JULY 16, 2001

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30th Annual Agent/Broker Profiles Issue

Stage set for further success

The world's largest brokers are starting to reap the rewards of the considerable restructuring and repositioning they did to survive and stay profitable during the lean years of the prolonged soft market.

Now that the commercial insurance market is firming, the top brokers say they are poised to take advantage of the new environment—both in terms of higher commissions as rates increase and in terms of offering new products and services to clients seeking alternatives.

Their efforts paid off in 2000, when top-line growth at the world's largest brokers rebounded in comparison to the year-earlier period, when the top 10, as a group, turned in what was one of the lowest revenue gains in several years.

The combined brokerage revenues of the world's 10 largest brokers increased 10.4%, to $16.56 billion in 2000, up from $15.00 billion in 1999. A year earlier, a slightly different group of 10 brokers posted a 6.0% increase in revenues compared with 1998, which was down sharply compared with a 21.4% jump in revenues from 1997 to 1998 and a 38.8% gain from 1996 to 1997.

Wells Fargo Insurance Brokerage Inc., whose parent company acquired Acordia Inc. earlier this year, turned in the biggest gain. On a pro forma basis, the combined company's 2000 brokerage revenues were $610.2 million, or about 220% greater than the revenues posted by Wells Fargo alone in 1999.

Other impressive gains in brokerage revenues, albeit of a more modest size, were turned in by Arthur J. Gallagher & Co., with a 22.3% increase to $716.5 million in 2000; Alexander Forbes Ltd., up 17.1%, to $385.4 million; and Hilb, Rogal & Hamilton Co., making its debut in the top 10 with a 17.1% increase, to $260.3 million.

The revenue growth of the top 10 brokers last year tracks the brokerage industry as a whole. The 187 commercial insurance brokers listed in this issue reported a total of $21.61 billion in brokerage revenues for 2000, an 11.6% increase over the total for 1999.

The 10 largest brokers continue to claim a dominant share of the revenues in the marketplace, though their share eroded slightly compared with previous years, signaling possible gains by midsized brokers. The top 10 accounted for about 75% of the revenues in 2000 of all the brokers listed in this issue, down from 77% in 1999 and 79% in 1998.

A full report on key trends shaping the brokerage industry, profiles of the world's largest brokers, and a detailed directory of commercial insurance brokers worldwide can be found within these pages. This 30th annual report begins on page 10.

World's 10 largest brokers

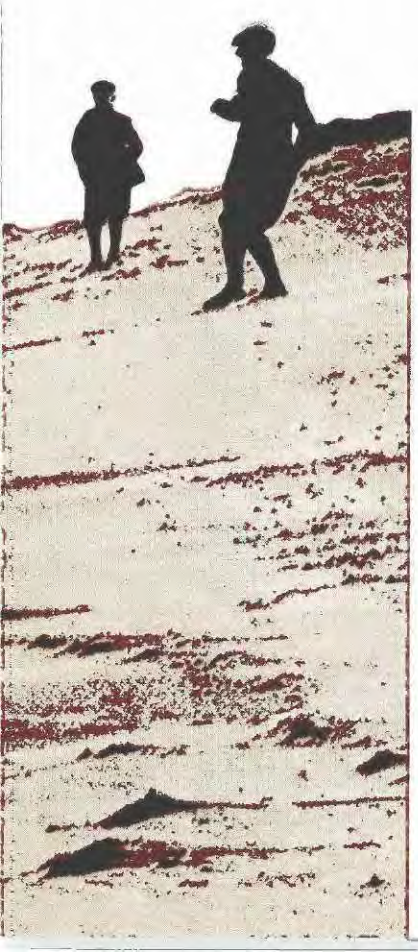
Rank 2000		Rank 1999	Brokerage revenues 2000	Brokerage revenues 1999	% change	Employees 2000	Employees 1999	% change
1	Marsh & McLennan Cos. Inc.	1	$6,915,000,000	$6,473,000,000 [1]	6.8%	50,500	47,000 [1]	7.4%
2	Aon Corp.	2	$5,137,000,000	$4,800,000,000	7.0%	40,000	39,000	2.6%
3	Willis Group Holdings Ltd.	3	$1,304,931,600 [2]	$1,239,388,000 [2]	5.3%	10,470	9,446	10.8%
4	Arthur J. Gallagher & Co.	4	$716,466,000	$586,054,000	22.3%	5,201	4,589	13.3%
5	Wells Fargo Insurance Brokerage Inc.	12	$610,163,000	$190,254,000	220.7%	5,055	807	526.4%
6	Jardine Lloyd Thompson Group P.L.C.	5	$462,380,000 [2]	$432,006,000 [2]	7.0%	4,160	3,641	14.3%
7	HLF Insurance Holdings Ltd.	6	$405,855,832 [3]	$405,664,325 [3]	0.1%	4,128	4,580	-9.9%
8	Alexander Forbes Ltd.	7	$385,410,480 [4]	$329,158,998 [4]	17.1%	5,307	4,758	11.5%
9	USI Insurance Services Corp.	8	$359,690,000	$320,555,000	12.2%	3,205	3,159	1.5%
10	Hilb, Rogal & Hamilton Co.	11	$260,275,000	$222,320,000	17.1%	2,100	2,185	-3.9%
	Totals/averages		$16,557,171,912	$14,998,400,323	10.4%	130,126	119,165	9.2%

1 Restated 2 British pound=$1.516 (2000), $1.618 (1999); fiscal year ending 12/31. 3 British pound=$1.4787 (2000), $1.595 (1999); fiscal year ending 3/31. 4 South African rand=$0.1365 (2000), $0.153 (1999); fiscal year ending 3/31

Source: *BI* survey

100 largest U.S. brokers page 10

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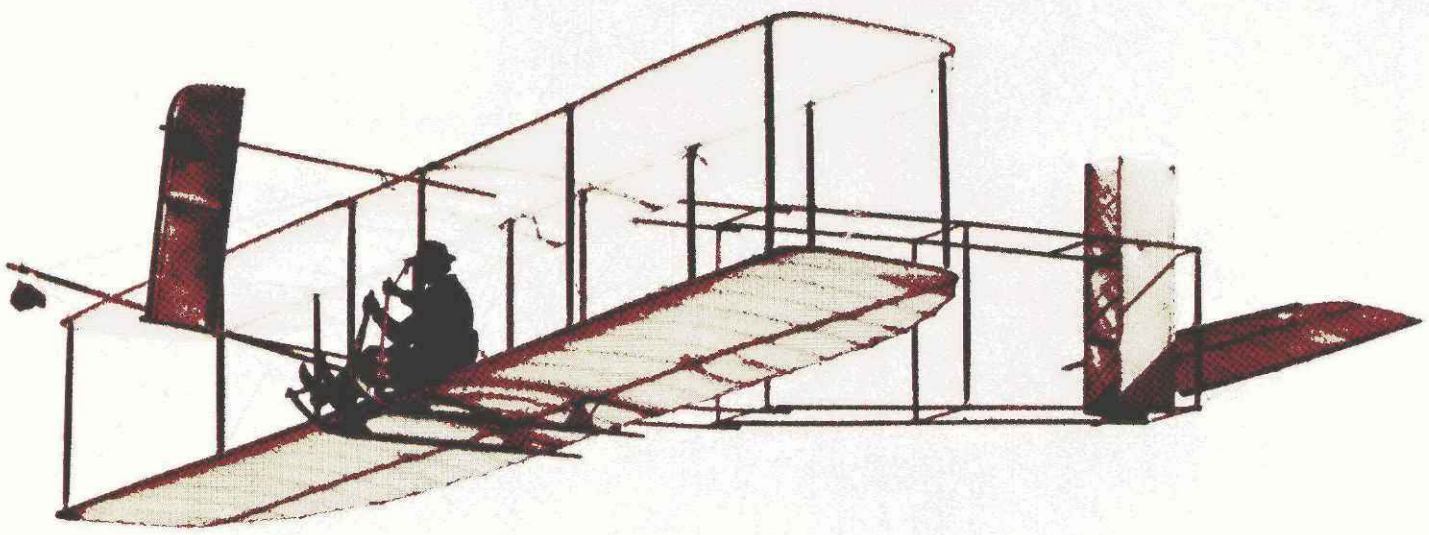
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UPDATES

Court reinstates lawsuit over CIGNA restructuring

SAN FRANCISCO—In a defeat for CIGNA Corp., a California state appellate court ruling means a trial may proceed on the issue of whether the insurer violated the state's unfair competition law when it reorganized in 1996.

In the restructuring, CIGNA used a Pennsylvania law to split its then-subsidiary Insurance Co. of North America in two with-

See **Updates** *on next page*

No age bias in benefit offer: Judge

By JERRY GEISEL

PROVIDENCE, R.I.—A university's voluntary early retirement incentive plan that offered younger employees a much greater health insurance stipend than Medicare-eligible employees does not discriminate against older retirees, a U.S. District Court judge has ruled.

As a cost-saving move, the University of Rhode Island encouraged older faculty and other staff to voluntarily retire by offering employees 58 through 64 years old a $5,000 a year stipend toward health insurance, while offering those 65 and older $2,000 a year Those who accepted the 1996 offer could take the stipend in cash or the university would take the amount and use it to purchase coverage from health insurers. The annual payments would cease when the retiree died or reached age 72.

In determining the amount of the stipend, the university intended that the $2,000 health insurance stipend—combined with Medicare—would enable older retirees to purchase the same coverage as younger retirees could with a $5,000 stipend. Based on Medicare and Social Security tables, the university calculated that the availability of Medicare reduced an older retiree's cost for supplementary health insurance to $2,000.

Two professors sued the university's board of governors, charging that the plan violated the Age Discrimination in Employment Act, which bars discrimination by employers in the terms of employment and compensation against individuals 40 years and older.

But in a decision handed down last month that already is attracting national attention, Judge Robert Lagueux said the incentive plan was not discriminatory.

The ADEA, Judge Lagueux wrote, ensures "equal, not preferential, treatment for older employees. There is no violation of the ADEA when the employer provides the same level of benefits to older workers as to younger workers."

The voluntary retirement incentive plan was intended to allow all those who accepted the offer to obtain the same health care coverage, regardless of age, he wrote. "In fact, the differing amounts

See **ADEA** *on page 66*

More to follow Blues plan

Providers' bonus tied to quality, satisfaction

By ROBERTO CENICEROS

LOS ANGELES—Responding to consumer and employer demand, Blue Cross of California announced last week that it will pay bonuses to physician medical groups for delivering quality medical care and for measuring patient satisfaction.

The health plan will abandon its current practice of paying cost and utilization containment bonuses to providers with health maintenance organization contracts. That money now will go to HMO-contracted doctor groups that have a system for measuring quality and clinical performance along with a way to reward individual doctors who score well on those measurements, a Blue Cross spokesman said.

Blue Cross will then use that information for a doctor score card that it will make available to consumers. The health plan, with 5.6 million members in California, is a unit of Thousand Oaks, Calif.-based WellPoint Health Networks Inc. WellPoint is considering taking the new strategy beyond the California market, a Blue Cross spokesman said. In addition, other health plans in California are developing similar strategies, several observers said.

Blue Cross said it turned to its new bonus system because employers and consumers are demanding quality care, rather than just cost reduction, as was the case during the initial stages of managed care. Many employers believe that, in the long run, better-quality care will lead to lower costs if services are delivered properly and reduce the need, for example, for follow-up visits.

"The largest driver of this change was employer demand and consumer demand and, to some extent, physician expectations," the spokesman said. "Physicians have always wanted to be paid for the care they give, not for controlling costs."

Blue Cross does not know what impact its new shift will have on premiums, the spokesman said. That remains to be seen. But the change initially could be cost neutral, because the funds will come from money already being paid out for cost containment bonuses.

"It's the same bonus; only the criteria have changed," he said. Additionally, preventive care and disease management measures emphasized under the new strategy could reduce a need for more ex-

See **Incentive** *on page 67*



Employers face risk of cell phone suits

Liability for talking, driving worker

By SALLY ROBERTS

On March 8, 2000, Jane L. Wagner, an associate at the law firm of Cooley Godward, was driving to her Virginia home at 10 p.m. when she accidentally swerved off the road and hit what she thought was a deer before continuing home. In fact, she struck and killed 15-year-old Naeun Yoon, who was walking on the shoulder of the road. Ms. Wagner now is serving a one-year jail sentence for leaving the scene of an accident. Her employer, Cooley Godward, is facing a $30 million wrongful death lawsuit, because Ms. Wagner allegedly was making business calls on her hand-held cellular telephone at or around the time of the accident.

The wrongful death suit, filed last month in Loudoun County Circuit Court in Virginia, is one of the first of its kind in the nation to allege employer liability for damages associated with an employee driving and talking on a hand-held cell phone.

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U.S. DEPARTMENT OF HEALTH & HUMAN SERVICES

- **HHS has issued guidance on new medical records privacy regulations, a move that has gotten positive reviews from the property/casualty insurance industry. PAGE 4**

- **Second-quarter catastrophes caused an estimated $4.4 billion in insured property damage in the United States, the second-worst such quarter in terms of insured property damage in the past 10 years. PAGE 6**

- **Changing the law to ensure that employers can consider Medicare coverage when determining whether benefits parity exist for older and younger retirees would promote fairness, this week's editorial says. PAGE 8**

- **Australia's most-populous state enacted reforms late last month that aim to reduce the mounting deficit of the government-run workers compensation system and speed up claims payments. PAGE 61**



- **Swiss medical products manufacturer Sulzer Medica expects its liability stemming from defective hip and knee replacements used in operations in the United States to exceed its insurance coverage limits. PAGE 61**

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Business Insurance (ISSN 0007-6864) Vol. 35, No. 29, is published weekly by Crain Communications Inc., 740 N. Rush St., Chicago, Ill. 60611-2590. Periodicals postage is paid at Chicago and at additional mailing offices. POSTMASTER: Send address changes to *Business Insurance*, Circulation Department, 965 E. Jefferson Ave., Detroit, Mich. 48207. $4 a copy and $95 a year in U.S. $114 in Canada and Mexico (includes GST). All other countries $215 a year (includes expedited air delivery). Canadian Post International Publications Mail Product (Canadian Distribution) Sales Agreement No. 0293512, GST No. 136760444. Printed in U.S.A. Copyright © 2001 by Crain Communications Inc.

UPDATES

Continued from previous page
out policyholder approval. INA's ongoing business remained with the company, while most of INA's pre-1996 liabilities were moved to a separately capitalized runoff facility. CIGNA's reorganization was upheld by Pennsylvania's Supreme Court in 1999. Nevertheless, plaintiffs—including units of American International Group Inc. and Chubb Corp.—continued their legal battle against the reorganization by filing suit in California state court in December 1999. Last May, a California Superior Court judge dismissed the lawsuit, ruling the insurers' complaint did not state a cause of action under California law and that the validity of the reorganization is a regulatory matter. The court also ruled that the insurers have not alleged any current or reasonably foreseeable injury to policyholders. But in its July 10 decision in Aicco Inc. vs. Insurance Co. of North America, a three-judge panel reversed the judgment, ruling unanimously that the lower court had erred "and abused its discretion" when it dismissed the complaint. Both INA's ongoing business and the separately capitalized runoff facility, Brandywine Holdings Ltd., were sold in a $3.5 billion deal to ACE Ltd. in 1999. In a statement, INA said: "The case is in the very early stages. We are reviewing the court's decision. We will consider whether to seek review in the California Supreme Court."

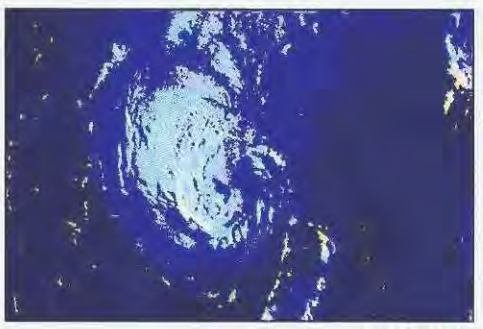


PHOTO: NOAA

HURRICANE EXPOSURE CHALLENGED The frequency and severity of hurricanes has not increased in recent years compared with historical levels, according to a new report analyzing 20th century storm activity. The study by Tillinghast-Towers Perrin rebuts a widely held view that hurricane losses have increased dramatically in recent years because of global warming. While the Tillinghast-Towers Perrin report does not deny the existence of global warming, it finds no correlation between steadily rising temperatures and the number of annual storms, said Doug Collins, consulting actuary and principal for Tillinghast-Towers Perrin in Hartford, Conn. Once hurricane loss figures are adjusted for standard inflation and steadily rising property values, the study maintains that insured damages from hurricanes in the 1990s were not higher than those in other decades of the last century. The analysis also contends that 1992's Hurricane Andrew did not produce the highest insured damages from a single storm, as the insurance industry had estimated. Instead, it says, a hurricane that struck Miami in September 1926 tops the list, with insured damages of $50 billion—adjusted for inflation and property value increases—while Andrew produced $25 billion in adjusted losses.

AETNA TO DROP SOME HMOs In an e-mail message sent to employees last week, Aetna Inc. Chairman and Chief Executive Officer Dr. John Rowe said the company will shift away from fully insured HMOs toward self-insured HMO products, as part of an effort to boost profits. Dr. Rowe outlined to employees the results of a strategic review the company's management recently completed. Aetna's board last month endorsed management's principles for a new strategic direction based on this review. Under this new direction, Aetna will put greater emphasis on self-insured products where it performs only administrative services, over fully insured HMOs, where losses have been piling up. Dr. Rowe's memo also indicated Aetna would look to exit some HMO markets where profits have been poor or nonexistent. A spokeswoman said Aetna has recently sold or closed some HMOs that were not meeting financial expectations.

LIBERTY MAILS CONVERSION INFO Liberty Mutual Insurance Co. on Friday began mailing nearly 3 million information packets setting out its plans to adopt a mutual holding company structure, after a Massachusetts Superior Court judge ruled against a group of policyholders seeking to block distribution of the materials. In its lawsuit, the group claimed the mutual insurer's policyholder information statement "contains materially false and misleading information and omits facts" about Liberty's planned conversion, which requires policyholder approval. Ruling last week, Justice Ralph D. Gants said the plaintiffs were "unlikely to prevail at trial in proving that Liberty omitted material facts from its policyholders." But Justice Gants added that although the policyholder materials "may not be fraudulent, the fact remains that they effectively communicate the 'pros' of the reorganization plan but do not effectively communicate the 'cons.'"



Mr. Iordanou

ZURICH SHUFFLES EXECS Zurich Financial Services Group Inc. has rearranged its management structure and named Constantine Iordanou to the newly created post of senior executive vp-group operations and business development. Switzerland-based Zurich Financial Services Group also has consolidated its former 11 global and regional businesses into five business divisions, each headed by a chief executive officer. Mr. Iordanou, who also is a member of Zurich's group management board, had been CEO of the company's North America region. In his new position, he will be responsible for strategy implementation and corporate leadership in Zurich's group operations and the company's business development functions. He reports to Rolf Hueppi, Zurich Financial Services Group's chairman and CEO. John Amore, who had been CEO of the group's Zurich U.S. unit, was named CEO of the North America Corporate Business Division. The other new division CEOs are: Peter Eckert, Continental Europe; Martin D. Feinstein, North America Consumer and Latin America; Steven M. Gluckstern, Global Asset Business; and Alexander P. Leitch, United Kingdom, Ireland, Southern Africa and Asia/Pacific.

SWISS RE, TOKIO MARINE SWAP Swiss Reinsurance Co. and Tokio Marine & Fire Insurance Co. Ltd. have exchanged $450 million in catastrophe risk in an effort to diversify their portfolios. Last year, the Japanese insurer swapped $200 million in earthquake risk with State Farm Mutual Automobile Insurance Co. Under the deal with Swiss Re, the Zurich, Switzerland-based reinsurer will swap three $150 million tranches of risk with a Bermuda-based unit of Tokio Marine & Fire: Japan earthquake for California earthquake; Japan typhoon for Florida hurricane; and Japan typhoon for France storm. The deal is renewable annually and has multiple triggers based on indemnity levels, the individual portfolios and industrial indices.

NO VIAGRA MANDATE: COURT California Superior Court Judge Lloyd Connelly ruled July 6 that state law did not require health plans to cover all prescription drugs or to provide drugs for conditions not covered by health plan members' insurance contracts. The decision overturns the state's Department of Managed Health Care requirement that Kaiser Permanente provide coverage of Viagra and other sexual-dysfunction drugs. Two years ago, Kaiser had filed an application seeking to drop coverage for Viagra. While the issue was debated in the courts, Kaiser has covered Viagra prescriptions for up to eight pills a month, with a 50% copayment, a spokesman for the Oakland, Calif.-based HMO said.



PHOTO: REUTERS

MOLD CLAIMS SERVICES GAB Robins North America Inc. is offering specialized services to assess potential mold-related losses on commercial and residential properties. The services are available to insurers, self-insured organizations and others through Parsippany, N.J.-based GAB's Engineering & Fire Investigations unit. Information on the service is available from GAB at 866-653-6653 or through local GAB and EFI offices.

BRIEFLY NOTED UNUMProvident Corp. and Kemper Insurance Cos. are forming an alliance to jointly offer employers **unbundled integrated disability management products.** Under the alliance, UNUMProvident will provide employers with disability income protection coverage, as well as manage related claims. Long Grove, Ill.-based Kemper will provide workers compensation coverage, and unbundled claims management services will be provided by Gallagher Bassett Services Inc., a third-party administrator based in Itasca, Ill. GENEX Services Inc., a UNUMProvident subsidiary, will provide case management, return-to-work programs and various cost containment options....Zurich North America is providing **political risk insurance** to support a 10-year, $600 million bond issue by Petrobras International Finance Company Ltd., a subsidiary of Brazilian oil and gas company Petroleo Brasileiro S.A. The policy provides coverage against the risks of currency incontrovertibility, transfer and expropriation with regard to any Petrobras payments made under a standby purchase agreement....Broker **Brown & Brown Inc.** reported revenues of $160.7 million for the first six months of this year, a 40% increase over the comparable period last year. Net income also soared, increasing 50% to $24.7 million for the first half....A U.S. District Court judge in Charleston, S.C., last week **dismissed a tobacco lawsuit** filed against the U.S. cigarette-making unit of Philip Morris Cos. Inc. The suit, which claimed that cigarettes are defective in design, was filed by the widow of a smoker who died of lung cancer in 1997 at age 41....Broker Hub International Ltd. is offering human resources, benefit consulting and claims administration services through a new operation, **Advanced Benefit Resources Corp.** Hub's Kaye Group subsidiary formed the new unit in Woodbury, N.Y. BI

To get breaking news as it occurs, visit Business Insurance's free online Updates, at www.businessinsurance.com. All of the material in the Updates column, as well as other content in this week's issue, is generated from daily news postings that appeared on the Web site in the previous week.



PHOTO: AP/ WIDE WORLD

Although the market remains small, insurers are willing to cover rare, high-value instruments such as violins made by Antonio Stradivari.

Striking a chord with musicians

Insurers play along on rare-violin risks

By KATE WILLIAMS

Ownership of rare and highly valuable violins often entails multimillion-dollar investments, and fortunately, insurance protection is available.

In February, the 1735 del Gesu Partners L.P., a New York-based group of 15 investors, bought a 1735 Guarneri del Gesu violin to lease it to Robert McDuffie. The professional violinist, who has played throughout the United States, Europe and Asia, wanted to buy the $3.5 million violin but was unable to do so on his own. The investors, mainly friends of Mr. McDuffie, stepped forward to help finance it. For the duration of the lease, he is responsible for maintaining and insuring the violin.

Russell Prince, a lawyer with Seward & Kissel in New York, helped establish the partnership. He said that insuring the violin protects the partners' investment as well as the instrument itself. "The most important thing that I looked for in the policy was that it had to cover the diminishment in value if the violin was damaged," he said. Coverage for the violin was placed in the German insurance market, said Mr. Prince.

Lloyd's of London is one of the major insurance markets for rare instruments, such as violins, though other European and U.S. insurers insurers also write the coverage, insurance sources said.

While rare violins are susceptible to damage, Mr. Prince said they are fairly easy to repair. "You can take them apart and glue them back together, and they don't lose value," he said. "But if something is broken and it is irreparable, like the scroll

See **Violins** *on page 66*

Investment liability

Insurers may have to pay for losses in securities fraud case

By DOUGLAS McLEOD

NEW YORK—Professional liability insurers of an allegedly fraudulent offshore financial entity are facing trial for their refusal to cover more than $100 million in investor losses after a federal judge threw out several of the insurers' defenses.

U.S. District Judge Robert Sweet rejected efforts by Lloyd's of London underwriters and other London market insurers to void policies written for Credit Bancorp Ltd., a Netherlands Antilles corporation that collapsed last year after allegedly bilking more than 200 investors.

Among other things, Judge Sweet found that insurers failed to rescind coverage when they first learned of the potential fraud in 1998 and therefore may not do so now on grounds of misrepresentation.

Thomas Pattison, a lawyer representing Lloyd's, said insurers "certainly disagree" with the ruling but that an appeal will have to await a final judgment in the case. Insurers will contend at trial that coverage under fidelity, errors and omissions and directors and officers liability policies should not apply to various investor claims, and that the policies should be voided because of previous fraudulent claims submitted by Credit Bancorp, said Mr. Pattison, who is with Pattison & Flannery in New York.

No trial date has yet been set.

Credit Bancorp, operated from Geneva, Switzerland, by Richard J. Blech, engaged in what it termed "risk-free arbitrage", of its investors' funds. Under the program, investors turned over to Credit Bancorp large blocks of stock that the investors were restricted from selling, often because of their affiliations with issuing companies. Credit Bancorp claimed it would deposit the shares in trust accounts, obtain credit lines from large European banks based on the value of the stock and use the loans to invest in a

See **Investors** *on page 68*

BI Best of the Web contest

The deadline for submitting entries to *Business Insurance's* first Best of the Web competition is fast approaching.

The Best of the Web Awards were created by *Business Insurance* to recognize and promote excellence in Internet-based services for corporate risk and employee benefit executives.

All Web sites that are designed primarily—though not necessarily exclusively—to serve the buyer of commercial insurance services may be submitted for consideration. Web sites will be judged on their functionality, interactivity, design, innovation and relevance to the buyer of commercial insurance services (i.e., risk managers and employee benefit managers).

To be considered, sites must fit into one of eight specified contest categories.

The risk management Web site categories are:

- Insurance services.
- Claims services.
- Risk management services.

The benefits management Web site categories are:

- Benefits management services.
- Health plan services.
- Claims services.

Combined Web site categories are:

- Legal services.
- Educational/professional services.

Detailed information about the categories and rules for the competition can be downloaded from the Events area of the *Business Insurance* Web site, *www.businessinsurance.com*. The deadline for submitting completed entries to *BI* is July 30.

Web site sponsors from anywhere in the world may enter, though the sites must be accessible via the Internet and should be understandable to English-speaking judges. Sites that are not open to the general public must provide the judging panel with a sample account, user ID and password—or other means of access as needed—for the duration of the judging process to be eligible for consideration. The access will be used only for judging purposes.

All contest entries will be screened by a panel of *BI* editors to ensure they fit the specific contest categories for which they are entered, and that they meet the criteria for entry. A panel of independent judges—knowledgeable in various aspects of risk management, benefits management, insurance and technology—will then score entries and select the highest-scoring candidates in each category as *BI*'s Best of the Web. The panel has the option to present additional Awards of Excellence in any category.

The winners will be announced and profiled in the Oct. 2 issue of *Business Insurance* and on *www.businessinsurance.com*.

All entries, regardless of whether they win an award, will automatically be included at no charge in *www.businessinsurance.com*'s links to industry-related Web sites.

To obtain an entry form and rules for the competition, visit *www.businessinsurance.com*, or e-mail Editor Paul Winston at *pwinston@crain.com*.

Privacy-related risks reviewed

By RODD ZOLKOS

A recent survey of senior executives of major corporations shows that they're paying increased attention to consumer privacy issues, with a sizable majority identifying reputational risk as the greatest privacy-related exposure their companies face.

The survey of Fortune 1000 companies, which was conducted by Penn, Schoen & Berland Associates Inc. for KPMG L.L.P., also found that although respondents expect the privacy issue to grow in importance, only 52% said their firms currently have a full privacy policy in place. And 55% of those responding said they expect there will be some sort of high-profile litigation against financial service providers over consumer privacy.

Jack Miller, vice chairman of KPMG in New York and leader of the firm's privacy initiative, said survey respondents' ranking of the top privacy risks is right in line with his firm's assessment.

"The No. 1 risk is risk to reputation (64%), and that's right where it should be," Mr. Miller said. "The No. 2 risk is loss of customers (44%), and the No. 3 risk is litigation (34%). I think they've got that right."

Regarding reputational risk, Mr. Miller noted, "If a customer relies on your word, and you have policies on electronic records and manual records and you violate that, then customers aren't going to be coming back."

One bank risk manager, who asked not to be identified, agreed that while consumer privacy does pose a reputational risk, "there's so much that could hurt your reputation."

"I think although we set (our privacy policy) up right, our concern is the loose-lip kind of thing, even if it's inadvertent," the risk manager said.

The risk manager said she was satisfied with her company's privacy policy. "Our compliance officer went to a lot of various seminars on this and was very comfortable with the draft of the privacy statement we used," she said.

And, she said, a concern with customer privacy isn't something that first emerged at her firm with the recent enactment of new federal privacy regulations. "The privacy concern was one we've had forever," she said.

John J. Byrne, senior federal counsel and compliance manager for the American Bankers Assn. in Washing-

See **Privacy** *on page 65*

Privacy risks

Respondents ranked their perceived largest risk of loss associated with privacy issues.

Damage to reputation	64%
Loss of customers	44%
Litigation	34%
Compliance	32%
Trust	4%
All of the above	2%
Unauthorized access to customer database	2%
Other	0%
Don't know	12%

Source: KPMG

HHS guidance on privacy rules welcomed

By MARK A. HOFMANN

WASHINGTON—The federal government's first guidance on new medical records privacy regulations is drawing a generally positive response from the property/casualty insurance industry.

That's in part because the U.S. Department of Health and Human Services has indicated that the rules—which initially were issued during the waning days of the Clinton administration last December—could undergo further change as HHS under the Bush administration examines their possible impact.

Although the rules target health insurers and providers rather than property/casualty insurers, workers compensation underwriters in particular fear that the rules could be used to dam the flow of medical information between insurers and medical care providers treating workers comp claimants.

HHS issued the rules after Congress failed to meet its own deadline for doing so under the Health Insurance Portability and Accountability Act of 1996 (*BI*, Jan. 1). The rules require that covered entities, including insurers, providers and health care data clearinghouses, take specified actions to protect the privacy of individual medical records. Those that fail to do so could be subject to criminal penalties, including prison, under some circumstances. HHS broadened the rules, which were initially intended to govern only electronic records, to cover all communications about medical information. Ambiguous language in the preamble to the final rule left insurers and risk managers wondering how the rules would affect workers compensation.

A paperwork error committed in the final days of the Clinton administration, however, allowed the Bush administration to delay implementation of the rules and reopen the comment period regarding the rules (*BI*, March 5). Although HHS allowed the rule to become effective on April 14, its July 6 guidance—which is the first of several—said that the department will issue "proposed modifications to correct intended negative effects of the regulations."

That was something insurers wanted to hear.

"What is most significant about this guidance is they do show a willingness toward assuring that the regulations work without creating unnecessary impediments. The HHS publication also indicates that there will be additional guidelines coming in the future as well as possible rule changes if unintended consequences occur," and Ken Schloman, Washington counsel for the Alliance of American Insurers.

Of particular concern to workers comp insurers was the general requirement that covered entities restrict information disclosure to the "minimum necessary to accomplish the intended purpose," according to the guidance. The guidance holds that the rule exempts "most uses or disclosures that are authorized by an individual" to third parties. "This includes authorizations covered entities may receive directly from third parties, such as life, disability, or casualty insurers pursuant to the patient's application for or claim under an insurance policy."

The guidance shows HHS would try to assure that 'the regulations work without creating unnecessary impediments.'

— Ken Schloman
Alliance of American Insurers

"We're very pleased that the guidance resolved one of the major issues that we had with the regulations. The regulations were unclear whether the 'minimum necessary' requirement applied to information requested by property/casualty insurers with an authorization. There was information in the preamble that indicated that it probably would. The guidance made it very clear that it does not," said Nancy Schroeder, assistant vp-workers compensation, for the National Assn. of Independent Insurers in Des Plaines, Ill.

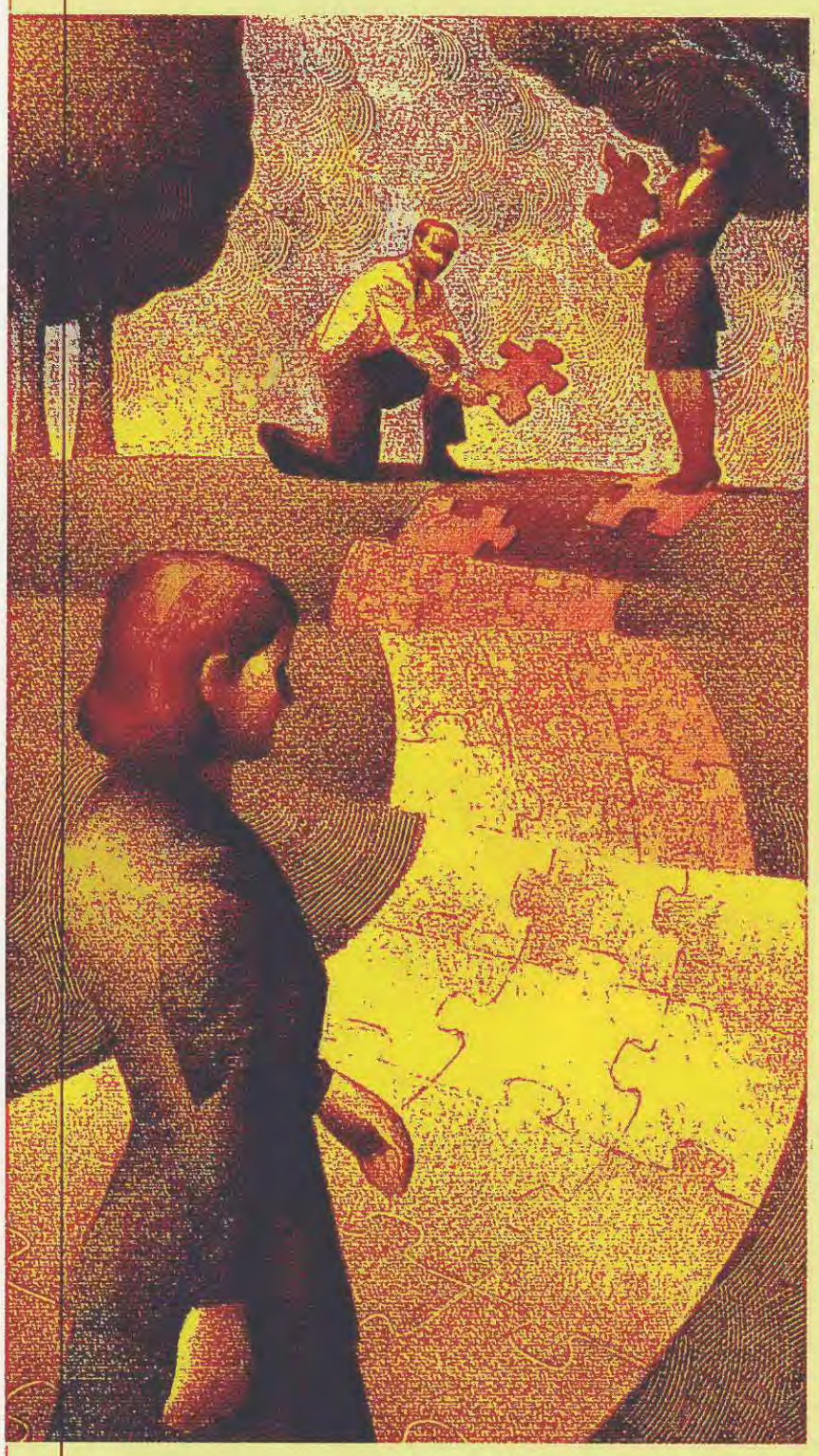
"This will reduce the cost and delay in getting records and also reduce the opportunity for committing fraud," she said, calling the guidance "a very commonsense approach."

