write number 735 on the customer service card.

• **Flight Sense** is a booklet published by Associated Aviation Underwriters in the belief that the pilot is the key to reducing aircraft accidents. It is a 10-page brochure directed to pilots of single-engine planes, and reviews principal accident causes. For a free copy write number 736 on the order form.

• The National Assoc. of Insurance Commissioners has prepared an **Economic Stabilization Bulletin** to be used as a guide by state insurance departments in carrying out certification procedures under Phase IV of the economic stabilization program. The bulletin has been distributed to state insurance departments and persons interested in obtaining a copy can write number 737 on the card.

General information

• **More for Your Premium Dollar** is a booklet published by E. H. Crump Companies Inc. which contains a brief but detailed description of the programs and services available to corporate executives, agents and brokers who may need special handling of special risks. For a free copy write number 732 on the order card.

info for buyers

• **Directors & Officers Liability** is a brochure offered by American Home Assurance Co. which explains the exposures of corporate and foundation executives, and cites instances of recent suits against officers of companies. For a free copy write number 733 on the reader service card.

• **Self-Insurance, What's it all About?** a booklet prepared by Stoner-Eastwood Inc., contains questions and answers about self-insurance and a summary of the self-insurance concept. Copies can be obtained by writing number 7 on the card.

• Insurance companies will be able to offer J. K. Lasser's **Your Income Tax**, as a premium and business-builder, after the first of the year. This is a special printing for insurance companies' promotional use and low quantity-discount rates are available. Companies interested in obtaining information about this pamphlet should write number 739 on the reader service card.

• **A Need . . . A Response . . . Metropolitan Life** discusses the insurance company's response to society's needs through equal employment opportunity practices, financial investments and contributions, community involvement and health education. A free copy of this fully-illustrated, 20-page-brochure is available by writing number 740 on the card.

• **What You Always Wanted to Know About Your E&O Exposure**, a booklet available from Employers Reinsurance Corp., deals with insurance agents' and brokers' vulnerability to errors, omissions and negligent acts. A free copy may be obtained by writing number 741 on the reader service card.

• **Retrospective Rating** is a primer by John R. Stafford. It teaches the fundamentals of retro and includes several fully illustrated step-by-step retro plan D calculations. The cost per copy is $5.50. For complete information write J&M Publications, P.O. Box 338, Palatine, Il. 60067.

• **Werbel's General Insurance Guide** is an encyclopedia of all forms of insurance other than life. It includes independent chapters for various types of property and casualty insurance. Approximately 2,400 pages are included in this updated publication. *Business Insurance* readers are offered a one-third discount, making the cost $27.00 plus New York sales tax, if applicable. For a copy of the guide write V. Merkel, Circulation Department, Werbel Publishing Co., 595 Old Willets Path, Smithtown, New York 11787.

• **Risk and Insurance** is a general, college level text which contains special chapters on risk management, international insurance, insurance law, interpretation of insurers financial statements, selection of insurers, etc. This 768-page book is available for $10.50 by writing M. R. Greene, c/o College of Business Administration, University of Georgia, Athens, Ga. 30601.

• The **1973 Argus F.C.&S. Chart**, an annual statistical publication, is now being distributed by the National Underwriter Co. This year's chart has detailed exhibits of the financial and operating reports of 1,036 insurers of all types. Copies may be obtained for $4.95 per copy from the company, 420 East Fourth St., Cincinnati, Oh. 45202.

• A shopper's guide to insurance, **A Series of Tips on How to Shop and Save on Insurance**, has been written by Pennsylvania Insurance Commissioner Herbert Denenberg. This guide gives consumers a broad range of information, designed to enable them to purchase insurance and health care knowledgeably and wisely. Send a 9"x12" self-addressed envelope with 16 cents postage for each guide to Pennsylvania Insurance Department, Harrisburg, Pa. 17120.

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

• The National Safety Council has published a 1973 **Accident Facts** book, an annual statistical tool to determine causes of accidents and their prevention. The book is available for $2.80 from the National Safety Council, 425 N. Michigan Ave., Chicago, Il. 60611. Orders should include Stock number 021.53. ■

New optional leave plan for older workers

MOLINE, IL.—A new "optional leave" plan for workers near retirement age is part of this year's UAW contract agreement with Deere & Co., International Harvester and Caterpillar Tractor Co.

"It's becoming more common," said Mr. L.L. Dietz, Deere's manager of personnel administration. He explained that the new optional leave plan is based on a "reverse seniority" plan introduced by Deere and the UAW in 1967. Back then, senior production workers were offered the first chance to take a paid leave when there was a production cutback.

"WE WERE unique within the UAW for a number of years," Mr. Dietz told *Business Insurance*.

Now, workers with more than 30 years seniority are offered four weeks of optional leave a year regardless of production cutbacks. Almost identical plans have been accepted in the latest round of union contract settlements by International Harvester and Caterpillar.

The four-week leave is coupled with another 13-week leave plan for workers with more than 10 years of seniority. A production worker who takes the optional four weeks and then stays out for more during a production cutback still receives the total leave permitted of 13 weeks. While the 13-week leave is available only during cutbacks, senior workers may take the four weeks off at any time.

PAY FOR WORKERS on leave is about 65% of regular wages, Mr. Dietz said.

If a company has to cut back production to the extent that some workers are laid off for more than 13 weeks, SUB (Supplemental Unemployment Benefits) pay provides the idled workers with about 95% of their after-taxes income. Part of these wages comes from state unemployment benefits, Mr. Dietz explained.

Deere established a separate fund for optional leave back in 1970. Before that, funds were taken from the SUB fund.

COST OF THE leave program is "expensive to the extent that you use it," Mr. Dietz said. The variable level of funding is based on production expectations and the number of workers on the job. If the economy suffers a severe recession in the next year due to the fuel shortage, the leave plans may be taxed heavily during frequent production cutbacks.

Deere has about 30,000 production employes. Mr. Dietz pointed out that only a "relatively small percentage of the work force" has more than 30 years' experience, making them eligible for the four-week optional leave.

International Harvester has about 40,000 production employes. A spokesman for the company said they are using the SUB fund to finance the optional leave plan. Before this year's round of bargaining with the UAW, International Harvester and Caterpillar had no leave plans at all.

Major auto manufacturers do not have an optional leave plan in their renewal contracts. ■

for the record

Deduction withdrawn for out-of-state firms

SACRAMENTO—California's insurance department and state board of equalization have applied the rule of retaliatory law to the insurance industry's "principal office" deduction concept and, in effect, withdrew the premium tax deductions for out-of-state firms operating here.

Henceforth out-of-state insurance carriers will not be permitted to deduct from their premium taxes amounts they paid in taxes on principal office buildings maintained in California unless their own state provides similar treatment for California based carriers.

Chief deputy insurance commissioner Lawrence D. Baker estimated the total dollar amount involved may range between $5 million and $6 million.

Many out-of-state carriers thus are now receiving tax bills hundreds of thousands of dollars higher than anticipated. The bills were to be paid by a Dec. 1 deadline or the carriers face penalties and interest charges of 10% penalty and 6% interest.

Insurance industry spokesmen indicate many companies are planning a court appeal of the decision, although companies also plan to pay the tax bill and concurrently file claims for refunds so that court action may be launched if the refund claim is denied.

The decision will result in substantial payments by insurance carriers whose headquarters are located in Connecticut, Illinois, Massachusetts, New Jersey and New York.

One source close to the industry claimed that the retroactivity feature (going back five years) would mean payments of some $16 million per year for the affected carriers. Multiplied by five years, tax revenues from this action could total upwards of $75 million.

Federal work comp proposals under attack

WASHINGTON—The Chamber of Commerce sharply criticized federal proposals to control workmen's compensation programs now being administered by the states.

The National Worker's Compensation Standards Act (S. 2008) and similar proposals were opposed as "extremely costly and definitely unnecessary in the light of great strides being made by the states in improving their laws."

According to a Chamber estimate, compensation costs under S. 2008 could climb six-fold to $40 billion annually.

Particularly disturbing, said a Chamber statement, is "the fact that much of the additional cost would go out in benefits for non-work caused injuries which are now covered by the Social Security system and private insurance."

The chamber noted that among other things, S.2008 would require all employers to pay program costs associated with case re-openings, thereby destroying the experience rating characteristics of state programs.

Moreover, the Chamber opposes a provision in the bill which it says would make it possible to re-open and re-evaluate under new and more lenient criteria, hundreds of thousands of disability cases with staggering cost implications."

States enact more than 250 work comp laws

SAN FRANCISCO—More than 250 new laws relating to workmen's compensation insurance were enacted during 1973 legislative sessions in the various states, according to Alan Tebb, general manager of the California Workmen's Compensation Institute.

In an address to the Pacific Claims Association, Mr. Tebb described 1973 as "a record year for workmen's compensation legislation, by any yardstick."

The California session provided benefit increases, a new advisory committee and a limitation of liability for cumulative injury claims, he noted.

Included in the eight measures killed by Gov. Reagan were bills extending workmen's compensation insurance coverage to domestic and casual employes and measures allowing the employe to select his or her own treating physician.

Enactment and approval by Gov. Reagan of the benefit package will increase costs to employers by 6.7 per cent, for about $37 million in additional incurred benefits, Mr. Tebb said.

Harbor workers' work comp benefits rising

WASHINGTON — Maximum weekly workmen's compensation benefits under the Longshoremen's benefits under the longshoremen's and Harbor Workers Compensation Act have been increased to $210 as of Oct. 1.

Under provisions of amendments to the act passed last October, the maximum benefits are now computed as a percentage of the national average weekly salary. The $210 level represents 150% of the current $140 average weekly wage. Prior to Oct. 1, the ceiling was set at $167, or 125% of the average weekly wage on Oct. 1, 1972. Next October, the benefits will increase to 175%, and, in 1975, to 200%.

Prior to the October, 1972, amendments, the most an injured worker could collect under the act was $70 weekly. Now, $70 represents the least that can be collected.

Almost a million persons are covered under the act, including dock and shipyard workers, persons working within the District of Columbia and civilian employes working at military bases her and overseas.

Bounded by the maximum and minimum payment figures, covered workers who sustain total disability are paid two-thirds of their base wages. Survivors of covered workers killed on the job also receive two-thirds of wages lost.

Long-term benefits paid to widows and other survivors were increased by 6.2% in October.

New ARM group underway in Ohio

COLUMBUS—A new Associated Risk Managers (ARM) group of eight insurance agencies is limbering up in Ohio.

J. Peter Hepburn, acting executive director, said ARM will mass market property-casualty and other group insurance programs to trade associations and commercial clients.

"We'll be developing programs ourselves," Mr. Hepburn said, "and handling carrier or broker programs for those who want them."

He explained that all the programs marketed by the Ohio ARM will be available solely through the group's agencies.

"We are not intending to do it other than on an exclusive basis."

Mr. Hepburn estimated the total premiums of Ohio's ARM at $60 to $80 million.

Ohio is the eighth state with an ARM group. Indiana's ARM began in 1970, followed by the formation of similar groups in Michigan, Illinois, Kentucky, Vermont, Florida and Texas. The ARM movement may soon stretch into Connecticut and Tennessee, Mr. Hepburn added.

The ARM objective is to improve marketing efficiency by combining the resources of agency representatives all over the state while providing local account services, he explained. Each state is autonomous, with a loose inter-state communications linking the ARMs

Affiliates of the Ohio group include: Herberich-Hall-Harter Agency, Akron; Frederick Rauh and Co., Cincinnati; The W. F. Ryan Corp., Cleveland; The McElroy Minister Co., Columbus; John L. MacBeth Co., Dayton; Webb Insurance Agency, Lima; Picton Cavanaugh Inc., Toledo; and Pease-Kerr Agency Inc., Painsville. ■

Liability dispute in train, gravel truck crash

BARTLETT, IL.—On the warm and foggy morning after Thanksgiving a large gravel truck ran through flashers and railroad crossing gates here, crashed into the side of a commuter train headed for the city of Chicago and caused a second train to hit the first derailed cars.