Bruce C. Wood, assistant general counsel for the American Insurance Assn., said the regulations need further work. He said it remains to be seen whether even an amended minimum necessary rule does indeed "exclude workers comp from that standard."

He said the promise of additional changes and guidance means "we have additional bites of the apple here to get what we think we need. It would be even more preferable to exempt all of those programs that are not covered entities."

Mr. Wood said that the regulations raise a federalism issue as well, pointing out that workers comp is a state-based, state-regulated system. To subject it to the privacy regulation as written would result in "what would be a dilution of that state-based system with the imposition of what is a federal information disclosure standard," he said. BI

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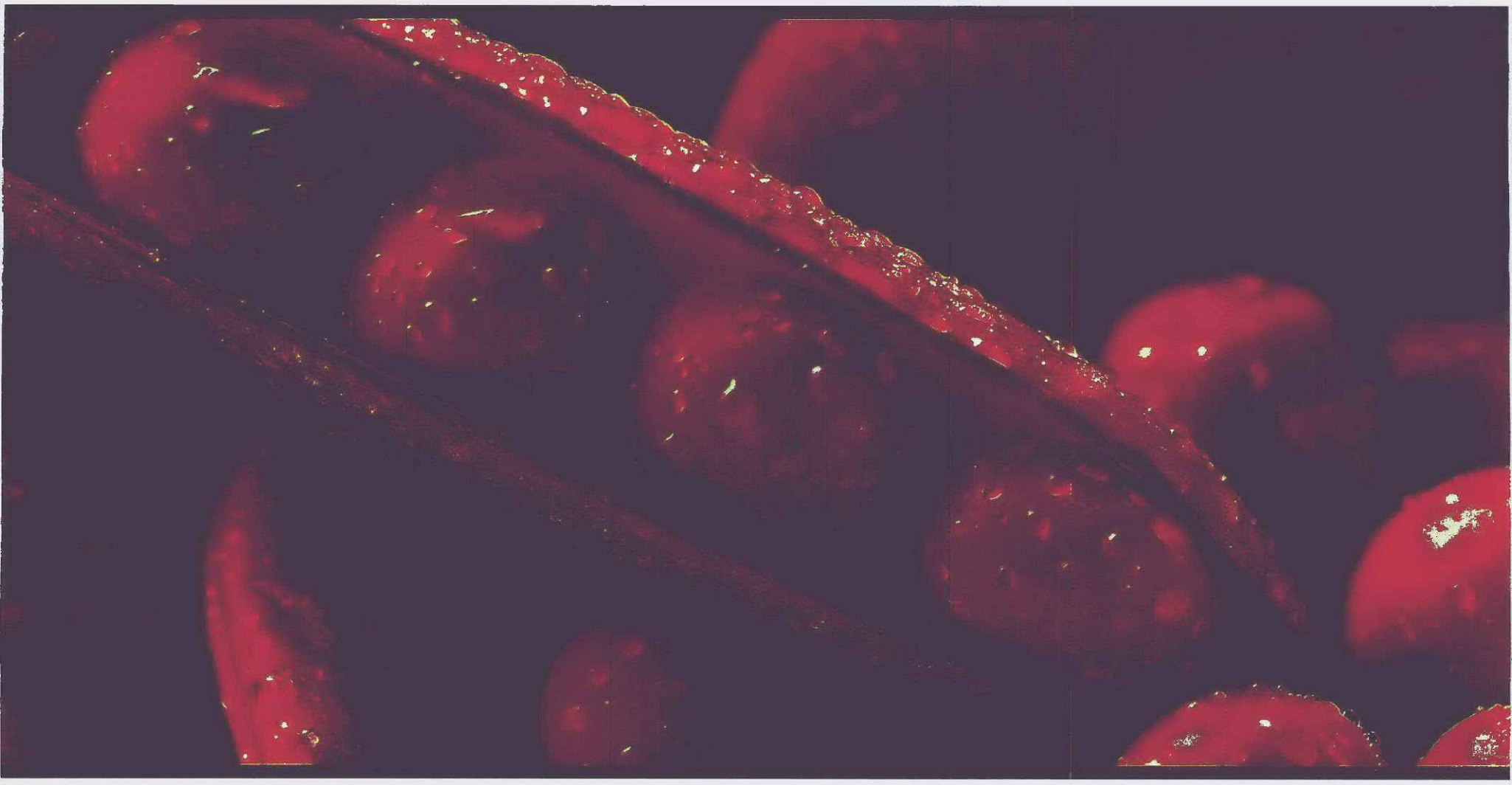
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Second-quarter cat losses at $4.4 billion: PCS

Near-record losses

Estimates of second-quarter insured loss totals from catastrophes.

Year	Catastrophes	Losses	Claims
2001	9	$4.4 billion	1.0 million
2000	10	$1.4 billion	550,000
1999	13	$3.5 billion	1.4 million
1998	16	$4.5 billion	1.7 million
1997	9	$980 million	480,000
1996	12	$1.7 billion	880,000

Source: Property Claim Services division of Insurance Services Office Inc.

JERSEY CITY, N.J.—Catastrophes caused an estimated $4.4 billion in insured property damage in the United States during the second quarter of the year, according to the Insurance Services Office Inc.'s Property Claim Services unit.

Jersey City, N.J.-based PCS reported that the total makes the second quarter of 2001 the second-worst such quarter in terms of insured property damage in the past 10 years. The worst second quarter was in 1998, with estimated insured damages totaling $4.5 billion. Losses for the same period in 2000 totaled only about $1.4 billion.

Two catastrophic events each caused more than $1 billion in insured property damage during the second quarter this year. Tropical Storm Allison caused $1.2 billion in damage, and a series of violent storms from Texas to Pennsylvania caused $1.7 billion in losses. In addition, June hailstorms pounded North Dakota and other areas of the upper Midwest along with Colorado. Together, those storms added $415 million to the quarter's catastrophe losses.

Catastrophe losses for the first half of 2001 now stand at an estimated $5.1 billion, the fourth-costliest six-month period since 1992. Losses in the same period in 2000 totaled $3.4 billion.

While producing near-record losses for a second quarter in the last 10 years, this year's second quarter tied the same period of 1997 for the fewest catastrophes—nine.

For the second quarter this year, insurers received 1.03 million claims from businesses and homeowners, compared with 550,000 claims in the year-earlier period. The highest number of second-quarter claims filed with insurers was 1.7 million in 1998.

Of the 21 affected states, Texas incurred the greatest insured-property losses, with $1.4 billion, followed by Missouri at $1.25 billion, Nebraska at $400 million, Minnesota at $355 million and North Dakota at $160 million.

Meanwhile, both SAFECO Corp. and Chubb Corp. have warned that, because of catastrophe losses, their second-quarter results will be worse than expected.

A spokesman from Seattle-based SAFECO said the insurer saw losses of $60 million from hailstorms that hit St. Louis in April and losses of $8 million from Hurricane Allison. Warren, N.J.-based Chubb said it expects catastrophe losses of $80 million for the second quarter.

—By Mark Hofmann



Structured settlement demand up

Sales of structured settlements are expected to increase by more than 20% this year, according to a new survey by the National Structured Settlements Trade Assn.

That increase, based on a survey of 45 broker members and 28 life insurer members of the Washington-based trade group, would follow a 25% increase in sales last year.

Members of the NSSTA attribute the growth of structured settlements to a variety of factors, including the recent turmoil in the equities market. Such factors have made the security of a structured settlement, in which benefits are paid to an injury victim—or his or her family—through a stream of guaranteed payments, more appealing than a lump-sum payment.

In all, structured settlements are roughly a $7 billion business, estimates Randy Dyer, executive vp of the NSSTA.

Separately, the NSSTA announced the election of officers for the upcoming year. The new president-elect is Terry Taylor, president of Plaintiffs Structures in Austin, Texas. Elected to the board of the NSSTA were Robert Blattenberg, president of Ringler Associates in Newport Beach, Calif.; and James Early, vp of Diversified Settlements, a structured settlement brokerage in Bedford, N.H.

—By Jerry Geisel

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OPINIONS

Consider Medicare's value

IS IT DISCRIMINATORY FOR an early retirement incentive plan to offer younger employees a much richer health insurance stipend than employees who are eligible to receive Medicare benefits?

Employers can't depend on the consistency from the courts to resolve this question, so Congress should step forward and affirm that, because of the addition of Medicare benefits, such an arrangement is equitable.

To the relief of many employers that have adopted this approach, a federal judge recently ruled in their favor. In that case, an incentive program at the University of Rhode Island offered faculty and other eligible employees age 58 to 64 $5,000 a year to be applied toward the purchase of health insurance. Those eligible for the incentive plan who were 65 and older were offered a $2,000 annual health insurance stipend.

Why the age-based difference? Simply put, the older employees are eligible for Medicare, while the younger employees are not. Using government tables, the university calculated that receiving Medicare benefits would reduce older eligible employees' health insurance costs to $2,000 a year.

As a result, the health care coverage that could be purchased with the $2,000 stipend—combined with Medicare—would be equal to the coverage that younger employees who accepted the incentive plan could obtain with $5,000 a year.

While most employers regard that as a fair arrangement, two older professors disagreed and sued the university, charging that the differences violated the Age Discrimination in Employment Act.

In a well-thought-out opinion, U.S. District Court Judge Robert Lagueux upheld the legality of the university's plan. The ADEA, he wrote, requires equitable, not preferential, treatment of older employees. To give older, eligible individuals the same health insurance stipend as younger individuals would have given older employees a windfall since the stipend would have come on top of Medicare.

"The ADEA was not intended to provide older workers with a windfall just because they are older. Instead, it ensures them equal treatment," the judge concluded.

Judge Lagueux's decision, if affirmed by other courts and perhaps with some intervention by Congress, could end the grave uncertainty that many employers have felt since a federal appeals court ruled that the ADEA also applies to benefits for retirees and not just for active employees, as many experts had previously thought.

If other courts were to follow that ruling by the 3rd U.S. Circuit Court of Appeals involving a retiree health care benefits program offered by Erie County, Pa., it could expose employers to a flood of suits. Many, if not most, employer-provided retiree health care plans provide richer benefits to younger retirees than older retirees due to the availability of Medicare for those 65 and older.



As the Erie County case shows, employers cannot rely on all courts to see the issue as clearly as Judge Lagueux. Legislation clarifying this is required.

Changing the law to make clear that the value or cost of Medicare can be taken into account by employers in determining whether benefits are equal for older and younger retirees might be the fairest way of assuring benefit equality, without unduly raising costs for employers, and avoiding continued litigation.

LETTERS

Patients' Bill of Rights would kill employer health plans

To the editor: In the debate over Patients' Bill of Rights legislation, a critical element has been all but ignored. My 26 years of experience in designing employee health benefit plans and managing their costs require that I highlight this issue.

There is a need to guarantee patients' access to emergency care, medical specialists, and independent medical review of decisions that deny claims for medical treatment. However, creating an environment in which employees and their dependents can sue employers over health-related decisions made by the employer's health benefit plan will:

- Destroy employer-based health benefits.
- Increase health benefit costs.
- Financially harm employees.
- Force thousands onto government-maintained plans, thereby increasing the cost of these plans and corresponding taxes.

For the past three years, employers have sustained significant double-digit increases in the cost of their employee health benefit plans. These increases—in an expense that represents one of the largest a company incurs—have pushed many employers to the brink. Profits have eroded, and in some cases disappeared. The costs of a company's products have had to go up to cover the cost, resulting in the company being less competitive. Clients have been lost and jobs eliminated.

Now comes the Patients' Bill of Rights. Employers cannot afford the additional costs this bill would create and will not risk their business to lawsuits. Employer-based benefit plans will be eliminated if employees are allowed to sue employers.

As an option to employer-based benefit plans, employees may be given an allowance to spend in the open market, but this is no panacea. Administrative costs for individual health insurance are four-to-five times higher than group plans, resulting in poorer benefits being available for the same level of

See **Letters** *on page 68*

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Published weekly at 740 N. Rush St., Chicago, Ill. 60611-2590, Fax 312-280-3174, E-mail: biweb@crain.com, Offices: 711 Third Ave., New York, N.Y. 10017-5806, Fax 212-210-0704, CRAIN COM NYK; 473 Fairfield Ave., Gretna, LA 70056, Fax 504-364-1337; Suite 814, National Press Building, Washington, D.C. 20045-1801, Fax 202-638-3155; 6500 Wilshire Blvd., Suite 2300 Los Angeles, Calif. 90048- 4947, Fax 323-655-8157; 967 Bermuda Court, Sunnyvale, Calif. 94086-6750, Fax 408-774-1155; New Garden House, 78 Hatton Garden, London EC1N 8LD England, Fax 207-457-1440; 8157 N. Torrey Way, Tucson, Ariz. 85743, Fax 520-579-3476; 777 E. Speer Blvd., Denver, Colo. 80203-4214; Fax 303-733-2244. $4 a copy and $95 a year in U.S. $114 in Canada and Mexico (includes GST). All other countries $215 a year (includes expedited air delivery). Don Mierendorf, circulation manager. Four weeks' notice required for change of address. Send subscription correspondence to Circulation Department, Business Insurance, 965 E. Jefferson Ave., Detroit, Mich., 48207-3185, or phone 888-446-1422 or 313-446-0450, Fax 313-446-6777. Microfilm copies available: University Microfilms, 300 Zeeb Road, Ann Arbor, Mich. 48013. Microfiche copies: Bell & Howell, Micro Photo Division, Old Mansfield Road, Wooster, Ohio 44691. Portions of the editorial content of this issue are available for reprint or reproduction in other media. For reprints or reprint permission: KAREN BROWN TUCKER, Business Insurance 740 N. Rush St., Chicago, Ill. 60611-2590, 312-649-5319, Fax 312-280-3174.

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SPOTLIGHT

Pros and cons of consolidation debated

By SALLY ROBERTS

Although the dust from the mass consolidation that swept through the ranks of the world's largest brokers during the 1990s has yet to settle completely, the impact of consolidation is being felt in many ways.

Industry executives say the brokerage marketplace is stronger today due to consolidation, which resulted in the disappearance of such venerable brokers as Alexander & Alexander Services Inc., Bain Hogg Group P.L.C., Johnson & Higgins and Sedgwick Group P.L.C.

They say the two remaining global powerhouses, Marsh & McLennan Cos. Inc. and Aon Corp., now have the capital and capability to offer risk managers any products or services they need. That ability, industry executives say, is important, considering today's increasingly sophisticated and global marketplace.

At the same time, others point out that consolidation has created a strong alternative to the brokers at the very top. Many regional players that, until recently, had never been given a second glance by risk managers say they have picked up of much of the talent and many of the risk management accounts that left the megabrokers as a result of consolidation. Such brokers say they have grown over the past few years, evolving into large national brokers equipped with the talent, capital and capabilities to compete for large, even global, accounts.

But lack of choice among large global brokers remains a sore point for many large insurance buyers. They contend that more competition would result in higher-quality service for clients and a healthier market in general.

The numbers tell the story of consolidation's impact on the brokerage marketplace.

According to *Business Insurance*'s annual rankings of the world's largest brokers, Marsh and Aon account for about 73% of the total brokerage revenue generated by the world's 10 largest brokers and 56% of the total brokerage revenue generated by the 187 brokers listed in *BI*'s directory.

Stated another way, Marsh and Aon were responsible for the disappearance of eight of the world's 20 largest brokers from *BI*'s 1995 rankings. From 1996 through 1998, Aon acquired such top-tier brokers as A&A, Bain Hogg, Group le Blanc de Nicolay, Jauch & Huebener KGaA and the Minet Group. Marsh, meanwhile, acquired Cie. Europeenne de Courtage d'Assurances et de Reassurances (CECAR), Johnson & Higgins and Sedgwick.

Although the physical consolidation of the companies is complete, Aon continues to grapple with some aspects of integration, and it has implemented a new "business transformation" plan as part of that effort (BI, Nov. 6, 2000; Dec. 18, 2000).

For the most part, industry executives say, poor financial results and an inefficient distribution system led to the consolidation frenzy.

"To me, the driving force behind this was the very difficult insurance broking business climate from a financial return standpoint," said John T. Sinnott, chairman and chief executive officer of New York-based Marsh Inc., Marsh & McLennan's brokerage unit.

"I think it's Economics 101—supply and demand," said Michael D. O'Halleran, president of Aon Group Inc., the retail brokerage unit of Aon Corp., in Chicago. "Oversupply creates inefficiency, and when the demand curve is limited to a limited number of customers, who themselves are consolidating, you create a lot more potential inefficiencies. Consolidation forces companies to become more efficient."

Opinions vary, though, as to whether consolidation has improved the marketplace.

Executives at Marsh and Aon point out that consolidation has created companies that are financially stronger and more efficient, with greater expertise, more technological wherewithal and better global services.

Other industry executives agree.

"Is the distribution system stronger today than it was 10 years ago? Definitely. Do risk managers have better services, more services and better quality level of expertise? Absolutely. The people didn't disappear; only the organizations changed," said Ken A. Crerar, president of the Council of Insurance Agents & Brokers in Washington.

Matthew T. Coyle, director of financial services for Standard & Poor's Corp. in New York, said that, due to consolidation, risk managers "now have the type of organization that addresses almost any type of risk from a global perspective. There's a lot of value to that, especially in today's world," he said.

Marty Hughes, chairman and CEO of broker Hub International Ltd. in Chicago, said: "I think the brokerage community in general is, in fact, a lot stronger due to consolidation. It has allowed larger firms to provide services and capabilities they couldn't have done alone."

But Bruce Basso, chairman of broker ABD Insurance & Financial Services Inc. in Belmont, Calif., said he does not agree that the market is better off with just two truly global brokers.

"I think that, so far, there is still a level of confusion as to who the players are," Mr. Basso said. "The two large firms are fraught with infrastructure problems. I think integration was a bigger issue than they thought."

See **Choices** *on page 14*

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SPOTLIGHT

Choices

Continued from page 12

"I would prefer that we still had five or six global players," he said. "It's more healthy: There's more diversity, and there's a better competitive environment."

Thom Thompson, vp-risk management for Louisville, Ky.-based pizza giant Papa John's International Inc., noted that "brokers are forced to do a better job when there is more competition."

Mr. Thompson added, though, that because insurance pricing is in transition now, risk managers have not yet experienced the full effect of broker consolidation.

"When the market finds its level, the service piece will be more prominent and we'll see the true impact of consolidation," Mr. Thompson predicted, noting that he is not optimistic about the outcome.

"The deregulation of the airlines industry and the consolidation of the airlines has not served the flying public well, and that's probably a vision to look at down the road from a brokerage standpoint," he said.

Michael Vogler, a recently retired partner of PricewaterhouseCoopers L.L.P. who headed up its insurance and risk solutions group in Atlanta, said that bigger brokers are not necessarily better ones.

"The two big guys are trying to be everything to everybody in every capacity out there," Mr. Vogler said. "Although certain buyers will find this appealing, it also presents its own backlash. Not everyone needs a company to be everything."

Furthermore, there is "a lot going on with Marsh and Aon that is causing their employees to rethink if they want to be there or someplace else," Mr. Vogler said. "I've talked to folks who are disenchanted with the bigger-is-better mentality."

If any group has benefited from a consolidation backlash, it is the regional brokers.

Such companies say that they have picked up many of the "disenchanted" employees from Marsh and Aon, as well as a number of new national accounts. The regional brokers say they can now afford to invest the resources necessary to handle larger business.

"I think originally, (consolidation) might have been viewed as a negative because, all of a sudden, there were not as many players to service risk management accounts," said Timothy J. Cunningham, a principal with INSIGHT Management Consultants in Chicago. "I think what eventually did happen was that it provided an opportunity for that next tier of firms—those urban, heavily commercial lines-oriented brokers—to step up."

Consolidation has had "a wonderful result for the big, independents," said Mr. Basso. "We have seen absolutely spectacular growth."

John Lumelleau, president of Lockton Cos. Inc. in Kansas City, Mo., said that, as in other industries, the cycle of consolidation creates new players to fill the void. "In the brokerage industry, that very clearly has been the case for the regional and national brokers," he said.

"I think that, with only two megachoices, risk managers are more open to the value proposition we put at their doorstep," said Thomas A. Golub, president and CEO of Hobbs Group L.L.C. in Atlanta. "When there was Sedgwick, J&H, Marsh, Aon and A&A, risk managers would not return our phone calls."

Despite the rise of formerly regional brokers as an alternative to the megabrokers, lack of choice remains a concern for many risk managers. They say they don't feel they have options for the handling of their business and that they have had a tough time selling any broker other than Marsh and Aon within their own companies.

"I have not seen (consolidation) as a positive in any way, shape or form," said Ellen Vinck, vp-risk management for United States Marine Repair Inc. in San Diego.

"I understand it from a business point of view; consolidation is occurring in our own industry," Ms. Vinck said. But, she said, "the mergers did hurt us; they've taken away a lot of choice."

Ms. Vinck said that because her company is located in San Diego, she has not been able to find a local broker with sufficient marine expertise to meet her needs. Consequently, she said, she places her business through Aon's New York office. "We'd prefer to give our business locally, but we can't do it because we don't have much choice any more," she said.

Ms. Vinck noted that it was not too long ago that Frank B. Hall & Co. Inc.—now part of Aon—Sedgwick, Marsh, J&H, A&A and Willis Group Ltd. all had a large presence in San Diego. Today, she said, she is aware of only two large national brokers, Marsh and Willis, that have offices in the area.

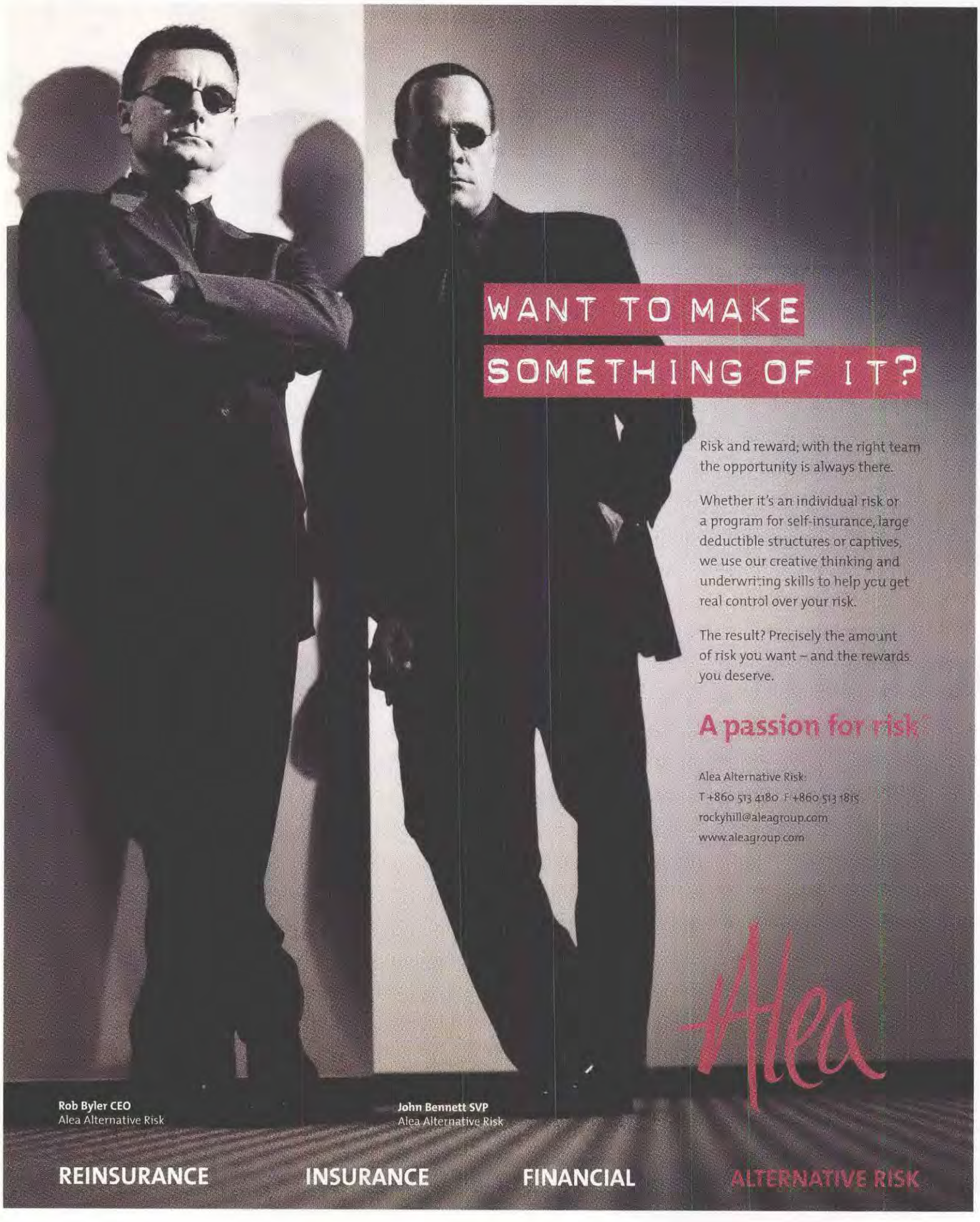
Aon's Mr. O'Halleran acknowledged that although some buyers may suffer from a lack of choice, in most areas of the insurance business, risk managers have plenty of options.

"I think the only area that there's been any issue in terms of choice has been in global business," Mr. O'Halleran said. "Quite candidly, there are only two real global brokers. So the purchasers of global insurance have fewer players to go to. But in every other sector there's significant competition, and (consolidation) certainly has not had an impact, in my opinion, on the matter of choice for buyers."

As Mr. Vogler, formerly of PwC, sees it: "for the big players that deal with the big organizations, they are reconciling themselves that this is a given, whether they like it or not. I haven't heard any comments that they like (the consolidation). I think they've reconciled with the fact that this is the market now."

Despite some backlash, many say that consolidation is far from over.

"I absolutely believe further consolidation will continue well into the next decade," Mr. O'Halleran said. "With that said," Mr. O'Halleran added, "I think there will still be plenty of competition and plenty of options for buyers." BI





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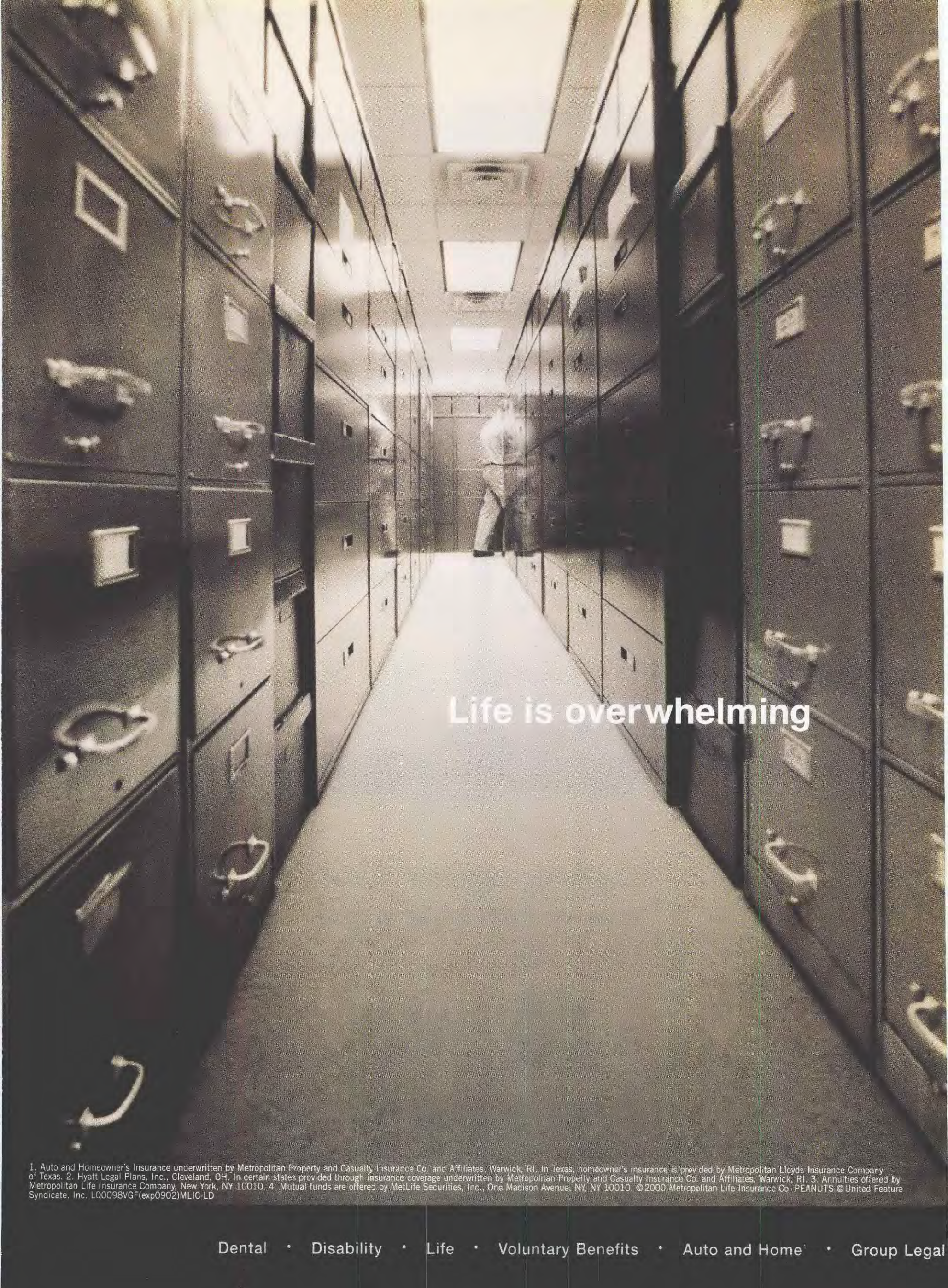
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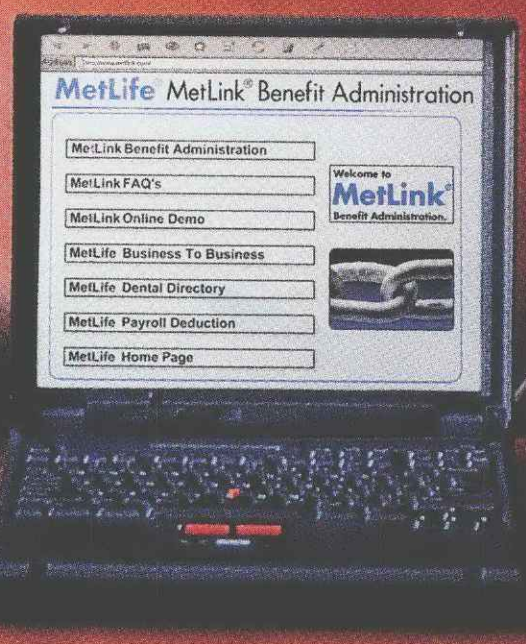
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SPOTLIGHT

Bank/broker deals having little effect on risk managers

By MARK A. HOFMANN

Any tremors rippling through the financial services industry after enactment of the Gramm-Leach-Bliley Financial Services Modernization Act are barely being felt by most risk managers.

That's not due to a lack of bank/brokerage convergence activity. Indeed, banks have been acquiring insurance agencies and brokerages—including a few big names—at a feverish pace ever since Gramm-Leach-Bliley lowered the Depression-era barriers that kept the banking, insurance and securities industries separate.

Earlier this year, San Francisco-based Wells Fargo & Co. bought Acordia Inc.—which, combined with Wells Fargo's existing brokerage subsidiary, ranks as No. 5 on *Business Insurance*'s list of the largest brokers in the world—and relocated the broker to Minneapolis. Another top-ranked broker, San Francisco-based USI Insurance Services Corp.—No. 9 on the list—counts J.P. Morgan Chase & Co. among its investors.

Bank insurance subsidiaries are moving up the ranks of the top 100 brokers of U.S. business as well, including: No. 10 BB&T Insurance Services Inc., No. 24 Commerce National Services Inc. and No. 30, First Union Insurance Services Agency Inc.

But thus far, the bank/brokerage convergence has had next to no impact on risk managers.

"Actually, I see no difference, probably because I deal solely with risk management issues and insurance products. There are other areas of the university that deal with the financial services that a bank would offer," said Kathy Van Nest, director-corporate risk management for Duke University in Durham, N.C., and a BB&T client.

"I really don't see that there will be a significant change in the future. I would anticipate that my dealings with them would be the same as I have with any other brokerage firm," she said.

Part of the reason for the relative lack of impact on risk managers is the that fact that Gramm-Leach-Bliley was more a case of the law catching up with market realities than of a revolutionary change the marketplace, noted Joel Wood, senior vp-government affairs for the Council of Insurance Agents & Brokers in Washington.

"Bank activities as an intermediary existed for decades," Mr. Wood said. Although Gramm-Leach-Bliley "modernized the laws, it frankly was only bringing the laws into consistency with the existing marketplace," he added.

"The most important aspect of GLB in the bank/insurance sales area was to eliminate legal uncertainty and clear up unnecessary loopholes through which banks had to conduct their insurance sales activities," said Mr. Wood. The real impact of the elimination of financial services barriers may be years ahead, he said

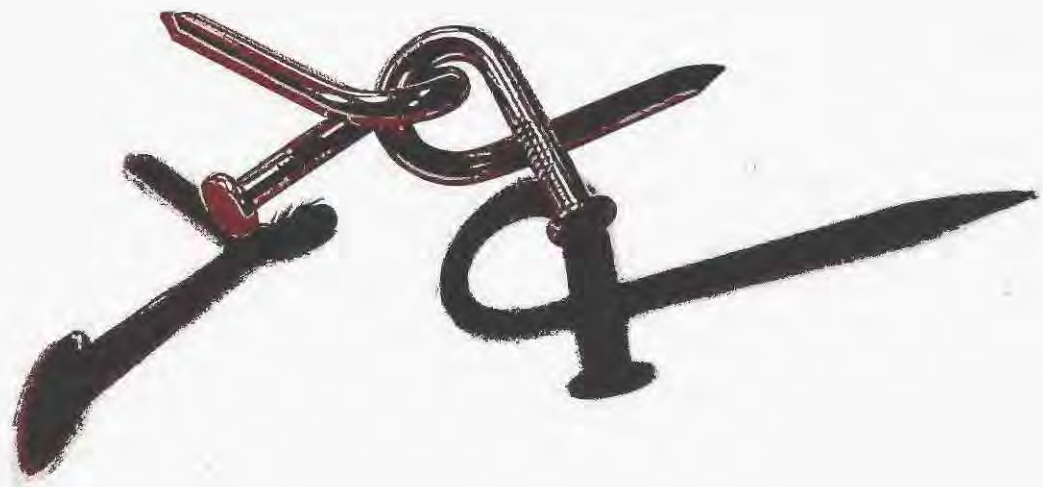
"The ultimate impact of GLB will be measured in the bank/insurer relationships that will dictate the much of the consolidation that we'll continue to see in the producer area. All of this means we're going to see more integration, more convergence," said Mr. Wood, who added one "gigantic caveat"—that a growing emphasis on privacy concerns could act as a deterrent to continued convergence.