Luckily, only two persons died, and only several minor injuries resulted. The only thing that prevented a major disaster was the fact the accident occured the day after a holiday, when passenger traffic on the trains was extremely light.

Although the owner of the truck, Accorsi Sand & Gravel Co., says the liability question is still open, the Milwaukee Road railroad is contending the truck driver (who was killed) and the gravel company are clearly liable for the mishap.

"IT LOOKS VERY doubtful whether we will be held liable since the truck hit our train," a Milwaukee Road official said, noting that it was very fortunate all brand new equipment was involved so that, unlike the Illinois Central disaster here just over a year ago (*Business Insurance*, Nov. 6, 1972) the second crash was a sideswiping but did not involve telescoping of the two trains or the railroad cars.

The sideswiping took place seconds after one train had been partially derailed by the dump truck that crashed through a crossing in this northwest suburban community and struck the side of a railroad passenger car.

The local police chief said the accident occurred shortly before 7:40 a.m. in dense fog that limited visibility to 200 feet.

The other person killed was the engineer of the second train.

ACCORSI SAND & GRAVEL Co.'s owner, Dominic Accorsi, declined any comment on the accident, except to say the firm works through Brennan & Brennan Co., insurance brokerage in Skokie, Il. The broker said the "extent of our liability isn't known yet," but that Accorsi does have liability coverage. Limits of that coverage and the carrier are unknown.

It was said, however, by people who were at the scene of the accident, that Aetna Insurance Co. adjusters were present.

Small businesses like Mr. Accorsi's commonly have insurance coverage with primary liability limits of $100,000 per person, $300,000 per occurrence, often with an excess liability umbrella policy over primary up to $1 million or more, insurance specialists said.

Although no estimate of damage to the train was available, this magazine learned that each double-decker passenger car is worth about $450,000. At least two cars were extensively damaged.

The railroad is basically a self-insurer, with about a $2 million deductible on general liability, which would cover derailments, freight losses and damage, and passenger accidents. Lannan & Co. is agent for the railroad. ■

Carbide's risk man retiring

NEW YORK—Paul Larcom, insurance manager for Union Carbide Corp. here, is retiring the end of January after 30 years with the $4 billion a year company.

S. E. Nightingale, treasurer of Union Carbide, is presently seeking a new corporate insurance manager and expects to make a selection about the middle of January. Sources outside the firm indicated the salary ranges up to $49,000 a year.

Mr. Larcom said he plans to move to Key West, Fl. He has been responsible for all forms of insurance for Union Carbide.

Mr. Larcom has participated in American Management Assn. programs, and has been a member of the American Society of Insurance Management. ■

Giles on the law

Buyers of new homes protected by product liability legislation

WASHINGTON—Real estate promoters should realize that they are facing the law of products liability when they sell a new home.

In Missouri the defendant subdivided a tract of land into residential lots and hired an agent to construct a display home, which the plaintiff purchased. The contract of sale contained no warranties concerning the quality of the house and the defendant conveyed the property by general warranty deed.

Within a few months, a concrete slab supporting two rooms settled, causing the doors to stick, the caulked space between the bathtub and wall to become larger, cracks to develop in the walls and a space to appear between a baseboard and a wall. The plaintiff brought an action for damages on two theories: (1) breach of an implied warranty of fitness for use as a residence and (2) negligence in the construction of the house.

The supreme court held the defendant was liable. The court said that although considered to be a "real estate" transaction, the purchase of a residence is in most cases the purchase of a manufactured product—the house. The land involved is seldom the prime element in such a purchase, certainly not in the urban areas of the state. The structural composition of a house, by its very nature, is nearly impossible to determine by inspection after the house is built, since many of the most important elements of construction are hidden from view.

The ordinary consumer can determine little about the soundness of the construction but must rely upon the fact that the vendor-builder holds the structure out to the public as fit for use as a residence, and of being of reasonable quality. Certainly in the case here no determination of the existence of the defect could have been made without ripping out the slab which settled, and maybe not even then. The home here was new and was purchased from the company which built it for sale.

Common sense tells us that a purchaser under these circumstances should have at least as much protection as the purchaser of a new car, or a gas stove, or a sump pump or a ladder.

Until recent years, courts have been reluctant to allow purchasers of new homes to recover damages for defects in the homes. Generally, they have required an express covenant of habitability and fitness in the deed before granting such relief. In so doing, these courts have employed one of three theories (1) strict liability (2) statutory warranty or (3) implied warranty. The vast majority of the cases permitting recovery in Missouri utilize the implied warranty theory. (*Smith v. Old Marson Development Co.*, —479 S.W. 2nd 795, 1972 Missouri Law Review, Vol. 38, No. 2, p. 315.)

* * *

IS A STATE LIABLE if it fails to make safety inspections in a plant and someone is injured?

The action here was by an injured workman against the state of Washington. The court of appeals held that the responsibilities of the safety division of the department of labor and industries in conducting safety inspections where extra-hazardous work is performed involve exercise of judgment and discretion, and the state was immune from tort liability for alleged faulty performance or nonperformance. In this case, allegedly resulting in an injury to a sawmill employe from lack of guard or hood on a saw.

The court said, "We hold the responsibilities of the safety division of the department of labor and industries and the resources available to the division up to this light and conclude that their performance of safety inspections in the thousands of working places where extra-hazardous work is performed is done in the exercise of judgment and discretion.

The state is, therefore, immune from tort liability for faulty performance or non-performance of the activity." The court pointed out that a sovereign state is not liable for misfeasance, nonfeasance, or negligence of its agents unless it has voluntarily assumed such liability. (*Loger* v. *Washington Timber Products Inc.*, 509 Pac. 2nd 1009.)

* * *

THE EVER RECURRING question of whether an injured bystander can recover against a manufacturer under the products liability theory has been answered by the New York court of appeals.

It has ruled that the manufacturer of a defective product is liable to any person injured or damaged if the defect was a substantial factor in bringing about his injury or damage provided: (1) that at the time of the occurrence the product is being used (whether by the person injured or damaged or by a third person) for the purpose and the manner normally intended, (2) that if the person injured or damaged is himself the user of the product, he would not by the exercise have both discovered the defect and perceived its danger, (3) that by the exercise of reasonable care the person injured or damaged would not have otherwise averted his injury or damages. The opinion contains a thorough discussion of cases on the subject from other stages. (*Codling* v. *Paglia*, 1973—298 N.E. 2nd 622.)

* * *

WHEN IS private nursing a necessary medical service?

After undergoing treatment at another hospital for a painful back injury, the plaintiff was transferred to Washington Hospital Center by ambulance. Her ailment was diagnosed there as a ruptured intervestebal disk. This was removed by surgery. During the pre-and post-operative periods, she was attended by private duty nurses, assigned by her surgeon.

The insurance company disallowed the claim for these services on the ground of not being "medically necessary". She was in severe pain and under constant medication and unable to turn herself in bed. The court held that these nursing services were necessary in view of the patient's condition. (*Group Hospitalization* v. *Levin*,—305 At. 2nd 248.) ■

Insurance for not-so-big businesses is Zurich-American's kind of business.

Small to medium-sized companies. Up to about $10 million annual sales. They're a specialty at Zurich-American.

What's so special about that? Well, first of all, we offer just about every kind of coverage a not-so-big business might require. And the insurance agents who do business with us rank us pretty high.

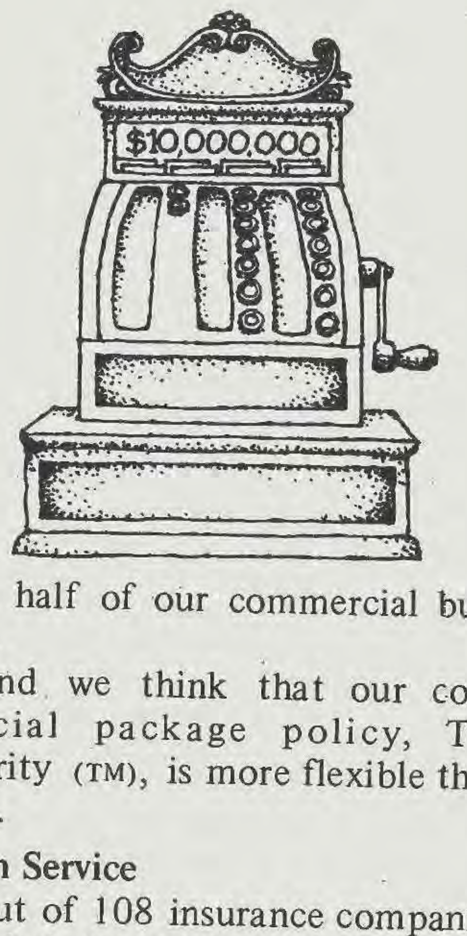
Agents rate Zurich-American number one, ahead of 107 competitors.

We're not just saying that. It's the result of an independent survey conducted in 1972 by Francis D. Barrett, Jr. & Associates, San Francisco consultants to the insurance industry.

Z-A was rated first on overall services. We're especially proud of our showing in the following categories:

Ability to Solve Underwriting Problems

We were rated number one. Why? Because we are flexible. Policies tailored precisely to the needs of the insured account for more



than half of our commercial business.

And we think that our commercial package policy, Top Security (TM), is more flexible than most.

Claim Service

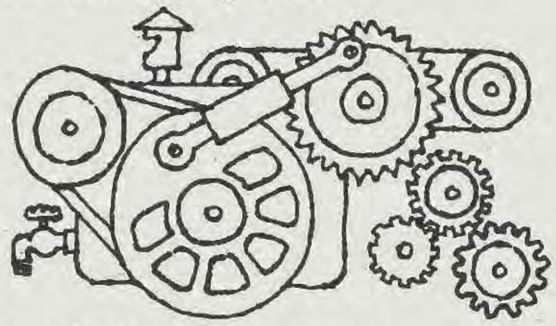
Out of 108 insurance companies included in the survey questionnaire, Z-A tied for third in this category. The credit goes to our people across the country and their continuing efforts to be quick, professional and courteous as they handle claims every day.

Quality of Engineering Services

Here again, people make the difference. And in the Barrett study, agents ranked Z-A second on quality of engineering services.

Z-A engineers are loss control specialists; not mere inspectors.

They often make safety suggestions that eventually mean lower premiums for the insured. They're up-to-date on OSHA regulations. They can point out situations to be corrected before the OSHA inspector does. And they are ready to help insured understand their responsibilities under the Consumer Products Safety Act.



Overall Ease of Doing Business

Here again Z-A ranked second out of 108 companies. Perhaps this rating more than any other explains our growing list of commercial clients, companies and associations requiring all types of commercial insurance coverage.

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london line

Lloyd's historic bell tolls twice for hijacked KLM 747 jumbo jet

LONDON—Insurers are relieved that the Arab gunmen who hijacked a KLM 747 jumbo jet in the Middle East last month freed it at Dubai airport after being given safe conduct guarantees.

The jet was worth $28 million, and was insured on the world aviation market through Dutch sources, with the risk spread largely through Lloyd's reinsurers to many other countries.

They were so relieved, in fact, at escaping this substantial loss within four months of a Japan Air Lines jumbo being blown up at Benghazi (*Business Insurance*, Aug. 13) that they rang the historic Lutine Bell at Lloyd's.