Another reason for the lack of impact on risk management is that banks aren't usually looking for the kinds of business associated with a full-time risk management program, said an expert in bank acquisitions of insurance agencies.

"The banks' desire to get into the insurance business is not founded on targeting those insurance buyers that have a risk manager. The ultimate customer layer for a bank is right below the size at which a risk manager would be employed by a commercial insured," said John Wepler, senior vp-mergers and acquisitions for Marsh Berry Co. in Concord, Ohio.

See **Banks** *on page 20*

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SPOTLIGHT

Banks

Continued from page 18

Marsh Berry is a management consulting and investment banking firm specializing in the insurance distribution system.

When banks look at commercial insurance opportunities, they're "very much targeted toward middle-market commercial business," said Mr. Wepler. "They're looking to turn a small account into a large account through consultative problem-solving activities designed to determine other areas in which they can help that middle-market client succeed," he said.

"Nothing. Zero," is how USI Chairman Bernard Mizel characterized the impact of bank/brokerage convergence on risk managers.

"If you have an account with a bank and you're not borrowing money, do you see your banker as a company that delivers sophisticated insurance products? The answer is, 'No,' " Mr. Mizel said.

But not everyone agrees with that assessment.

Executives of the brokerage formed by Wells Fargo's acquisition of Acordia expect to see new cross-selling opportunities.

"The risk management community is looking at financial products that are both insurance and banking products and even blends of banking and insurance products," said Charles L. Ruoff, senior vp and chief marketing officer of St. Louis Park, Minn.-based Wells Fargo Insurance Brokerage Inc. "Where you have an organization like we have, there will be a natural tendency to look at how we can put those things together for the risk management community," he said.

Joseph W. Hamilton III, president of Hamilton Dorsey Alston Co. Inc. in Atlanta, said there is a definite advantage for risk managers when a broker is owned by a bank.

Mr. Hamilton's agency, which ranks as the 78th-largest broker of U.S. business, became a wholly owned subsidiary of Winston-Salem, N.C.-based Wachovia Insurance Services on May 1. Wachovia Insurance Services' ultimate parent is Wachovia Corp., a bank holding company that is itself in merger talks with First Union Corp., a Charlotte, N.C.-based bank holding company.

In the case of Wachovia Insurance Services, several brokerages are part of the bank's network, Mr. Hamilton noted. The bank is able to leverage the various strengths of the different agencies to serve individual customers, he explained.

"The concrete advantage is, we will try to take the best practices from two productive agencies and work together to create an improved service climate. If Wachovia Insurance Services is better as a whole than the agencies were as individuals, the client benefits," Mr. Hamilton said.

The acquisition of the brokerage by a large bank helps buyers on a couple of significant levels, he said. It allows the broker to offer a new array of products, such as letters of credit or bridge financing. In addition, the financial stability that comes with having a well-capitalized parent should add security within the brokerage transaction, said Mr. Hamilton.

Wade Reece, president of BB&T Insurance Services Inc. in Raleigh, N.C.—a subsidiary of Winston-Salem-based BB&T Corp.—noted that BB&T has been in the insurance business since 1922. He said that the bank/brokerage arrangement allows BB&T "to expand its relationship with the client. If a banking customer of BB&T does not have a risk management program," the brokerage has an opportunity to provide that service.

Once that relationship has been built, the company can provide other services as well, including computer equipment leasing, capital market services, brokerage, cash management services and international services, Mr. Reece said.

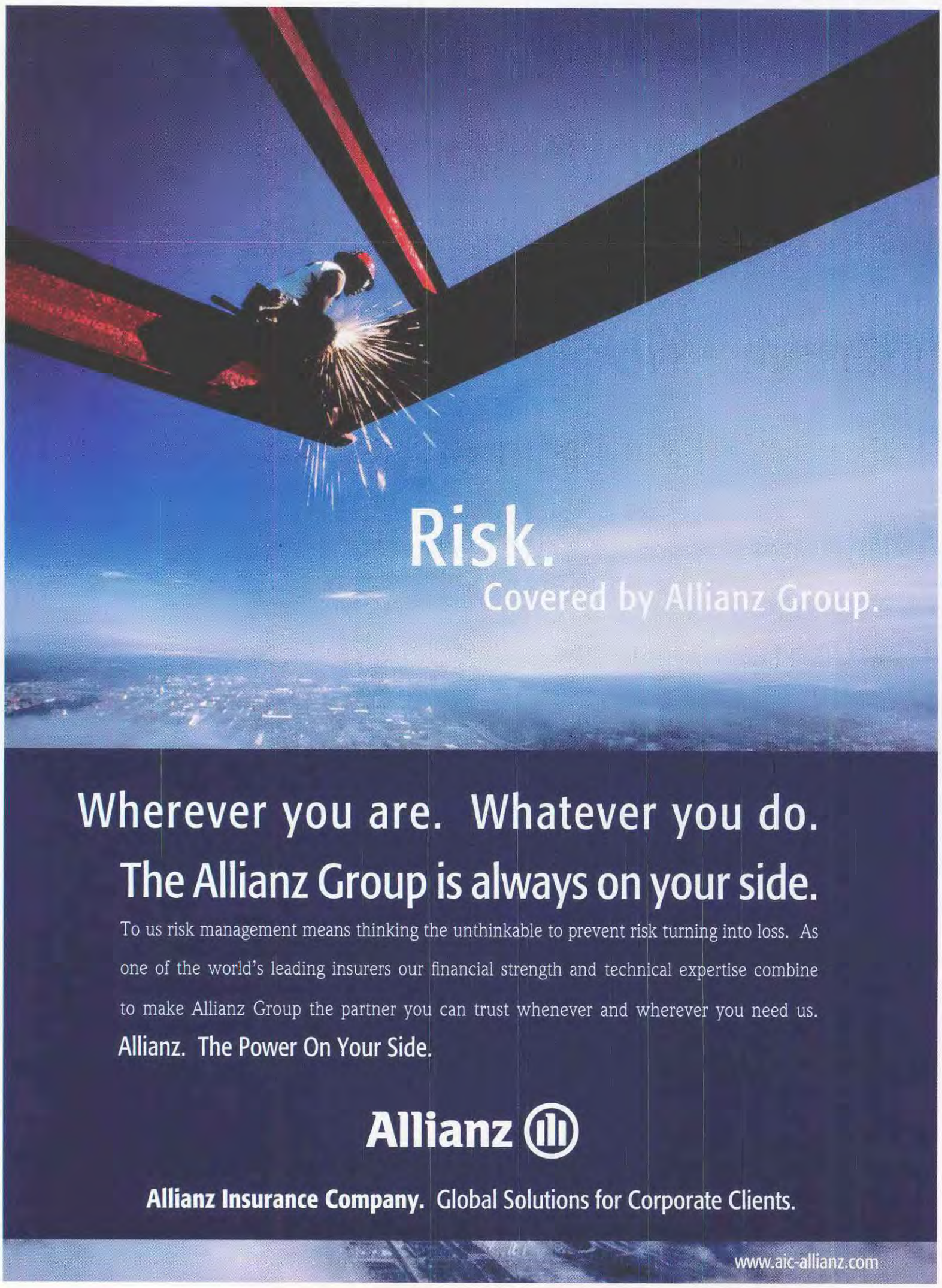
"Our forte is really in the middle market," which means BB&T's average client has fewer than 500 employees, he said.

Hamilton Dorsey Alston's Mr. Hamilton said: "the current model that seems to be the one people are pursing allows the brokers the same type of entrepreneurial flexibility that they had prior to the transactions. That's a critically important point, because to the extent that the bank just envelops the brokers into their bureaucracy, the broker could be less effective to its clients."

Duke University's Ms. Van Nest said there's no downside in dealing with a bank-owned broker and that there may ultimately be advantages.

"If they show great creativity in the future and come up with new products and services that would be advantageous to my institution, I certainly would be open to them. If an opportunity is there, it would be up to them to create it and offer it to their clients."

Sally Roberts contributed to this report.



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Broker/Agency Deals

Hilb, Rogal & Hamilton *acquisition of* Berwanger Overmyer An Assurex Partner Columbus, OH Announced and pending	**Bollinger, Inc.** *acquisition of* Dunlop, Onderdonk & Wilson Corp. Wayne, NJ April 2, 200[illegible]	**Whilt, Fatch & Perry Insurance Services, Inc.** *acquisition of* Carpenteria Insurance Agency, Inc. Carpenteria, CA Announced and pending	**Hilb, Rogal & Hamilton** *acquisition of* B. Perkins & Company Hartford, CT March 30, 2001
Hilb, Rogal & Hamilton *acquisition of* The Dunlap Corporation An Assurex Partner Auburn, ME February 1, 2001	**Schwartz Ins.** *acquisition of* Cowan Thompson & Rohde Insurance Agency Inc. Madison, WI September 1, 2000	**Hilb, Rogal & Hamilton** *acquisition of* Thomas M. Murphy & Associates Shelton, CT September 1, 2000	**Arthur J. Gallagher and Company** *acquisition of* Atlantic Risk Management Corporation Columbia, MD August 31, 2000
Columbia Marketing *acquisition of* Mowrey Insurance, Inc. Knoxville, TN June 1, 2000	**Talbot Financial Corporation** *acquisition of* Glenview Insurance Agency, Inc Glenview, IL May 22, 2000	**The Unity Group, Inc.** *acquisition of* Doorn Agency Sedro Wooley, WA May 1, 2000	**Randy-Jones Insurance Agency, Inc.** *acquisition of a personal lines book of business of* Stewart Insurance Agency Albertville, AL April 30, 2000
Stokes Insurance Agency, Inc. *acquisition of* McDowell Insurance Agency, Inc. Marion, NC January 17, 2000	**Bruen, Deldin, Didio Associates, Inc.** *acquisition of a branch office of* The Dunlap Corporation An Assurex Partner Wallingford, CT December 31, 1999	**Hastings Tapley Insurance Agency, Inc.** *acquisition of* Storer, Damon & Lund, Inc. Wakefield, MA December 10, 1999	**Gearhart Insurance Agency** *acquisition of* Security Life & Casualty Akron, OH October 29, 1999
Cooper & Cook Insurance Services *acquisition of* RiskPRO, LLC Pleasanton, CA September 30, 1999	**The Turner Group** *acquisition of* William A. Gum Agency, Inc. Lansdale, PA August 1, 1999	**Saginaw Underwriters, Inc.** *acquisition of* Independent Insurance Offices Bay City, MI August 1, 1999	**Bollinger, Inc.** *acquisition of* Young & Perry Ins. Bridgewater, NJ July 1, 1999
Kleinschmidt Insurance Agency *acquisition of* Bradley Chesbrough Niswonger, Inc. Ann Arbor, MI July 1, 1999	**Kleinschmidt Insurance Agency** *acquisition of* BCN-Life Ann Arbor, MI July 1, 1999	**Hausmann Insurance** *acquisition of* Ashworth & Associates, Inc. Madison, WI March 31, 1999	**The Masters Agency Inc.** *acquisition of* Eagle Administrators Agency Inc. Cleveland, OH March 31, 1999
Kuhl & Company Ins. *acquisition of* Gary R. Jones & Associates, Inc. Peoria, IL February 1, 1999	**Robbins-Matherly-Dils Agency, Inc.** *acquisition of* Patti Insurance Agency, Inc. Richmond, IN January 29, 1999	**Allison-Eldridge Insurance Group, Inc.** *acquisition of* Chester Agency, Inc. Jackson, TN December 31, 1998	**Arthur J. Gallagher and Company** *acquisition of* Gow & Hanna Group, Inc. Houston, TX December 31, 1998
The Riedman Corporation *acquisition of* Klein Insurance Group, Inc. LaCrosse, WI December 31, 1998	**Berwanger Overmyer An Assurex Partner** *acquisition of* General Insurance Agency, Inc. Columbus, OH September 1, 1998	**Carson Insurance Agency** *acquisition of* Patterson Bell & Crane Co. Charleston WV July 1 1998	**John D. Williams Company** *acquisition of* D.C. Crowell & Co. El Paso, TX June 30, 1998

Bank/Agency Deals

Riverside Credit Organization *acquisition of* North Frederick & Brewster, Inc. Temecula, CA Announced and pending	**Riverside Credit Organization** *acquisition of* Divine Insurance Inc. San Jacinto, CA Announced and pending
First National Bank of Nebraska *acquisition of* Gregories, Inc. Alliance, NE January 10, 2001	**F.N.B. Corporation** *acquisition of* One Source Group, Inc. Clearwater, FL December 21, 2000
F.N.B. Corporation *acquisition of* Altamura Marsh, Inc. Clearwater, FL August 15, 2000	**Rawlins National Bank** *acquisition of* Allen Insurance & Real Estate Rawlins, WY July 31, 2000
Old Kent Financial Corporation *acquisition of* Kehoe Nedrud Insurance Agency, Inc. Kalamazoo, MI May 31, 2000	**FFY Financial Corp.** *acquisition of* Moreman-Yerian Co. Youngstown, OH May 17, 2000
Burlington Bank and Trust *acquisition of* Employee Benefits Systems, Inc. Burlington, IA November 30, 1999	**Burlington Bank and Trust** *acquisition of* Cacy Insurance, Inc. Burlington, IA November 30, 1999
People's Bank of Bridgeport CT *acquisition of* Beardsley, Brown and Bassett, Inc. Fairfield, CT November 1, 1999	**F.N.B. Corporation** *acquisition of* Roger Bouchard Insurance, Inc. Clearwater, FL October 27, 1999
Niagara Bancorp, Inc. *acquisition of* NOVA Healthcare Administrators Grand Island, NY September 2, 1998	**Niagara Bancorp, Inc.** *acquisition of* Warren-Hoffman & Associates, Inc. Amherst, NY September 2, 1998
	Peoples Heritage Financial Group Inc. *acquisition of* A.D. Davis Incorporated Portland, ME August 25, 1998

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FROST NATIONAL BANK
acquisition of
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Announced and pending

FIRST FINANCIAL CORPORATION
acquisition of
Forrest Sherer, Inc.
Terre Haute, IN
March 22, 2001

F.N.B. CORPORATION
acquisition of
James T. Blalock Agency
Venice, FL
November 28, 2000

HUNTINGTON BANCSHARES
acquisition of
J. Rolfe Davis Ins. Agency, Inc.
An Assurex Partner
Maitland, FL
August 31, 2000

HIBERNIA CORPORATION
acquisition of
Rosenthal Agency, Inc.
Metairie, LA
July 6, 2000

F.N.B. CORPORATION
acquisition of
Connell & Herrig Insurance Inc.
Sarasota, FL
June 2, 2000

IBM CREDIT UNION
acquisition of
Hirman Insurors
Rochester, MN
March 7, 2000

F.N.B. CORPORATION
acquisition of
L.J. Kuder, Inc.
Greenville, PA
February 22, 2000

OLD NATIONAL BANK
acquisition of
Sycamore Agency, Inc.
Terre Haute, IN
November 30, 1999

LEBANON CITIZENS NATIONAL BANK
acquisition of
Dakin Insurance Agency Inc.
Lebanon, OH
November 15, 1999

F.N.B. CORPORATION
acquisition of
Gelvin, Jackson & Starr, Inc.
Meadville, PA
June 23, 1999

INDIANA UNITED BANCORP
acquisition of a personal and commercial lines book of business of
Anderson Group
Owensboro, KY
March 31, 1999

NIAGARA BANCORP, INC.
acquisition of
Foote-Mandaville Agency, Inc.
Newfane, NY
September 2, 1998

NIAGARA BANCORP, INC.
acquisition of
Hollis-Boss Agency, Inc.
Grand Island, NY
September 2, 1998

PEOPLE'S BANK OF BRIDGEPORT CT
acquisition of
R.C. Knox and Company, Inc.
Hartford, CT
June 1, 1998

All Insurance & Managed Care Deals
(including Broker/Agency deals) Financial Adviser Rankings for 2000

Ranked by Number of Deals

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2000 Rank	Firm	Number of Deals in 2000
1	**MarshBerry & Co.**	**28**
2	Reagan Consulting Inc.	14
3	Goldman Sachs & Co.	13
4	Credit Suisse First Boston USA	12
5	J.P. Morgan Securities Inc.	5
5	Merrill Lynch & Co.	5
7	Cochran Caronia & Co.	4
7	Lehman Brothers Inc.	4
9	Lazard Freres & Co.	3
9	Philo Smith & Co.	3
11	Banc of America Securities LLC	2
11	Fox-Pitt Kelton Inc.	2
11	Milliman & Robertson Inc.	2
11	Morgan Stanley Dean Witter	2
11	Raymond James & Associates Inc.	2
11	Wasserstein Perella & Co.	2
17	2nd:Generation Capital Corp.	1
17	A.G. Edwards Inc.	1
17	Bear Stearns & Co.	1
17	Berwind Financial LP	1
17	BMG Capital Advisers LLC	1
17	Corporate Finance Advisers LLC	1
17	Deloitte & Touche LLP	1
17	First Union Securities Inc.	1
17	Keefe Bruyette & Woods Inc.	1
17	Legg Mason Wood Walker Inc.	1
17	McDonald & Co. Investments	1
17	McDonald Investments Inc.	1
17	North Bridge Advisors Inc.	1
17	P.W. Mattingly & Co.	1
17	Robinson-Humphrey Co.	1
17	UBS Warburg LLC	1

Source: SNL Insurance M&A DataSource

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Carrier/Agency Deals

TOP 100 CARRIER
acquisition of a personal lines book of business of
L. Calvin Jones & Company
Canfield, OH
November 15, 2000

TOP 100 CARRIER
acquisition of a personal lines book of business of
Dependable Auto Insurance
Maitland, FL
August, 31, 2000

TOP 100 CARRIER
acquisition of a personal lines book of business of
Harlan R. Davis
Mansfield, OH
August 1, 2000

TOP 100 CARRIER
acquisition of a personal lines book of business of
John D. Williams Company
El Paso, TX
June 30, 2000

TOP 100 CARRIER
acquisition of a personal lines book of business of
Choice Insurance Agency
Salisbury, NC
June 30, 2000

TOP 100 CARRIER
acquisition of a personal lines book of business of
Integrity Insurance Services
Mesquite, TX
June 7, 2000

TOP 100 CARRIER
acquisition of a personal lines book of business of
Esquire Insurance Agency
Atlanta, GA
May 1, 2000

TOP 100 CARRIER
acquisition of a personal lines book of business of
Hope Auto Insurance Agency
Columbia, SC
April 14, 2000

TOP 100 CARRIER
acquisition of a personal lines book of business of
Auto Star Insurance
San Antonio, TX
April 1, 2000

TOP 100 CARRIER
acquisition of a personal lines book of business of
Esquire Auto Insurance
Baltimore, MD
February 28, 2000

AMICA MUTUAL INSURANCE COMPANY
acquisition of a personal lines book of business of
Storer, Damon & Lund, Inc.
Wakefield, MA
February 1, 2000

PLYMOUTH ROCK ASSURANCE CORP.
acquisition of
Blair, Cutting & Smith, Ins.
Amherst, MA
October 31, 1999

AMERICAN BANKERS INSURANCE GROUP, INC.
acquisition of
SAFEWARE
Columbus, OH
July 31, 1998

International/Agency Deals

LOMBARD CANADA, LTD.
acquisition of
The McLennan Group, Inc.
Waterloo, Canada
October 23, 2000

SPOTLIGHT

Internet enhances brokers' value to insurance buyers

By JOANNE WOJCIK

When businesses began to embrace e-commerce and Internet tools in the late 1990s, brokers feared the result would be widespread disintermediation, with corporate insurance buyers bypassing intermediaries and dealing directly with insurers.

But that hasn't happened.

Instead, brokers are harnessing Internet technology to enhance the services they provide to insurance buyers.

In fact, independent agencies have undergone a communications revolution, with the proportion of agencies with Internet access growing to 93% in 2000 from just 8% in 1996, according to a recent survey by the Alexandria, Va.-based Independent Insurance Agents of America.

While large brokers have built their own online systems, small and midsize brokers are buying off-the-shelf software that many believe will enable them to compete head to head with their larger counterparts.

It is unlikely that corporate insurance buyers will ever use the Internet to buy directly from insurers, because "risk management is more of an art than a science," said Peter Oppenheim, corporate claims manager for ARAMARK Corp. in Philadelphia and a past president of the Risk & Insurance Management Society Inc.

"It's very difficult to put a company's risk management needs into a format as objective as a computer interface needs to be," Mr. Oppenheim said. "I don't think you can substitute a computer for relationships."

"The human element is such a major component in the insurance procurement transaction," agreed Robert Meder, director in the new business department of New York-based broker Frank Crystal & Co.

"I don't envision the day when I would ever buy direct," said Troy Priesmeyer, director of risk management for The Wackenhut Corp., a security services firm based in Palm Beach Gardens, Fla.

"I have a very complex program. Not many insurers want to write security guards," he said. "I need all the help I can get, and if I have to spend an additional $250,000 in brokerage fees to help me access all the markets, it's a no-brainer."

Furthermore, "I like to have someone else on my side," Mr. Priesmeyer said. "When a dispute comes down in a claim, Aon's involvement has helped us get claims paid."

"The direct efforts to sell insurance over the Internet have been less than stellar, because there was a lack of realization of how important and valuable a trusted relationship is," said Rick Morgan, executive editor of Boulder, Colo.-based TAAR, the Automated Agency Report.

But even though the Internet is no substitute for personal relationships, many insurance buyers appreciate—and expect—brokers' efforts to improve their technological capabilities.

"Ten years ago, e-mail wasn't acceptable (for business communications). But could you imagine living without your e-mail today? That's a huge shift in behavior," said Heidi Miller, vice chairwoman of Marsh Inc. in New York.

"Three years ago...we didn't have a coherent strategy" for using the Internet for business communication, said Sean Smith, president of broker Keenan & Associates in Los Angeles. "But now, you have to be tech savvy" to compete in the insurance industry.

"If a broker isn't keeping up with the technology its clients are using, then it can't provide any real value-added service," said Mr. Oppenheim.

Indeed, technology is helping brokers enhance the services they provide.

"There's a lot of intellectual capital that's being distributed through the use of technology or in the very old, traditional face-to-face discussions. To me, they go hand in hand; they complement each other," said Eric Joust, managing director of Aon Risk Services in Chicago.

In addition, brokers are using Internet technology to make certain services—such as providing certificates of insurance and access to account information—more convenient for clients.

For example, in certain systems, a contractor preparing to bid on a project can go online and print a certificate of insurance without needing to call its broker.

"That's a big deal," said TAAR's Mr. Morgan, who also is executive vp for ConfirmNet, a Boulder, Colo.-based firm that produces electronic insurance certificates through its CertificatesNow service.

"Recently, the risk manager for a large public technology client expressed an interest in gaining online access to documentation related to her company's risk management program—policies, property schedules, claims, certificates, etc. Riskclick provided us with the ability to meet those

See **Internet** *on page 26*



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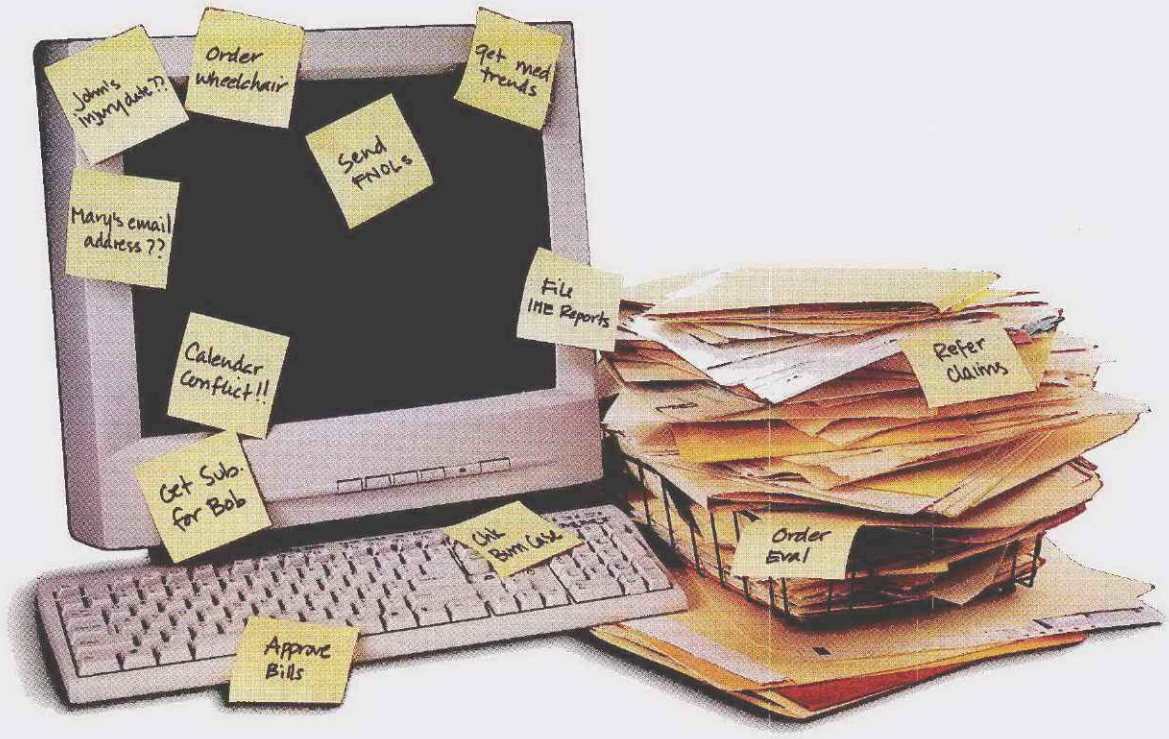
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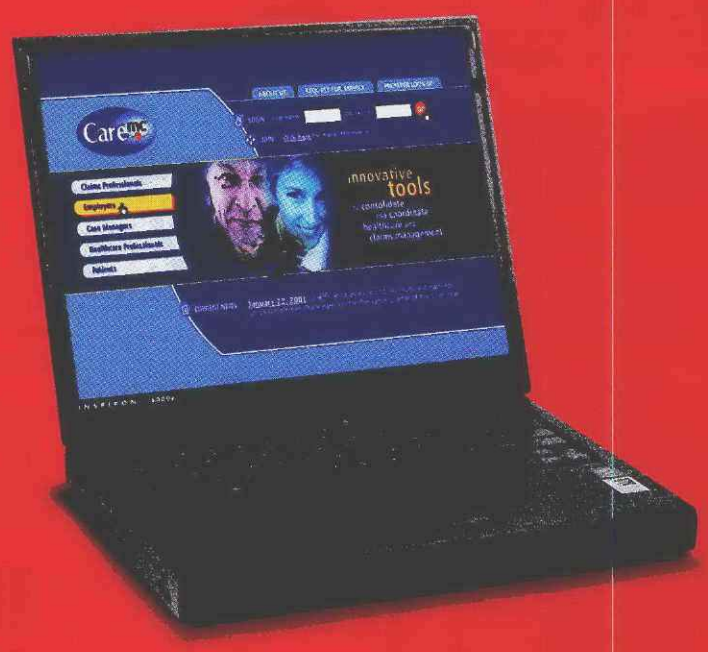
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Networking

Continued from previous page

and last year arranged coverage totaling $7.5 billion in premium volume. Combined, the members of the WBN generated about $750 million in gross revenues in 2000, he estimated.

Mr. Worsley said that while going with a global broker may be the only realistic option for a risk manager with very large multinational exposures, networks such as his are ideally placed to handle large middle-market property/casualty accounts, as well as employee benefits business.

And that, he said, is a valuable option for policyholders, he said.

"In the old days, you had 15 to 20 international brokers. Now you have got just three major ones—five at most," Mr. Worsley said. "There is not enough choice."

Independent networks can sometimes be more effective than owned offices, said Charles Ruoff, senior vp at Wells Fargo Insurance Brokerage Inc., the St. Louis Park, Minn.-based company formed this year when Wells Fargo & Co. bought Acordia Inc. and its operations were combined with those of Wells Fargo Insurance Co.

Acordia established a formal network with London-based Heath Lambert Group and several other independent brokerages earlier this year. All of the brokerages in the network, which is called HLA Global, must meet certain criteria and provide an agreed level of service, said Mr. Ruoff, who was also senior vp at Acordia.

"If they don't meet our criteria or our agreed standards, we can pull the HLA affiliation from them. In an owned network, what do you do if an office isn't complying—sell them? You have some leverage with independence," he said.

Overall, independent networks can provide services that are equal to those available from global brokers, Mr. Ruoff said. "Maybe we can't give any more, but we don't give any less," he said.

Policyholders are frequently most concerned about the individual brokers they deal with, Mr. Ruoff said. As long as the brokers are supported by an efficient system, he said, it does not matter whether the international offices are owned or part of a network.

Brokers in the United States that are part of a network often have more control over an international account than brokers in owned networks, agreed Thomas W. Harvey, president and chief executive officer of Assurex International Corp., a brokerage network based in Columbus, Ohio.

"The controlling broker here has a lot more power. All the other guys here have to say, if they run into problems, is: 'There are two other brokers across the street I can go to,' " he said.

The "bread and butter" business of Assurex has traditionally been middle-market business, but in the past several years it has seen a growth in larger accounts as the brokerage industry has consolidated, Mr. Harvey said.

Particularly in second-tier cities in the United States, Assurex member brokerages are often the largest brokerages in the area and are often "in the running" for larger accounts, he said.

Risk managers who are comfortable using a non-owned network often prefer to use regional brokers for the continuity in staff, Mr. Harvey said.

"For example, if you are looking for a broker in Baltimore, our guy is not going to be promoted to New York or Chicago. He is going to stay in Baltimore because that is where he lives," he said.

Assurex has 68 members in North America that use 70 international partner brokers based in 60 countries, Mr. Harvey said. In 2000, the network's members had combined brokerage revenues of $900 million, and premium volume of $8.5 billion.

And for some buyers, it has made sense to allow the individual units within a single company to choose between the large global brokers and smaller, networked regional brokers.

Amazon.com, for example, uses a large brokerage to place its global policy but overseas operations are permitted to use other brokerages for local placements, said Roberta Martoza, director of risk management at the Seattle-based Internet retailer.

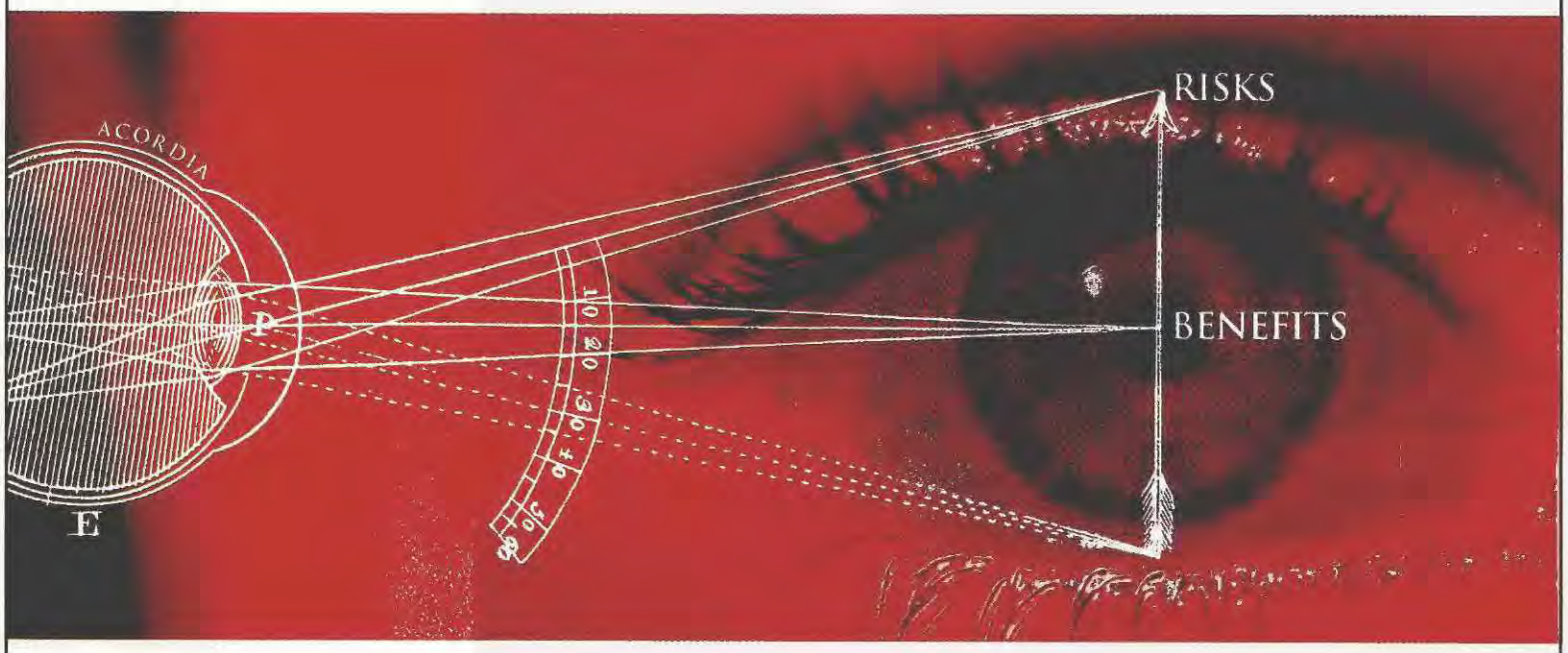
"I want our local subsidiaries to be happy with whoever is providing broker services for them," she said.

Ms. Martoza requires only that the brokerages possess the expertise to deal with the risks and the willingness to coordinate coverages with the main Amazon.com program.

Provided that communication channels remain open and clear, Ms. Martoza said, she expects no more problems to arise from the use of local brokerages than from the use of a global brokerage alone, she said.