This, as most insurers know, is the traditional way of signalling good or bad news about major world risks. The bell came from the British naval ship Lutine which sank in 1799 off the German coast with the loss of gold bullion worth $3.5 million, and is classically tolled once for bad news and twice for good.

Aviation history was made when it was rung twice, at the news that the hijacked aircraft was safe after being under guerilla control for several days.

Fears about the aircraft's fate had grown as it flew round the Middle East with the hostages aboard, for in addition to the Japanese hijacking last July which cost $24 million, there had been three aircraft worth more than $40 million blown up in the desert by hijackers during 1970.

* * *

EFFORTS HAVE been made by the International Union of Marine Insurance to build up a "big risks" catalog which will list locations throughout the world where heavy concentrations of goods exist.

The aim of the catalog is to aid underwriters to assess risk problems on an international scale. Delegates reported back to the annual conference, however, that it was too difficult to present such figures in any form that could be of material use to insurers at this time.

No single underwriter, it was acknowledged, could ever hope to be able to assess his accumulated risks in any one location.

But some member associations of I.U.M.I. gave estimates of their own big risk areas. Japan guessed that the Tokyo-Yokohama area has a risk total at any one time of $300 million, based on figures of yearly customs clearances totalling $11 billion. And Holland reckons the figure for Rotterdam and vicinity is $250 million.

From the U.S., it was estimated that cargo on board vessels in the Port Elizabeth container terminal in New York can reach a maximum value of $45 million, and the terminal shed at Gothenburg (Sweden) houses up to $7.5 million worth of products.

Labor disturbances or other unpredictable factors can cause congestion and hike these figures well above normal, it was pointed out.

* * *

HEAVY FIRE LOSSES are still hitting the U.K. market. For the first ten months of this year fire damage claims have cost members of the British Insurance Assn. $380 million, compared with $260 million for the whole of 1972. The market fears record losses by the year's end.

The latest losses include a department store complex, a gasoline depot, and an engineering factory, with losses in October hitting $43 million making it almost the worst month to date.

* * *

DELEGATES AT a loss prevention conference organized by the Institute of Chemical Engineers have praised reports that many major insurance companies in the U.S. are demanding the introduction of loss prevention programs before they will grant substantial insurance for plant risks.

One speaker told the conference: "Implementing these programs can be costly, but it represents a cost recoverable in an abstract sense through adequate insurance cover, and in a realistic sense by reduced premiums."

Industrial accidents in Britain have risen by about 60% in 10 years, so there are extensive moves to press for loss prevention programs on the lines of those set up in the U.S.

* * *

BRITISH SCIENTISTS are making sure liquid natural gas carriers can stay safe in the event of a sudden emergency. The Shell group has carried out tests on a tanker of 100,000 tons at sea off the French coast.

The idea is to find a safe rate of discharge of the liquefied natural gas in cases when a cargo tank might have to be emptied in any emergency.

Normally such gas evaporates completely when discharged at sea and is not toxic in the atmosphere. But if the gas cloud envelopes the ship before dispersing, then there is risk of fire.

Researchers will study the experiments and publish results in due course. They hope to advise LNG carriers on the minimum wind or ships' movement necessary before the captain can safely release the gas and avoid disaster. Seven ships built for Shell with sizes up to 75,000 cubic metres (equal to oil tankers of 100,000 tons) are to travel on routes to Japan in the next 20 years. ■

Actuaries elected

The Casualty Actuarial Society elected new officers last month at its annual fall meeting in Boston. They are: Paul S. Liscord, vp and actuary, Insurance Co. of North America, president; M. Stanley Hugley, executive vp, Lumbermens Mutual Casualty, president-elect; Ronald L. Bornhuetter, vp and actuary, General Reinsurance Corp., vp; and Robert B. Foster, actuary, The Travelers Insurance Cos., secretary-treasurer.

State water pollution laws bring problems

NEW YORK—Using the Water Quality Insurance Syndicate's annual meeting as a forum, the insurer group's chief expressed concern about state anti-water pollution laws which he sees as "inevitably at odds" with the Federal legislation under which the WQIS functions.

"This has made, and will cause, considerable trouble in the carriage of goods by water because of the many jurisdictions which must be satisfied so that vessels carrying polluting cargoes can enter state waters," said Francis A. Lewis, just re-elected as the syndicate's chairman.

"Our view is that the Federal law should be dominant, and it is imperative that this point be made clear to state legislators," he added.

Mr. Lewis was referring, for example, to a law in the state of Florida which holds shippers and dock owners liable for oil spill clean-up costs, regardless of their negligence in the spill.

UNDER THE Federal Water Pollution Act, the WQIS provides clean-up costs in the amount of $14 million or $100 per gross ton, whichever is less. The Florida law, which sets no limits of liability, has been termed uninsurable by many of the persons who must deal with it.

Another "hot issue" discussed by Mr. Lewis was the liability for spills of hazardous substances under the federal law. He pointed out that the government has put forth no official list of hazardous substances, even though the law was passed in 1972, and he did not expect to see such a list until sometime in 1974.

"This makes life difficult for the carriers because they do not know what their liabilities are or may be in the carriage of such goods," he told the meeting. "Nonetheless, WQIS is in a position to insure against the liability caused by the spilling of any hazardous substances and has extended a large number of policies to take care of this exposure."

Mr. Lewis reported that the syndicate, which now covers 4,836 vessels with an aggregate of well over four million gross tons, was "modestly in the black" after a year of mounting losses.

"The attention now being paid by all maritime nations of the world to pollution of the seas accents the necessity for a full and viable insurance facility available to vessel owners and operators of all flags everywhere in the world," he said, adding that WQIS would do its best to keep up with the liabilities of its American-flag insureds.

The syndicate's annual meeting also saw the re-election of G.V.S. Pepperell as vice chairman of the board; H.W. Schwaner as manager; R.T. Luehman, treasurer-secretary; and R.M. Mathisen, assistant treasurer. ■

Utah no-fault was effective January 1

SALT LAKE CITY—No-fault automobile insurance became effective Jan. 1 throughout Utah, with a threshold of $500, and similar no-fault laws become effective throughout Nevada on Feb. 1; in Colorado on April 1, and in Hawaii on July 1.

Premium economy expected to result from the Utah reform legislation will be for vehicle owners who have carried substantial medical payment coverage. Their premiums will be slightly reduced.

Insurance carriers have already begun the process of filing new premium schedules in Utah. Carriers in Nevada expect to begin that process soon.

Insurance carriers in Hawaii have created an industry committee to propose legislative amendments the industry hopes can be adopted prior to the July 1 effective date, which would establish a dollar-limit threshold and restore the right to base rates on age and length of driving experience. ■

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business insurance PERSPECTIVE

A $75,000 limit on individual pensions could bring problems

By BION H. FRANCIS
Insurance consultant
Milford, Ct.

"Whenever a fixed figure is used these days (in this case, a limitation on individual pensions) it is always well to consider the possible effect of inflation."

CONGRESS IS NOW WORKING on a limitation of $75,000 a year on individual pensions from private pension plans. The limitation will probably take the form of not allowing a tax deduction for contributions to pension plans in excess of the amount required to pay individual pensions of more than $75,000 a year. In other words, a larger pension can be paid, but the cost of a pension in excess of $75,000 a year can not be deducted by the employer for tax purposes.

This limitation on individual pensions is a new feature of federal pension law. Whenever a fixed figure is used these days in a new legal concept, it is always well to consider the possible effect of inflation.

WHAT RATE OF inflation? In the following material, I have assumed inflation at 5% a year, which seems reasonable in the light of recent experience.

For simplicity of computation, I have assumed that inflation at 5% a year will be cumulative each five years, in other words, inflation at the rate of 25% each five years. Under these conditions, what will be the actual purchasing power of a pension payable at the proposed maximum limit of $75,000 a year?

Let us look at the question first from the viewpoint of a fresh, new graduate from the Harvard Business School. He's now 25 years old, he has a master's degree in business administration, and the world is his oyster. He doesn't give a damn about the purchasing power of that pension. He has his eye on the company's executive suite. What does the president earn? You tell him and get out of his way.

He becomes president, 20 years later, and his salary as president will now provide also a pension at the maximum limit of $75,000 limit. He is not now as cavalier about that pension as he was 20 years ago, so he looks into it and is shocked to find that a pension of $75,000 a year now has the same purchasing power that $23,700 a year had twenty years before, when he started.

Twenty years later, when he retires at the company's compulsory retirement age of 65, he is even more shocked. He now starts to receive that pension of $75,000 a year and finds that it now has the purchasing power that $7,500 a year had when he left Harvard.

But there is nothing much he can do about it now. Fifteen years later, at the end of his life expectancy, he dies. His pension of $75,000 a year at that time has a purchasing power equivalent to about $3,000 a year when he started. Because his Social Security benefit is tied to a cost-of-living index, he is perhaps depending on Social Security for his major income protection at the time of his death.

THOSE FIGURES MAY VARY, but if we adopt the principle of a limit on individual pensions, situations like this are possible and probable. In fact, Congress is already working on reducing that $75,000 limit to $45,000. Once the principle of a limitation on individual pensions is established, and inflation continues its work, it is obvious that pensions for highly paid employes may be reduced sharply.

At some point along this road, if higher-paid employes are to have meaningful pensions, they will have to ask Congress for changes in legislation dealing with private pension plans

And that, of course, will raise the key question of how much political support is behind our system of private pension plans.

In recent years, older employes increasingly have been "released" from work at age 65, if not earlier. Equally important,

Continued on following page

Advance planning is key to loss control from bombings or threats

"Today the bomb threat target or victim is more likely to be American business . . . a bank, an office building, a private dwelling, or some industrial or mercantile operation."

By WILLIAM H. RODDA
President, Marine Insurance Handbook Inc.
Chicago, Il.

THE RELATIVE QUIET from political riots and bombings makes it seem that bombings are not an important hazard to American business. What are the facts? Two years ago the National Bomb Data Center listed an average of 170 bombings a month in the United States. The current rate continues at about 160 per month, according to the Federal Bureau of Investigation and other knowledgeable sources. But the pattern has changed from the politically motivated incidents of a few years ago.

Four or five years ago the targets were principally universities, government buildings, and war-related activities that were opposed by activist groups. Today the bomb threat target or victim is more likely to be a bank, an office building, a private dwelling, or some industrial or mercantile operation. The motive for a bombing is likely to be revenge, dissatisfied employment, jealousy of a successful business, or neighborhood enmity. This means that almost any establishment or organization may face the chances of being a target.

THERE IS NO accurate data regarding the number of threats in relation to the number of actual explosive and incendiary bombs. Estimates are that 200 threats are received for each actual bomb placement.

Can the businessman ignore a threat on the 200-to-one chance that this is a mere hoax? What if he does ignore the threat and a bomb does go off, injuring or killing employes and customers?

A court might decide that lack of action constituted negligence, and it might also be held that it was reckless conduct such as to justify punitive damages. Advance planning is desirable against the possibility of bomb threats or actually bombings, especially where there are customers and numerous employes on the premises.

A new danger in the United States (although it has appeared frequently in Europe) is the letter bomb. This is about the size of a business letter envelope and about one inch thick It is sent by letter mail, frequently from Canada or Mexico. It explodes violently when opened. A letter bomb may not do a great deal of property damage but it can cause serious injury or death to the person who opens it.

MAIL DEPARTMENTS of corporations and secretaries to prominent business or political leaders should be alerted to the possibility of receiving one of these lethal packages. Suspicious packages from unknown senders should be considered dangerous and held for opening by a competent bomb disposal unit.

The physical damage resulting from either an explosive or incendiary bomb would normally be covered by the usual insurance policies. A bomb explosion is an explosion under the provisions of the extended coverage endorsement to the fire insurance policy. Fire damage would be covered by the fire insurance. Package insurance policies include comparable provisions.

Bodily injury to employes would be covered under workmen's compensation policies. Liability for injury to customers or members of the public (if circumstances should attach such liability to the businessman victim of a bombing) would be covered by the usual liability insurance. There are some states where punitive damages may not be insured against; an insured must try to set up procedures so that he could not be accused of reckless conduct in the event of a bombing or bomb threat.

BUSINESS INTERRUPTION insurance usually requires that there be physical damage to the building (or contents) in order that loss from an interruption of business would be covered. A business interruption policy that covers against fire and the extended coverage hazards would take care of a loss where operation is interrupted by physical damage from an incendiary or explosive bomb.

How about the interruption of business where the premises are evacuated because of a bomb threat? The usual business interruption insurance would *not* cover loss of production or loss of sales where there is an evacuation but no interruption because of actual damage. Such insurance might be difficult to secure. It may be necessary for the businessman to assume this risk himself, and then establish procedures that will reduce the chances of interruption and consequent loss.

Most bomb threats are by telephone but the threat may also come in person by someone who holds an alleged incendiary or explosive bomb. There may also be the telephone discovery of a suspicious parcel or device on the premises. The telephone operator is a key person in the security procedure. Instances have occurred where a telephone operator panicked in the absence of any instructions. Her panic spread to others, with a resulting rush for exits and injuries to employes and customers.

The telephone operator who receives a threatening call must be trained to get all of the information possi-

Continued on following page

business insurance PERSPECTIVE

$75,000 . . .

Continued from page 55

the doors to meaningful employment are then shut in their faces.

This situation has been tolerated probably because most people feel that, in return, older workers have received important financial guarantees from private pension plans and from Social Security.

BUT SUPPOSE THAT THIS confidence in the protection from pension plans and from Social Security is broken? The situation would then undoutedly change. And exactly this loss of confidence now seems to be taking place. In recent years, increasing publicity has been given to situations in which private pension plans have not worked out satisfactorily for employes.

This is an age of mergers, acquisitions, proxy fights, and stock purchase offers. In these corporate changes, emphasis is put on economies and profits, which is natural. But when they talk about economies of operation, what they frequently mean is a release of employes from employment—which is when employes too often discover that their pension plans are not adequately funded.

Now suppose that the public viewpoint comes to be that getting a satisfactory pension is a matter of happenstance. Some workers will get them and some will not, and the outcome has little relationship to how hard, how long, or how faithfully a man has worked.

> **"But when (corporations) talk about economies of operation, what they frequently mean is a release of employes from employment–which is when employes too often discover that their pension plans are not adequately funded."**

If the voting public comes to this viewpoint—that getting a satisfactory pension is a matter of chance—what will happen?

PUBLIC DEMAND AND political pressure will then force an increase in Social Security old age benefits to levels which are satisfactory even without the supplement of private pensions. This will hold true for employes at low and medium pay levels.

It will probably *not* hold true for highly paid employes. These will probably always need private pension plans to have satisfactory pensions. However, there are not enough highly-paid employes to provide the necessary political support for a system of private pension plans.

We can therefore expect a continuing erosion in the benefits provided from private pension plans for highly paid employes.

This has already started with the introduction of the $75,000 limit. Inflation alone will all but guarantee that this erosion of benefits for the highly-paid will continue.

We might still be able to protect a system of private pension plans from restrictive legislation. To do this, however, we should write and administer private pension plans in such a way that the number of employes who receive pensions under private plans is at least as great as the number who receive retirement benefits under Social Security.

In addition, the benefits paid under private pension plans should be protected against what has become recurring annual inflation, much the same as Social Security benefits are protected now. Can this be done? It will be a difficult job, and we are starting late. ■

Mr. Francis is a consultant with nearly 40 years experience in the insurance field, most of that as corporate insurance buyer or benefits planner. He was benefits manager of Colt Industries in New York most recently, and has also worked in pension planning, group benefits and general insurance posts with Crucible Steel in Pittsburgh, and Olin Corp. He is a past president of the Pittsburgh Insurance Buyers Assn.

Bombings . . .

Continued from page 55

ble, and to keep the threatener on the line as long as possible. She should make notes of any peculiarities of voice or accent, any background noises such as expressway traffic, boat whistles, or other sound that might help to locate the origin of the call. She should also get all of the information she can regarding the nature of the device, where it is planted, and when it is supposed to go off. She may be able to get a hint as to whether the threat is real or a hoax.

THE TELEPHONE OPERATOR must know exactly whom to call to report a threat. A supervisor or official should always be available to evaluate the threat and to initiate whatever emergency procedures are decided upon.

The evaluation must be made by a responsible official. The evaluation in smaller plants or stores might be made by a police or fire department official rather than by the proprietor who may not have the experience to make a valid evaluation. Advance arrangements should always be made so that police or fire department advice can be secured promptly. Many bombings and threats occur at night. It is important that watchmen and nighttime personnel be instructed how to proceed if an official of the company cannot be reached immediately.

> **"Plans for emergency evacuation should be made wherever numerous people are present. Autual drills may be possible in some plants. Emergency instructions should be posted. . . ."**

A decision to ignore a threat as a hoax must be made with consideration of the possible consequences if a bomb does explode or start a fire. Precautionary steps may be possible to reduce the chance of injuries or damage if the evaluation proves incorrect and there is a bomb on the premises.

The decision may be to conduct a search of the premises without an evacuation. Such a search should be planned in advance so that trained and responsible personnel will carry it out. Washrooms, stockrooms and loading areas should receive special attention, particularly if they are accessible to outsiders. Searches should be conducted with the knowledge and cooperation of personnel in the critical areas because familiarity with those areas will help to locate any suspicious devices or circumstances.

A minor incident or bomb threat may be an attempt to cover up a major crime or incident at another location in the city or in the plant. Security must be preserved at all locations during any actions that are taken in response to a threat or incident.

Personnel should be told that precautions and procedures are being set up to avoid damage and injuries if there should be an incident or threat. The approach to personnel should be that these precautions are being taken for their protection, and (1) that management is looking out for employe and customer safety, (2) that employes should follow management's instructions whether to continue working, (3) when to assist in a search, and (4) whether to evacuate the building.

Visitor control is important. Employes have planted bombs, but most of them have been planted by outsiders. Large operations may find it desirable to use a pass system for all visitors after they have been cleared as legitimate. Smaller and less formal operations may find it feasible to have all visitors escorted to and from the locations where they have business. The key point is that outsiders should not be permitted to wander about the premises unescorted and unobserved.

PLANS FOR EMERGENCY evacuation should be made wherever numerous people are present. Actual drills may be possible in some plants. Emergency instructions should be posted or placed in the hands of all personnel. Supervisors should be the leaders in any evacuation plan. Alternate routes are necessary if certain exits could be blocked by explosion or fire.

Employes must be warned not to handle any suspicious device that is found. Suspicious devices or circumstances are to be reported immediately to a person in authority, who can alert the appropriate person to decide upon further action.

Are there steps that can be taken to reduce the chances that a particular merchant or factory will be bombed or threatened? The motives of revenge, customer or employe dissatisfaction, and neighborhood resentment may be anticipated and measures taken to reduce them. Employes have been found to make threatening telephone calls in order to get revenge on a supervisor or to get time off. Neighborhood resentment may arise from odors or fumes from a plant, or because the plant's employes park in front of residences on nearby streets.

IT IS WISE TO HAVE an established policy regarding pay during an evacuation. Then employes will know in advance whether they are to be paid only for time worked or full time during the evacuation. Such provisions may well be inserted into a union contract where production would be interrupted and employes are on an hourly or piecework payment basis.

Relations with employes, customers and with the neighborhood should all get attention to avoid resentment as far as possible. Merchants, factories, schools, churches, and private homes have all been targets of bombs. Advance planning is the key to reduced damage and injuries if an explosion or fire occurs or is threatened. Internal security measures, and appropriate arrangements with police and fire departments will help to alleviate this potential for disaster or interrruption of business. ■

William H. Rodda, a CPCU and a member of Phi Beta Kappa, graduated with honors from Rutgers University. He is the president of Marine Insurance Handbook Inc., which publishes the standard inland marine insurance rate book for agents, and he is a consultant to numerous companies in the multiple line insurance field. Mr. Rodda has written numerous books and articles, and several of his books are considered definitive textbooks on important insurance subjects.

RISK MANAGEMENT NOTES

Does a broker really represent the insured? Not usually.

By WARREN, McVEIGH, GRIFFIN & HUNTINGTON
risk management consultants
San Francisco—Newport Beach

THE NATIONAL ASSOCIATION of Insurance Commissioners is considering a model agent and broker licensing bill which states, in effect, that a broker is to be regarded as representing the insurer—not the insured. As would be expected, this concept was sharply opposed by the National Assn. of Insurance Brokers, whose posture is that the broker represents the insured. But what does this mean? What is it to "represent" someone?

Black's Law Dictionary says "To represent a person is to stand in his place . . . to act as his substitute." Now, can it be said that a broker stands in the place of the insured in purchasing insurance? We could say yes if he had equal incentives or disincentives to approach the markets, but in fact the incentives vary. Some markets pay higher commissions than others; some pay no commission. So the broker does not stand in the place of the insured in this respect.

Does he stand in the place of the insured in negotiating price? Up to the point where he would lose the business to a competitor, the broker receives more reward for high cost to his client than low cost. So he cannot be said to represent the insured in this important respect.

Does he stand in the place of the insured in negotiating losses? If he is on a contingent commission (one based on loss ratio), he does not; however, in any case underwriters judge a broker's total book of business by results, so it helps a broker to have low, not high, loss ratios.

So in most tangible respects, the broker is rewarded for representing the insurer, not the insured. There are, of course, qualifications. Some brokers work for fees; but on an overall basis, fee income is minuscule compared to commissions. Brokers are also acutely sensitive to the need for satisfying their client and most make strenuous efforts to do so—but the system works against them.

It would therefore seem that unless the system changes to allow the broker to be compensated directly by the insured, his claim to represent the insured cannot be regarded seriously. ■

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Apparel maker has new Allstate property cover; higher deductibles next

By MARY ANN CALLAHAN

NEW YORK—While others were ringing in the new year, Bruce Ebert, corporate risk manager at Jonathan Logan Inc., was putting the finishing touches on a new $250 million package of property insurance. The old contract ran out January 1.

corporate profile

The blanket 5-year property policy is one of the first Mr. Ebert has negotiated since he joined Jonathan Logan a year ago. He negotiated Logan's casualty contracts with Allstate Insurance Co. last summer. He was formerly property/casualty underwriter and account executive at Allstate.

While the new property policy was not finalized when Mr. Ebert spoke to *Business Insurance* late last month, he indicated he expected it would be similar to the old five-year policy underwritten by Factory Mutual Group's Allendale Insurance Co. and its subsidiary, Appalachian Insurance Co.

THE OLD POLICY with an annual premium of $360,000 included fire, extended coverages, boiler and machinery, theft and crime (except employe dishonesty), ocean and inland marine and errors and omissions, in case a new exposure is not reported to the insurer within 90 days of automatic coverage, Mr. Ebert said.

He said Allendale's decision last month to extend and revise some of the named perils in the blanket policy may save Jonathan Logan some premium dollars in its difference-in-conditions policy written by Appalachian.

Effective February 1, Allendale will add liquid damage and collapse to the list of insured perils and will make broad protection against radioactive contamination and consequential damage standard in each policy at no extra charge. Mr. Ebert said he hopes to negotiate a lower premium from Appalachian because Jonathan Logan will be able to reduce its DIC coverage.