"And the advent of e-mail has made communications much easier," Ms. Martoza said. BI

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Top broker revenue gains in home currency

Ranked by 2000 brokerage revenue gain

Wells Fargo Insurance Brokerage Inc.	220.7%
Alexander Forbes Ltd.	31.2%
Arthur J. Gallagher & Co.	22.3%
Hilb, Rogal & Hamilton Co.	17.1%
Jardine Lloyd Thompson Group P.L.C.	14.2%
Willis Group Holdings Ltd.	12.4%
USI Insurance Services Corp.	12.2%
HLF Insurance Holdings Ltd.	7.9%
Aon Corp.	7.0%
Marsh & McLennan Cos. Inc.	6.8%

Source: *BI* survey

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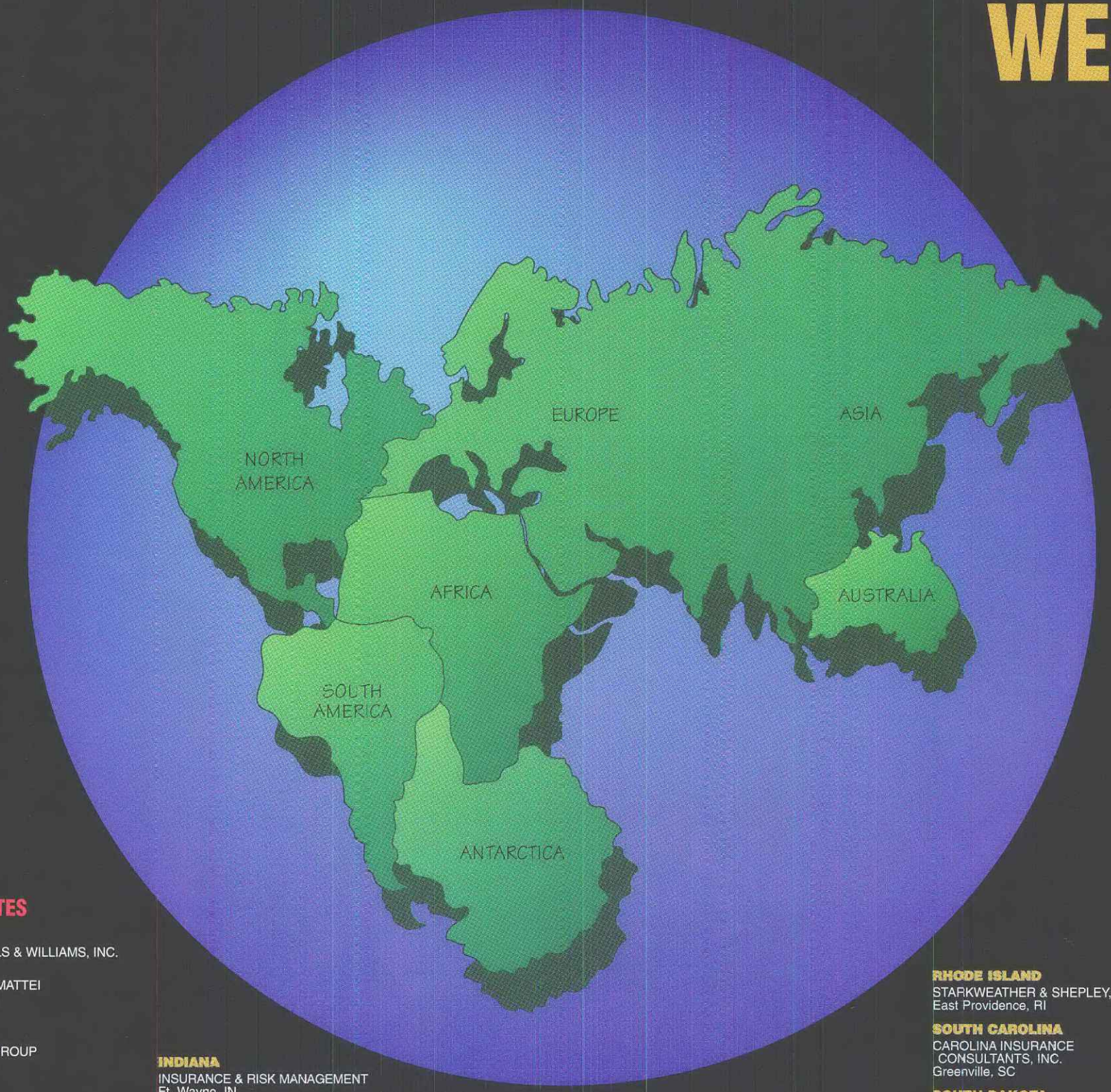
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SPOTLIGHT

1

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	2000	1999
Premium volume	**$39.2 billion**	$33.4 billion
Gross revenues	**$10.18 billion**	$9.18 billion
Brokerage revenues	**$6.92 billion**	$6.47 billion*
Brokerage: retail	**40%**	42%
Wholesale	**2%**	2%
Reinsurance	**5%**	5%
Services	**21%**	21%
Other	**32%**	30%
Employees	**50,500**	47,000*
Rev./employee	**$136,931**	$137,723
Employee benefits	**16%**	17%
Offices	**410**	410*

**Restated. All percentage breakdowns of revenues are BI estimates.*

While big acquisitions have fueled much of Marsh & McLennan Cos. Inc.'s growth in recent years, the world's largest broker is now looking to its consolidated operations to generate growth on their own.

The double-digit jumps in revenue that followed Marsh's takeover of Sedgwick Group P.L.C. in 1998 and Johnson & Higgins in 1997 have subsided to more modest single-digit gains in the last two years.

The integrated operations are starting to pick up the pace, though, Marsh officials say. While the broker's organic revenue growth, excluding the effects of acquisitions, hovered in the mid-single digits during the 1990s, the last year has seen that growth rate climb to 9%, according to John T. Sinnott, chairman and chief executive officer of Marsh Inc., the company's brokerage unit.



'There's pressure on corporate earnings today, so there is some pressure to keep fees down.'

— Roger E. Egan

Mr. Sinnott cites Europe and Japan as regions likely to produce big gains in 2001. In Europe—where Sedgwick strengthened Marsh's already considerable network of offices—corporations are increasingly financing their operations by issuing equity rather than debt, creating a variety of new exposures, including directors and officers liability and other corporate governance risks, he said.

Marsh has also picked up several large Japanese clients as that country has reduced regulatory barriers to the entry of international brokers.

In the United States, Marsh—a longtime leader in large commercial account business—is aiming to expand its small and mid-sized commercial client base, again with a boost from the former Sedgwick and J&H operations. Earlier this year, for example, Marsh and Chubb Corp. introduced a new program to provide up to $5 million in limits covering small and medium-sized businesses' e-commerce liability risks.

Rising property/casualty insurance rates also won't hurt Marsh's top line growth, though the impact will be blunted by several factors, Marsh executives say. For one thing, about 70% of Marsh's U.S. clients, excluding small accounts, pay fees rather than commissions, meaning that Marsh won't see its compensation rise at the same pace as clients' premiums, said Roger E. Egan, president and CEO of North American operations. "There's pressure on corporate earnings today, so there is some pressure to keep fees down," Mr. Egan said.

In addition, client premiums aren't rising as fast as insurance rates because clients are taking steps to cut their costs, Mr. Sinnott added. Many clients, for example, are shifting from guaranteed cost insurance programs, which were relatively cheap during the soft market, to variable cost programs, he noted.

Still, Marsh expects revenue growth to quicken, a trend that began last year. In 2000, Marsh's brokerage revenues hit $6.92 billion, an 6.8% gain from restated 1999 brokerage revenues, and an improvement on the 3.8% growth in the previous year before restatement. Marsh restated its 1999 brokerage revenues to reflect the inclusion of brokerage operations that were inadvertently excluded from 1999 revenues a year ago.

Total gross revenues, to which *BI* adds Marsh's interest in-

See **Marsh** *on page 34*

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SPOTLIGHT

Marsh

Continued from page 32

come, last year were $10.18 billion, a 10.9% gain from 1999.

Marsh broadly breaks its revenues into three main categories:

• Risk and insurance services, which account for $4.78 billion, or 47.1% of total gross revenues. This includes retail insurance brokerage business of Marsh Inc., reinsurance brokerage business of Guy Carpenter & Co. Inc., wholesale brokerage provided by various subsidiaries, and the association program business of its Seabury & Smith unit.

• Investment management services provided by Futnam Investments Inc., which brought in about $3.24 billion, or 31.9%, of the total.



Enterprise risk, 'as a percentage of total revenue, it's small, but it's coming from a position of virtual zero.'

— John T. Sinnott

• Consulting, which accounts for $2.1¢ billion, or 21% of total revenues. This includes William M. Mercer Cos. L.L.C. and Mercer Management Consulting Inc., among the world's largest employee benefits and management consulting firms; National Economic Research Associates Inc., an economic consultant; and Lippincott & Margulies, a corporate identity and brand management consultant.

In the first quarter of this year, Marsh's revenues actually fell 2.7% to $2.60 billion from 2000's first quarter, largely because of a drop in Putnam's revenue. Insurance and consulting revenues rose 5% to $1.90 billion compared with the prior year's quarter.

Following the integration of Sedgwick and J&H, Marsh has taken advantage of the ability to cherrypick former competitors' best ideas, Mr. Sinnott noted. For example, Marsh has adopted J&H's risk management information system, dubbed Stars, which Mr. Sinnott called the industry's best. Marsh has also followed Sedgwick's model for expanding its presence in the U.S. small commercial insurance market.

"The real benefit was taking the best practices and best skills," he said.

At year-end, Marsh had 50,500 employees in 410 offices around the world. Its largest acquisition in 2000 was Delta Consulting Group, an organizational design consultant, which is now part of the Mercer group.

The company is probably finished making large acquisitions, though Mr. Sinnott didn't rule out takeovers in the handful of geographic regions where it is still not represented or in areas of specialty expertise.

One area Marsh might consider, for example, is India, where the government is loosening regulations that have barred foreign brokers and divided the market among four state insurance companies, he said.

Marsh may also move to fill strategic niches, he added. Marsh last year hired a team of executives to launch a new consulting unit offering claims valuation services for complex business interruption losses. "It's a risk service area we were not in," Mr. Sinnott observed.

Marsh is looking for ways to expand its business from its existing base. A large part of this effort involves developing new products, services and strategies for dealing with new client risks.

In Europe, for example, this would include dealing with corporate governance risks, such as D&O liability, as public ownership of companies becomes more common, Marsh officials say. Accelerating merger activity in Europe will also create demand for Marsh's merger risk consulting services, they say.

New exposures are also arising in the United States, bringing new products with them. One example is a tax opinion guaranty, which covers companies against the risk that erroneous tax advice creates unexpected tax liabilities.

New strategies for dealing with existing risk will also fuel growth, Marsh officials say, pointing to MMC Enterprise Risk, a unit that offers consulting services and products addressing companies' strategic, financial and operating risks.

The unit's initial work was diagnostic, assessing companies' risks for a fee, Mr. Sinnott said. The market for insurance products covering those risks has been developing quickly, though, and enterprise risk is increasingly generating brokerage revenue as well, he added.

"As a percentage of total revenue, it's small, but it's coming from a position of virtual zero," Mr. Sinnott said.

—By Douglas McLeod



Insurer Topics

A special editorial section sent exclusively to insurers and reinsurers

Marketing Strategies

Hitting the mark with your clients



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Kemper brand image stresses core values

New marketing campaign shaped by survey of agents, brokers, customers

By RODD ZOLKOS

When executives at Kemper Insurance Cos. sat down to consider what the company wanted out of a new advertising campaign, they decided the goal was to communicate the company's core values to all of its constituents.

That means reaching Kemper's customers with the brand message, of course. But the insurance company also is seeking to drive its brand message home to its employees and to the agents and brokers that handle its products.

"We've gone through a significant amount of change here at Kemper," said David B. Mathis, chairman and chief executive officer of Long Grove, Ill.-based Kemper. "Most of it positive, in the sense that we have added some 16 or so new product lines and really diversified the breadth of our product lines to our customer base, meaning agents and brokers and, ultimately, the buyers themselves."

"We've also had significant change internally," Mr. Mathis said. "You can almost look at us as if we were a new company in the context of a lot of new people—in many instances, groups of people—coming from different companies."

The new branding campaign replaces the familiar "Kemper Cavalry," a brand message that Mr. Mathis described as "more of a corporate identity tool than it was anything else," adding, "it served its purpose well."



> *'The thing we tried not to change was our claims engineering and service capability, because those have always gotten very high marks.'*
>
> *— William D. Smith*
> *Kemper Insurance Cos.*

"But as we looked at our business and the changes, both in terms of product line and in terms of people, we said, 'We ought to support all this change in terms of brand image,' " the chairman and CEO said.

In doing so, though, Kemper executives felt it was important to craft the new campaign not on the basis of what they thought of the company but on how it was perceived in the marketplace.

"We needed to make this not just directed from us and what we thought it should be," Mr. Mathis said.

Instead, the insurer decided to survey its customers, employees and other constituents to determine how they felt about Kemper, he said.

"We went out and tried to understand what were the brand equities that Kemper has," said Joel R. Borgardt, vp-corporate marketing at Kemper.

In the company's research, Kemper talked to its customers, agents and brokers. "And when we did that, we just looked for common themes: what we do well and how we stand out in their minds as a market," Mr. Borgardt said.

Responsibility, quality and integrity emerged out of the company's research as Kemper's three core values. And, in the new campaign, the company seeks to communicate those values not just to customers but also to its employees and the agents and brokers with which the insurer works.

"Clearly, it came out nice," Mr. Mathis said. "What we heard was pretty good, and it allowed us to really try to reinforce what we had established in terms of the reputation and build on those kind of values with a new identity."

Also welcome was that the company's recent business experience reinforced the survey findings.

"We did a whole lot in the last four or five years to change the products we offered and how we offer them," said William D. Smith, Kemper's president and chief operating officer. "The thing we tried not to change was our claims engineering and service capability, because those have always gotten very high marks. There was a whole culture there that we wanted to make sure stayed intact."

While the company received considerable attention last year for picking up 140 large-risk accounts that previously had been written by Reliance National Insurance Co., significant in the context of the new brand campaign were the 100 new large-risk accounts Kemper wrote in 2000, Mr. Smith said.

"As you talked to those customers, it was all about the responsiveness of the Kemper organization, the fact that we were a company with integrity," he said. The surveys done for the new marketing campaign reinforced what the company saw in its business, "so that's really the basis of our campaign," Mr. Smith said.

Work on the new campaign began last year, after Kemper executives decided to craft a new brand image, with the effort moving forward in earnest after the company selected a new advertising agency last spring.

The new campaign includes three television ads, as well as print ads that will run in business-to-business and insurance trade publications beginning in July. The campaign will run through the end of this year and into 2002.

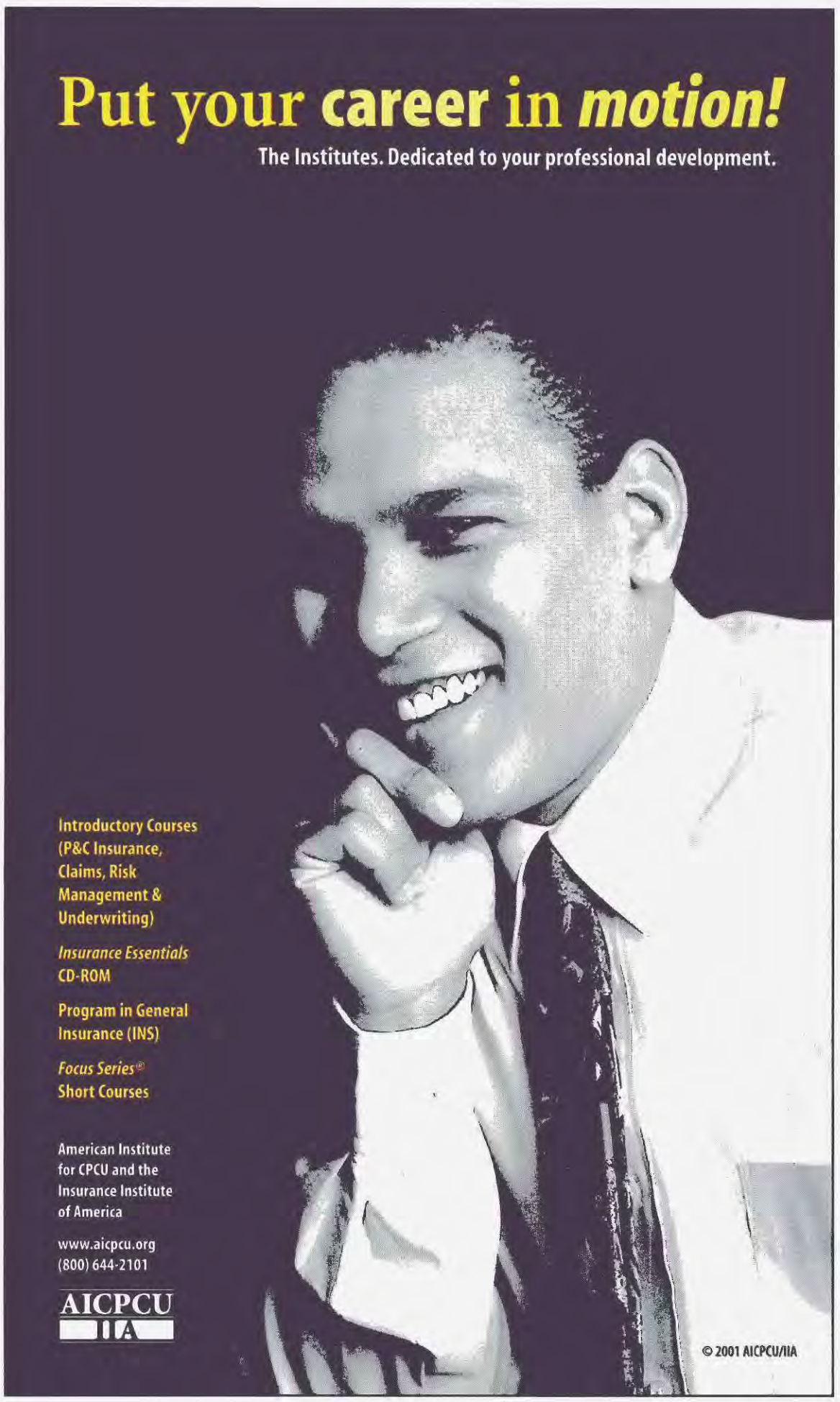
Each of three commercials follows up on one of the core tenets that Kemper identified. The pieces seek to communicate these ideas with a great deal of warmth, making use of short stories involving a new student and teacher, a basketball coach and injured player and a hard-nosed rodeo rider and rodeo clown.

The commercials aim to evoke an emotional response in the viewer related to one of three themes—anticipating, understanding and responding—with each ending with a new tag line, "The policies that matter."

By using vignettes of real-life situations, the company hopes to create emotional metaphors for how Kemper does business.

"The ads tend to be focused on

See **Kemper** *on page 34D*



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INSURER TOPICS

XML platform expected to break down barriers to exchanging information

By ROBERTO CENICEROS

A new computer platform under development by Microsoft Corp. will allow the easy exchange of information among all computer devices, regardless of differences in hardware, software or brand names, a Microsoft executive told the Insurance Marketing Communications Assn.

Whether using cell phones, laptops, public kiosks or even old mainframe computer systems, customers will be able to transfer information readily over the Internet. They won't have to be "human synchronizers," adjusting their computer devices or software to accept data transmitted in formats that differ from their own, said Kevin S. Kelly, worldwide insurance industry manager for Microsoft in Redmond, Wash.

The new platform is based on extensible markup language, or XML, and it will take Internet-based business applications far beyond the point at which they are stuck today, Mr. Kelly told the IMCA's 78th annual meeting, held June 24-27 at the Paradise Point Resort in San Diego.

For the insurance industry, the new system will simplify business transactions and permit the easy flow of information that is now widely scattered, stored in systems that currently cannot communicate.

"A remote device reporting a first report of injury or first report of loss might pass an XML screen onto a claims system," Mr. Kelly explained. "It might pass an XML screen into a reserve allocation system. It might get some medical information off a smart card or off a cell phone or from a doctor's office application," he added.

For Microsoft, "this is really a massive revolution we are about to undergo," Mr. Kelly said. It will shape "the next version of the entire company," and the way the company builds future applications.

He said the new direction is as revolutionary as that shaped by Microsoft's 1975 mission statement promising to help put a computer on every desk and in every home.

"In 1975, that vision was way out there," he said. "This is equally as out there: the ability for us to say we are going to provide a platform and an infrastructure so that people can get access to their personal and business information any time, anywhere and on any device."

At first, Internet systems merely provided a static page view of electronic marketing brochures, Mr. Kelly said. Then online systems permitted simple consumer transactions. But that is where most businesses are "stuck today," merely using a Web browser that is "glued to an old system," he said.

Rather than really running business applications on the Web, Mr. Kelly said, most companies are just "gluing a Web browser on the front end of traditional legacy application or a client server application."

That is "fakery," Mr. Kelly said, improvised to rush to market an e-commerce business product. But such systems won't survive, he predicted. They aren't designed to handle millions of users exchanging data coming from a wide variety of devices. They cannot automatically determine the computer screen and device configurations necessary for varied user systems.

"While it works, it requires extra maintenance," Mr. Kelly said. "It requires a lot more code management and manipulation than developers want. Before the Internet, developers already thought they had too much code management and too much maintenance.

"So the Web hasn't improved anyone's life. It has given people the ability to show a few demonstrations and get a pat on the back for allegedly having an e-commerce strategy. But most of that is falling apart now," Mr. Kelly said.



The failure of many dotcom companies indicates the extent to which the current platform's ability has been overestimated, he said. More dotcoms might still exist if current systems were easier to use and truly allowed the development of successful business models.

Yet the current systems have made people eager to access information any time, anywhere, through a wide variety of devices. To meet that demand, Microsoft is developing .Net—pronounced "dot net"—a new platform for writing applications that use the XML standard.

By using XML, systems will be able to exchange data without having to use the same underlying coding in different applications. Instead, Mr. Kelly said, XML allows even complex information to be "tagged," or labeled so it can be understood by all computer databases when passed over the Internet.

Microsoft's .Net platform will permit the true integration of multiple software and hardware systems; that will result in improved workflow and better service for and collaboration with customers, said Mr. Kelly. But it will require companies to adopt the XML standard.

Mr. Kelly didn't say when the new.Net platform would be available. BI

Kemper

Continued from page 34B

getting an emotional response, which isn't really an outburst," Mr. Mathis said.

"Our real issue today across most of our agency and broker-based competitors, is how important brands are becoming in an e-commerce world," Mr. Smith said. "It makes it very important to us to have a brand identity, where, historically, that hasn't been very important, except with our agents."

"A couple years ago—when we looked at 'what's our brand identity?' —it was wonderful with our agents. We had huge brand identity, and they knew what the brand stood for," Mr. Smith said. But, he said, "we went to the general population, and we were unknown. So that now becomes the challenge, because it's going to be a different world in terms of how people get to the agent."

Mr. Smith noted that some ads the company had done in the past might have evoked a more-dramatic immediate response from viewers but didn't achieve the desired long-term goal of brand identity.

"When we ran the humorous ads, people really remembered them. They just didn't remember it was us. And it didn't tie to anything; it didn't tie to what our core values were. So we're trying to get over both those hurdles here," Mr. Smith said.

"I think that's the beauty of (the use of stories in the new commercials). It draws people in, and they want to stay and see what the payoff is, who's behind it," Mr. Borgardt said. "It's not really a hard sell; it's more subtle."

The commercials were launched the weekend of May 26 and 27, during broadcasts of the Kemper Insurance Open golf tournament on CBS.

The company believes the core values expressed in the commercials distinguish Kemper in the marketplace.

"You really do hear it," Mr. Borgardt said. "It's a good rallying point for the employees, and agents and brokers can relate to it as well." BI

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Insurers seek to become fluent in marketing to Hispanics

By ROBERTO CENICEROS

Hispanic individuals in the United States represent a potentially large market for insurance products, but insurers and producers must understand how best to reach that market, two speakers told attendees at the 78th Insurance Marketing Communications Assn. annual meeting.

There are now more than 35 million Hispanics living in the United States, representing 12.5% of the nation's population, said Karina R. Ellemberg, senior project director in New York for Rieger Research Inc., which specializes in Hispanic market research.

And those marketing to Hispanics must understand that there is considerable diversity within that population, including differences in individuals' preference for speaking Spanish or English, the speakers said at the IMCA meeting, held June 24-27 at the Paradise Point Resort in San Diego.

Age is one factor that can play a role in some Hispanics' use of language. Those under 20, for example, are likely to be bilingual but generally prefer to speak English. Those between 21 and 39 may also be bilingual, speaking English mostly at work, but they are likely to prefer Spanish-language media. There are also the "truly bilingual," who communicate well in both languages and do not have a preference, Ms. Ellemberg said.

The challenge is to determine which sector marketing efforts will target, she explained.

"I've seen many ad campaigns really fail because they have not targeted the right language," Ms. Ellemberg said. "Who has decision power, and what is the language they are using to communicate? That definitely needs to be taken into account when you are targeting the market."

Education level and socioeconomic factors also should be considered, Ms. Ellemberg said, noting that the

See **Hispanics** *on next page*

Hispanics

Continued from previous page
makeup of the Hispanic population is changing in regard to such factors. Previously, she said, many Hispanic immigrants to the United States were of lower economic status. But now, she explained, many middle-class Hispanics are immigrating to take advantage of educational and professional advancement opportunities they can't find in their home countries.

"We see a whole different range of people," Ms. Ellemberg said. "The challenge is to be prepared for those people and be prepared for their needs."

While there are many differences within the Hispanic population in the United States, there are also common factors that can help focus a targeted marketing program, the speakers said.

One such factor is a desire to establish trust and intimate relations before conducting business, said Josefina M. Garza-Zavaleta, vp-U.S. operations in Houston for Comercial America Insurance Co., a unit of Mexico City-based Seguros Comercial America.

"We do not do business in our first meeting, in our second meeting or in our third meeting," Ms. Garza said. "We like to see how much we can trust you, how much you know, how much you want to get into the business. It's a different story here altogether. Trust is very important."

Some insurers targeting the Hispanic market are diversifying their own workforces so they can better understand the market, Ms. Garza said. But there is still a need for more innovation and the development of Spanish language insurance marketing materials.

And the materials must be well crafted, so that they can help build the necessary trust and emotional connection, she said.

"It is not only the language (used in those materials), but it is also how you say it, when you say it and the way you say it," Ms. Garza said.

One current hindrance to penetrating the Hispanic market is the limited diversity among agents, Ms. Garza said. Some producers she has met insist they are targeting the Hispanic market, but many actually know little about that population.

Insurers and agents need to cooperate to address these marketing issues, she said. They can also work together to develop products and services and improve their efforts to explain to Hispanics what the insurance industry has to offer. Immigrants don't always understand the products being sold, because purchasing insurance is not compulsory in some countries, including Mexico, Ms. Garza said.

Innovation is also necessary to meet the needs of the changing Hispanic market, she said. Because some Hispanics are climbing the economic ladder, they will need better, more sophisticated products.

"Go after the needs and wants of that market," Ms. Garza said. "Do not give them too many things that they don't need, they don't want and they don't even know what they are. Just give them what they need and what they want." BI

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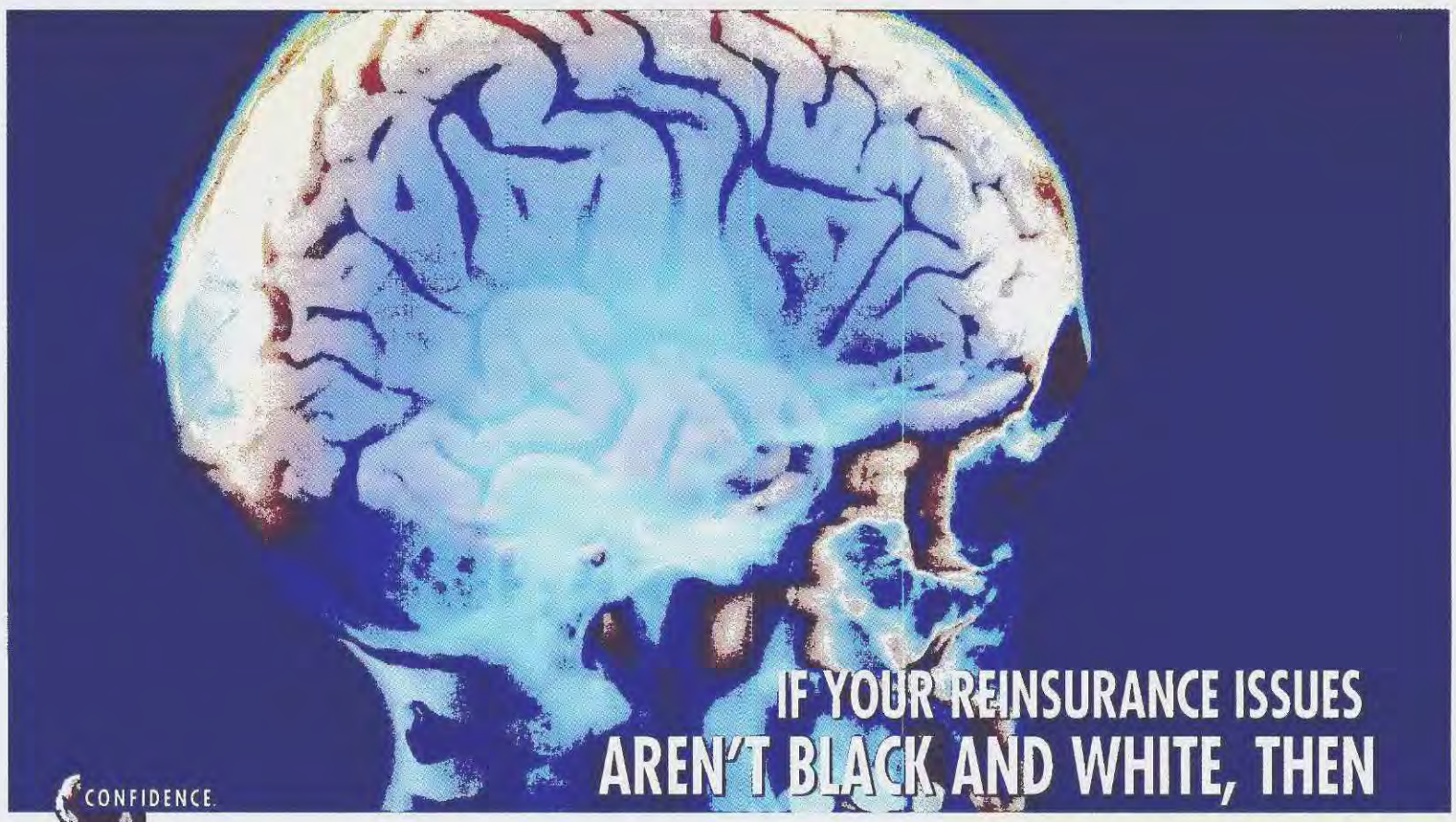
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Specialty

Continued from previous page
offer greater insight into defining a program for a specialty market.

Risk and reward

Given the careful balance and flawless sense of timing needed to be successful, what are the incentives for a company to offer a specialty market program? Where does an insurance organization begin when developing a specialized program? How does an insurer know when to fold and move on to the next opportunity?

Among the reasons an insurance provider may enter a specialty market are:

- Leveraging expertise. When the insurer understands the unique issues facing prospective clients, it can tailor a program in virtue of specific client requirements, allowing the provider to leverage its expertise and knowledge. By offering well-defined coverages, the program offers improved client value and, in turn, creates the potential for greater premiums.
- Increasing revenue and profitability. The provider expects to increase revenue and profitability by tapping into new or underserved markets. In addition, increased market knowledge leads to better underwriting risk selection and, therefore, a reduced loss ratio; profitability assumes manageable expenses and losses.
- Retaining customers. Specialty market programs can complement a company's insurance lines and promote cross-selling. For example, if a provider covers general liability for dentists, why not also cover the premises? Cross-selling offers the potential for increased revenue and customer retention, providing clients a form of one-stop shopping. With a tighter bond between insurance provider and customer, the risk of a copycat wooing a customer away is drastically reduced.

A safety net

After the decision to focus efforts on specialty markets comes the challenge of establishing a framework for the preparation, implementation and maintenance required for a successful program.

A successful framework typically will include:

- Program insurance research and development. This involves assessing the market viability of a new insurance program, as well as continually monitoring the program's premium and loss data. Conducting an ongoing assessment lets a provider determine when or if it should enter/leave a niche market.
- Product definition, including the coverages, rates and forms that define the insurance program. For complex programs, a pilot program might be worth considering. Pilots allow an insurer to "fly a test balloon" by implementing a scaled-down version of a program to evaluate its feasibility, before investing time and resources into the full-blown program.
- Marketing programs. Such programs will involve defining your target market and then determining how your specialty program should be positioned and priced. Marketing typically also includes advertising, cold calls, brochures, mailings and trade shows, as well as association memberships. The right type of personnel—experienced and persistent—is critical to this process.
- A distribution strategy. Such an approach can include a combination of brokers, captive agents, independent agents, direct marketing and e-commerce tools.

The target market can, to some extent, dictate the best approach to distribution. For example, prospective policyholders in rural areas are most comfortable with agents and are less likely to use e-commerce. Also, it's rarely practical to use all possible avenues to distribute a program; focus energies on one or two in the beginning.

- Automated information technology systems in areas such as policy processing, billing, claims and management reporting. Such systems are critical to reducing costs, achieving accuracy and improving staff productivity and efficiency. Every insurer has a unique environment as well as individual business and technical requirements.

Given this diversity of circumstances, coupled with the plethora of third-party vendor products with different specialties, it usually is impractical for an insurance provider to acquire a single system that automates all functions. Careful planning is needed to balance the selection of third-party products and in-house software development projects. In addition, some degree of integration among the systems may be desired in the interest of efficiency and productivity.

Consideration of the expertise required and the cost to maintain the systems also is critical. Most of an insurer's three-year information technology budget will be used for maintenance and enhancements.

- Partnerships. Partners such as reinsurers, carriers/MGAs, third-party administrators and actuarial and state-filing consultants may be needed to create a complete program. An insurance program must meet regulatory requirements, be sufficiently underwritten and be backed by one or more risk-taking entities. It is not feasible to be all things to all people—use your industry contacts to assemble a team that addresses the entire chain.
- Value-added services. Services such as loss control, managed care, and emerging liability products can help differentiate a program and create a tighter bond with clients. For example, coupling an insurance program geared toward coal-mining risks with aggressive loss control services can be very attractive to a prospect and can encourage retention.

The specialty lines tightrope can lead to a market ripe with extraordinary opportunities for those with foresight, initiative, a little courage and a good sense of balance. BI

Pat Walsh is vp of Insurance Information Technologies Inc., a Naperville, Ill.-based software and services firm specializing in policy rating and issuance solutions for the property/casualty insurance industry.

IT BRIEFS

Institutes re-elect Trosino

MALVERN, Pa.—Vincent J. Trosino, president, vice chairman of the board and chief operating officer of State Farm Mutual Automobile Insurance Cos., was re-elected chairman of the board of the American Institute for CPCU and the Insurance Institute of America at the institutes' annual board meeting last month.

William H. Bolinder, member of the group management board of Zurich Financial Services Group Inc., was re-elected vice chairman of the Malvern, Pa.-based institutes' board of trustees.

At the meeting, held at the offices of the Chubb Corp. in Warren, N.J., 14 new trustees were elected to the board. They are: Daniel R. Carmichael, president and chief executive officer, Ohio Casualty Group; Frank J. Coyne, president and CEO, Insurance Services Office Inc.; Grover L. Davis, president and CEO, Crawford & Co.; Douglas Elliot, president and CEO-commercial lines, Travelers Property Casualty Corp.; W. G. Jurgensen, CEO, Nationwide Mutual Insurance Co.; Michael S. McGavick, president and CEO, SAFECO Corp.; and Robert H. Moone, chairman, president and CEO, State Automobile Mutual Insurance Co.

Also elected to the board were Gregory E. Murphy, chairman, president and CEO, Selective Insurance Group Inc.; Brian O'Hara, president and CEO, XL Capital Ltd.; Joseph J. Plumeri, chairman and CEO, Willis Group Ltd.; Robert P. Restrepo Jr., president and CEO, Allmerica Property & Casualty Cos. Inc.; J. Douglas Robinson, president and CEO, Utica National Insurance Group; Courtney C. Smith, president and CEO, TIG Insurance Co.; and John W. Smithson, president and CEO, PMA Capital Corp.

John J. Degnan, president of Chubb Corp., and Robert T. Herres, chairman of United Services Automobile Assn., were re-elected to the board, having previously served as trustees.

Better 'e-service' urged

NEEDHAM, Mass.—With online consumer insurance sales activity still limited, many insurers are missing the more immediate opportunity of improved "e-service," according to information technology research and consulting firm TowerGroup.

Needham, Mass.-based TowerGroup claims that new research from its insurance practice indicates that companies making investments in the technology and human capital needed to better serve customers online have the chance to reap significant short- and long-term rewards, including increased consumer awareness, richer customer data, higher retention rates and greater profits.

The firm estimates that 60% to 70% of online consumers now use the Internet to research insurance companies and products, and it says the number will increase as more technologically savvy young people enter the workforce and become consumers of insurance products.