THE OLD BLANKET property deductible was $25,000, but Mr. Ebert said he is considering raising it to $100,000 in the new policy. "We need to contrast the premium cost and anticipated loss figures to see if it is a worthwhile move," he said. "We could easily afford a $100,000 deductible, if it proved economical, but I don't want to risk giving up a lot to save a little."

"It is not necessarily true that a risk manager should assume the maximum amount his corporation is capable or even willing to assume," he said, "and rather, the retention has to involve a balance of a number of factors including the savings, loss projections, expenses and efficiency."

"However, by raising the deductible, I would be able to keep more money on hand within the company," he said, "and at a time when money is expensive—with the prime lending rate near 10%—I could save the company an effective 10% by keeping the money inside."

He said he also hoped that engineering and other loss prevention improvements over the last five years would be reflected in a reduced premium for Jonathan Logan.

"We have good physical protection, in most cases, with sprinkler systems and other engineering," he said. "We also have an excellent security system within the corporation, and I act as both advisor and liaison between the company and local people in matters involving safety and security," Mr. Ebert added.

"Logan's manufacturing is centered in Spartanburg, S.C., where there are seven major warehouses and large quantities of raw yarn and finished piece goods. The firm also has a number of smaller warehouses, including buildings in Puerto Rico and Ireland.

THE WAREHOUSE in Ireland is insured through an Irish-based company according to local laws, although Mr. Ebert said he does plan coverage for cargo shipments.

"We have about 300 locations where there are property exposures, although some of these are contractors not owned by Jonathan Logan," he said. "If we have

Bruce Ebert

an interest, however, we insure the risk.

"The Factory Mutuals object to our lack of ownership of some locations where we rent, and usually those are the locations insured by Appalachian," he said. "In some cases, these buildings are not in line with the Factory Mutual Engineering standards, and all we can do is to prevail upon the landlord to make the improvements. Sometimes we are successful and sometimes we are not," Mr. Ebert said.

"I'm trying to extend the 90-day reporting deadline in the new contract," Mr. Ebert said, "because a risk manager should try to get as much automatic coverage of new exposures as he can.

"In general, I find the FM's competitively priced and I think the superior engineering department is important," Mr. Ebert said. "So on the property contract, I would only consider competitive bidding as a last resort.

"AS RISK MANAGER, I make sure that when a hazard presents itself, I see how to eliminate it, not how to insure it," he said. "My major area of concentration for 1974 will be in promoting safety, because it is only in this area that major premium savings gains can be made."

Despite the magnitude of the potential corporate exposures, Mr. Ebert said he would rather check

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on each aspect of risk management himself than increse his staff. At present, he has one assistant, he said, and "I'd rather see my broker and consultant perform their functions on a fee basis instead of hiring more people and allowing Parkinson's Law—that work will expand to fit the time and number of people available—to operate in my department."

Although he confers with an independent insurance consultant, Joseph Albert, of Needham Heights Ma., and the broker, Leonard E. Newman Agency of New York and White Plains, Mr. Ebert said he personally plans and administers the bulk of loss prevention, property, casualty and specialty insurance, and employe benefits programs.

The tremendous growth of Jonathan Logan in the last decade, as well as continuing diversification, have increased the demands on the risk manager for the nation's leading manufacturer of women's ready-to-wear apparel.

Since 1960, Jonathan Logan has catapulted from a rather specialized manufacturer of junior dresses with $25 million sales to a widely diversified giant in apparel with a business volume exceeding $330 million in 1972.

CAPITALIZING ON the popularity of double-knit fabrics, Jonathan Logan now has 14 merchandising divisions, including such famous labels as Butte Knits, Act III, Bleecker Street, Modern Juniors, Rose Marie Reid and Jonathan Logan.

Much of the double-knit fabric is spun, dyed, texturized, packaged and distributed from within the corporation. The Spartanburg, S.C. factory has been expanded several times since 1960. And according to the manufacturer's annual report, there is a $12 million program underway to further expand domestic and foreign double knit operations.

Several years ago, the manufacturer began diversifying, introducing first the Misty Harbor line of women's raincoats and then Harbor Master raincoats for men. The latest diversification came in June with the acquisition of financially troubled Villager Industries, which includes Etienne Aigner, manufacturer of shoes and leather products. ■

Desoto has uniformity, savings in Lloyd's deal

DES PLAINES, IL.—DeSoto Inc. recently renegotiated insurance coverage for its many factories and warehouses, switching the business from as many as 40 or 50 different carriers to Lloyd's of London and saving a good 16 to 17% a year in premiums on the deal.

Richard Schmidt, risk management director for the $215 million a year diversified paints-finishes-chemicals-wallpaper-furnishings manufacturer, said he worked through Fred S. James & Co. to get the $38 million plant property/casualty/business interruption package.

DeSoto now has a $10 million limit per location per occurrence, whereas old policies often had no uniformity of coverage and often had separate limits stated for different kinds of assets, i.e. inventories based on valuation.

DESOTO HAS SOME 10 manufacturing plants, 16 warehouses and 10 assembly plants, Mr. Schmidt said, and pays property/casualty premiums in the area of $250,000 a year.

He told this magazine that the old policies were with many different carriers—two with Factory Insurance Assn., several with Lloyd's, some with stock companies, others with mutual and excess companies—because at the time the coverage had been obtained the business had been hard to place. "It was a tough class to get coverage for because there are woodworking and finishing plants with a lot of hazards."

When policies came up for renewal last summer, James, the broker, suggested consolidating everything but the two FIA policies. But the package full of non-superior risks was not so attractive to Lloyd's as it could be with a couple of HPR's (highly protected risks) thrown in as sweeteners, Mr. Schmidt said, which is how the superior risks ended up in the package.

DeSoto now gets engineering services for the two HPR's from the broker, instead of from FIA, with cost included in the broker's commission. "We were purchasing engineering services for our non-HPR's on a fee basis from an engineering firm, but switched to the broker to get these services," Mr. Schmidt said. ■

Pensioners demand cost of living clause

NEW YORK—The United Steelworkers Union has demanded an unusual pension cost of living adjustment for retired employes in aluminum industry negotiations now underway in New York.

The cost of living clause would add millions of dollars to pension costs annually, and make them less predictable because companies have no control over inflation.

At present, most companies make cost of living adjustments to retirees' pensions at their own discretion, and many do so only when increased profits or pension investment results make it relatively painless.

Pension analysts expect the union to get most of what it is seeking in pension improvements. Said one: "With the cost of living council still holding down wage settlements there's a good chance the union will get most of the fringes it wants.

"And a big pension settlement is attractive to management in exchange for a smaller wage settlement because a pension settlement is funded over a number of years while a wage settlement starts to hurt immediately."

THE USW has demanded higher pensions as well as the cost of living clause for retired workers and all new pensions.

The USW negotiations involve three of the largest aluminum producers, Aluminum Company of America, Kaiser Aluminum & Chemical Corp., and Reynolds Metals Co.

Approximately 29,500 people are covered by the contracts with these companies.

Alcoa has the largest pension fund of the three, with assets of more than $160 million. Last year the company's contribution to the fund was $24,454,133, up about $6.6 million from 1971.

The fund is managed by the Mellon Bank and Morgan Guaranty Trust Co.

Reynolds Metals has a $35-million plan for hourly employes managed by Bank of America, Chase Investors Management Corp., and First National Bank of Chicago.

In its position statement before talks began, the union declared, "In the light of the raging inflation which hits hardest at past pensioners with fixed incomes, it has become increasingly essential that we ease the plight of current pensioners by substantially increasing their benefit levels and protecting their benefits against future inflation."

THE UNION is also seeking full early pension regardless of age, full pensions for workers permanently displaced from their jobs in the industry by reason of disabilities, plant department or unit shutdowns, long-range business trends, technology changes and mergers.

The eventual settlement with the big three aluminum companies will inevitably set the pattern for the remainder of the aluminum industry, which employs some 43,700 workers in 37 companies.

The settlement is also certain to have an impact on the steel industry contracts that expire early in the new year. ■

Pension benefits up for Kimberly-Clark retirees

NEENAH, WI.—Kimberly-Clark Corp., a major paper manufacturer headquartered here, will increase pension checks for about 3,000 retired employes to help them meet the rising costs of living.

Monthly pension checks will be increased by $25 for those who retired with "normal" pensions before 1971, according to Darwin E. Smith, board chairman and chief executive officer.

For those who retired in 1971, the increases will amount to $20 a month and for those who retired in 1972 it will be $15.

Employes who retired in 1973 have benefitted through 1972 adjustments to the pension plan.

Relatives of deceased employes who are receiving survivors' benefits also will be covered by the increases, Mr. Smith explained, but the raises will be lower for those who elected survivors' options.

Calling attention to the higher cost of living, especially for food and heating fuel, Mr. Smith said, "These increases impact heavily on retired people with fixed incomes. We recognize that under such circumstances our pensioners, especially those with lower incomes, are feeling the squeeze. By using flat dollar amounts, rather than a percentage increase, we are providing the largest percentage increase for those with the smallest pension."

KIMBERLY-CLARK estimated that the increased pensions will cost nearly $12 million over the next 25 years. The cost in the first year will be in excess of $700,000.

This is the second time in less than three years that Kimberly-Clark has increased its retired employes' pensions. A boost early in 1971 was based primarily on the number of years the pensioner had been retired, with additional benefits for those with lengthy service. ■

Programmed-in crime seen

LOS ANGELES—Man's growing trust in computers could bring with it a boom in technological thievery, making old-time crime look amateurish.

Donn B. Parker, senior information processing analyst at the Stanford Research Institute, told the 28th annual meeting of the National Assn. of Independent Insurers here that computers are becoming an accomplice to the highly-specialized computer crook. And a massive network of inter-connected computers could be very vulnerable to the properly-trained criminal.

"Organized crime could propagate a series of hidden 'trapdoors' through a network of computers," Mr. Parker said. "Certain coded inputs to the system could cause selective springing of trapdoors to activate secret computer programs for transferring credit to favored accounts, or for extracting information detrimental to society. On an international scale, economic war could be waged in such a fashion."

But there is some poetic justice hidden among the wires and diodes, he said. Computers can make it easier to find out if any one's tampering with a company's funds. Embezzlement would be harder to hide in a computerized system because of the simplified procedures and reduced amounts of paperwork. ■

Brokerage firms to buy additional coverage

CHICAGO—I. W. Burnham, president of Drexel-Burnham & Co. Inc., a large and prestigious investment banking and securities brokerage firm, predicted here that nearly all brokerage firms will have additional insurance to cover customers' accounts "in the near future."

The purchase of this additional $250,000 layer of insurance, on top of $50,000 protection brokerage houses have with the federally-sponsored Securities Investor Protection Corp., would cover customers' accounts up to $300,000.

The first brokerage firm to have this additional coverage was Merrill Lynch Pierce Fenner & Smith Inc., the largest broker in the nation and custodian for an estimated $20 billion in securities (*Business Insurance*, Nov. 5, 1973).

In the weeks following Merrill Lynch's announcement, four other very large brokerage firms have bought the same coverage, all from Aetna Life & Casualty Co., up to now the only carrier underwriting the risks. The brokerage houses having the coverage now include Dean Witter & Co., E. F. Hutton & Co., Paine Webber Jackson & Curtis Inc., and Bache & Co.

BUT IN A related development, *Business Insurance* learned that INA Corp. has just filed with the New York state insurance department to write brokerage firm customer protection business. And trade reports indicate Commercial Union Insurance Co. is ready to file any day.

In Mr. Burnham's view, "Merrill Lynch certainly didn't need insurance. By doing it they imposed an additional expense on the other firms in competition with them. We are looking into it. I feel most of us will have it in the near future."

He also said, in a somewhat tongue-in-cheek tone, that his feeling is "if we're going to go that far, why not get insurance up to $1 million, that will really restore confidence" among the small investors

He implied that Merrill Lynch used the insurance merely as a publicity ploy to get individual investors back into the sagging stock market.

The only one of the six largest brokerage firms not having the insurance yet is duPont Walston Inc., a firm owned in large part by H. Ross Perot, the Texas millionaire, and formed by a takeover by duPont last year of Walston & Co., when it was in dire financial straits.

TO THOSE who've looked into the insurance, it is obvious that Aetna is accepting only the best risks, and the largest companies. In its filing with the N.Y. state insurance department, Aetna set premium rates on a sliding scale starting at $2 per account on the first 100,000 accounts, then discounted in steps down to 25 cents for anything beyond 400,000 accounts. Aetna also set a $25,000 minimum annual premium for the business.

With other carriers getting into the market, the "wire houses" competing with Merrill Lynch and next on the brokerage size-list which will be looking include Shearson Hammill & Co.; Reynolds Securities Inc.; Blyth-Eastman Dillon & Co.; Hornblower & Weeks, Hemphill Noyes; Loeb Rhoades & Co.; White Weld & Co.; Smith Barney & Co.; Harris Upham & Co.; and Thomson & McKinnon Auchincloss Inc.

A FIRM LIKE THOMSON & McKinnon would be especially interested because of its fast-growing "retail" business with individual investors, a spokesman for the Securities Industry Assn. believes.

All of this concern with protecting the small investor comes on the heels of several years of financial problems for the stock brokerage industry, and several sensational bankruptcies. The latest and largest was Weis Securities, a firm with 32,000 customers that failed last spring. It was the first New York Stock Exchange member to be liquidated by SIPC. ■

Oregon ends multi-line ban

PORTLAND, OR.—A 20-year-old ban on multi-line insurance underwriting ends Jan. 1, under legislation passed recently permitting insurance carriers to provide commercial packages.

The ban initially prohibited any combination of covers to be sold within Oregon. The position later was modified with respect to personal lines, to permit writing of "package" homeowner policies.

The Insurance Services Office already has filed three commercial package policies, with an effective date to coincide with that of the new law.

These involve a special multi-peril package, commercial property coverage and office personal property package. All will be written in Oregon on terms comparable to those in other states. ■

Opera losses covered; but difficult to set values

NEW YORK—Continental Insurance Co. and its Marine Office—Appleton & Cox Corp. affilate will cover nearly all of the losses from a warehouse fire last month which destroyed thousands of costumes belonging to the Metropolitan Opera Assn. Inc. here. So far, no total loss figure has been set.

About five racks of older costumes which were destroyed were described by a Met spokesman as priceless and part of the company's archives.

THE FIRE ON November 7 swept through the second floor of the company's warehouse at Third Avenue and 186 Street. It is believed that all or part of the costumes and props for over 40 productions were destroyed.

Richard Ryan, vp of Underwriters Adjustment Co., Continental's wholly owned claims adjustment facility, estimated damage to the building as "under $200,000." The warehouse's fire policy is part of a several-million-dollar blanket policy which protects four buildings owned by the Met, Mr. Ryan said.

MOAC's inland marine underwriters totally reinsured Continental's $3 million policy for the costumes and props, some of which dated back to the Met's first production of "Boris Godunov" in 1913.

MOAC vp George Zarcharkow said the policy was in turn reinsured with underwriters outside the U.S., although he declined to name them.

The opera company took several weeks to determine its losses because each of its other ware-

houses had to be inventoried to figure out which costumes were lost in the fire.

There is still no official estimate of the damages and both Mr. Zarcharkow and the Met spokesman stressed the difficulty of setting values, particularly for the archive collection.

"Also a large number of the costumes were made by the opera company itself, so we have no vendors' invoices to work with in setting the values." Mr. Zarcharkow said. "We've been working with the Met costuming department, but determining values has been fairly laborious" ■

Health care plan alternatives abound in Rochester

By STEPHEN GOOD

ROCHESTER, N.Y.—Companies in this city have a unique employe benefits arrangement—their workers can now choose among four health care plans.

In addition to each firm's basic health plan, Rochester's Blue-Cross-Blue Shield is offering three pre-paid plans to 200 of its corporate clients. They include a single health center operation, another clinic organization with six centers, and a system using individual doctors in their private offices.

So far, membership in the alternate programs has been mounting slowly; most employes choose to keep their companies' traditional health coverage.

"I think enrollment will pick up," said Donald Kneeland, a Blue Shield spokesman in Rochester, "because of the favorable experience and word-of-mouth publicity.

"We're competing with ourselves to get people to convert from something they know to something that's different.

AND THE DIFFERENCE is a wide choice in pre-paid plans.

For all of these plans the employer's share of the cost is basically the same. The company must contribute about $13.00 monthly for single memberships, and $33.00 a month for a family plan.

"In the vast majority of cases the employer contributes about the same amount towards a pre-paid plan as he does for a conventional health care program," another Blue Cross-Blue Shield spokesman explained.

The newest alternative is the Genesee Valley Group Health Assn. (GVGHA) center that opened its doors Aug. 1. Total pre-paid membership reached 1700 in early December, but there's room for growth, with facilities to handle 30,000. The center's offices can be used by 35 doctors specializing in areas like pediatrics, obstetrics, general surgery, internal medicine and gynecology.

Mr. Kneeland said the GVGHA center will be "self-sustaining" when its patient enrollment reaches the 30,000 mark. Twelve doctors occupy offices now, and treat non-members as well as pre-paid patients while waiting for their appointment books to fill.

For employes who want a pre-paid health maintenance plan, but prefer a number of centers to choose from, there's the Rochester Health Network. Its six clinics scattered around Rochester offer the same services as the GVGHA center. But unlike the GVGHA, the Network is about 60% funded by the Department of Health, Education and Welfare (HEW).

LORRAINE KRAMER, marketing director of the Rochester Health Network, told *Business Insurance* that about 32,000 patients use the Network's facilities. Pre-paid members number 1,100. The rest are Medicaid, Medicare and fee-for-service patients.

Ms. Kramer said any stigma of the welfare clinics is unwarranted for the Network. "We are not a ghetto medical program," she declared. "We're basically open to anyone in the community. Who supports us is really irrelevant. I haven't heard about any major problems in care for pre-paid members."

"We have been having very good growth, even though our pre-paid program is slow because it's new," she noted. The Network could eventually handle 70,000 patients, a number that will hopefully be reached within three years. Depending on how the Network grows, more clinics could be added to the original six.

Blue Cross-Blue Shield's Mr. Kneeland explained that "we underwrite the coverage of employes who want to join the network." But unlike the GVGHA setup, the network is not a subsidiary of Blue-Cross-Blue Shield.

THE BLUES ALSO underwrite coverage for the third pre-paid plan, Health Watch. This program is sponsored by the Monroe County Medical Society and currently serves about 2,200 pre-paid members. Without conventional clinics, Health Watch uses Rochester doctors in their own offices. Participating physicians agree to accept payment according to Blue Shield's schedule of allowances. A member patient who uses the services of a non-participating doctor is directly reimbursed according to the same payment schedule.

Employes who are offered a choice of all three pre-paid plans must consider cost and coverage as well as the treatment format. Health Watch is the most expensive, followed by the Network and GVGHA programs. In terms of services covered, Network provides the most, with GVGHA coming in second and Health Watch least in coverage.

For $7.94 a month single membership, or $25.52 for a family, the Network fully covers hospital- and physician-billed surgical, psychiatric, emergency, illness and accident care, medical care, laboratory and physical exams, consultations, home and nursing home calls, pre- and post-natal care, immunizations and physiotherapy.

GVGHA also provides these services, but often charges a $2 deductible per person. In physician-billed psychiatric care the plan pays 50% of the first $1,000 each year. But GVGHA is the least expensive plan, costing $5.89 a month for a single member and $18.66 for a family membership.

HEALTH WATCH provides the fewest services for the highest price. For example it does not include hospital-billed emergency illness care, x-ray, laboratory and pathology exams, or physiotherapy.

It is too early to tell whether or not all the plans will fill their membership rosters. The GVGHA and the network are not yet breaking even, but overnight success was not expected.

"In the interest of the consumers, it's good to have as many options as the community can support," Mr. Kneeland said. He added that the plans will reflect their members' interest and satisfaction annually as they are given an opportunity to keep or convert their memberships. ■

dates for buyers

Meetings and seminars of interest to corporate risk managers, employe benefit administrators, safety and loss control engineers and others involved in managing commercial insurance programs will be considered for listing in this column. Please send dates and programs to Business Insurance, *740 Rush St., Chicago 60611.*

January 21, American Management Assn., briefing on the energy shortage: strategies for corporate survival, AMA headquarters, New York City. For more information write AMA, 135 West 50th St., New York, N.Y. 10020.

January 14, New York Chamber of Commerce & Industry, OSHA orientation seminar, New York City. For more information write the New York Chamber of Commerce, Industrial Relations Department, 99 Church St., New York, N.Y. 10007.

January 16-18, Schrello Assoc. Inc., product evaluation and planning seminar, Writer's Manor, Denver. For more information write Schrello Assoc. Inc., Fidelity Federal Plaza, 555 E. Ocean Blvd., Long Beach, Ca. 90802.

January 17, The Conference Board, national conference on product recall, Waldorf Astoria, New York City. For more information contact The Conference Board, 845 Third Ave., New York, N.Y. 10022.

February 4-6, American Management Assn., self-insurance and risk retention seminar, AMA center, Chicago. For more information write AMA, 135 West 50th St., New York, N.Y. 10020.

February 7-8, American Management Assn., seminar on communicating employe benefits, AMA center, Chicago. For more information write 135 West 50th St., New York, N.Y. 10020.

State guide hits 15 of top 25 health carriers

HARRISBURG, PA.—Fifteen of the 25 largest accident and health insurance carriers in Pennsylvania are "not good buys for the consumer," according to the state insurance department's new "Shopper's Guide to Health Insurance."

In ranking insurers, the guide says they should be "financially strong," and should return in benefits more than half of every policyholder's premium dollar.

According to these standards, six carriers received low ratings for financial security while maintaining a 1971-72 loss ratio over the 50% mark for all non-group health insurance policies. Another nine had loss ratios of less than 50%, although many of these had an adequate financial stability score.

Some of the 15 companies deemed "not good buys" charged that the evaluation criteria were incomplete or misleading.

Carriers listed beneath the 50% loss ratio included: John Hancock Life Insurance Co., with 49.7%; Globe Life & Accident Insurance Co., having 45.3%; National Home Life Assurance Co., with 42.7%; American Family Life Assurance Co. of Columbus, registering 37.6%; Union Fidelity Life Insurance Co., with 35.1%; Liberty National Life Insurance Co. with 31.8%; Bankers Multiple Line Insurance Co., having 31.6%; United Insurance Co. of America with 30.2%; and National Life & Accident Insurance Co. with 29.8%.

AMONG THE carriers listed with less-than-adequate financial stability were: Physicians Mutual Insurance Co., Beneficial Standard Life Insurance Co., Bankers Insurance Co., Time Insurance Co., Reserve Insurance Co., and Bankers Life & Accident Insurance Co. The guide based its financial standings on the financial stability rating code from Best's Insurance Reports. Carriers were divided into four stability ratings, but only companies in the top two ratings were recommended.