But the rush to sell insurance on the Web has overshadowed many companies' ability to provide superior service to policyholders already online, according to the consultant. Although it is important for insurers to focus on improving their ability to distribute products online,

TowerGroup said it believes a second initiative may serve them better in both the short and long terms—the integration of "e-service" into their information processing and customer relationship management systems and strategies.

TowerGroup defines "e-service" as the use of technology to aid the process of servicing insurance products, both for consumers and insurance professionals.

Vesta stock offering

BIRMINGHAM, Ala.—Vesta Insurance Group Inc. has completed the public offering of more than 8.6 million shares of its common stock at a price of $8 per share, resulting in net proceeds of approximately $64.7 million before offering expenses.

Vesta intends to use the net proceeds of the offering to finance the acquisition of Florida Select Insurance Holdings Inc., pending regulatory approval. The underwriters of the offering were William Blair & Co. and Cochran, Caronia Securities L.L.C.

Birmingham, Ala.-based Vesta Insurance Group is a holding company for a group of insurance and financial services companies that offer a wide range of consumer-based products. BI



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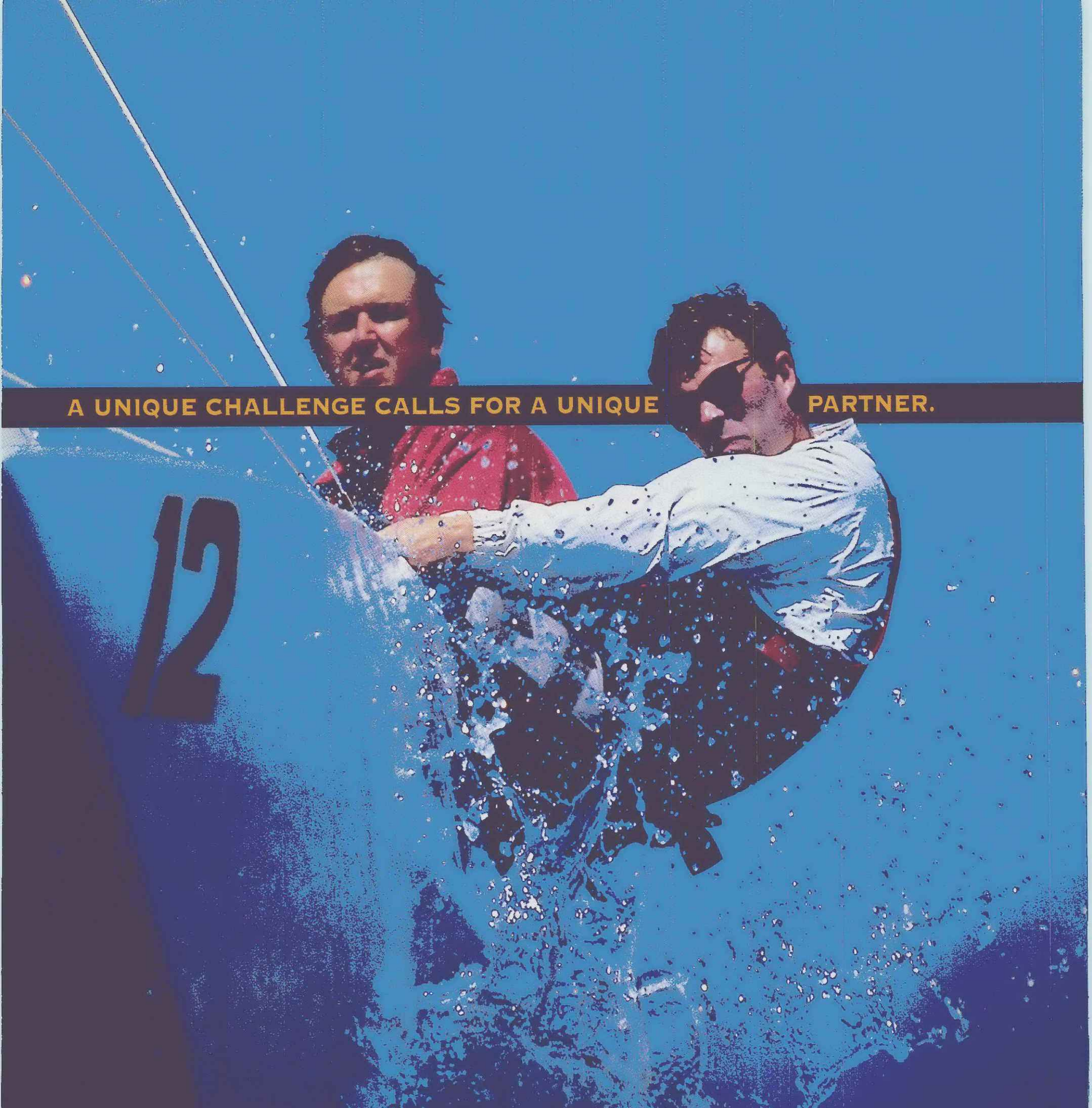
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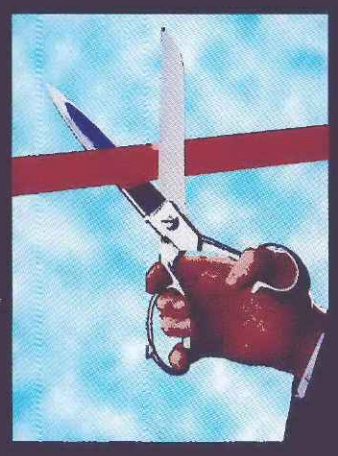
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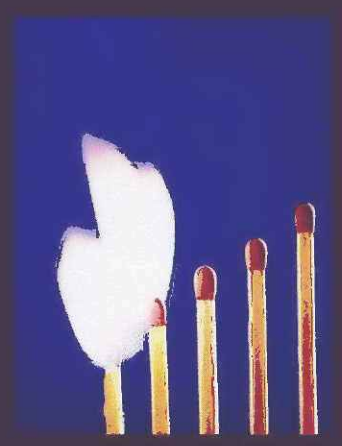
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May 28	Benefits: Pensions/Retirement Plans *Directory: 401(k) Plan Administrators*		May 16
Jun 4	*Distribution: AIRMIC; IASA*	ABT Employee Recruiting & Training	May 23
Jun 11	Government Risk Management *Distribution: AAHP; NAIC; PRIMA*		May 30
Jun 18		IT Employee Recruiting & Training	Jun 6
Jun 25	Benefits: Balancing Work & Life *Directory: EAPs & Dependent Care Resource & Referral Services* *Distribution: IMCA; SHRM*		Jun 13
Jul 2	Midyear Market Report: Property/Casualty & Health Care	ABT Marketing Strategies	Jun 20
Jul 9			Jun 27
Jul 16	30th Annual Agent/Broker Profiles *Directory: Agents & Brokers*	IT Marketing Strategies	Jul 3
Jul 23			Jul 11
Jul 30	Risk Management Services *Directory: Risk Management Consultants*		Jul 18
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2 AON

Aon Corp.

200 E. Randolph St.,
Chicago, Ill., 60601;
312-381-1000; fax: 312-381-0144;
www.aon.com

	2000	1999
Gross revenues	7.38 billion	$7.07 billion
Brokerage revenues	$5.14 billion	$4.80 billion
Brokerage: Retail	40%	40%
Wholesale	8.5%*	8.5%*
Reinsurance	10.5%*	10.5%*
Services	10%	9%
Interest income	1%	2%
Other	30%	30%
Employees	40,000	39,000
Rev./employee	$128,425	$123,077
Employee benefits	10%	9%
Offices	550	550

**BI estimate.*

Coming off a year that saw its first year-over-year decline in earnings per share, Aon Corp. has nearly completed a business transformation plan that top company executives say positions it for renewed profit growth in the future.

"It's very much of a long-term decision to change the way we do business," Patrick G. Ryan, Chicago-based Aon's chairman and chief executive officer, said of the transformation plan. "It puts people in the position where they can really maximize their abilities in working with a team and bringing one Aon to the client."

The plan, which is projected to result in up to $325 million in pretax costs, is expected to produce $150 million to $200 million in annual savings, starting in this year's fourth quarter. But beyond that, according to Michael D. O'Halleran, Aon's president and chief operating officer, the changes will help Aon "to become far more efficient in a very archaic industry."

"We've been transforming various parts of our company for quite some time," he said. "So this isn't experimentation for us. It's really realization of the company's willingness and ability to create platforms that are becoming far more efficient through technology and to be able to put a sustainable model in place to be able to grow both top line and bottom line well into the future."

Aon's total gross revenue for 2000 was nearly $7.38 billion, up 4.3% from $7.07 billion in 1999. Total brokerage revenue was nearly $5.14 billion, up more than 7.0% from 1999's $4.80 billion.

Mr. Ryan attributed much of last year's drop in earnings per share—to $2.01 in 2000 from $2.07 in 1999—to lower investment income, something he expects to see change in the long-term. Aon's stock was trading at $34.27 per share on July 6, which is down from a year-to-date high of $42.31, but up from the year's low of $28.13.

He said Aon's ability to develop technology that differentiates it from competitors in the marketplace is a key to the company's transformation plan, which began during the fourth quarter of 2000 and is expected to be largely completed by the end of this year's third quarter.

"Our goal is to help the client manage his information in a much more effective—and in many ways more-sophisticated—approach than they have in the past," Mr. Ryan said. "And we're designing ways to help the client identify the information that they need."



'Our goal is to help the client manage his information in a more effective approach than they have in the past.'

— Patrick G. Ryan

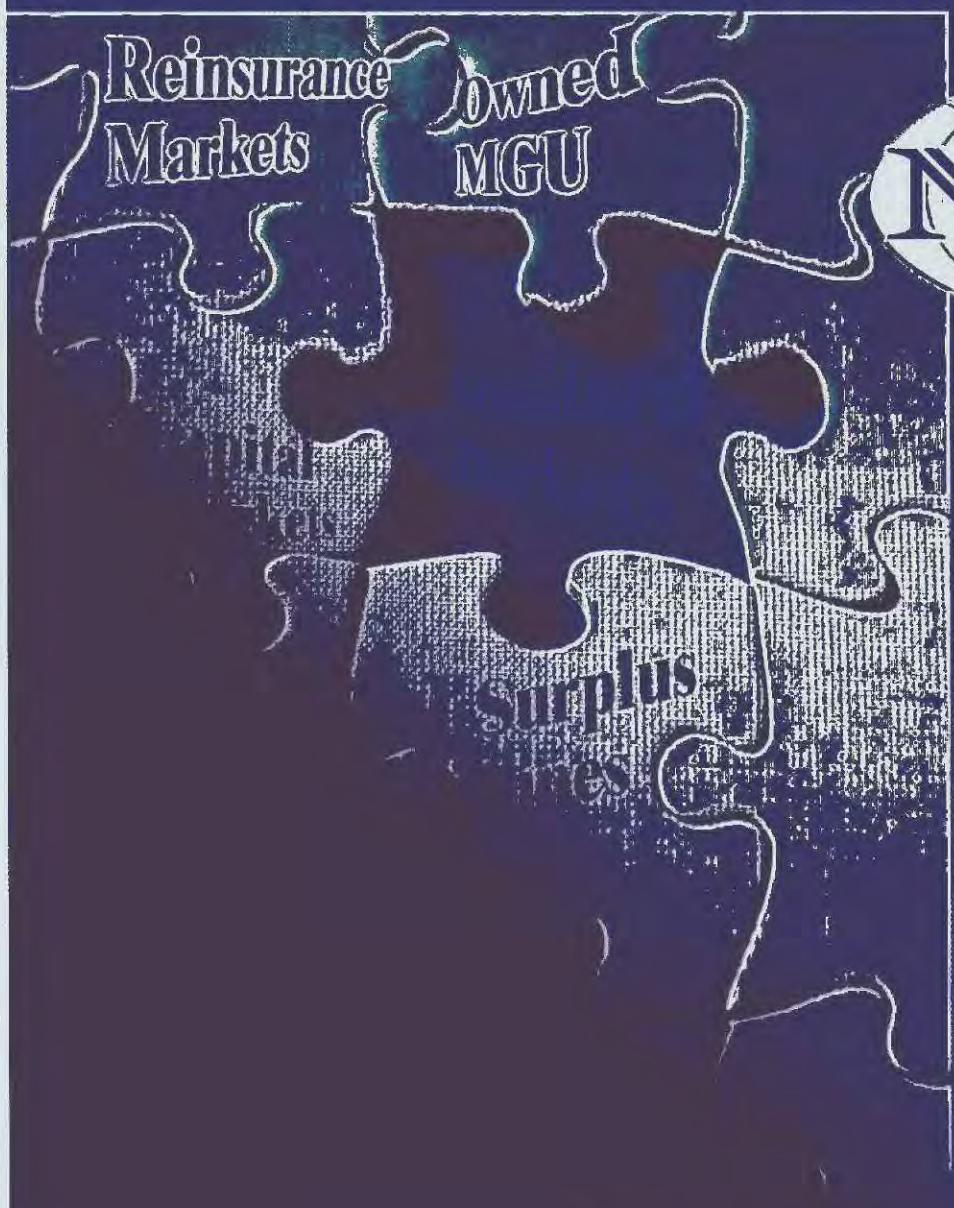
At the same time, Mr. Ryan said, technology is being used to design Aon's workflow practices through an Internet platform to make transactions more efficient and more transparent, and reduce

See **Aon** *on page 39*

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Aon

Continued from page 37

costs for the client, the insurer and Aon.

In the past year, the company has completed a new technology platform it calls "Bridge" that was developed as Aon's core policy management system, noted Kenneth J. LeStrange, chairman of Aon Risk Services Cos. Inc., Aon's retail brokerage arm.

The company also has developed capabilities such as Aon-Line, through which some 450 U.S. clients do business with the broker over the Internet, Mr. LeStrange noted, and its e-marketplace presence through its Aon Market Exchange allows the company to interact with its insurer markets more effectively on behalf of clients.

"We've knitted all that together to create an environment where in an ideal world the data can be collected once and well at the beginning and utilized by the client, by us, by the markets and others as necessary in an electronic environment," Mr. LeStrange said.

Aon's transformation plan and the company's future also are tied to a view of broader transformations in the industry overall, in which a successful broker will be able to offer clients more than just placement of insurance coverages.

"We basically in the early '90s talked about brokerage being one of the services a company would want to provide, and we've developed significant service businesses in a very short time," Mr. Ryan said.

In particular, he cited the growth of Aon's Cambridge Integrated Services Group Inc. claims and risk management business and the expansion of the company's wholesale brokering and managing underwriting operations.

Also, with Aon earlier this year completing its acquisition of the captive management business of International Risk Management Group, "We've moved up to be at the very top level of captive management," Mr. Ryan said. "All in the belief that broking is important but very important is the ability to provide appropriate services to the client. That's the future of this business."

"Obviously, all of these different parts in some organizations reside in silos. In our organization it's really an integrated model," Mr. O'Halleran said. "It's one thing to have them all, it's another to be able to deliver them and focus them on your client very quickly and very effectively."

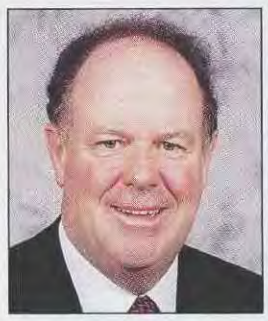
Much of the cost of Aon's transformation plan is associated with the elimination of approximately 3,000 jobs, many of those as the company concentrates certain client-service functions into four service centers in New York, Los Angeles, Houston and Glenview, Ill.

"We have fewer people but it's a much more efficient way of doing business," Mr. Ryan said. "We want to have the service from the service centers at the very minimum equal to the good service of the past but in many, many cases improving the response time and the accuracy considerably."

Looking forward, Mr. LeStrange said he sees "enormous opportunities" for Aon to increase its presence in such areas as technology, health care, construction and financial institutions. He also sees growing interest among clients in enterprise risk management, an area in which he thinks Aon is well positioned.

"Enterprise risk management is something that I think we're a leader in," Mr. LeStrange said. "We've developed some very, very strong capabilities, also integrated with our business activities."

After several years of vigorous acquisition activity, Mr. Ryan said he doesn't foresee Aon making any large acquisitions in the near future. The company will, however, continue to make "boutique" acquisitions, he said.



'We've been transforming various parts of our company for quite some time. So this isn't experimentation for us.'

— Michael D. O'Halleran

The process begun last year of relocating company headquarters to the former Amoco Building in Chicago is nearing completion. Aon also made some significant management changes in 2000—most notably Mr. LeStrange's appointment to his current position from previously heading the company's alternative market operations, and Donald Ingram's promotion to chairman and CEO of Aon Consulting Worldwide from previously heading Aon's consulting operation in the Americas.

As Aon moves forward, the focus remains on client service, according to Mr. Ryan.

"We really feel that the business as we move forward in the early years of this decade will be dramatically different than in the last few years," he said. "The broker is really much more of something they need instead of something they feel they should avoid."

—By Rodd Zolkos



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3 Willis

Willis Group Ltd.

10 Trinity Square,
London EC3P 3AX, England
44-207-488-8111;
fax: 44-207-481-7096
www.willis.com

	2000	1999
Premium volume	**$13.64 billion**	$12.94 billion
Gross revenue	**$1.30 billion**	$1.24 billion
Brokerage revenue	**$1.30 billion**	$1.24 billion
Brokerage: Retail	**66%**	63%
Wholesale	**11%**	11%
Reinsurance	**17%**	18%
Personal	**1%**	3%
Services	**5%**	5%
Employees	**10,470**	9,446
Rev./employee	**$130,281**	$131,208
Employee benefits	**10%**	9%
Offices	**178**	171

Converted at applicable exchange rates.

After three years under private ownership, the world's third-largest insurance broker is publicly traded once more.

Previously, Willis Group Ltd. listed on the London Stock Exchange and was managed by traditional British brokers. Now, however, Willis trades on the New York Stock Exchange, its top manager is a sales-oriented former securities and banking executive from New Jersey, and most of its shares are held by buyout specialists Kohlberg Kravis Roberts & Co.

While the brokerage will remain based in London, it will seek to grow through acquisitions and new business, much of which will focus on the United States, said Joseph J. Plumeri, the former Citigroup executive who was appointed chairman and chief executive officer of Willis in October 2000. By taking advantage of its size and enhancing service, Willis is well positioned to grow throughout the world, he said.

Willis re-entered public ownership in June when it raised $270 million, before expenses, in an initial public offering. The brokerage had previously redomiciled to Bermuda to enable it to more easily gain a listing on the New York Stock Exchange (*BI*, April 23). Mr. Plumeri calls the move akin to many U.S. insurers domiciling in Delaware, adding that Willis has no intention of moving its head office to Bermuda.

One of the IPO's objectives was to enable Willis to raise capital for acquisitions, Mr. Plumeri said.



Willis' agenda includes becoming 'the best service provider of any broker in the world, and that's what we're going to strive to do.'

— Joseph J. Plumeri

Before the IPO, Willis was not an aggressive acquirer of other brokerages. Now, Willis will look to make acquisitions, which likely will include U.S. companies, he said. "We can fill in some holes geographically and enhance some of our specialties," he said.

Geographically, that means growing in the Northeast, California, Florida and Texas, Mr. Plumeri said. The specialty areas in which Willis might make acquisitions include marine, aviation, space and some property/casualty lines, he said.

Willis also will look for acquisition opportunities in Latin America, he said. "The company is in a growth mode," Mr. Plumeri said.

Still, Willis, which reported brokerage revenues of $1.30 billion for 2000, would need to grow substantially to approach the size of rivals Marsh Inc. and Aon Group Inc. In its IPO prospectus, Willis acknowledged that it runs a distant third to those rivals, with a 7% worldwide market share, compared with Marsh's 32% and Aon's 25%.

"But there are some great companies that have not had the same market share as other people and that has not stifled them at all," Mr. Plumeri said. He cited his former employer, Citigroup, as a company that rose from a relatively modest size to become one of the world's largest financial services companies.

Willis has the critical mass to offer brokerage services that are comparable to those of its larger rivals, he said.

Rather than size, the three brokerages compete on levels of service, Mr. Plumeri said. In that respect, Willis already provides high levels of service compared to other brokerages, and it will focus on improving service further, he said.

"One of the things on our agenda is to be the best service provider of any broker in the world, and that's what we are going to strive to do over the next couple of years....No one has told me that the industry stands out with respect to service," Mr. Plumeri said.

And to ensure that clients are comfortable with Willis, the brokerage will make sure that the same brokers at Willis consistently work with the same clients. Mr. Plumeri said.

And many of Willis' employees have an incentive to provide the best service possible because they have an ownership share in the brokerage, Mr. Plumeri said. Between 40% and 50% of Willis employees own some stock in the company, he said. "And that is significant because you have a whole bunch of people coming to work as owners," Mr. Plumeri said.

Over the past several months, Willis has reduced its workforce to cut expenses. While 150 managers and producers have been hired, 275 other employees have been laid off.

In addition to improving relations with clients, Willis is also seeking to develop closer relationships with select insurers, Mr. Plumeri said. By developing those relationships, Willis will be in a better position to provide custom-made products, he said.

At the same time, as part of its efforts to become more efficient, Willis is seeking to reduce the number of insurers with which it places business, Mr. Plumeri said. "You need a reasonable number of markets, but there is a point where there is overkill. We would rather do business with hundreds than thousands."

Reducing the number of insurers would not affect the way Willis conducts business with the six insurers that invest in the brokerage, he said. AXA Group, Royal & SunAlliance Insurance Group P.L.C., Chubb Corp., The Hartford Financial Services Group Inc., Travelers Property Casualty Corp. and The Tokio Marine & Fire Insurance Co. Ltd. all participated in the KKR buyout of Willis and maintained their shareholdings after the IPO.

"Our relationship with our owners is strictly as owners. There is nothing in the covenant of ownership that suggests we treat them differently to other markets or that they treat us any differently," Mr. Plumeri said.

Willis will also seek to enhance some of its specialty areas, said Richard Bucknall, chief operating officer. For example, it has taken on William J. Kelly in New York to grow its financial institution business in the United States. Mr. Kelly, a former president of the Risk & Insurance Management Society Inc., was previously a senior vp at J.P. Morgan & Co. Inc., where his responsibilities included risk management.

Willis will also strive to increase its large-account business in the United States, where it has traditionally been stronger in the middle-market area, Mr. Bucknall said.

Part of the those efforts will be in growing its structured financial solutions divisions in London and New York that provided political risk, structured finance and alternative risk solutions, he said.

Other drives to develop relationships with both clients and insurers will include increasing the cross-selling of insurance and employee benefits products , he said.

Much of those efforts will focus on providing services to employees of client companies, Mr. Plumeri said.

As Willis proceeds with its growth plans, the brokerage must also service debt, including that incurred through KKR's leveraged buyout in 1998. Currently, Willis has $935 million in debt, but the brokerage should have no problem in dealing with that amount, said Mr. Plumeri.

After the IPO, the brokerage bought up its preference shares, which relieved it of paying $40 million a year in interest costs. Willis now has to pay about $80 million in interest and expenses on its remaining debt, and the brokerage can comfortably afford that burden, he said.

On July 6, Willis shares closed at $17.73.

—By Gavin Souter

4

Arthur J. Gallagher & Co.

The Gallagher Centre,
2 Pierce Place, Itasca, Ill. 60143-3141
630-773-3800; fax: 630-285-4000;
www.ajg.com

	2000	1999
Gross revenues	**$740,596,000**	$605,836,000
Brokerage revenues	**$716,466,000**	$586,054,000
Brokerage: Retail	**54%**	64%
Reinsurance	**8%**	1%
Wholesale	**3%**	NA
Personal	**1%**	1%
Services	**31%**	31%
Interest income	**3%**	3%
Employees	**5,201**	4,589
Rev./employee	**$137,755**	$127,708
Employee benefits	**14%**	13%
Offices	**78**	67

"It's fun to be us right now," says J. Patrick Gallagher Jr., president and chief executive officer of Arthur J. Gallagher & Co.

With commercial property/casualty insurer executives predicting that the insurance market will continue firming over the next few years, Gallagher is in a good position to reap strong financial benefits as it helps its largely mid-sized clients sort through this difficult period, according to Mr. Gallagher.

At the same time, Gallagher continues its aggressive merger and acquisition activity to expand its core retail brokerage business and to shore up other niches in which it wants to be a bigger player.

But if clients see the firming market as a springboard for jumping into alternative risk financing, the brokerage is set to help both midsize and large clients there as well, Mr. Gallagher said.



'We are squeezing our way to a place at the table' and winning some accounts from Marsh & McLennan and Aon.

— J. Patrick Gallagher Jr.

"They're well-positioned in their two core businesses," said equities analyst Stephen B. Musser, a senior analyst with A.G. Edwards & Sons Inc. in St. Louis.

Gallagher also has moved onto the Internet in an effort to streamline and boost its excess and surplus lines brokerage business.

All of that activity already is combining to markedly drive up Gallagher's revenues and profits.

In 2000, Gallagher's brokerage revenues jumped more than 22.2% to nearly $716.5 million, allowing Gallagher to hold its position as the fourth-largest broker in *Business Insurance*'s annual ranking. Gross revenues climbed comparably to $740.6 million last year.

On the strength of those revenues, Gallagher last year reported a 25% increase in net earnings, to $87.8 million, over its 1999 profits, which were restated to reflect acquisitions made in 2000. That was the broker's highest income gain since 1993, when profits soared 34%.

Results in the first quarter this year continued to be strong. Total revenues for the three-month period that ended March 31 increased 17% to $198.8 million. Net profits during the quarter grew 40% to nearly $23.5 million.

The remainder of the year looks promising for the brokerage. Because the firming market likely will be tougher on middle-market insurance buyers than on large accounts, which self-insure more, Gallagher's commission revenue base is in a particularly strong position to benefit from the hardening market, according to Mr. Musser, the equities analyst.

Still, Gallagher continues to boost its large-account book of business.

Mr. Gallagher acknowledges that the brokerage is "not knocking out" Marsh & McLennan Cos. Inc. and Aon Corp.

But, "we are squeezing our way to a place at the table" and winning some accounts or pieces of their business, he said. In particular, Gallagher has shown large accounts its expertise in placing directors and officers liability and errors and omissions liability insurance, he said.

Meanwhile, the brokerage also continues to grow its business through acquisitions, which are just as important for the talent that Gallagher gains in the deals, Mr. Gallagher said.

Last year marked one of the busiest acquisition periods in the company's history, as Gallagher acquired 15 brokerages across the country and a majority interest in a Sydney, Australia-based broker.

Through the first half of this year, Gallagher acquired six more brokerages, and one of those deals was the biggest acquisition in Gallagher's history.

See **Gallagher** *on next page*

Gallagher

Continued from previous page
In June, Gallagher acquired The Galtney Group Inc., a Houston-based property/casualty broker for health care providers. *Business Insurance* last year ranked Galtney's largest division, Healthcare Insurance Services Inc., as the 40th-largest broker of U.S. business, based on its $30.4 million of brokerage revenues in 1999.

The acquisition shores up one of Gallagher's 12 primary industry niches, but one that was not one of the brokerage's strongest, Mr. Musser said. The Galtney deal represents "a very definite plus" for Gallagher, especially in a hardening market, he said.

While nearly all of Gallagher's acquisitions are property/casualty insurance brokers, there are exceptions.

A notable one last year was Gallagher's purchase of treaty reinsurance broker John P. Woods Co. Inc. of Jersey City, N.J. *Business Insurance* last year ranked Woods—which places a full range of property/casualty, life and accident/health treaty reinsurance products—as the world's ninth-largest reinsurance broker, based on its $25.0 million of gross revenues for the year ending June 30, 2000.

The intermediary, which continues to operate under the Woods name, gives Gallagher the treaty reinsurance placement expertise it desired to compete with Marsh and Aon, Mr. Gallagher explained. Gallagher's existing intermediary, Arthur J. Gallagher Intermediaries Inc., is primarily a facultative reinsurance broker.

Even if the hardening market sends insurance buyers scurrying for alternative risk financing solutions, Gallagher has positioned itself to serve those needs, according to Messrs. Gallagher and Musser.

A key component of that effort is Gallagher Bassett Services Inc., which provides a range of risk management services, including claims and information management, risk control, security consulting and surveillance. *Business Insurance* earlier this year ranked Gallagher Bassett as the nation's third-largest claims administrator, based on the $2.6 billion of claims it paid for nearly 2,000 self-insured clients last year.

Gallagher this spring moved to further boost its alternative market capabilities by forming a new unit, Gallagher Financial Products, to develop and produce a broad array of insurance-based financial products.

The new unit initially will focus on insurance-based credit solutions, such as credit enhancement, structured derivatives, credit default swaps and residual value insurance.

Several other Gallagher units also provide a wide range of alternative market services, from developing all types of captives to accessing the Bermuda excess market for risk financing mechanisms to providing numerous risk management services.

One of Gallagher's Internet-based developments is designed to help clients with either alternative risk financing programs or more traditional insured programs to improve their claims management. Gallagher Bassett last year introduced the Internet version of its RISX-FACS claims information system, which is located at *www.risx-facs.com*.

The site allows clients to manipulate their real-time claims data however they wish for analytical purposes, Mr. Gallagher said. He added that Gallagher continues to provide its clients paper loss runs but that he foresees that service "going away in the not-too-distant future."

The RISX-FACS site got 4 million hits in April, and the hit count is escalating monthly, Mr. Gallagher said.

Gallagher's other Internet-based endeavor, which was introduced this spring, is the Coveragefirst site for brokers and independent agents seeking Gallagher's wholesale brokerage services.

The site, at www.*coverage-first.com*, is a comprehensive online property/casualty marketplace that provides access to a large and growing pool of specialized products and services. Several programs are available currently, he said.

An important time-saving feature of Coveragefirst is that agents and brokers can access these products and services under just one agency contract.

Already, 4,000 agents have signed up for Coveragefirst, according to Mr. Gallagher.

—By Dave Lenckus

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5

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600 S. Highway 169, 12th Floor
St. Louis Park, Minn. 55426;
612-667-5600;fax: 612-667-2681;
www.acordia.com

	2000	1999
Premium volume	**$5.14 billion**	$1.1 billion
Gross revenues	**$657,740,000**	$222,000,000
Brokerage revenues	**$610,163,000**	$190,254,000
Brokerage: Retail	**74%**	78.5%
Wholesale	**3.2%**	0%
Personal	**7.9%**	7.2%
Services	**7.7%**	0%
Interest income	**1.8%**	1.3%
Other	**5.4%**	13%
Employees	**5,055**	807
Rev./employee	**$120,704**	$235,755
Employee benefits	**10.9%**	1%
Offices	**179**	52

**2000 figures are a pro forma combination of Wells Fargo Insurance Inc. and Acordia Inc., while 1999 figures are for Wells Fargo Insurance Inc.*

When Timothy J. King describes the motto of the newly combined brokerage operations of Wells Fargo Insurance Inc. and Acordia Inc., he refers back to an old saying that he adopted from Norwest Corp., which merged with Wells Fargo & Co. in 1998.

"We're going to outlocal the nationals and outnational the locals," said the new chairman of the combined broker, which is in the process of renaming its combined brokerage operations Wells Fargo Insurance Brokerage Inc.

That maxim, Mr. King said, is one of the reasons Wells Fargo's acquisition of Acordia earlier this year made so much sense. Both the San Francisco-based bank and the then-Chicago-based broker, while national in scope, have successfully enlarged their companies by focusing on middle-market clients in local communities.

At the same time, with the movement toward convergence in the financial services industry, the merger of a bank and insurance broker presents huge cross-selling opportunities.

"The No. 1 strategy of Wells Fargo is to grow insurance, investment and trust into 25% of the bottom line of the corporation," Mr. King said. "That is one of the reasons why (Wells Fargo CEO Dick Kovacevich) decided that buying a company that matches our corporate vision and philosophy was so important. We saw it as a great opportunity to cross-sell both our present customer bases," said Mr. King, who retained his title as president of Wells Fargo Insurance Inc., which is the holding company of the combined organization.



With the newly combined brokerage operations, 'We're going to outlocal the nationals and outnational the locals.'

— Timothy J. King

For Acordia, the sale to Wells Fargo for an undisclosed sum satisfied its need to provide an exit strategy for its short-term investors.

In 1997, Acordia's management, together with various investment banking groups, bought $285.9 million of Acordia's brokerage operations for $310 million from Anthem, an Indianapolis-based mutual insurance company and licensee for various Blue Cross & Blue Shield plans.

The acquisition, which closed May 1, creates the first wholly bank-owned insurance brokerage to break into *Business Insurance's* top 10 rankings of the world's largest brokers.

Combining their revenues on a pro forma basis, Wells Fargo Insurance Brokerage makes its debut in the rankings in the No. 5 spot with $610.2 million in 2000 brokerage revenues. Roughly $400 million of Wells Fargo's brokerage revenues comes from the former Acordia operations, which ranked as the world's seventh-largest broker last year.

Wells Fargo Insurance had ranked as the eighth-largest broker of U.S. business a year earlier, based on $190.3 million in 1999 brokerage revenues. A majority of Wells Fargo Insurance's brokerage revenues are derived from its crop, hail and multiperil agency business, which falls under affiliate company Rural Community Services Inc. Wells Fargo Insurance's remaining property/casualty agency business has since been merged with some Acordia operations into a new mountain-west region based in Salt Lake City. The brokerage's combined 176 offices are now organized under five geographic regions across the United States. All former Acordia management remains intact.



'Everybody, I'm sure, is interested in seeing whether we will be successful in the cross-selling areas.'

— Frank C. Witthun

In addition to creating a new region, Acordia also has closed its office headquarters in Chicago and moved to St. Louis Park, Minn., just outside of Minneapolis, where Wells Fargo Insurance Inc. is based. Acordia had moved its operations to Chicago last year from Indianapolis for better transportation access.

Now that the deal is done and integration complete, executives are focused on potential growth opportunities the combined broker now presents, particularly in the form of cross-selling banking and insurance products to its middle-market client base.

"This is the first time a major bank has bought a major broker, so everybody, I'm sure, is interested in seeing whether we will be successful in the cross-selling areas," said Frank C. Witthun, president and chief executive officer of Wells Fargo Insurance Brokerage and executive vp of the holding company.

"Wells Fargo has many of the same niches that we have," said Mr. Witthun, who was Acordia's president and CEO. "For example, in the ski industry, we are one of the largest writers of ski business in the United States and they are one of the largest lenders to the ski business in the United States," he said, noting the energy business as another example.

Charles L. Ruoff, senior vp and chief marketing officer, noted that one of the advantages the brokerage has is the fact that cross-selling is not a new concept to Wells Fargo.

"We're starting out with an organization that has already started and done very well with their cross-selling efforts, and we hope to duplicate that by adding insurance to all the other things that they do," said Mr. Ruoff, who held the same titles with Acordia.

In addition to cross-selling, Wells Fargo Insurance Brokerage also looks for growth from a new global retail insurance brokerage and risk management services network that Acordia formed through a joint venture with London-based broker HLF Insurance Holdings Ltd. (*BI*, April 2).

Called HLA Global, the global network is linking the two companies in 55 countries around the world.

Mr. Ruoff said that HLA Global came about through an agreement between HLF and Acordia, which were already servicing each other's client base in their respective countries.

He added that due to the growing population in the middle-America marketplace becoming more international, the broker also "needed to position ourselves by putting a network in place so we could have a consistent way of delivering business around the world."

Mr. Ruoff said that already "we've seen a lot of business flow taking place" through the venture.

In fact, he cited a recent deal where Acordia, other parts of the HLA Global network and Wells Fargo bank came together to serve a particular client's need.