"Fifteen of the 25 largest companies do not meet these two simple criteria (of loss ratio or financial strength) and I would have to say these 15 companies are not good buys for the consumer," said Pennsylvania insurance commissioner Herbert S. Denenberg.

He added that Blue Cross-Blue Shield appear to be "the best all-around health insurance buys available." Their loss ratios exceed 90%, and they are financially strong.

"In addition they cover a broad range of services, usually pay claims promptly and are available in relatively low-cost group plans with few exclusions."

The shopper's guide urges consumers to participate when possible in group health insurance plans for the best economical coverage.

Donald Pearsall, assistant actuary for the John Hancock Mutual Life Insurance Co. told *Business Insurance* the loss ratio "certainly doesn't take into consideration all the characteristics of the markets." Loss ratios in medical expense coverage often fluctuates from year to year, he noted, sometimes by as much as 4.5%.

"We're geared for at least a 50% loss ratio on our medical expense policies," he explained, and the 1971-72 ratio of 49.7% came close to that figure.

"This lumping together of all the figures are grossly misleading," said Stephen West, vp and general counsel for the Union Fidelity Life Insurance Co.

"We've been a very fast-growing company in the last three years," he explained. "If you have a lot of first and second year business you're going to have a low loss ratio."

Norm Hill, a partner in the Chicago accounting firm of Peat, Marwick & Mitchell, explained that the loss ratio for a year's block of insurance "tends to go up as it gets older." This is caused in large part by the fact that the average policyholder's health care claims increase as he gets older. ■

labor beat

Major medical provisions still seen as more important than dental care

By PATRICK THOMAS

NEW YORK—As more persons fall under the coverage offered by group dental insurance plans and the sheer size of the contracts becomes increasingly larger, labor unions are increasingly looking to the coverage as "another one of those fringes you all of a sudden start bargaining for."

Despite the coverage's great surge in popularity over the last year, however, some unions still do not consider dental care a high priority negotiating item. The huge United Auto Workers agreement earlier this year will give added impetus to the dental plan growth, but there are still many bargaining points considered more important.

"I WOULD SAY dental coverage is fairly high on the list of important bargaining items," a spokesman for the International Brotherhood of Electrical Workers told *Business Insurance*, "but it is certainly secondary to gaining improvements in the basic health insurance plans.

"For example," he continued, "dental insurance won't be considered in an instance where the major medical insurance coverage is still under $100,000. Minimum health insurance requirements must be met before new things are introduced."

Donald Wasserman, research director of the American Federation of State, County and Municipal Employes, concurred and added a new point of his own.

"OUR BARGAINING priority," he pointed out, "is upgrading our basic health insurance plans to a decent level or getting the employer to pick up the tab. Most plans in the public service area are still contributory in nature.

"The introduction of a new coverage, like dental, into the benefits package," Mr. Wasserman noted, "must take a back seat to the effort to upgrade and make the plans non-contributory."

Another reason why the coverage is not yet standard among union benefits contracts is cost.

"Dental is a fringe item that is being negotiated increasingly," explained Charles Paulsen, director of organization of the Hotel and Restaurant Employes and Bartenders International Union, "but it is not high priority, possibly because it is a very expensive item."

HE EXPLAINED that one of the union's locals in the midwest already has the coverage, which pays dental bills in the union's own clinic. "There are different ways of doing this," he said, "but the costs for the plan are running about two cents an hour."

The IBEW spokesman, noting that about 10% of his union's more than one million members already have the coverage, said that costs so far are "six or seven cents an hour, depending on co-insurance agreements and other factors."

Costs are not considered too high, he said, because "most of the plans going in are simply for basic coverage. You won't find coverage for orthodontics and specialized work."

He added that most dental plans today are company paid.

"One of the big problems with dental insurance," said Reese Hammond, research and education director of the International Union of Operating Engineers, "is that it's expensive for the first two years of the plan. That's the time when people who might not have been to the dentist in quite awhile get everything done all at once and costs are very high."

MR. HAMMOND, like other union officials, said things like dental plans were formerly handled through the various locals or districts. Many times, the national and international unions did little other than watch what was happening.

"We don't have a nationwide health insurance plan like we do with pensions," Mr. Hammond noted, adding that the operating engineers had 65 different welfare funds in operation. "But I would say a significant number of our members do have dental coverage.

"We haven't even posed the dental insurance question to the locals in three or four years now," he continued. "Back then, dental insurance wasn't such a big deal. Now dental and optical coverage have become pretty big items."

One of the big unions which leaves health insurance to its district councils is the United Brotherhood of Carpenters and Joiners of America. And many of its districts have been busy.

"We got in on dental plans quite early in the game, back in the early 1960's," said George Cartledge of the union's New York District Council. "We now have 28,000 people insured, 6,000 of them retirees, and they are definitely using the plan."

HE SAID the union has learned a few things about the coverage in the time it has been included among the fringes.

"Any member of the plan has a free choice of dentist," he said. "We now have the member send in the claim after the work is completed and then we send the payment directly to him. How he pays the dentist is up to him.

"We used to have the dentists complete the claim form and we would send the payment to them," he continued, "but we found we were getting exaggerated claims and some dentists were sending in the forms before the work was actually completed."

All the unions surveyed have some members covered by dental insurance.

"NOT A LOT of our members are covered," said Mr. Wasserman, "but we do have it in a few places where we already have fairly decent health insurance, like New York City."

Mr. Paulsen of the hotel and restaurant workers said that his members in large cities and on the West Coast are covered. And he predicted that the coverage will become more widespread as time passed.

"Most of the developments in this area, at least with us, have taken place in the last year," the IBEW spokesman said. "That might not exactly be a trend but its certainly a good start."

He said the union was trying to get the message across to the membership that dental care is a big part of total health care.

"So far, utilization of the plan has been pretty good," he said. "This is the kind of plan that people really like once they get into it and it is the kind of thing that everybody can use. Our negotiators are aware of that when a bargaining session starts." ■

N.Y. diocese adopts new coverage

BUFFALO, N.Y.—The eight-county Catholic diocese of Buffalo adopted a new uniform master insurance program designed to save the diocese about $400,000 a year.

The diocese and its approximately 290 parishes had annual premium payments on liability, fire, auto, workmen's compensation and New York State disability insurance totaling nearly $1.1 million.

The annual cost of these coverages under the new program will total about $600,000, the diocese disclosed.

COMPETITIVE bidding among 18 companies was conducted to implement the new program and two major carriers were selected—Continental Insurance Group, and Merchants Mutual Insurance Group. The new program is administered for the diocese by a recently formed corporation, Par Programs Inc.

Under the new plan, church property insurance coverage is subject to a $5000 deductible for each loss up to an aggregate of $100,000 in any one policy year. But individual parishes are subject to a deductible of only $100 per building, including its contents, because the diocese will pay from a special fund the excess over $100 for each loss up to the $5000 policy deductible. ■

Industry sees rates and benefits increases, along with plenty of new laws

Higher premium rates may be the major force affecting insurance buyers during 1974. Risk men and brokers alike foresee that last year's heavy carrier losses and an end to cyclical rate-cutting will force rate hikes. Union demands, coupled with the real prospects of federal health insurance and pension legislation, and state workmen's compensation regulation, add up to mean an active year for insurance managers. An uncertain international economic environment provides interest for multinational firms, in addition to the fact that carriers and brokers are expanding abroad through acquisitions and joint ventures to better service clients.

Regulation and legislation outlook

By SUSAN ALT

CHICAGO—Among the legislative and regulatory acts affecting the insurance industry and its buyers foreseen in the course of 1974 are:

- upward revisions of premium taxes in some states;
- federal pension reform legislation;
- some kind of initial minimum national health insurance act;
- the start of a national data bank by insurance commissioners.

Insurance commissioners are continuing on their paths of activism, moving to protect buyers of insurance and to prevent Equity Funding-type scandals.

At the National Assn. of Insurance Commissioners meeting last month in Las Vegas (*Business Insurance*, Dec. 17, 1973), final approval was put on the adoption of a national data bank containing insurer information extracted from carriers' annual audit statements.

THE FIRST INFORMATION to go into the bank will include property and liability solvency test data (a function formerly performed by A. M. Best Co.) and data on carrier profitability.

This move to set up machinery to produce national figures for the whole industry is described as a "significant advance" for NAIC. Commissioners close to the situation indicated it is reasonable to expect that even more information about carriers operations will become public in the next 12 months.

In this same vein, the NAIC will establish this year a nationwide network for complaint-handling, using a standardized format for filing and adjudicating complaints. This plan is already being used experimentally in five states, and will go far to indicate to commissioners where they ought to be looking for potential carrier fraud or solvency problems.

The NAIC also adopted a regulation of carrier disclosure of profitability by-line and by-state. This may help to drive premiums up during 1974 in some states and down in others, particularly in the auto and property insurance lines, correcting the availability problem caused in some states by inadequate rate levels.

AN NAIC STUDY is due in February on insurance carrier competition, which may be used by state commissioners to get more open competition laws and to make sure rates are not subject to any price-fixing mechanisms.

All of these NAIC activities will help corporate insureds choose financially sound carriers, and may have some slight effect on rates for commercial lines, which account for a whopping 40% of total annual insurance premiums, commissioners told this magazine.

Premium taxes in some states have moved upward in the last several years to aid financing of public employes' pensions. Insurance experts look for more premium tax hikes during 1974. The newest tax to be levied in several midwestern states is a tax on fire insurance premiums to fund firemen's pensions.

Insurance carriers and buyers foresee more state upgrading of workmen's compensation standards. Missouri, for example, is expected to be one of the next states to upgrade, as a result of action by the Missouri Public Interest Research Group in St. Louis to spur reforms.

NO-FAULT INSURANCE will be an active issue in 1974. Some fleet owners already are lobbying for inclusion under a national no-fault law. Under present national proposals, commercial fleets would be excluded from mandatory no-fault coverage. Despite national no-fault hearings held recently in Washington, carriers and corporate buyers said in an informal survey they do not look for any national act in 1974.

Members of the American Society of Insurance Management are expected to work towards more state laws exempting insureds from state mail order legislation. Exemptions were approved by about five states during 1973, but there are about 12 states in which work is yet to be done, said James Bailey, legislative counsel for the ASIM in Washington. The way these mail order laws are written, they virtually prohibit commercial insurance buyers from placing business outside the state, he said. Without specific exemptions, insureds in the 12 states would be violating laws by insuring risks with out-of-state carriers, Mr. Bailey explained.

Washington watchers among safety engineers predict that Congress will continue to bicker throughout 1974 about management and enforcement of the fire-safety bill now under study. Several members of the American Society of Safety Engineers, however, predicted passage of the bill in late 1974 establishing a fire-safety administration, and setting programs for code improvement and fire research.

Property/casualty roundup and outlook

By PATRICK THOMAS

NEW YORK—For the typical risk manager, 1973 was, indeed, "a very good year," at least in the property/casualty arena.

There were losses—many of them catastrophic—but these were perhaps balanced, or will be in the long run, by the opportunities that presented themselves during the politically turbulent year just ended.

As S. Peter Law, vp, insurance at U.S. Industries, put it: "From strictly an insurance standpoint, 1973 was really a good year for risk managers because prices were soft. A bad loss experience could be tempered somewhat because costs were lower.

"Looking at 1973 from another point of view," Mr. Law continued, "it was a good year for risk managers because of the passage of the Consumer Product Safety Act, which is really an opportunity."

The product situation and the state of insurance rates were the two items mentioned most prominently by a number of persons involved in one way or another with the risk management function when asked by *Business Insurance* to discuss the events of last year—and look ahead to 1974.

"The Consumer Product Safety Act hasn't helped our business yet," noted James Higgins, head of the national services organization of Marsh & McLennan Inc., who predicted "loss prevention facilities will be in demand because of the act."

The feeling that product liability will continue its almost monumental growth is not held by the big brokers alone.

HOWARD MILLER, vp of Brokerage Resources Inc., called product liability "critical. It is really a big consideration. You used to only worry about products claims in the United States. Now it's becoming a worldwide problem," he stated.

The drop in insurance rates, viewed apprehensively by carriers and buyers alike, is generally considered to be cyclical.

There is some evidence that casualty rates are already turning up.

"I think rates will continue soft during 1974," said Earl Novell, managing director of MARTA Insurance Managers, joint venture handling risks for the Metropolitan Atlanta Rapid Transit Authority.

"I don't know exactly when it will turn around," Mr. Novell continued, "but we're figuring to have marketing trouble sometime in the middle of our project (1976). Even if our loss experience is fantastic we'll have trouble just because of conditions (red ink) within the insurance companies.

"I THINK RATES have already bottomed out," said Mr. Higgins. "But there are no hard signs of exactly when the market will turn around. We may live in a soft rate environment for awhile but these things historically run in cycles and I think the cycle will end sometime in late 1974."

"No-fault auto will definitely have a bearing on what transpires in 1974," Mr. Miller commented, "but where exactly it's going is anybody's guess."

In workmen's compensation, after much movement by the states last year, 1974 will be critical.

The latest addition to the list of possible problems in property/casualty lines is the energy crisis.

The biggest impact, from an in-

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Outlook . . .

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surance standpoint, of the energy crisis has so far fallen on automobile insurance because of the potential for fewer accidents and lower rates.

"Sporadic work stoppages and the inability of industry to obtain materials will have an effect on the commercial property/casualty insurer because the casualty business is related to either payroll or sales," said Mr. Shipps. "Premiums could go down because of layoffs but that balances out because claims are easier to settle. People need the money."

The commercial business will be good, according to Frank Schiff, president of Schiff-Terhune Inc., because of risk managers and better insurance management.

"If you are looking for a byword for 1974," he said, "from the risk manager's point of view, that word is increased cash flow."

Employe benefits costs headed up

By STEPHEN GOOD

CHICAGO—Employe benefits managers have good reason to wonder about next year's legislation, economic trends and union demands. But whatever happens, coverage costs are going to go up.

"Overall, rates appear to have bottomed out," said Jayne Sherman, manager of communications at Marsh & McLennan Inc., insurance brokers. In the next 18 months a slow increase in rates should occur.

"We feel it'll be more of a gradual cyclical change," Ms. Sherman added. Competition between insurance carriers should remain active, however, causing rate hikes to be slowed, she noted.

MEANWHILE THE predictions for 1974's wobbly economy have caused benefits managers to reconsider launching experimental programs.

"It's conceivable that some employe benefits managers will use the economic down-turn as a legitimate reason to be more cautious in any move towards benefit plan liberalization," one auto industry spokesman told *Business Insurance.*

But union contract gains in 1973 achieved by the United Auto workers may pave the way for other industries who will be forced to expand their benefits programs despite the economic outlook. Dental care and extended disability coverage are becoming common in labor contract negotiating demands.

It is still unclear what kind of dental care and disability coverage standards will be in a national health insurance act. And estimates are vague on when such legislation will be passed. These unknowns have caused many benefits managers to take a "wait and see" stance.

THERE IS A CHANCE that employers who begin new benefits programs in anticipation of national health insurance may be stuck with costly plans that far exceed the standards set by federal legislation. The auto industry has already promised it will not decrease benefits if federal standards demand less than negotiated programs now have.

Tom Wood, insurance consultant at Hewitt Associates, told this magazine, "I think we'll continue to see some benefits expansion. Employe benefits managers will pay more attention to the financial aspects . . . they'll be looking for cost savings, and there will be more efficient utilization of dollars spent."

Legislation in Washington currently holds the crystal ballgazers' attention, in spite of the economy's questionable future. Robert Waldron at the Institute of Health Insurance said "It'll probably dominate the thinking of employe benefits people throughout the year."

One bill that will "apparently" pass in both houses next session is a pension reform measure, Mr. Waldron speculated. It will likely embody many of the Williams-Javits bill provisions, a package that passed unanimously in the Senate late last year.

The Williams-Javits bill provided that 25% of accrued pension rights would be available to a worker after five years, followed by 5% increases annually for the next five years, and 10% additional rights annually for the last five years. Employers not using this formula would not qualify for tax deductions.

"It'll be a whole new ballgame for (benefits managers). What it boils down to is 'fellows, meet the actuaries,' " Mr. Waldron said.

Brokers expand abroad, develop new policies

By MARY ANN CALLAHAN

NEW YORK—Several leading insurance brokers characterized 1973 as a year of "expansion and growth," and rated a number of new programs introduced in the last year.

Among the new programs disclosed in a limited survey of brokers were lawyers' professional liability insurance, property/casualty coverage for Farm Equipment Dealers Assn. and Family Motor Coach Owners Assn., pension administrators' liability insurance, as well as expansion of brokerage activity in Europe and Asia.

ALEXANDER & ALEXANDER Inc. began in 1973 to market its lawyers' professional liability insurance through underwriters Shand, Morahan & Co. Inc. of Evanston, Il.

"Also in 1973, we started marketing property/casualty insurance for two organizations, Farm Equipment Dealers Assn. and Family Motor Coach Owners Assn.," a spokesman for the broker said.

Stewart, Smith Inc. introduced a liability policy last April to protect trustees involved in administration of welfare and pension funds (*Business Insurance*, Apr. 23, 1973).

Underwritten by American Casualty Co. of Reading, Pa., a member of the CNA group, the policy provides protection against actual or alleged errors of judgment or other accusations of willful mistakes, including investment decisions, by trustees of a jointly-administered pension fund that meets Taft-Hartley requirements.

In March, Johnson & Higgins handled the coverage and product liability for the first large shipment of liquors and wines imported from mainland China. Other brokers are considering getting involved in the China trade, looking to Europe and Asia for growth, this magazine learned.

FRED S. JAMES & Co. in Chicago began a joint venture in 1973 with Minet Holdings, Ltd., in London, to offer worldwide insurance brokerage and management services. The new combination, called Minet-James International is based in Holland and consists of 18 owned or partly-owned subsidiaries of Minet's brokerage business.

Marlennan Corp. (parent of Marsh & McLennan) similarly entered into an agreement with the largest French broker.

Marsh & McLennan bought a one-third interest in the French broker Faugere et Jutheau, S. A., expanding its international operations. Also in 1973, it acquired the Iowa firm of Riepe, Buchanan & Piper, employe benefits specialists.

Marsh & McLennan introduced last year a new comprehensive utility insurance package which provides all the insurance needed by gas and electric utility companies to protect assets, and covering injury to the public and to workers. It is underwritten by several carriers, and includes key areas which were previously difficult to insure, including accidental brownouts and accidental pollution.

"We are now looking into further expansion overseas, and we feel our clients should be aware of the importance of buying into the foreign brokerage market," a Fred S. James spokesman said. ■

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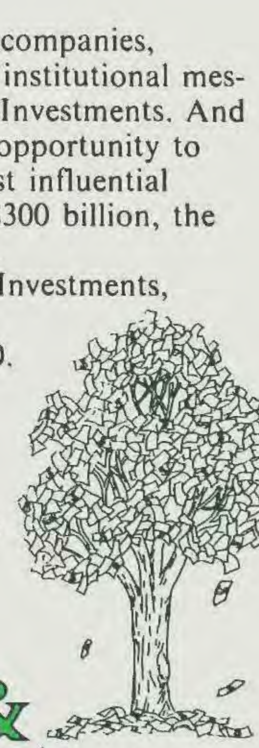

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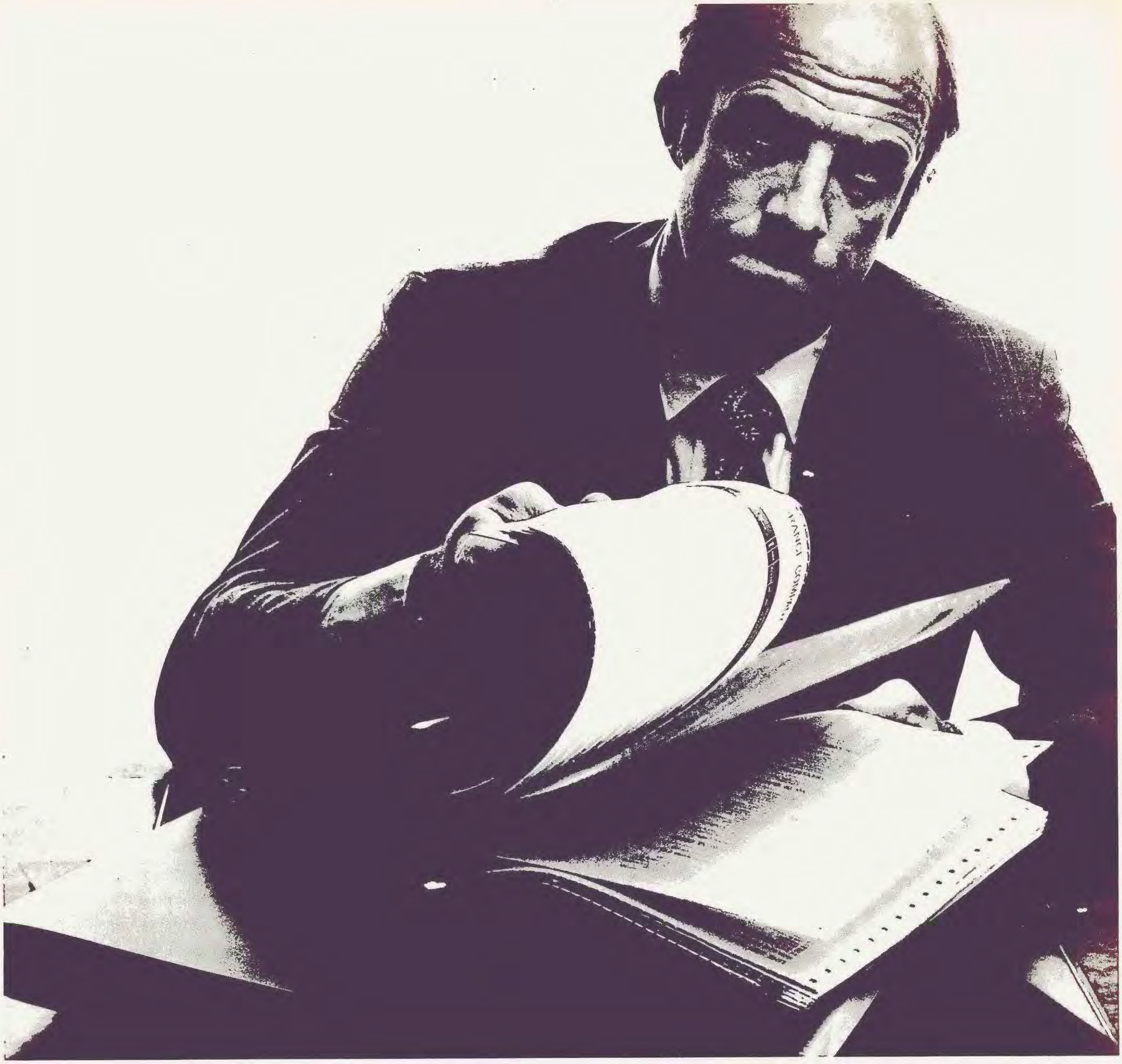

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