Although it was a long-term goal for HLA Global and Wells Fargo to work together, "we didn't expect it to surface so soon," he said.

Wells Fargo Insurance Brokerage intends to maintain Acordia's tried-and-true method of growth—acquisitions.

Since Acordia's inception in 1989, it has made nearly 100 acquisitions, which have propelled it up the ranks of the world's largest brokers.

"We've grown from zero brokerage revenues in '91 to more than $400 million in 2001," Mr. Witthun said. "My guess is, it won't be that kind of growth from an acquisition standpoint, but it's still part of our strategy to continue to look at acquisitions."

—By Sally Roberts

6

Jardine Lloyd Thompson Group P.L.C.

6 Crutched Friars,
London, EC3N 2PH England;
44-207-528-4444; fax: 44-207-528-4185
www.jltgroup.com

	2000	1999
Premium volume	**$4.14 billion**	$3.86 billion
Gross revenues	**$468,444,000**	$435,242,000
Brokerage revenues	**$462,380,000**	$432,006,000
Brokerage: Retail	**24%**	24%
Wholesale	**35%**	36%
Reinsurance	**16%**	15%
Personal	**1%**	2%
Services	**23%**	22%
Interest income	**1%**	1%
Employees	**4,160**	3,641
Retail offices	**44**	42

Converted at applicable exchange rates.

London-based Jardine Lloyd Thompson Group P.L.C. continues to compete successfully against much larger rivals by providing large corporations with innovative, customized ways to meet their needs, according to company executives.

In 2000, JLT's brokerage revenues increased 14.2%, to £305 million ($462.4 million) from £267 million ($432.0 million), far surpassing increases of 6.0% in 1999 and 4.5% in 1998. Pretax profits in 2000 rose 11.9%, to £72.9 million ($110.5 million) from £65.2 million ($105.4 million), better than the 11.8% increase in 1999 but not as strong as the 15.0% rise in 1998.



JLT's strategy is to employ the best and most committed brokers to provide traditional and nontraditional risk solutions.

— Ken Carter

"For those insurance brokers who can respond to address corporations' changing risks, there are great opportunities," said Steve McGill, JLT's deputy chief executive officer. Mr. McGill, who joined Lloyd Thompson in 1989, assumed the deputy CEO position in January.

JLT's strategy is to employ the best and most committed brokers in the market to provide traditional and nontraditional risk solutions for those who need them, said CEO Ken Carter.

Two years ago, JLT radically shifted its operational structure from a geographical focus to a business-function focus.

Under the new structure, the JLT Risk Solutions Ltd. branch handles London-based insurance, reinsurance, and wholesale and alternative risk transfer services for clients worldwide and oversees U.S. reinsurance brokerage and captive management services around the world. The JLT Corporate Risks & Services branch provides a broad range of risk management services, including retail brokerage, affinity group marketing, employee benefits consulting and administration and claims and insurance fund management.

The restructuring has been very successful, Mr. Carter said.

Revenues for JLT Risk Solutions in 2000 increased by 17% in 2000, and it maintained a profit margin of 28%. That margin is one of "the best in this business in the world," said Mr. McGill, who is CEO for JLT Risk Solutions.

Exceptional performances came from casualty, construction, energy, property, marine and aviation reinsurance and special risks, Mr. McGill said.

Mr. Carter noted that some 60% to 70% of the current clients of JLT Risk Solutions are Fortune 500 companies, and he predicted that percentage would grow in the next five years.

Mr. Carter said big clients are attracted by JLT's ability to provide innovative solutions; these, he said, increasingly combine insurance and reinsurance with capital risk financing through New York-based Capital Risk Group L.L.C. JLT owns 80% of Capital Risk Group, which it formed last year with the New York investment bank

See **JLT** *on next page*

JLT

Continued from previous page
Blackstone Group. Although JLT has no retail operations in the United States and no plans to acquire any, U.S.-based clients provided one-third of JLT's brokerage revenues in 2000, through wholesale, reinsurance and special risks underwriting and captive management.

"We see the U.K. and the U.S. as our major growth areas, providing insurance and reinsurance for large corporate clients to help them mitigate the effects of the hard market," Mr. McGill said.

JLT can compete with megabrokers such as Marsh & McLennan Cos. Inc. and Aon Corp. for big corporate accounts because "we are very innovative in the way in which we approach and structure programs," he said. "We are at the cutting edge of the convergence between insurance broking and investment banking, and our high-level contact with insurers and reinsurers, as well as access to other capital providers, allows us to facilitate a broader range of solutions for clients."

Examples of innovative deals struck by Capital Risk in the last year include financial guarantees for $4 billion of medium-term credit default swaps; a 13-year political risk program for a large project finance loan in Asia; and a five-year trade credit program for an agricultural corporation.

JLT Risk Solutions also has expanded its captive management operation, with new offices in the Cayman Islands, Guernsey and Singapore, and increased its existing captive management operation in Bermuda.

JLT has a strong team culture, based on a partnership approach, Mr. Carter said. In its annual report, the company encouraged participation in an all-employee share ownership plan announced last December.

JLT Corporate Risk, the group's retail operation, believes that employee benefits will be an area of significant growth, particularly for U.K. companies.

In May 2000, the company acquired Liverpool, England-based retail and employee benefits broker Burke Ford (Holdings) Ltd., and in November it augmented its employee benefits provision by buying Abbey National Benefit Consultants, the pension administration and consulting division of Abbey National Group.

Legislative changes in the United Kingdom will result in "considerable growth in pension outsourcing over the next five years," said John Hastings-Bass, CEO of JLT Corporate Risks & Service.

Last year, Corporate Risks enjoyed underlying growth—after accounting for acquisitions and exchange rates—of 15%. The branch acquired many new big accounts, particularly in Asia, Australia and Canada, partly because of JLT Risk Solution's ability to offer nonstandard solutions, Mr. Hastings-Bass said.

Corporate Risks has a strong presence in the U.K. market, as well as expanding operations in Australia and the Far East, in particular.

In Europe, it works closely with Paris-based SIACI S.A., in which JLT has a 31% interest. Before last December, JLT had a 37% holding in SIACI; the restructuring provided JLT with some £25 million ($37.9 million) in cash.

The two entities maintain close ties. Last September, JLT and SIACI formed an alliance with Hamburg, Germany-based broker Funk Gruppe GmbH.

JLT, like so many of its competitors, looks to technology to improve efficiency and reduce costs. The broker takes part in dotRisk, an electronic trading platform initiative, and in the United States is developing JLT InterActive, a portal for affinity group clients and their members.

Although the volume of electronic transactions is below original expectations, Mr. Carter said he is sure that e-commerce will dramatically increase efficiency in the market.

Through e-commerce initiatives, "we already have learned a lot about the inefficiencies of our business and have identified cost-saving opportunities," he said.

Messrs. Carter, Hastings-Bass and McGill said they believe the market will continue to harden for at least another two years and that they are ready for it. In fact, they said, they look forward to a hardening market as an opportunity to further differentiate themselves from other brokers.

—By Carolyn Aldred

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44-207-560-3000; fax: 44-207-560-3502;
www.heathlambert.com

	2000	1999
Premium volume	**$4.06 billion**	$4.31 billion
Gross revenues	**$405,855,832**	$424,065,840
Brokerage revenues	**$405,855,832**	$405,664,325
Brokerage: Retail	**52%**	53%
Wholesale	**24%**	21%
Reinsurance	**16%**	14%
Personal	**7%**	8%
Services	**1%**	1%
Interest income	**NA**	1%
Employees	**4,128**	4,580
Rev./employee	**$98,318**	$88,573
Employee benefits	**6%**	7%
Offices	**145**	167

Achieving continued growth amid the integration of the two top-10 brokerages that merged in 1999 to form HLF Insurance Holdings Ltd., was a key achievement for the company last year.

And the London-based broker expects growth to continue in 2001, thanks to a new brokerage alliance, expanded international business—particularly in Latin America—and the development of new products and services.

David Margrett, chief executive officer of HLF, said he is very pleased with the group's growth during a year in which integrating the business of Lambert Fenchurch P.L.C. and Heath Group P.L.C. was a top priority.

"We have been very pleased, actually, that the business has continued to grow despite the fact that we were spending the last 12 to 14 months concentrating on integrating the businesses and making sure that one or two of the areas that weren't contributing what they should be were brought into line," he said.

"There were one or two areas where we either lost teams and, therefore, lost business, or where we were scaling back the size of our operation. So our actual overall growth of about 3.2% we are quite pleased with," said Mr. Margrett. "We'll expect it to be slightly more this year with the changes after the consolidation and the work internally we have been doing. And we expect to see the profit progression continue."



'We have tended to go from having a very soft market to having a market that is almost seeking revenge, which is never that productive.'

— David Margrett

Brokerage revenues increased 7.9%, to £274.5 million. After converting to U.S. dollars using average exchange rates, though, brokerage revenues inched up only 0.05%, to $405.9 million, which ranks HLF as the world's seventh-largest brokerage.

Mr. Margrett said that the company's overseas operations have performed particularly well.

"Overseas, in the immediate past year, has performed very well for us. We have seen a very strong performance in Latin America particularly," he said. "Canada has had another record year. Our benefits business in New York has gone like a steam train, and we are very pleased and proud of that. Australia has done well for us."

Within its overseas operations, HLF's book of international construction business is a bright spot.

"Our international construction book is storming ahead," he said.

Brokerage operations in Spain, for example, are working in partnership with HLF's U.K. teams to serve a growing volume of construction and other business in Latin America, he said.

International business also is likely to get a boost from a recent agreement with U.S. broker Acordia Inc.—now part of Wells Fargo Insurance Brokerage Inc.—to form a new global retail brokerage and risk management services network called HLA Global (*BI*, April 2).

The agreement with Acordia, Mr. Margrett said, will help HLF expand its service to clients in Latin America. "Latin America is a very successful area for us, and we are now broadening out into retail," he said.

There were some areas in which HLF scaled back its operations last year in the wake of its restructuring, noted Mr. Margrett.

"We lost some people in our Scandinavian reinsurance and Caribbean reinsurance areas, where obviously our activities have therefore reduced. We are busy rebuilding that, we have recruited a number of people, and I expect we will recruit some more," he said.

There are several areas in which HLF is looking to expand over the coming year, said Mr. Margrett. "We are keen to develop the financial and professional liability areas. Our U.K. property and construction book is dramatically expanding, and we are going to need more people there," he said.

Another likely growth area is commercial benefits business, said Mr. Margrett. "Commercial benefits is an exciting area of growth for us, particularly in those areas where we already have strong retail businesses and cross-selling opportunities arise," he said. In 2000, benefits business accounted for 6% of HLF's revenues.

There are several geographical areas that HLF considers conducive to growth in benefits business, he noted.

"We are looking quite closely in Latin America, where there is explosive growth in the provision of benefits. Probably again in Australia, where discretionary spending on benefits seems to be moving ahead quite sharply," Mr. Margrett said. He noted that HLF would also concentrate on using its information technology capabilities to grow its benefits business in North America.

He added that the U.K. benefits market is also "ripe for growth."

The convergence of the insurance and capital markets worldwide is providing some interesting opportunities for HLF and other brokers, according to Mr. Margrett.

"There are a number of things coming out of the convergence of the derivatives and insurance markets that we are quite excited about—areas involving weather, in particular, and its links to agriculture," he said.

Mr. Margrett said that while insurance derivatives are not yet a huge contributor to the group's revenues, he envisions a time when the relative importance of such tools will increase.

"We do perceive, as time goes on, particularly if we have a crunch in conventional capacity, that certainly for our bigger clients—and indeed for the bigger areas of our operations—there will be much more scope for having blended products," Mr. Margrett said. "There is a lot of convergence going on, and we do see that as being a continuing feature of our lives," he said.

With the merger integration behind it, HLF will be looking at possible acquisitions, Mr. Margrett noted. "We have been making strategic investments, and we will expect to continue to do so. We have the capability, we think, to grow in the territories we are already in, by both acquisition and organically."

HLF saw a net decline in its staff as of March 31, compared with the previous 12-month period. As a result of the integration, HLF's staff was reduced to 4,128 from 4,580. Included in this change was the addition of 130 new staff members over the past year, according to Finance Director Tim Tookey.

HLF will continue to add staff, said Mr. Margrett. "There are some very good people available in the market. We wish to continue to be a net recruiter of people to help us to grow."

Mr. Margrett said he has high hopes for the coming year.

"I think we would like to see a little more stability in the market in terms of an underwriting approach. We have tended to go from having a very soft market to having a market that is almost seeking revenge, which is never that productive," he said. "We would like to see some dramatic moves forward in some of the market initiatives to improve the efficiency of the marketplace. And four times as much new business!"

—By Sarah Veysey

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8 Alexander Forbes

Alexander Forbes Ltd.

Alexander Forbes Place
61 Katherine St.,
Sandown 2196, South Africa
27-11-269-0000; fax: 27-11-269-1111
www.alexanderforbes.com

	2000	1999
Gross revenues	**$438,984,000**	$369,954,000
Brokerage revenues	**$385,410,480**	$329,158,998
Brokerage: Retail	**54%**	46%
Wholesale	**11%**	14%
Reinsurance	**1%**	1%
Personal	**15%**	19%
Services	**8%**	9%
Interest income	**1%**	2%
Other	**10%**	9%
Employees	**5,307**	4,758
Rev./employee	**$72,623**	$69,180
Employee benefits	**54%**	49%
Offices	**61**	55

Converted at applicable exchange rates.
Fiscal year ends March 31.

The world's eighth-largest insurance broker has a problem.

Despite Alexander Forbes Ltd.'s rapid expansion and improved profitability in recent years, unless it can raise more money to fund further expansion, the broker faces being taken over by one of its larger rivals.

The problem, notes Graeme Kerrigan, group chief executive of the Johannesburg, South Africa-based broker, is not a lack of potential lenders but rather South African regulations that prevent money raised at home from being exported for acquisitions.



'If we can't grow internationally, our ratings are going to slip, our earnings are going to slip, our price will slip.'

— Graeme Kerrigan

"There's no doubt in my mind...if we can't grow internationally, our (stock) ratings are going to slip, our earnings are going to slip, our price will slip, and Marsh, Aon or Willis will buy us out," he said. But he quickly added that "we're absolutely adamant that's not going to happen."

Alexander Forbes has sufficient funds—about £120 million ($16.4 million)—to maintain its acquisition program for the next 12 to 18 months, explained Quentin Heaney, international development director in London.

Beyond that period, however, Alexander Forbes is mulling its options, Mr. Kerrigan said.

Apart from wanting to ward off any takeover threat, Alexander Forbes would like to maintain its acquisition pace in order to sustain the profitability it has shown since it joined the brokerage big league in 1997 with its takeover of London-based broker Nelson Hurst Ltd. For the fiscal year ended March 31, 2001, Alexander Forbes' pretax profits increased by 27% to 718 million rand ($98.0 million).

Long-term possibilities include finding a backer prepared to lend with an option to take in interest in Alexander Forbes, such as the £100 million ($136.5 million) in offshore funds secured last September through an exchangeable bond to South African diversified company Rembrandt Group Ltd., or identifying companies willing to partner with Alexander Forbes in specific acquisitions, Mr. Kerrigan said.

Alexander Forbes is looking for "a partner who could help develop our business but not be in conflict with us," said John Percy-Davis, London-based deputy chief executive of Alexander Forbes.

For the year ended March 31, Alexander Forbes' gross revenues rose by 33%, to 3.22 billion rand, supported by interest income. That rate of growth fell just short of the 34% reported for the previous year. Because of the strong U.S. dollar, though, in dollar terms the improvement was a more modest 18.7% increase, to $439.0 million. Similarly, in Alexander Forbes' home currency, brokerage revenues rose last year by 31.2% to 2.82 billion rand; in dollars, the increase was 17.1%, to $385.4 million.

As in the last few years, the improvement was fueled by a combination of organic growth and acquisitions.

Mr. Percy-Davis said two-thirds of the revenue gain came from organic growth, while the balance came from acquisitions.

Alexander Forbes' growth-by-acquisition strategy in the last two years has focused largely on the United Kingdom. Last year, the broker's first U.K. acquisition was Johnstone Douglas, a Croydon, England-based employee benefits consultant, as well as 75% of its CTC subsidiary, which is an Internet-based pension administration service.

Mr. Percy-Davis is sanguine about CTC's prospects in light of the U.K. government's stakeholder pension mandate, due to take effect in October. Stakeholder plans, which are low-cost personal retirement savings plans, must be offered by all companies with five or more employees, and the strict limits on charges made by pension providers should increase demand for CTC's third-party administration services, he said.

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Forbes

Continued from previous page

Other U.K. acquisitions include retail and specialty broker Bradstock Group P.L.C. in London, as well as London-based broker Alfred Blackmore Group Ltd., which specializes in professional indemnity and niche financial services.

Mr. Percy-Davis said the purchase of Alfred Blackmore was well suited to Alexander Forbes' strategy, as it solidified the broker's position as one of the leading professional indemnity brokers in the United Kingdom. Alfred Blackmore broadened Alexander Forbes' geographical reach in that line and bolstered areas such as small accounting firms, surveyors and architects. And, because of growing litigiousness in the United Kingdom, professional indemnity coverage "is potentially a great expansion area," he said.

Alexander Forbes last year also bought a 20% stake in Caerphilly, Wales-based safety, health and environmental risk management consulting firm National Britannia Group Ltd. Mr. Percy-Davis said that acquisition enables Alexander Forbes to use interactive software to help meet clients' needs. Messrs. Heaney and Percy-Davis said the broker hopes to ultimately obtain a controlling stake in that company.

National Britannia offers specialty health, safety and environmental risk management consulting services through an advanced, software-based system to help companies comply with U.K. regulations. Its client base is international and includes companies in the food industry and industries in which asbestos is involved.

"We see this as an interesting opportunity for us, because we're in the risk area with our clients already, and what it does is it allows us to move sideways across the width of the risk spectrum and offer the clients some leading advice and a very deliverable way of dealing with health and safety and environment issues," Mr. Percy-Davis explained.

Mr. Kerrigan noted that the broker is "good at cross-selling.... There's huge opportunity for us to come in and give the client a one-stop shop on both risk and benefits," he said.

Employee benefit business is a strong area for Alexander Forbes, accounting for 54%, or about $237.1 million, of the broker's gross revenues.

Last year, Alexander Forbes also continued its international expansion by setting up a joint venture in Japan with Tokyo-based broker Santei.

In Europe, however, Alexander Forbes is content to be part of a four-broker alliance, Brussels, Belgium-based EOS RISQ N.V. Each broker member—Alexander Forbes; Diot S.A. of Paris; GrECo International A.G. of Vienna, Austria; and J. Van Breda & Co. G.V.C. of Antwerp, Belgium—holds a 25% stake in the venture. The partners have agreed not to encroach on each other's markets, which, in the case of Alexander Forbes, is the United Kingdom. When the four go into new territories in Europe, they do so jointly, Mr. Heaney explained.



Two-thirds of Alexander Forbes' 33% revenue gain came from organic growth, while the balance came from acquisitions.

— John Percy-Davis

Alexander Forbes has no U.S. retail business, and it sees no need for one because it is content with its role as a wholesaler there. Mr. Kerrigan maintains that it is precisely because Alexander Forbes doesn't operate in the United States—while having a significant global presence—that it is so popular with independent agents and brokers in the United States. U.S. wholesale business accounts for about 2.5% of Alexander Forbes' brokerage revenues.

"Alexander Forbes is one of the few companies in the world that can service their international clients, but we don't compete with them back home...I think it's a great positioning, and that's why we're not in a hurry to become an investor" in the United States, Mr. Kerrigan said.

Alexander Forbes' strategy for the next year is to continue looking for acquisitions. The United Kingdom remains its principal focus, followed by Asia and Latin America.

"When it comes to the U.K. market, we look at the medium to small corporate risk, where we don't think they're particularly well serviced by any of the big players," Mr. Kerrigan said. "We also look at niches, such as professional indemnity...there are opportunities to be the best in niches in whatever territory we're in."

—By Edwin Unsworth



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	2000	1999
Premium volume	**$2.8 billion**	$2.6 billion
Gross revenues	**$360,690,000**	$321,555,000
Brokerage revenues	**$359,690,000**	$320,555,000
Brokerage: Retail	**60.1%**	59.7%
Wholesale	**0.6%**	0.9%
Personal	**5.8%**	6.5%
Services	**33.2%**	32.6%
Other	**0.3%**	0.3%
Employees	**3,205**	3,159
Rev./employees	**$112,228**	$101,474
Employee benefits	**57.2%**	58.4%
Offices	**77**	81

USI Insurance Services Corp. savors its uniqueness.

Not only is it the sole major brokerage to focus on benefits and the middle market but it is the only one to have started from scratch just a few years ago.

Today, USI ranks No. 9 in the *Business Insurance* list of the world's largest insurance brokers, the same spot it held a year ago.

"We have accomplished something that no other distribution system in our industry has accomplished in seven years, because we started with zero," said Bernard H. Mizel, USI chairman and chief executive officer. "We are extremely proud of the management team and the leadership team we have put together in this company."

Mr. Mizel described the San Francisco-based broker as "evangelically committed to providing service to middle-market companies."

"USI is a technologically enabled, fully integrated financial services distribution company," he said. Last year, 57.2% of its total revenues were generated by employee benefit business. With such an orientation, Mr. Mizel said, "we are differentiated from any other brokerage firm in the U.S."

"USI is dedicated to providing a solution to the clients it serves, not just trying to sell them a product or service," Mr. Mizel said. The company, he said, plays more of a consultative role and is committed to a strategy of selling multiple products to its middle-market clients in order to reduce the number of individuals with whom they must deal.



'What we're looking at right now is a continued movement toward internal and organic growth.'

— Bernard H. Mizel

That strategy appears to be working. Last year was USI's most profitable to date, Mr. Mizel said, though the privately held firm does not release its profit numbers. Highlights included the launch of the company's ResourceONE national marketing program and the full implementation of its regional marketing approach.

ResourceONE specializes in customized, single-source benefit enrollment programs; its goal is to assist employers throughout the continuum that ranges from traditional paper-based enrollment through Web-based enrollment, which allows an employee to select benefit options from any location at which he or she has Internet access. Through the ResourceONE program, an employer can choose to outsource the integrated design, management and administration of an employee benefit program, or to outsource specific elements of its benefits program.

ResourceONE's Web-based technology is provided by Costa Mesa, Calif.-based Ultralink.com, through a strategic alliance with USI. "The Ultralink relationship is one that we're very excited about," Mr. Mizel said. It has the "ability to provide a service to employers where they can more effectively and efficiently communicate employee benefit programs, educating employees and making access to employee programs more efficient."

Meanwhile, as a result of a reorganization, all of USI's consulting, administrative, core enrollment and communications services that were provided by its Custom Benefit operation and by USI's two product-line companies—third-party administrator USI Administrators and consultant USI Consulting Group—now come under the umbrella of ResourceONE.



'We fulfill a greater and greater need' to help USI's clients 'more efficiently and effectively manage their programs.'

— David Eslick

With the reorganization, USI also now has five regional operations: the Briarcliff Manor, N.Y.-based Northeastern region; the Norfolk, Va.-based Southeastern region; the Midwest region, which is divided between Cincinnati and Chicago; the Houston-based Southwestern region; and the Los Angeles-based Western Region.

Last year, USI's brokerage revenue increased 12.2%, to $359.7 million. This follows a 2% decline in 1999, which was attributed to the firm's focus on its internal reorganization. Its $2.80 billion in premium volume was a 7.7% improvement over 1999's total.

The company has done well this year as well, said David Eslick, president and chief operating officer, as it continues to offer its fully integrated service capabilities. This includes property/casualty, employee benefits, consulting and 401(k) services, as well as the ability to enroll employees for benefits at their work sites, Mr. Eslick said.

"What we're looking at right now is a continued movement toward internal and organic growth, and we're optimistic that this will certainly be our best year," Mr. Mizel said.

As the economy has become more worrisome for USI clients, "we fulfill a greater and greater need with those clients, to help them more efficiently and effectively manage their programs," Mr. Eslick said. He said that USI seeks not only to help clients reduce costs "but also provide greater value to their employees."

With the possibility of an imminent recession, "what we find is our clients are very concentrated at looking at how they can control their costs and improve the quality of the services that they're getting," Mr. Mizel said. By enabling its middle-market clients to outsource all their human resource functions, USI "significantly helps reduce the cost of how to manage their employee benefits," he said.

Mr. Mizel also pointed to ongoing technological improvements in relation to USI's sales efforts. "In continuing our technology implementation, we have put together a program of sales force automation which is basically not shared by any other brokerage firm in the U.S.," he said. "It is an extremely attractive means of enabling Dave Eslick to monitor all of our key salespeople throughout the country."

"We feel we are in a position to do things and to grow our company in a way that nobody else is doing at this point," Mr. Mizel said. He noted that Acordia has been acquired by Wells Fargo & Co. and Willis Group Holdings Ltd. has had an initial public offering, leaving USI as the only independent firm of its size that continues to be privately held.

Is there an IPO in USI's future as well? Not at the moment, Mr. Mizel said. "We are looking at that option, because we think that might be something viable," he said. "We think we would be an attractive IPO, but it's still down the road."

USI achieved its rapid growth largely through acquisitions. But for the past few years, the pace of its acquisitions has slowed. "We still feel very bullish about our organic revenue growth as we look at 2001, and we think it'll be very consistent and on the same track with what we experienced last year," Mr. Mizel said.

He said, though, that the company may make a "few strategic acquisitions" to enhance its capabilities. "We made 103 acquisitions in seven years, and we really had felt where we had reached a level where we needed to grow organically and get the technology in place and regionalization in place," Mr. Mizel said. "In another 12 months or so, we might be looking to attain a more moderate but modulated acquisitions program."

For now, though, Mr. Mizel said, "we didn't see that as...driving what's necessary to increase the value for our investors."

—By Judy Greenwald

10 HRH

Hilb, Rogal & Hamilton Co.

Hilb, Rogal & Hamilton Building, 4951
Lake Brook Drive, Glen Allen, Va. 23060
804-747-6500; fax: 804-747-6046
www.hrh.com

	2000	1999
Premium volume	**$2.8 billion**	$2.5 billion
Gross revenues	**$262,119,000**	$227,226,000
Brokerage revenues	**$260,275,000**	$222,320,000
Brokerage: Retail	**75.9%**	74.0%
Wholesale	**1.1%**	0.5%
Reinsurance	**0.5%**	0.3%
Personal	**14.6%**	15.2%
Services	**7.2%**	7.8%
Other	**0.7%**	2.2%
Employees	**2,100**	2,185
Rev./employee	**$123,941**	$101,748
Employee benefits	**19.4%**	18.8%
Offices	**76**	68

Adapting and growing to meet the needs of midsize companies has catapulted Hilb, Rogal & Hamilton Co. into the ranks of the world's largest brokerages.

The Glen Allen, Va.-based insurance brokerage has long ranked among the largest U.S. brokers, but through a combination of acquisitions, new business and benchmarking for greater efficiency, it has leaped into the top 10 for the first time in its nearly 20-year history.



'All we do is change—the nature of this company is rock and roll. We believe in the importance of change. '

— Andrew L. Rogal

"All we do is change—the nature of this company is rock and roll. We believe in the importance of change," said Andrew L. Rogal, HRH's chairman and chief executive officer.

Much of that change is in the form of expansion through strategic acquisitions to be the broker of choice for the middle market.

"The pace of the acquisitions are such that just based on size alone our company is changing dramatically all the time," said Martin L. Vaughan, HRH's president and chief operating officer.

In addition to achieving new scale through acquisitions, "I think we are in the strongest position that the company has ever been in," said Mr. Rogal. "Our biggest problem is taking advantage of all of the opportunities. I wish we could do it all faster," he said.

HRH managed significant growth with the opportunities it did take advantage of.

Premium volume increased to approximately $2.8 billion in 2000, up 12% over 1999. Brokerage revenues—which accounted for 99.3% of HRH's total corporate gross revenues in 2000—grew more than 17.1% to $260.3 million last year. Net income increased 11.9% to $21.8 million in 2000.

That growth trend continued in the first quarter of 2001. Total revenues grew about 16.3% to $77.9 million compared with the first quarter of 2000. Operating net income, excluding nonrecurring gains from sales of assets, rose 21.4% to $7.7 million during the first quarter of this year.

"Business has been terrific," said Mr. Vaughan. Revenue is "right on track," he said. "Our growth is going to be very robust" for the rest of the year, he predicted.

For the past four and half years, HRH has been following a strategic plan that Mr. Rogal described as a "blueprint for going forward."

The broker's strategic goals are continued growth through merger and acquisition; achieving greater operating efficiency, including a best practices initiative for its staff; and new business development, including the creation of new products and services and forging strategic alliances.

The broker's target customers are organizations that do not have full-time risk managers but need risk management expertise

See **HRH** *on next page*

HRH

Continued from previous page
as well as brokerage services. Almost all of its business comes from U.S. clients.

"Our target market is the outsourcing mid-market client, which wants us to serve as a risk manager for their business. It's the president, the controller, who is basically outsourcing the process of insurance and risk management," said Mr. Rogal.

Mr. Rogal said that HRH's approach has always been "to define our skill sets with clarity and not to get too far ahead of ourselves. It has always been to broaden the product that we provide to the client I have described."

This can mean moving beyond property/casualty insurance and risk transfer, he said, to include helping clients meet their health insurance and benefits needs of clients. Benefits accounted for nearly 20% of HRH's revenues in 2000, up slightly from the year before. HRH aims to be "a full service provider to that mid-market client," said Mr. Rogal.

"We have adhered to what we think is a successful blueprint," he said.

A key element of that blueprint is continuing to expand through mergers and acquisitions on a geographic basis, said Jack McGrath, a senior vp. HRH acquired nearly a dozen agencies in 2000, the largest of which is Rockville, Md.-based Insurance One Inc., which gave HRH a greatly expanded presence in the Washington, D.C., market.

"We've been fairly aggressive for the last year in the acquisition realm," added Timothy Korman, executive vp-finance and administration. "We look for the best opportunities, the best people and we continue to see a lot of opportunities. We expect to stay very active in this area but we will continue to be very selective."

The company in February bought The Dunlap Corp., an Auburn, Maine-based brokerage. Shortly thereafter, HRH added Dulaney, Johnston & Priest of Wichita, Kan.

Last month, HRH announced that it would acquire Berwanger Overmyer Associates of Columbus, Ohio, the largest independent agency in central Ohio, said Mr. Korman. Those three acquisitions combined with a few smaller ones in 2001, have brought more than $50 million in additional revenue so far this year, Mr. Korman pointed out. All of its acquisitions are made on a purchase basis.

HRH currently has about 80 offices throughout the United States and organizes them on a regional basis: Central, Mid-Atlantic, Northeast, Southeast and West.

Steve Deal, the broker's Mid-Atlantic regional director, pointed out that HRH seeks to add to its expertise through acquisition. "Whenever you do an acquisition, you try to find something you don't have and try to get better," he said.

For example, the broker's annual report cites the acquisition of Pittsburgh-based BASE International Inc.—renamed HRH Security Services Inc.—as an example of this strategy. HRH Security Services builds upon the broker's existing workers compensation and insurance claims activities by offering additional complimentary services, such as pre-employment screening, substance abuse surveillance and executive protection.

Mr. McGrath noted that HRH also looks for strategic partnerships. For example, HRH entered into an alliance with Pittsburgh-based PNC Financial Services Group last year. The partnership allows the bank's relationship managers and HRH personnel to offer insurance products and services to PNC's middle-market banking customers.

While acquisitions play a part, Mr. Rogal stressed that the bedrock upon which the company's success rests is personnel.

The company continues to pursue a best practices initiative that it launched in 1999, said Mr. Vaughan. The idea was to "build from the ground up a set of best practices that really deal with the entire sales culture, the entire sales function starting with our image and sales materials and going through the selection for producers and training of producers, all the way through the sales process and culture," he said.

"This company believes fundamentally in the power of people and in the power of the excellence that exists in people," Mr. Rogal said. "We believe that if the right people are properly inspired, properly deployed and properly directioned and committed to excellence, that those people will carry the day. My job has been really nothing more than to find the best people have can and put them in place," Mr. Rogal said. "It is a broad-based field organization with a great entrepreneurial spirit and I do believe that the people power in this organization is extraordinary."

—By Mark A. Hofmann

Business Insurance®

• SERVICES •

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Business Insurance directory of agents and brokers

A

ABD Insurance & Financial Services

305 Walnut St.,
Redwood City, Calif. 94063;
650-839-6000; fax: 650-839-6050
www.cybersure.com

	2000	1999
Premium volume	**$1.36 billion**	$1.10 billion
Gross revenues	**$86,300,000**	$68,200,000
Brokerage revenues	**$86,300,000**	$68,200,000
U.S. clients	**100%**	100%
Brokerage: retail	**96.1%**	95.5%
U.S. offices	**$82,934,000**	$65,131,000
Personal	**2.5%**	3%
Services	**1.4%**	1.5%
Employees	**533**	466
Retail offices	**8**	8

Fiscal year ends Jan. 31.

Founded: 1946.
Retail brokerage: 96% commissions, 4% fees.
Employee benefits: 42.1% of revenue in 2000.
Acquisitions: BP Insurance Services; Sacramento, Calif.; December 2000
Officers: Bruce Basso, chairman; Frederick J. de Grosz, president/CEO; Jim Hail, president-employee benefits.
Contact: Frederick J. de Grosz.

ABN AMRO Verzekeringen

Prins Bernhardstraat 1,
Zwolle, Netherlands;
31-38-499-2202

	2000	1999
Premium volume	**$1.42 billion**	$1.30 billion
Gross revenues	**$201,257,600**	$197,400,090
Brokerage revenues	**$196,829,933**	$193,649,488
Non-U.S. clients	**100%**	100%
Brokerage: retail	**23.4%**	25%
Non-U.S. offices	**$47,192,138**	$46,346,827
Wholesale	**6.1%**	6.3%
Services	**68.3%**	66.8%
Interest income	**2.2%**	1.9%
Employees	**1,508**	1,530
Retail offices	**12**	12

Converted at applicable exchange rate.

Retail brokerage: 100% commissions.
Employee benefits: 1.4% of revenue in 2000.
Officers: L. Van Herk, senior vp; J.B. Heukensfeldt Jan Sen, director.
Contact: L. Van Herk.

AirSure Ltd.

25548 Genesee Trail Road,
Golden, Colo. 80401;
303-526-5300; fax: 303-526-2382

	2000	1999
Premium volume	**$53,613,858**	$45,216,349
Gross revenues	**$7,415,598**	$5,857,249
Brokerage revenues	**$7,415,598**	$5,857,249
U.S. clients	**98%**	95%
Non-U.S. clients	**2%**	5%
Brokerage: retail	**93%**	92%
U.S. offices	**$6,896,505**	$5,388,669
Wholesale	**3%**	4%
Personal	**4%**	4%
Employees	**25**	22
Retail offices	**3**	3

Founded: 1984.
Parent: AirSure Ltd. Holdings Inc.
Retail brokerage: 99% commissions, 1% fees.
Officers: Bill Behan, president; Todd Guelich, vp-sales; Janet Bressler, vp.
Contact: Bill Behan.

Alexander Forbes Ltd.

61 Katherine St.,
Sandown, 2196 South Africa;
27-11-269-0000; fax: 27-11-269-1111
www.alexanderforbes.com

	2000	1999
Gross revenues	**$438,984,000**	$369,954,000
Brokerage revenues	**$385,410,480**	$329,158,998
U.S. clients	**2.5%**	2.5%
Non-U.S. clients	**97.5%**	97.5%
Brokerage: retail	**54%**	46%
Non-U.S. offices	**$237,051,360**	$170,166,600
Wholesale	**11%**	14%
Reinsurance	**1%**	1%
Personal	**15%**	19%
Services	**8%**	9%
Interest income	**1%**	2%
Other	**10%**	9%
Employees	**5,307**	4,758
Retail offices	**61**	55

Converted at applicable exchange rate.
Fiscal year ends March 31.

Founded: 1935.
Retail brokerage: 70% commissions, 30% fees.
Employee benefits: 54% of revenue in 2000.
Acquisitions: Johnstone Douglas & CTC, England, April 2000; Bradstock (retail interests), England, September 2000; Santei, Japan, October 2000; Meridian Insurance Brokers, Pretoria, South Africa, October 2000; Martin Gray, Jersey, Channel Islands, December 2000; Nicholson & Neal, England, December 2000; Coparisa, Mexico, January 2001; Alfred Blackmore, Bristol, London, Newcastle, Spalding, England, March 2001.
Nonretail subsidiaries: AF Direct S.A., Buenos Aires, Argentina; Alexander Forbes Corredores de Reaseguros S.A., Buenos Aires, Argentina; Alexander Forbes Risk & Reinsurance Solutions, Hong Kong; Chambers Townsend Consultancy, Birmingham, Bristol, Croydon and Lichfield, England, Glasgow, Scotland; Media Insurance Services, Cranleigh, England; Alexander Forbes Alternative Risk Transfer, London; Alexander Forbes Professions, London; Global Broking Services, London; Alexander Forbes Reinsurance (Mauritius), St. Louis, Mauritius; Guardrisk International, St. Louis, Mauritius; Alexander Forbes Mexico Intermediario de Reaseguro S.A. de C.V., Mexico City; Alexander Forbes Reinsurance (Namibia), Windhoek, Namibia; Alexander Forbes Personal Services, Benoni and Welkom, South Africa; Alexander Forbes Risk Engineering, Johannesburg, South Africa; Alexander Forbes Risk Finance, Johannesburg, South Africa; Alexander Forbes Reinsurance Brokers, Johannesburg, South Africa; Guardrisk Insurance Co., Johannesburg, South Africa; International Britannia Ltd., Johannesburg, South Africa; Statsure (Pty.) Ltd., Johannesburg, South Africa; Alexander Forbes Financial Planning Consultants, Richards Bay, South Africa; Investment Solutions Ltd., Sandton, South Africa; Alexander Forbes Venezuela C.A. Corredores de Reaseguros, Caracas, Venezuela.
Officers: Graeme Kerrigan, CEO; John Percy-Davis, deputy CEO; Mike Ilsley, group finance director.
Contact: Graeme Kerrigan, 27-11-378 4224, kerrigang@aforbes.co.za; John Percy-Davis, 44-207-962-2155; percydavisj@aforbes.co.uk; Mike Ilsley, 27-11-269-0153, ilsleym@aforbes.co.za; Quintin Heaney, international development director, 44-207-962-2135, heaneyq@aforbes.co.uk.

Allied American Insurance Agency Inc.

233 W. Central St.,
Natick, Mass. 01760;
508-651-7700; fax: 508-655-0201
www.alliedamerican.com

	2000	1999
Premium volume	**$160,000,000**	$119,000,000
Gross revenues	**$22,878,631**	$19,000,000
Brokerage revenues	**$22,809,995**	$18,962,000
U.S. clients	**100%**	100%
Brokerage: retail	**42.8%**	38.9%
U.S. offices	**$9,792,054**	$7,391,000
Wholesale	**0.1%**	0%
Personal	**56.7%**	60.9%
Services	**0.1%**	0%
Interest income	**0.3%**	0.2%
Employees	**233**	218
Retail offices	**18**	18

Founded: 1993.
Retail brokerage: 100% commissions.
Employee benefits: 1.5% of revenue in 2000.
Officers: Hope A. Aldrich, president/CEO; John F. Koegel, executive vp-personal lines; Mark I. Levine, executive vp-commercial lines.
Contact: John F. Koegel; jkoegel@alliedamerican.com.

Allied North America*

390 N. Broadway,
Jericho, N.Y. 11753;
516-733-9200; fax: 516-681-7390
www.alliedna.com

	2000	1999
Premium volume	**$263,000,000**	$210,000,000
Gross revenues	**$36,100,000**	$31,000,000
Brokerage revenues	**$35,378,000**	$30,690,000
U.S. clients	**100%**	100%
Brokerage: retail	**93%**	91%
U.S. offices	**$32,900,000**	$28,200,000
Wholesale	**3%**	6%
Personal	**1%**	1%
Services	**1%**	1%
Interest income	**2%**	1%
Employees	**182**	190
Retail offices	**10**	8

Fiscal year ends Nov. 30.

Founded: 1979.
Retail brokerage: 83% commissions, 17% fees.
Employee benefits: 2% of revenue in 2000.
Officers: William A. Marino, CEO; Henry C. Lombardi, president; David H. Stevenson, executive vp.
Contact: Henry C. Lombardi.
**Formerly Allied Coverage Corp.*

Alper Services L.L.C.

60 W. Superior St.,
Chicago, Ill. 60610;
312-642-1000; fax: 312-944-7000
www.alperservices.com

	2000	1999
Premium volume	**$37,000,000**	$34,000,000
Gross revenues	**$5,400,000**	$5,200,000
Brokerage revenues	**$5,400,000**	$5,200,000
U.S. clients	**99%**	99%
Non-U.S. clients	**1%**	1%
Brokerage: retail	**80%**	80%
U.S. offices	**$4,320,000**	$4,160,000
Personal	**5%**	5%
Services	**15%**	15%
Employees	**52**	51
Retail offices	**1**	1

Founded: 1966.
Retail brokerage: 85% commissions, 15% fees.
Employee benefits: 20% of revenue in 2000.
Officers: Howard C. Alper, president; Craig A. Kanter, executive vp/COO; John A. Hamilton, Herbert M. Singer, executive vps.
Contact: Howard C. Alper; halper@alperservices.com.

ANCO Insurance Managers Inc.

1733 Briarcrest Drive, P.O. Box 3889,
Bryan, Texas 77805;
979-776-2626; fax: 979-776-1308
www.anco.com

	2000	1999
Premium volume	**$91,325,000**	$88,918,000
Gross revenues	**$17,657,008**	$16,027,883
Brokerage revenues	**$16,950,728**	$15,386,768
U.S. clients	**100%**	100%
Brokerage: retail	*33%*	34%
U.S. offices	**$5,826,813**	$5,449,480
Wholesale	**52%**	50%
Personal	**10%**	11%
Services	**1%**	1%
Interest income	**1%**	1%
Other	**3%**	3%
Employees	**127**	131
Retail offices	**11**	12

Founded: 1873.
Retail brokerage: 100% commissions.
Employee benefits: 4% of revenue in 2000.
Nonretail subsidiaries: AIM Premium Finance Inc.; Bryan, Texas.
Officers: Dick Haddox, chairman; M.L. Cashion, chairman emeritus; Kathy Gregory, president.
Contact: Randy Roberts; 979-774-6270; roberts@anco.com.

Andreini & Co.

220 W. 20th Ave.,
San Mateo, Calif. 94403;
650-573-1111; fax: 650-378-4361
www.andreini.com

	2000	1999
Gross revenues	$23,500,000	$21,300,000
Brokerage revenues	**$23,100,500**	$20,980,500
U.S. clients	**100%**	100%
Brokerage: retail	**96%**	96.2%
U.S. offices	**$22,560,000**	$20,490,600
Personal	**2.3%**	2.3%
Interest income	**1.7%**	1.5%
Employees	**155**	168
Retail offices	**8**	8

Founded: 1951.
Retail brokerage: 98% commissions, 2% fees.
Employee benefits: 20% of revenue in 2000.
Officers: John A. Andreini, chairman; Michael J. Colzani, CEO; Dan L. Centoni, COO.
Contact: John A. Andreini.

Aon Corp.

200 E. Randolph,
Chicago, Ill. 60601;
312-381-1000; fax: 312-381-0144
www.aon.com

	2000	1999
Gross revenues	**$7,375,000,000**	$7,070,000,000
Brokerage revenues	**$5,137,000,000**	$4,800,000,000
U.S. clients	**54%**	53%
Non-U.S. clients	**46%**	47%
Brokerage: retail	**40%**	40%
U.S. offices	**$1,558,000,000**	$1,493,000,000
Non-U.S. offices	**$1,392,000,000**	$1,338,000,000
Wholesale	**19%**	19%
Services	**10%**	9%
Interest income	**1%**	2%
Other	**30%**	30%
Employees	**40,000**	39,000
Retail offices	**550***	550

Employee benefits: 10% of revenue in 2000.
Acquisitions: Advanced Risk Management Techniques Inc., Lake Forest, Calif., July 2000; Horizon Consulting Group Inc., New York, September 2000; Actuarial Sciences Associates Inc., Somerset, N.J., October 2000; Avon Consulting Group L.L.P., Avon, Conn., Woodbury, Minn., March 2001; ASI Solutions Inc., New York, May 2001; Schirmer Engineering Corp., Deerfield, Ill., May 2000
Nonretail subsidiaries: Sherwood Insurance Services, San Francisco; Swett & Crawford Group, Woodland Hills, Calif.; Aon Re, Chicago; Insurance Brokerage Services, Chicago; Aon Specialty Re, New York; Aon Ltd., London
Officers: Patrick G. Ryan, chairman/CEO; Michael D. O'Halleran, president/COO; Harvey N. Medvin, executive vp/CFO; Raymond Skilling, executive vp/chief counsel; Ken LeStrange, chairman-Aon Risk Services of America.
Contact: Angie Tegan; vp-corporate communications; angie_tegan@aon.com.
**Estimated.*

Associated Insurance Group

150 Weldon Parkway,
St. Louis, Mo. 63043;
800-737-0100; fax: 314-432-3100

	2000	1999
Premium volume	**$36,000,000**	$35,000,000
Gross revenues	**$3,600,000**	$2,800,000
Brokerage revenues	**$3,600,000**	$2,800,000
U.S. clients	**100%**	100%
Brokerage: retail	**80%**	80%
U.S. offices	**$2,880,000**	$2,240,000
Personal	**20%**	20%
Employees	**42**	42
Retail offices	**3**	1

Founded: 1958.
Retail brokerage: 99% commissions, 1% fees.
Employee benefits: 20% of revenue in 2000.
Officers: George S. Wherry, chairman; Gregory G. Wherry, president.
Contact: Gregory G. Wherry.

Assurance Agency Ltd.

2280 Hicks Road, Suite 500,
Rolling Meadows, Ill. 60008;
847-670-0922; fax: 847-670-0556
www.assuranceagency.com

	2000	1999
Premium volume	**$100,000,000**	$88,000,000
Gross revenues	**$11,000,000**	$10,000,000
Brokerage revenues	**$11,000,000**	$10,000,000
U.S. clients	**100%**	100%
Brokerage: retail	**95%**	95%
U.S. offices	**$10,450,000**	$9,500,000
Personal	**1%**	1%
Services	**1%**	1%
Interest income	**3%**	3%
Employees	**72**	66
Retail offices	**1**	1

Founded: 1961.
Retail brokerage: 95% commissions, 5% fees.
Employee benefits: 11% of revenue in 2000.
Officers: David Suchomski, CFO; Tony Chimino, Jackie Gould, vps.
Contact: Tony Chimino; 847-670-0922, ext. 244; tchimino@assuranceagency.com.

Aviation Insurance Services

9515 Hillwood Drive,
Las Vegas, Nev. 89134-0527;
702-647-2333; fax: 702-647-5433
www.aisins.com

	2000	1999
Gross revenues	**$6,366,000**	$5,494,000
Brokerage revenues	**$6,366,000**	$5,494,000
U.S. clients	**85%**	78%
Non-U.S. clients	**15%**	22%
Brokerage: retail	**95%**	93%
U.S. offices	**$6,047,700**	$5,109,420
Wholesale	**1%**	1%
Reinsurance	**4%**	5.5%
Services	**0%**	0.5%
Employees	**29**	28
Retail offices	**4**	3

Fiscal year ends June 30.

Founded: 1977.
Parent: Aviation Insurance Holdings Inc.
Retail brokerage: 86% commissions, 14% fees.
Employee benefits: 1% of revenue in 2000.
Officers: Ronald A. Hill, chairman/CEO; Richard R. Gorsuch, vice chairman; Teresa K. Heckart, vp-finance/CFO.
Contact: Richard R. Gorsuch.

B

BB&T Insurance Services Inc.

P.O. Box 31128,
Raleigh, N.C. 27622;
919-716-9777; fax: 919-716-9783
www.bbandt.com

	2000	1999
Premium volume	**$1.73 billion**	$1.14 billion
Gross revenues	**$190,645,000**	$136,933,000
Brokerage revenues	**$177,890,000**	$125,130,000
U.S. clients	**100%**	100%
Brokerage: retail	**62%**	60.3%
U.S. offices	**$118,199,900**	$82,570,599
Wholesale	**3.6%**	3%
Personal	**27.8%**	28%
Other	**6.6%**	8.7%
Employees	**1,197**	842
Retail offices	**64**	54

Founded: 1922.
Parent: BB&T Corp.
Retail brokerage: 96% commissions, 4% fees.
Employee benefits: 11.7% of revenue in 2000.
Acquisitions: Piedmont Administrators, Greensboro, N.C., June 2000; Carson Insurance, Charleston, W.Va., July 2000*; Valley Security Title Insurance, Lexington, Va., July 2000*; Pruden Risk Management, Dalton, Ga., September 2000; Asura Corp., Raleigh N.C., September 2000; Poindexter & Associates, Martinsville, Va., September 2000; Chaney Thomas Stephenson & Hill, Manassas, Roanoke, Va., September 2000; Thornton & Harwell, Brentwood, Tenn., November 2000; Frederick Underwriters, Frederick, Pikesville, and Westminster, Md., December 2000*; Clark Consulting, Roanoke, Va., February 2001; Stephens & Co., Kennesaw, Ga., April 2001; F&M Shomo Lineweaver, Harrisonburg, Va., August 2001; F&M J.V. Arthur, Winchester, Va., August 2001.
Nonretail subsidiaries: Prime Rate Premium Finance; Florence, S.C.
Officers: H. Wade Reece, president; David J. Wells Jr., chief agency executive officer; David M. Pruitt, chief administrative officer; Walter S. Robinson III, chief insurance sales and marketing executive officer; James G. Farmer, chief financial insurance executive officer.
Contact: Walter S. Robinson III, 804-359-0044, ext. 328; wsrobertson@bbandt.com.
**Purchased on pooling basis.*

Continued on next page

Leading U.S. retail brokers

Based on 2000 commercial retail brokerage revenues from U.S. offices

Rank	Company	2000	% change
1	Marsh & McLennan Cos. Inc.	$2,443,200,000[1]	6.2%
2	Aon Corp.	1,558,000,000	4.4
3	Wells Fargo Insurance Brokerage Inc.	486,728,000	179.3
4	Willis Group Holdings Ltd.	456,195,600	-1.8
5	Arthur J. Gallagher & Co.	363,929,000	2.0
6	USI Insurance Services Corp.	216,774,690	12.9
7	Hilb, Rogal & Hamilton Co.	199,009,000	18.4
8	Lockton Cos. Inc.	186,432,000	27.8
9	Brown & Brown Inc.	125,823,600	16.9
10	BB&T Insurance Services Inc.	118,199,900	43.2
11	ABD Insurance & Financial Services	82,934,000	27.3
12	CBIZ Benefits & Insurance Services Inc.	81,982,880	9.0%
13	Palmer & Cay Inc. -an Assurex partner	74,951,835	0.7
14	Near North Insurance Brokerage Inc.	72,402,000	8.3
15	Hobbs Group L.L.C.	71,142,935	11.9
16	McGriff, Seibels & Williams Inc. -an Assurex partner	70,347,080	12.1
17	John L. Wortham & Son L.L.P. -an Assurex partner	59,109,950	27.4
18	Frank Crystal & Co. Inc.	58,378,700	8.4
19	Talbot Financial Corp.	52,000,000	19.0
20	The NIA Group L.L.C. -an Assurex partner	51,113,000	21.1

1 *BI* Estimate Source: *BI* survey

Directory terms explained

Listing in the 2001 directory of agents and brokers are based upon each company's response to a *Business Insurance* questionnaire.

The directory is published as an editorial service; there is no charge to be included. However, companies must generate at least $500,000 in gross revenues from commercial retail brokerage in order to be listed in the directory.

In addition, to be ranked in this issue a company must generate at least 20% of its brokerage revenues from commercial retail brokerage services.

Listings begin with the mailing address, telephone, fax number and Web address of the company.

Next, **premium volume, corporate gross revenues** and **brokerage revenues** for both 2000 and 1999 are listed. Fiscal year ends are Dec. 31 unless noted; fiscal year ends of Jan. 31, March 31 and June 30 are 2000/2001 and 1999/2000.

The figures for non-U.S. companies were converted to U.S. dollars at the applicable annual average exchange rate.

Brokerage revenues include all revenues generated by insurance brokerage, consulting and related services, as well as any income from funds held in a fiduciary capacity.

Investment income on corporate funds and revenues from non-brokerage services, such as underwriting, investment services and real estate were excluded from brokerage revenues.

The percentage of brokerage revenues generated from **U.S.-based clients** and **non-U.S.-based clients** is also provided. The percentage of gross revenues generated from **commercial retail brokerage** is listed next, followed by a breakdown in dollars as generated through **U.S. offices vs. non-U.S. offices**. In addition, the percentages of gross revenues generated from **wholesale** brokerage, **reinsurance** brokerage, **personal lines** brokerage, fee-based services, **interest income** (earned on corporate funds) and other activities are reported.

The number of **employees** in insurance brokerage, consulting and related services is reported in full-time equivalent for both 2000 and 1999, as well as the number of commercial retail brokerage **offices** for both years.

Each listing also indicates the year that the company was **founded**, the **parent** company and a breakout of the commercial **retail brokerage** into the percentage from commissions vs. the percentage from fees.

The percentage of revenues derived from **employee benefits** business in 2000 is also provided.

Acquisition and mergers in 2000 and 2001 are detailed next, including the name and location of the companies involved and the month and year that the merger or acquisition took place. Only acquisitions that occurred in 2000 were included in calculating the **gross** and **brokerage** revenues.

The names and locations of **nonretail** brokerage subsidiaries follow next. Principal **officers** and a **contact** for readers seeking more information complete each listing.

A geographical index of companies' retail brokerage office locations will be available after Aug. 1 on *Business Insurance's* Web site at *www.businessinsurance.com*.

All figures are listed in U.S. dollars. The applicable annual average exchange rate was used to convert figures for non-U.S. based organizations. Exchange rates are noted on the page 1 chart, except the following: Canadian dollar=$0.672 (12/31/00), $0.675 (12/31/99), $0.6619 (9/30/00), $0.667 (9/30/99); euro=$0.923 (12/31/00), $1.065 (12/31/99); French franc=$0.1403 (12/31/00), $0.162 (12/31/99); Japanese yen=$0.008 (3/31/01), $0.009 (3/31/00); Mexican peso=$0.106 (12/31/00), $0.105 (12/31/99).

The information in each listing was compiled by *BI* based on data supplied by the agents and brokers. Although every effort is made to publish complete and accurate information, no public records are available against which to verify the information supplied by privately held brokers.

If your company generates at least $500,000 in revenues from commercial retail brokerage and was not included in the directory, please contact Directory Editor Kevin Edison 312-649-5279 and request a questionnaire for the 2002 directory.

Continued from previous page

BWD Group L.L.C.

BWD Plaza, P.O. Box 9050,
Jericho, N.Y. 11753-8950;
516-327-2700; fax: 516-327-2770

	2000	1999
Premium volume	**$350,000,000**	$300,000,000
Gross revenues	**$21,000,000**	$19,000,000
Brokerage revenues	**$20,790,000**	$18,810,000
U.S. clients	**98%**	98%
Non-U.S. clients	**2%**	2%
Brokerage: retail	**72%**	70%
U.S. offices	**$15,120,000**	$13,300,000
Wholesale	**14%**	15%
Personal	**12%**	13%
Services	**1%**	1%
Interest income	**1%**	1%
Employees	**150**	140
Retail offices	**1**	1

Founded: 1929.
Retail brokerage: 90% commissions, 10% fees.
Employee benefits: 23% of revenue in 2000.
Officers: Roger A. Blumencranz, president/CEO; Marc J. Blumencranz, executive vp; Eric Blumencranz, vp.
Contact: Roger A. Blumencranz; rblumencranz@ bwdgroup.com.

Adrian N. Baker & Co.

8301 Maryland Ave., Suite 102,
St. Louis, Mo. 63105;
314-721-1372; fax: 314-721-2979
www.anbakerco.com

	2000	1999
Gross revenues	**$5,700,000**	$4,800,000
Brokerage revenues	**$5,700,000**	$4,800,000
U.S. clients	**100%**	100%
Brokerage: retail	**84.7%**	85.5%
U.S. offices	**$4,827,900**	$4,104,000
Wholesale	**12.3%**	11.3%
Personal	**3%**	3.2%
Employees	**43**	42
Retail offices	**1**	1

Founded: 1938.
Retail brokerage: 94% commissions, 6% fees.
Employee benefits: 12% of revenue in 2000.
Officers: Adrian N. Baker II, president; H. James Jost, senior vp; Richard F. Rafuse, vp-finance and administration.
Contact: Richard F. Rafuse.

The worldwide geographical index of brokers will be available on the Internet at *www.businessinsurance.com* after Aug. 1.

Banknorth Insurance Group of Agencies

75 John Roberts Road,
South Portland, Maine 04106;
207-775-6000; fax: 207-775-0339
www.mpn-ins.com

	2000	1999
Premium volume	**$425,000,000**	$210,000,000
Gross revenues	**$39,800,000**	$19,218,000
Brokerage revenues	**$38,290,000**	$18,840,000
U.S. clients	**100%**	100%
Brokerage: retail	**62%**	59%
U.S. offices	**$24,676,000**	$11,334,000
Wholesale	**0.2%**	0%
Personal	**29%**	38%
Services	**5%**	1%
Interest income	**2%**	2%
Other	**1.8%**	0%
Employees	**367**	218
Retail offices	**18**	17

Founded: 1882.
Parent: Banknorth Group Inc.
Employee benefits: 20% of revenue in 2000.
Acquisitions: Palmer-Goodell Insurance, Springfield, Mass., August 2000; Arthur A. Watson Group, Wethersfield, Conn., September 2000.
Officers: Peter Sparta, president; Linda Delponte, executive vp-administration; Fred Leavitt, senior vp-marketing.
Contact: Fred Leavitt; fleavitt@mpn-ins.com.

Barney & Barney L.L.C. -an Assurex partner

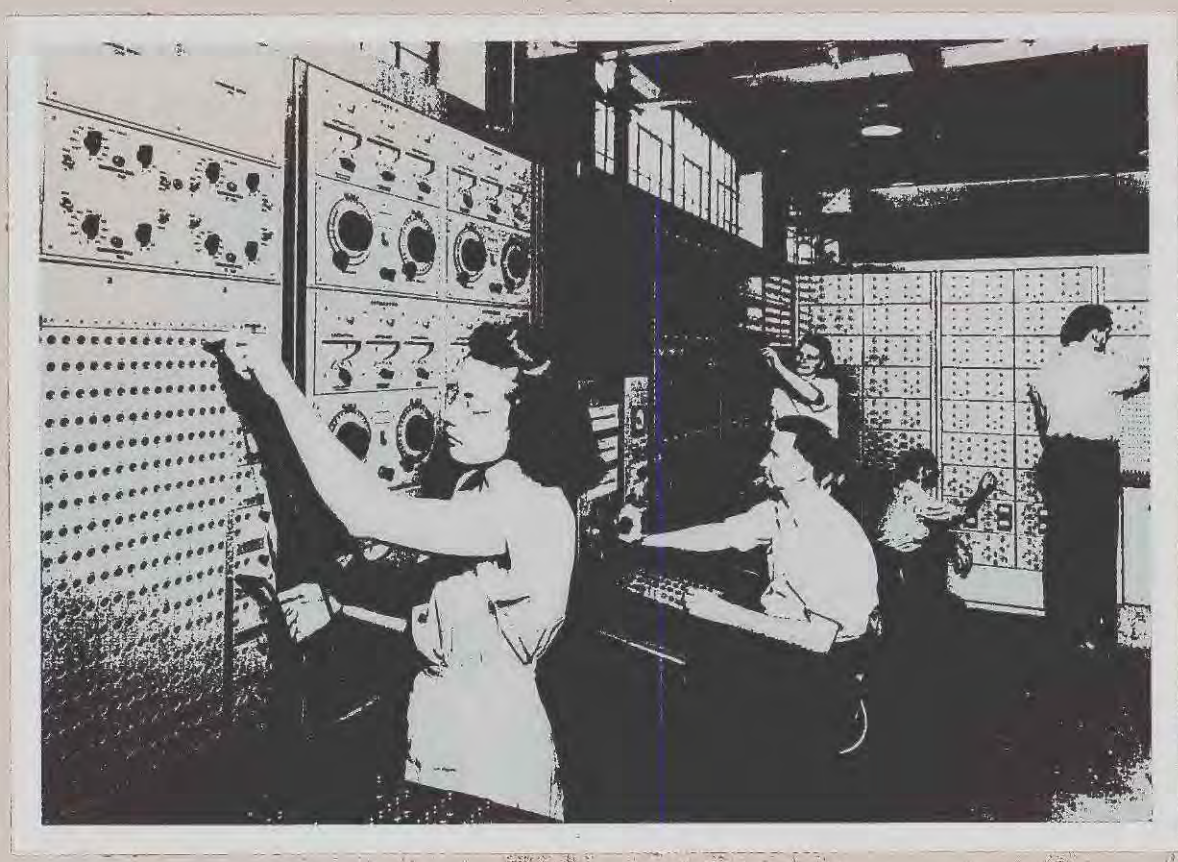
P.O. Box 85638,
San Diego, Calif. 92186;
858-457-3414; fax: 858-457-7530
www.barneyandbarney.com

	2000	1999
Premium volume	**$330,000,000**	$300,000,000
Gross revenues	**$20,759,000**	$17,003,000
Brokerage revenues	**$20,759,000**	$17,003,000
U.S. clients	**100%**	100%
Brokerage: retail	**95%**	94%
U.S. offices	**$19,721,000**	$15,983,000
Wholesale	**1%**	1%
Personal	**4%**	5%
Employees	**142**	127
Retail offices	**1**	1

Fiscal year ends Jan. 31.
Founded: 1909.
Retail brokerage: 96% commissions, 4% fees.
Employee benefits: 38.5% of revenue in 2000.
Officers: Lawrence W. Shea, managing principal; Paul J. Hering, principal/director-commercial lines

Continued on next page

Years ago, to break into a company's computer system,
you had to break into their building.



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Continued from previous page

group; Kathleen S. Ybarrondo, principal/director-employee benefits group.
Contact: Lawrence W. Shea; 858-587-7401.

Beauchamp & McSpadden Inc.

231 W. Canal St., P.O. Box 687,
Wabash, Ind. 46992;
219-563-8821; fax: 219-563-3226
www.bmins.com

	2000	1999
Premium volume	**$19,765,000**	$18,775,000
Gross revenues	**$2,859,000**	$2,771,000
Brokerage revenues	**$2,554,000**	$2,678,000
U.S. clients	**100%**	100%
Brokerage: retail	**50.6%**	55.3%
U.S. offices	**$1,446,654**	$1,532,363
Wholesale	**0.8%**	0%
Personal	**38%**	41.4%
Interest income	**10.5%**	3.2%
Other	**0.1%**	0.1%
Employees	**37**	39
Retail offices	**4**	4

Founded: 1927.
Retail brokerage: 99% commissions, 1% fees.
Employee benefits: 5.9% of revenue in 2000.
Officers: Robert W. Beauchamp, chairman; Michael J. Beauchamp, president; Joseph W. McSpadden, Larry D. McSpadden, vps.
Contact: Robert W. Beauchamp; rbeauchamp@bmins.com.

Berwanger Overmyer Associates -an Assurex partner*

2245 N. Bank Drive,
Columbus, Ohio 43220;
614-457-7000; fax: 614-457-1507
www.e-boa.com

	2000	1999
Premium volume	**$240,000,000**	$226,500,000
Gross revenues	**$22,278,620**	$21,410,841
Brokerage revenues	**$21,728,591**	$20,854,159
U.S. clients	**98%**	100%
Non-U.S. clients	**2%**	0%
Brokerage: retail	**80%**	79.7%
U.S. offices	**$17,822,896**	$17,064,440
Wholesale	**1%**	1%
Personal	**6.1%**	6.6%
Services	**10.4%**	10.1%
Interest income	**2.5%**	2.6%
Employees	**160**	179
Retail offices	**2**	2

Founded: 1973.
Retail brokerage: 90% commissions, 10% fees.
Employee benefits: 40% of revenue in 2000.
Officers: Edwin L. Overmyer, president/CEO; Gregory R. Overmyer, president-property and casualty; Joseph M. Berwanger, executive vp/CFO.
Contact: Edwin L. Overmyer; 614-326-4724; eovermyer@e-boa.com.
** Has entered an agreement to be purchased by Hilb, Rogal & Hamilton Co.*

Black, Gould & Associates Inc.

3800 N. Central, Ninth Floor,
Phoenix, Ariz. 85012;
602-277-2144; fax: 602-241-9711
www.blackgould.com

	2000	1999
Premium volume	**$151,408,777**	$130,982,606
Gross revenues	**$13,030,938**	$11,862,331
Brokerage revenues	**$12,990,938**	$11,743,708
U.S. clients	**99%**	99%
Non-U.S. clients	**1%**	1%
Brokerage: retail	**8%**	10%
U.S. offices	**$1,042,475**	$1,186,233
Wholesale	**89%**	88%
Services	**2%**	1%
Interest income	1%	1%
Employees	**44**	41
Retail offices	2	2

Founded: 1980.
Retail brokerage: 98% commissions, 2% fees.
Employee benefits: 100% of revenue in 2000.
Officers: William B. Gould, president; Cindy A. Jordan, vp-administration; Dutch Baker, vp-sales and marketing.

Grupo Bobadilla y Rehder, Agente de Seguros y de Fianzas S.A. de C.V.

Tejocotes 202-201, Col. del Valle,
Del. Coyoacan, Mexico City,
D.F. 03100 Mexico;
525-524-8668; fax: 525-524-9219

	2000	1999
Premium volume	**$11,374,913**	$9,578,409
Gross revenues	**$1,086,008**	$930,881
Brokerage revenues	**$1,086,008**	$930,881
U.S. clients	**15%**	15%
Non-U.S. clients	**85%**	85%
Brokerage: retail	**92%**	93%
Non-U.S. offices	**$999,127**	$865,720
Personal	**8%**	7%
Employees	**16**	16
Retail offices	**1**	1

Converted at applicable exchange rate.
Founded: 1988.
Retail brokerage: 100% commissions.
Employee benefits: 25% of revenue in 2000.
Officers: Oscar Bobadilla Morineau, president/CEO; Armando Mata Martin, COO; Gerardo Camarena Pastelin, Horacio Arrechea Penichet, Dulce Maria Velazquez Jaime, senior account managers.
Contact: Oscar Bobadilla Morineau.

Bollinger Inc.

830 Morris Turnpike,
Short Hills, N.J. 07078;
800-526-1379; fax: 973-467-0190
www.bollingerinsurance.com

	2000	1999
Premium volume	**$270,000,000**	$250,000,000
Gross revenues	**$39,122,076**	$33,197,449
Brokerage revenues	**$39,122,076**	$33,197,449
U.S. clients	**100%**	100%
Brokerage: retail	**55%**	54%
U.S. offices	**$21,517,142**	$17,926,622
Wholesale	**28%**	29%
Personal	**13%**	12%
Services	**4%**	5%
Employees	**191**	172
Retail offices	**4**	2

Founded: 1876.
Retail brokerage: 99% commissions, 1% fees.
Employee benefits: 32% of revenue in 2000.
Acquisitions: Barrett, Richards & Fenniman Inc., Bronxville, N.Y., July 2000; R&F of New York Inc., New York, July 2000; Robert E. Linnet Agency Inc., Caldwell, N.J., January 2001; Dunlop, Onderdonk & Wilson Inc., Wayne, N.J., April 2001.
Officers: John A. Windolf, chairman/president/CEO; Douglas T. Cook, executive vp/corporate vp; Lori Windolf Crispo, executive vp.
Contact: John A. Windolf.

Bolton & Co. -an Assurex partner

245 S. Los Robles Ave., Suite 105,
Pasadena, Calif. 91102;
626-799-7000; fax: 626-441-3233
www.boltonco.com

	2000	1999
Premium volume	**$129,000,000**	$110,500,000
Gross revenues	**$14,965,000**	$13,724,000
Brokerage revenues	**$14,426,260**	$13,312,280
U.S. clients	**96%**	97%
Non-U.S. clients	**4%**	3%
Brokerage: retail	**85%**	85.4%
U.S. offices	**$12,720,250**	$11,720,296
Personal	**9.4%**	9.6%
Services	**2%**	2%
Interest income	**3.2%**	3%
Other	**0.4%**	0%
Employees	**116**	111
Retail offices	**2**	2

Founded: 1931.
Retail brokerage: 98% commissions, 2% fees.
Employee benefits: 22.1% of revenue in 2000.
Officers: William Bolton, chairman/CEO; James Bolton, vice chairman; Steven Brockmeyer, president.
Contact: Steven Brockmeyer; sbrockmeyer@boltonco.com.

Roger Bouchard Insurance

101 Starcrest Drive,
Clearwater, Fla. 33765;
727-447-6481; fax: 727-449-1267
www.rbouchard.com

	2000	1999
Premium volume	**$188,000,000**	$98,500,000
Gross revenues	**$13,030,000**	$7,212,000
Brokerage revenues	**$12,808,490**	$6,923,520
U.S. clients	**100%**	100%
Brokerage: retail	**83.3%**	83.9%
U.S. offices	**$10,853,990**	$6,048,704
Personal	**11%**	7.5%
Services	**4%**	4.6%
Interest income	**0.7%**	0.7%
Other	**1%**	3.3%
Employees	**212**	57
Retail offices	**14**	1

Founded: 1948.
Parent: FNB Corp.
Retail brokerage: 96% commissions, 4% fees.
Employee benefits: 25.1% of revenue in 2000.
Acquisitions: Galvin, Jackson, Starr, June 2000; Connell & Herring, Sarasota, Fla., June 2000; Mel Kugler Insurance, Englewood, Fla., June 2000; Altamura Marsh & Associates, Clearwater, Fla., August 2000; James T. Blalock Insurance Agency, Venice, Fla., January 2001; OneSource Group Inc., Clearwater, Fla.; Don Ostrowsky & Associates, Cape Coral, Fla., January 2001.
Officers: Richard Bouchard, president; Tim Bouchard, Ray Bouchard, vps.
Contact: Richard Bouchard; rickbouchard@rbouchard.com.

Bowen, Miclette & Britt Inc.

1111 N. Loop W., Suite 400,
Houston, Texas 77008;
800-966-5497; fax: 713-880-7166

	2000	1999
Premium volume	**$133,429,000**	$119,611,000
Gross revenues	**$20,204,254**	$17,203,100
Brokerage revenues	**$17,315,000**	$15,267,000
U.S. clients	**100%**	99%
Non-U.S. clients	**0%**	1%
Brokerage: retail	**81%**	83.5%
U.S. offices	**$15,726,684**	$14,364,389
Personal	**4.6%**	5.1%
Services	**0.1%**	0.1%
Interest income	**0.1%**	0.1%
Other	**14.2%**	11.2%
Employees	**142**	145
Retail offices	**2**	3

Founded: 1981.
Retail brokerage: 97.8% commissions, 2.2% fees.
Employee benefits: 13.9% of revenue in 2000.
Officers: David G. Miclette, chairman; Edward G. Britt Jr., president/CEO; Larry W. Karren, treasurer/CFO.
Contact: Edward G. Britt Jr.; ebritt@bmb-inc.com.

Brady & Co. Inc.

1031 W. Fourth Ave., Suite 400,
P.O. Box 107502,
Anchorage, Alaska 99510-7502;
907-276-5617; fax: 907-276-6292
www.bradycompany.com

	2000	1999
Premium volume	**$181,000,000**	$146,000,000
Gross revenues	**$7,300,000**	$6,800,000
Brokerage revenues	**$7,300,000**	$6,800,000
U.S. clients	**100%**	100%
Brokerage: retail	**96%**	91%
U.S. offices	**$7,000,000**	$6,200,000
Wholesale	**2%**	2%
Personal	**0%**	5%
Services	**2%**	2%
Employees	**54**	46
Retail offices	**1**	1

Founded: 1977.
Retail brokerage: 85% commissions, 15% fees.
Employee benefits: 24% of revenue in 2000.
Acquisitions: Anderson-Brunton Insurance Brokers; Anchorage, Alaska; June 2001.
Officers: Carl F. Brady Jr., chairman/CEO; Charles Anderson, president/COO; David Taylor, CFO.
Contact: David Taylor; dave_taylor@bradycompany.com.

Bratrud Middleton Insurance Brokers Inc.

4701 S. 19th St.,
Tacoma, Wash. 98405 ;
253-759-2200; fax: 253-756-8969
www.bratrud.com

	2000	1999
Premium volume	**$165,000,000**	$150,000,000
Gross revenues	**$20,000,000**	$18,000,000
Brokerage revenues	**$20,000,000**	$18,000,000
U.S. clients	**100%**	100%
Brokerage: retail	**78%**	74%
U.S. offices	**$14,800,000**	$13,320,000
Wholesale	**0%**	2%
Personal	**20%**	23%
Services	**2%**	1%
Employees	**166**	175
Retail offices	**7**	8

Founded: 1933.
Retail brokerage: 95% commissions, 5% fees.
Employee benefits: 15% of revenue in 2000.
Officers: Charles W. Miller, president; Kurt Carlson, senior vp-sales; Stephen Feltus, senior vp/CFO.
Contact: Stephen Feltus; 253-761-3207.

Brokerage Concepts Inc.

1021 W. Eighth Ave.,
King of Prussia, Pa. 19406;
610-491-5040; fax: 610-491-4990
www.bcitpa.com

	2000	1999
Premium volume	**$738,000,000**	$600,000,000
Gross revenues	**$92,250,000**	$66,500,000
Brokerage revenues	**$90,405,000**	$65,835,000
U.S. clients	**100%**	100%
Brokerage: retail	**21%**	3%
U.S. offices	**$19,372,500**	$1,995,000
Wholesale	**22%**	22%
Reinsurance	**21%**	20%
Services	**34%**	54%
Interest income	**2%**	1%
Employees	**575**	540
Retail offices	**26**	14

Fiscal year ends July 31.
Founded: 1977.
Retail brokerage: 66% commissions, 34% fees.
Employee benefits: 73% of revenue in 2000.
Officers: Arnold Katz, president; Mike Shine, COO; Aaron Singer, CFO.
Contact: Arnold Katz; 610-491-4802.

Brown & Brown Inc.

220 S. Ridgewood Ave.,
Daytona Beach, Fla. 32114;
904-239-7250; fax: 904-239-7252
www.bbinsurance.com

	2000	1999
Premium volume	**$1.53 billion**	$1.30 billion
Gross revenues	**$209,706,000**	$176,413,000
Brokerage revenues	**$204,862,468**	$172,884,740
U.S. clients	**100%**	100%
Brokerage: retail	**60%**	61%
U.S. offices	**$125,823,600**	$107,611,930
Wholesale	**20%**	21%
Personal	**9%**	8%
Services	**9%**	8%
Interest income	**2%**	1%
Other	**0%**	1%
Employees	**1,614**	1,370
Retail offices	**40**	33

Founded: 1939.
Retail brokerage: 98% commissions, 2% fees.
Employee benefits: 16% of revenue in 2000.
Acquisitions: RMA/PMSI, Altamonte Springs, Fla., January 2000; Amerisys Inc., Orlando, Fla., April 2000; Bowers, Schumann & Welch, Washington, N.J., Bethlehem, Pa., June 2000; Cunningham, Naples, Fla., July 2000; Corporate Risk Management, Tallahassee, Fla., July 2000; Robertson Insurance Services, Macungie, Pa., September 2000; DSD Insurance, Calabasas, Calif., October 2000; Flagship Group, Norfolk, Va., November 2000; Huffman & Associates, Canton and Rome, Ga., December 2000; Mangus Insurance & Bonding, Jacksonville, Fla., December 2000; Riedman Corp., Rochester, N.Y., January 2001; The Huval Cos., Lafayette, La., January 2001; Ayers Sierra, St. Petersburg and Tampa, Fla., January 2001; Spencer & Associates, Melbourne and Titusville, Fla., February 2001; Harris Agency, Manassas, Va., April 2001; The Young Agency, Syracuse, N.Y., May 2001; Parcel Insurance Plan, St. Louis, May 2001.
Nonretail subsidiaries: RMA/PMSI, Altamonte Springs, Fla.; Brown & Brown Benefits, Daytona Beach, Fla.; MacDuff Underwriters, Daytona Beach and St. Petersburg, Fla.; Champion Underwriters, Fort Lauderdale, Fla.; Florida Intracoastal Underwriters Ltd., Miami Lakes, Fla.; Halcyon Underwriters Inc. Orlando, Fla.; United Self-Insured Services, Orlando, Fla.; Peachtree Special Risk, Atlanta.
Officers: J. Hyatt Brown, president/CEO; Jim W. Henderson, executive vp; Laurel L. Grammig, vp/secretary/general counsel.
Contact: Cory T. Walker; vp/treasurer/CFO.

Brown-Hiller-Clark & Associates

5500 Euper Lane, P.O. Box 3529,
Fort Smith, Ark. 72913-3529;
501-452-4000; fax: 501-484-5185
www.bhca.com

	2000	1999
Premium volume	**$20,034,567**	$15,926,609
Gross revenues	**$3,621,859**	$2,829,455
Brokerage revenues	**$3,585,640**	$2,829,455
U.S. clients	**100%**	100%
Brokerage: retail	**86%**	85%
U.S. offices	**$3,114,799**	$2,405,037
Personal	**13%**	15%
Interest income	**1%**	0%
Employees	**33**	31
Retail offices	**3**	3

Fiscal year ends Sept. 30.
Founded: 1915.
Retail brokerage: 100% commissions.
Employee benefits: 13% of revenue in 2000.
Officers: Sam B. Hiller, president/treasurer; William Stan Miller, president-BHC Life & Group Specialists Inc.; Gary Winton, president-BHC of Oklahoma Inc.
Contact: Sam B. Hiller; samhiller@bhca.com.

Burnham Insurance Group

300 Country Pine Lane,
Battle Creek, Mich. 49015;
616-441-5000; fax: 616-441-5101
www.burnhaminsurance.com

Continued on next page

Productivity vs. Size

The most productive brokers...are not the largest

Ranked by 2000 brokerage revenues per employee

Broker	Revenue/employee
LaGere & Walkingstick Insurance Agency Inc.	$383,261
AirSure Ltd.	$296,624
Black, Gould & Associates Inc.	$295,249
Mid American Group Inc.	$291,200
The Treiber Group L.L.C.	$276,089
Benefits Planning & Insurance Agency Inc.	$260,000
Kelter-Thorner Inc.	$257,893
Frank Crystal & Co. Inc.	$250,423
Thesco Benefits L.L.C.	$245,161
Kaye Group Inc.	$237,469

Top 10 brokers' 2000 revenue per employee

Broker	Revenue/employee
Arthur J. Gallagher & Co.	$137,755
Marsh & McLennan Cos. Inc.	$136,931
Aon Corp.	$128,425
Willis Group Holdings Ltd.	$124,635
Hilb, Rogal & Hamilton Co.	$123,940
Wells Fargo Insurance Brokerage Inc.	$120,705
USI Insurance Services Corp.	$112,228
Jardine Lloyd Thompson Group P.L.C.	$111,149
HLF Insurance Holdings Ltd.	$98,318
Alexander Forbes Ltd.	$72,623

Source: *BI* survey

Top U.S. benefit brokers

Brokers that derive majority of 2000 gross revenues from benefits business

	Company	Revenues from benefits*	% of total gross revenues
1	USI Insurance Services Corp.	$206,314,680	57.2
2	Brokerage Concepts Inc.	67,342,500	73.0
3	First Union Insurance Services Agency Inc.	30,210,000	57.0
4	TRION Group Inc.	16,942,102	100.0
5	Fringe Benefits Management Co.	16,364,167	100.0
6	Cottingham & Butler Inc. -an Assurex partner	14,500,000	58.0
7	Black, Gould & Associates Inc.	13,030,938	100.0
8	Frank F. Haack & Associates Inc. -an Assurex partner	12,750,000	75.0
9	SilverStone Group Inc.	10,926,720	64.0
10	CFG Insurance Services Inc.	8,572,515	66.5

* Includes commission and fees from brokering group benefit coverage, benefit consulting and health care administration.
Source: *BI* survey

Continued from previous page

	2000	1999
Premium volume	$131,088,610	$120,000,000
Gross revenues	$20,916,660	$11,236,000
Brokerage revenues	$20,685,358	$11,191,056
U.S. clients	100%	100%
Brokerage: retail	90.8%	79.7%
U.S. offices	$18,983,961	$8,955,092
Personal	8.1%	19.9%
Interest income	1.1%	0.4%
Employees	133	102
Retail offices	9	10

Founded: 1979.
Retail brokerage: 99.6% commissions, 0.4% fees.
Employee benefits: 4% of revenue in 2000.
Officers: Charles C. Burnham, chairman/CEO; Terry L. Stewart, president; Richard A. Phillips, CFO.
Contact: Richard A. Phillips; rphillips@burnhaminsurance.com.

John Burnham Insurance Services

750 B St., Suite 2400,
San Diego, Calif. 92101;
619-231-1010; fax: 619-236-9134
www.johnburnham.com

	2000	1999
Premium volume	$225,000,000	$165,000,000
Gross revenues	$10,700,000	$10,300,000
Brokerage revenues	$10,400,000	$10,100,000
U.S. clients	100%	100%
Brokerage: retail	96%	96%
U.S. offices	$10,300,000	$9,900,000
Services	2%	2%
Interest income	2%	2%
Employees	100	98
Retail offices	2	2

Founded: 1891.
Retail brokerage: 85% commissions, 15% fees.
Employee benefits: 23% of revenue in 2000.
Officers: Bradley R. Orr, president/CEO; William L. Pope, executive vp/CFO.
Contact: Jane Benedict Steele, assistant vp; jsteele@johnburnham.com.

Byrne, Byrne & Co.

120 S. LaSalle St., Suite 1710,
Chicago, Ill. 60603;
312-346-2150; fax: 312-346-4637
www.byrnebyrne.com

	2000	1999
Premium volume	$37,200,000	$36,800,000
Gross revenues	$2,525,000	$2,400,000
Brokerage revenues	$2,525,000	$2,400,000
U.S. clients	98%	97%
Non-U.S. clients	2%	3%
Brokerage: retail	80%	80%
U.S. offices	$2,020,000	$1,920,000
Personal	10%	10%
Services	10%	10%
Employees	20	18
Retail offices	1	1

Founded: 1898.
Retail brokerage: 88% commissions, 12% fees.
Employee benefits: 40% of revenue in 2000.
Officers: Stephen J. Byrne, chairman/president; Daniel A. Byrne, executive vp; Keith Daly, vp.
Contact: Will McLaughlin, vp.

C

CBIZ Benefits & Insurance Services Inc.

6480 Rockside Woods Blvd. S., Suite 330,
Cleveland, Ohio 44131;
216-447-9000; fax: 216-447-9007
www.cbiz.com

	2000	1999
Premium volume	$2.1 billion	$2 billion
Gross revenues	$167,312,000	$160,000,000
Brokerage revenues	$133,849,600	$137,600,000
U.S. clients	100%	100%
Brokerage: retail	49%	47%
U.S. offices	$81,982,880	$75,200,000
Wholesale	9%	7%
Personal	13%	12%
Services	9%	20%
Interest income	7%	7%
Other	13%	7%
Employees	1,375	1,350
Retail offices	41	46

Founded: 1996.
Parent: Century Business Services Inc.
Retail brokerage: 85% commissions, 15% fees.
Employee benefits: 50% of revenue in 2000.
Nonretail subsidiaries: Mike Donahoe & Associates; Columbia, Md.
Officers: Robert A. O'Byrne, senior vp; Nancy Mellard, vp/general counsel; Brad Newman, vp.
Contact: Brad Newman, 480-897-8618; Lisa M. Russ, marketing manager, 816-472-4100.

CFG Insurance Services Inc.

9800 Bren Road E., Third Floor,
Minnetonka, Minn. 55343-9610;
952-945-0200; fax: 952-945-9477
www.cfginsurance.com

	2000	1999
Premium volume	$328,800,000	$242,376,000
Gross revenues	$12,891,000	$11,656,000
Brokerage revenues	$12,708,000	$11,490,000
U.S. clients	100%	100%
Brokerage: retail	81.6%	84.5%
U.S. offices	$10,519,000	$9,850,000
Personal	2.6%	3.4%
Services	14.4%	10.7%
Interest income	1.4%	1.4%
Employees	126	103
Retail offices	1	1

Fiscal year ends March 31.
Founded: 1974.
Retail brokerage: 89.8% commissions, 10.2% fees.
Employee benefits: 66.5% of revenue in 2000.
Officers: Eldon Oldre, president; A.J. Dordel, executive vp; Scott Drew, vp.
Contact: Eldon Oldre; eldon.oldre@cfginsurance.com.

The worldwide geographical index of brokers will be available on the Internet at *www.businessinsurance.com.* after Aug. 1.

CG&B Group

120 S. Town Centre Blvd.,
Markham, Ontario L6G 1C3 Canada;
905-479-6670; fax: 905-479-9164
www.cgbgroup.com

	2000	1999
Premium volume	$51,304,572	$42,247,575
Gross revenues	$9,761,400	$6,649,240
Brokerage revenues	$9,566,172	$6,516,255
U.S. clients	1%	1%
Non-U.S. clients	99%	99%
Brokerage: retail	71%	80%
Non-U.S. offices	$6,930,594	$5,319,392
Wholesale	1%	1%
Personal	26%	17%
Interest income	2%	2%
Employees	135	120
Retail offices	1	2

Converted at applicable exchange rate.
Founded: 1973.
Retail brokerage: 99% commissions, 1% fees.
Employee benefits: 18% of revenue in 2000.
Officers: Jeff Brandham, president; Larry Later, executive vp; Darryl Ticknor, vp-international.

Calco Insurance Brokers & Agents Inc.

2000 Alameda de las Pulgas,
San Mateo, Calif. 94403;
650-574-0773; fax: 650-572-4622
www.calco.com

	2000	1999
Premium volume	$357,000,000	$353,000,000
Gross revenues	$29,417,845	$29,057,529
Brokerage revenues	$29,270,756	$28,912,241
U.S. clients	99%	99%
Non-U.S. clients	1%	1%
Brokerage: retail	67.7%	58.5%
U.S. offices	$19,915,881	$17,001,645
Personal	2.1%	1.9%
Services	29.7%	39.1%
Interest income	0.5%	0.5%
Employees	226	246
Retail offices	5	5

Founded: 1937.
Parent: California Casualty Management Co.
Retail brokerage: 98% commissions, 2% fees.
Employee benefits: 18.8% of revenue in 2000.
Nonretail subsidiaries: Calco Medical Management Corp., Orange and San Mateo, Calif.
Officers: Kal Anderson, chairman; Don Fey, president; George Bowen, senior vp.
Contact: Mary Beth Downs, vp-finance.

CalSurance Associates Inc.

333 City Blvd. W., Suite 400,
Orange, Calif. 92868;
714-939-0800; fax: 714-939-7445
www.calsurance.com

	2000	1999
Premium volume	$126,398,000	$110,098,000
Gross revenues	$29,668,000	$24,897,000
Brokerage revenues	$29,668,000	$24,897,000
U.S. clients	100%	100%
Brokerage: retail	50%	50%
U.S. offices	$14,834,000	$12,448,500
Wholesale	29%	29%
Services	21%	21%
Employees	176	149
Retail offices	1	1

Founded: 1962.
Parent: The CalSurance Cos. Inc.
Retail brokerage: 95% commissions, 5% fees.
Nonretail subsidiaries: Lancer Claims Services Inc., Orange, Calif.; United Network of Insurance Services, Orange, Calif.
Officers: Donald Martin, chairman; Kenneth Masters, president/CEO; James A. Adams, vp/CFO.
Contact: James A. Adams.

The Cambridge Group Inc.

15415 Middlebelt Road,
Livonia, Mich. 48154;
800-824-5002; fax: 734-525-0612
www.cambridgegroupcompany.com

	2000	1999
Premium volume	$137,000,000	$120,000,000
Gross revenues	$15,226,000	$13,775,562
Brokerage revenues	$12,942,000	$11,709,228
U.S. clients	100%	100%
Brokerage: retail	69%	66%
U.S. offices	$10,506,000	$9,091,871
Personal	4%	3%
Services	12%	16%
Interest income	1%	0%
Other	14%	15%
Employees	117	117
Retail offices	5	4

Fiscal year ends Sept. 30.

Continued on next page

Harbor Capital Advisors, Inc.

Financial Consultants to the Insurance Industry

Insurance One, Inc.
Rockville, MD
has been acquired by
Hilb, Rogal & Hamilton Company
Richmond, VA
HCA initiated this transaction and acted as financial advisor to Insurance One, Inc.
October 2000

"Our mission is to guide our M & A clients in finding the right transaction partner."
Paul J. Di Stefano, CPA, CPCU, Managing Director

Webster Financial Corporation
Waterbury, CT
has acquired
Musante Reihl Associates, Inc.
Cheshire, CT
HCA initiated this transaction and acted as financial advisor to Musante Reihl Associates, Inc.
January 2001

H.B. Cowan & Company L.P.
Shelbyville, TN
through its acquisition corporation has acquired the assets of
V.R. Williams & Company
Winchester, TN
HCA initiated this transaction and acted as financial advisor to V.R. Williams & Co.
February 2001

The Whitmore Group
Garden City, NY
has acquired the assets of
Club Agency, Inc.
Garden City, NY
HCA initiated this transaction and acted as financial advisor to Club Agency, Inc.
June 2001

Hilb, Rogal & Hamilton Company
Richmond, VA
has acquired the assets of
Palley Simon Associates, Inc.
Jenkintown, PA
HCA initiated this transaction and acted as financial advisor to Hilb, Rogal & Hamilton
February 2001

Energy Insurance Agency, Inc.
Lexington, KY
has acquired as treasury stock
Energy Insurance Agency Class B Common Shares
HCA initiated this transaction and acted as financial advisor to Energy Insurance Agency, Inc.
June 2001

www.harborcapitaladvisors.com

800-858-2732

Bollinger, Inc.
Short Hills, NJ
has acquired the assets of
Spalding Associates, Inc.
Princeton, NJ
HCA initiated this transaction and acted as financial advisor to Spalding Associates, Inc.
January 2000

Carvill

Reinsurance Intermediary

INDEPENDENCE
INTEGRITY
SERVICE

CONSISTENT PHILOSOPHY & PERFORMANCE
SINCE 1977

Atlanta Bermuda Chicago London Stamford

www.carvill.com **1-800-CARVILL**

Continued from previous page

Founded: 1985.
Retail brokerage: 99% commissions, 1% fees.
Employee benefits: 22% of revenue in 2000.
Officers: Albert Papa, Kenneth Hale, co-chairmen; Michael Hale, president.
Contact: Michael Hale; mhale@cambridgeunderwriters.com.

The Capacity Group of Cos.

120 Pleasant Ave.,
Upper Saddle River, N.J. 07458;
201-236-9800; fax: 201-236-0480
www.capcoverage.com

	2000	1999
Premium volume	**$100,320,179**	$83,266,418
Gross revenues	**$16,015,566**	$13,738,959
Brokerage revenues	**$15,855,410**	$13,601,569
U.S. clients	**100%**	100%
Brokerage: retail	**55%**	58%
U.S. offices	**$8,808,561**	$7,968,596
Wholesale	**21%**	14%
Reinsurance	**1%**	0%
Personal	**21%**	26%
Services	**1%**	1%
Interest income	**1%**	1%
Employees	**72**	69
Retail offices	**2**	2

Founded: 1980.
Retail brokerage: 97% commissions, 3% fees.
Employee benefits: 6% of revenue in 2000.
Officers: Mark B. Weinraub, chairman/CEO; Robert G. Lull, president/COO/CFO; Debra Lynn Stanton, chief accounting officer.
Contact: Robert G. Lull; rglull@capcoverage.com.

Cobbs, Allen & Hall Inc.

115 Office Park Drive, Suite 200,
Birmingham, Ala. 35223;
205-414-8100; fax: 205-414-8110
www.cobbsallenhall.com

	2000	1999
Premium volume	**$62,263,500**	$50,125,900
Gross revenues	**$11,950,800**	$10,196,900
Brokerage revenues	**$11,714,600**	$9,971,549
U.S. clients	**100%**	100%
Brokerage: retail	**62.4%**	62.7%
U.S. offices	**$7,466,860**	$6,395,496
Wholesale	**11.9%**	13.4%
Personal	**9.8%**	6.6%
Services	**13.8%**	15.1%
Interest income	**2.1%**	1.4%
Other	**0%**	0.8%
Employees	**107**	99
Retail offices	**4**	4

Founded: 1887.
Parent: CAH Holdings Inc.
Retail brokerage: 88.2% commissions, 11.8% fees.
Employee benefits: 18.7% of revenue in 2000.
Acquisitions: Hill Administrative Services Inc., Birmingham, Ala., September 2000.
Officers: Bruce S. Denson, chairman/CEO; Grantland Rice III, president; J. Terry Holloway, executive vp.
Contact: Bruce S. Denson; bdenson@cobbsallenhall.com.

Commerce National Services Inc.

Commerce Atrium, 1701 Route 70 E.,
Cherry Hill, N.J. 08034;
856-489-7000; fax: 856-795-9783
www.commerceonline.com

	2000	1999
Premium volume	**$600,000,000**	$500,000,000
Gross revenues	**$62,753,200**	$50,332,100
Brokerage revenues	**$62,753,200**	$50,332,100
U.S. clients	**100%**	100%
Brokerage: retail	**77%**	73%
U.S. offices	**$48,319,964**	$36,742,433
Wholesale	**1%**	1%
Personal	**19%**	22%
Services	**3%**	4%
Employees	**420**	393
Retail offices	**18**	20

Founded: 1996.
Parent: Commerce Bank North
Retail brokerage: 95% commissions, 5% fees.
Employee benefits: 29% of revenue in 2000.
Acquisitions: Maywood Insurance Agency, Maywood, N.J., October 2000; Fitzsimmons Insurance Services Inc., Summit, N.J., December 2000; Business Training Systems Inc., Mount Laurel, N.J., December 2000.
Officers: George E. Norcross III, chairman/CEO; Joseph Buckelew, vice chairman; Edward Klessling, president/COO.

Cook, Hall & Hyde Inc.

461 Pantigo Road,
East Hampton, N.Y. 11937;
631-324-1440; fax: 631-324-3980
www.chhins.com

	2000	1999
Premium volume	**$84,000,000**	$82,000,000
Gross revenues	**$9,020,347**	$8,929,557
Brokerage revenues	**$8,885,041**	$8,795,613
U.S. clients	**100%**	100%
Brokerage: retail	**60.5%**	59.5%
U.S. offices	**$5,457,309**	$5,313,086
Wholesale	**1%**	1%
Personal	**37%**	38%
Interest income	**1.5%**	1.5%
Employees	**84**	83
Retail offices	**2**	2

Fiscal year ends Feb. 28.

Founded: 1946.
Retail brokerage: 99% commissions, 1% fees.
Employee benefits: 7% of revenue in 2000.
Officers: Robert F. Denny, chairman; Leonard Scioscia, Thomas G. McMahan, John Hardy, managing directors.
Contact: Leonard Scioscia; lscioscia@chhins.com.

Cottingham & Butler Inc. -an Assurex partner

300 Security Building, P.O. Box 28,
Dubuque, Iowa 52001;
563-583-7301; fax: 563-583-7339
www.cb-sisco.com

	2000	1999
Premium volume	**$94,000,000**	$80,000,000
Gross revenues	**$25,000,000**	$21,500,000
Brokerage revenues	**$24,346,000**	$21,070,000
U.S. clients	**100%**	100%
Brokerage: retail	**47%**	46%
U.S. offices	**$11,750,000**	$9,890,000
Personal	**1%**	1%
Services	**50%**	51%
Interest income	**2%**	2%
Employees	**283**	255
Retail offices	**2**	2

Founded: 1887.
Retail brokerage: 99% commissions, 1% fees.
Employee benefits: 58% of revenue in 2000.
Officers: John E. Butler, president.
Contact: Steve Bonfig, treasurer; 563-587-5215; steve.bonfig@cb-sisco.com.

Charles L. Crane Agency Co.

100 S. Fourth St., Suite 800,
St. Louis, Mo. 63102;
314-241-8700; fax: 314-444-4970
www.craneagency.com

	2000	1999
Premium volume	**$123,027,146**	$111,000,000
Gross revenues	**$14,698,112**	$13,521,632
Brokerage revenues	**$14,404,150**	$13,251,632
U.S. clients	**100%**	100%
Brokerage: retail	**88.1%**	82.9%
U.S. offices	**$12,949,036**	$11,209,432
Personal	**9.8%**	15%
Services	**0.1%**	0.1%
Interest income	**1%**	1%
Other	**1%**	1%
Employees	**165**	150
Retail offices	**4**	3

Founded: 1885.
Retail brokerage: 99% commissions, 1% fees.
Employee benefits: 14.3% of revenue in 2000.
Officers: R. Christopher Imbs, chairman; Edwin A. Lips Jr., vice chairman; Michael T. Reedy, president.
Contact: Jerry Burnett, senior vp/COO.

Frank Crystal & Co. Inc.

40 Broad St.,
New York, N.Y. 10004;
212-344-2444; fax: 212-952-1095
www.fcrystal.com

	2000	1999
Gross revenues	**$62,105,000**	$57,930,000
Brokerage revenues	**$62,105,000**	$57,930,000
U.S. clients	**100%**	100%
Brokerage: retail	**94%**	93%
U.S. offices	**$58,378,700**	$53,874,528
Personal	**5%**	6%
Services	**1%**	1%
Employees	**248**	235
Retail offices	6	5

Founded: 1933.
Retail brokerage: 99% commissions, 1% fees.
Officers: James W. Crystal, chairman/CEO; Mark E. Freitas, president/COO; Arthur H. Littmann, executive vp/CFO.
Contact: James W. Crystal.

D

DFS&A Insurance Agency Inc.

80 W. Upper Ferry Road, Suite 5,
Ewing, N.J. 08628;
609-771-8900; fax: 609-771-8901

	2000	1999
Premium volume	**$24,000,000**	$28,681,000
Gross revenues	**$1,061,866**	$1,270,388
Brokerage revenues	**$1,033,664**	$1,228,887
U.S. clients	**98%**	98%
Non-U.S. clients	**2%**	2%
Brokerage: retail	**96%**	95%
U.S. offices	**$1,019,391**	$1,206,869
Wholesale	**1%**	1%
Services	**2%**	2%
Interest income	**1%**	1%
Other	**0%**	1%
Employees	**7**	7
Retail offices	**2**	2

Founded: 1997.
Retail brokerage: 97% commissions, 3% fees.
Employee benefits: 58% of revenue in 2000.
Officers: Robert M. Neumann, president; Ronald G. Keefe, executive vp; William C. Bloor, Susan Edelstein, assistant vps.
Contact: Robert M. Neumann.

The Daniel & Henry Co. -an Assurex partner

1001 Highlands Plaza Drive W., Suite 500,
St. Louis, Mo. 63110;
314-421-1525; fax: 314-444-1990
www.danielandhenry.com

	2000	1999
Premium volume	**$156,700,000**	$142,200,000
Gross revenues	**$19,994,000**	$18,851,000
Brokerage revenues	**$19,994,000**	$18,851,000
U.S. clients	**100%**	100%
Brokerage: retail	**87.6%**	86.8%
U.S. offices	**$17,515,000**	$16,363,000
Personal	**12.2%**	13.1%
Services	**0.2%**	0.1%
Employees	**204.5**	205
Retail offices	**1**	1

Founded: 1921.
Retail brokerage: 95.3% commissions, 4.7% fees.
Employee benefits: 18.1% of revenue in 2000.
Officers: Charles S. Drew Jr., chairman; Thomas J. Purcell Jr., president; Michael W. Cremins, executive vp/COO; M. Henry Johnson, John R. Drew, executive vps.
Contact: James A. Samson, secretary/treasurer; 314-444-1735.

Dann Insurance

1500 S. Lakeside Drive,
Bannockburn, Ill. 60015;
847-444-1060; fax: 847-444-1065
www.danninsurance.com

	2000	1999
Premium volume	**$120,623,865**	$100,918,846
Gross revenues	**$13,039,866**	$11,355,492
Brokerage revenues	**$12,257,474**	$10,674,162
U.S. clients	**100%**	100%
Brokerage: retail	**85%**	84%
U.S. offices	**$11,083,866**	$9,538,613
Personal	**7%**	6%
Services	**2%**	4%
Interest income	**3%**	3%
Other	**3%**	3%
Employees	**80**	86
Retail offices	**2**	2

Founded: 1948.
Retail brokerage: 90% commissions, 10% fees.
Employee benefits: 19% of revenue in 2000.
Officers: Scott Dann, president; Marvin Rotstein, Julie Dann, Russell Dann, executive vps.
Contact: Scott Dann; 847-444-2504; scottd@danninsurance.com.

DavisBaldwin Inc.

4600 W. Cypress St., Suite 200,
Tampa, Fla. 33607;
813-287-1936; fax: 813-289-0521
www.davisbaldwin.com

	2000	1999
Premium volume	**$250,700,000**	$240,000,000
Gross revenues	**$18,800,000**	$18,046,539
Brokerage revenues	**$18,800,000**	$18,046,539
U.S. clients	**100%**	100%
Brokerage: retail	**93%**	94%
U.S. offices	**$17,484,000**	$16,963,747
Wholesale	**0.2%**	0%
Personal	**2.6%**	2.6%
Services	**4.2%**	3.4%
Employees	**127**	121
Retail offices	**2**	2

Founded: 1936.
Retail brokerage: 81% commissions, 19% fees.
Employee benefits: 22% of revenue in 2000.
Officers: Chuck Davis, CEO; L. Lowry Baldwin, president; Valerie Harwell, COO.
Contact: L. Lowry Baldwin.

DeWitt Stern Group Inc.

420 Lexington Ave.,
New York, N.Y. 10170;
212-867-3550; fax: 212-949-4435
www.dewittstern.com

	2000	1999
Gross revenues	**$11,100,000**	$10,000,000
Brokerage revenues	**$10,600,000**	$9,500,000
U.S. clients	**90%**	90%
Non-U.S. clients	**10%**	10%
Brokerage: retail	**69%**	68%
U.S. offices	**$7,659,000**	$6,800,000
Wholesale	**2%**	3%
Personal	**24%**	23%
Services	**1%**	1%
Interest income	**3%**	3%
Other	**1%**	2%
Employees	**90**	86
Retail offices	**5**	5

Founded: 1899.
Retail brokerage: 99% commissions, 1% fees.
Employee benefits: 10% of revenue in 2000.
Officers: Jolyon F. Stern, president/CEO; Gilbert Andrus, executive vp; David O'Dowd, managing director-DeWitt Stern Imperatore Ltd.
Contact: Gilbert Andrus.

DiBuduo & DeFendis Insurance Group -an Assurex partner

7030 N. Fruit,
Fresno, Calif. 93711;
559-432-0222; fax: 559-432-0935
www.dibu.com

	2000	1999
Premium volume	**$148,000,000**	$120,000,000
Gross revenues	**$16,277,281**	$13,466,274
Brokerage revenues	**$16,106,917**	$13,304,679
U.S. clients	**100%**	100%
Brokerage: retail	**91%**	89.7%
U.S. offices	**$14,812,326**	$12,678,470
Personal	**8%**	9.1%
Interest income	**1%**	1.2%
Employees	**138**	137
Retail offices	**5**	5

Founded: 1960.
Employee benefits: 13% of revenue in 2000.
Officers: Anthony J. DiBuduo, chairman/president/senior partner; Matthew D. DeFendis, Michael P. DeFendis, vps.
Contact: Anthony J. DiBuduo; contact@dibu.com.

A ranking of the 100 largest brokers of U.S. business appears on page 48.

Dodge, Warren & Peters Insurance Services Inc.

3625 Del Amo Blvd., Suite 300,
Torrance, Calif. 90503;
310-542-4370; fax: 310-542-3328
www.dwandp.com

	2000	1999
Premium volume	**$180,000,000**	$172,000,000
Gross revenues	**$20,144,133**	$18,402,709
Brokerage revenues	**$20,043,412**	$18,310,695
U.S. clients	**100%**	100%
Brokerage: retail	**90.5%**	93.5%
U.S. offices	**$18,230,440**	$17,206,533
Wholesale	**3%**	0%
Personal	**1%**	1%
Services	**5%**	5%
Interest income	**0.5%**	0.5%
Employees	**160**	155
Retail offices	**5**	5

Fiscal year ends Oct. 31.

Founded: 1977.
Retail brokerage: 93% commissions, 7% fees.
Employee benefits: 18% of revenue in 2000.
Officers: Gregory D. Davidian, chairman/CEO; Charles H. Collinge, president; Randall A. Mallory, CFO.
Contact: Randall A. Mallory; rmallory@dwandp.com.

Robert F. Driver Co. Inc.*

5800 Armada Drive, Suite 200,
Carlsbad, Calif. 92008-4609
760-602-6740; fax: 760-602-6744
www.rfdriver.com

	2000	1999
Premium volume	**$512,000,000**	$584,000,000
Gross revenues	**$56,727,000**	$48,238,000
Brokerage revenues	**$55,592,460**	$46,988,000
U.S. clients	**100%**	100%
Brokerage: retail	**89%**	88.6%
U.S. offices	**$50,487,000**	$42,738,868
Wholesale	**6%**	6.6%
Personal	**1%**	1.5%
Services	**2%**	0.7%
Interest income	**2%**	2.1%
Other	**0%**	0.5%
Employees	**339**	316
Retail offices	**8**	8

Founded: 1925.
Retail brokerage: 95% commissions, 5% fees.
Employee benefit: 23% of revenue in 2000.
Acquisitions: RL Lane, Bakersfield, Calif., March 2001.
Officers: Thomas W. Corbett, chairman/CEO; Jerold D. Hall, president/COO; P. Gregory Zimmer Jr., executive vp/CFO.
Contact: Richard B. Gulley, vice chairman; 760-602-6750; rgulley@rfdriver.com.
**Acquired by Alliant Resources Group Inc. on June 5, 2001.*

E

James Econn & Co.

445 Figueroa St., 36th Floor,
Los Angeles, Calif. 90071-1602;
213-629-3131; fax: 213-629-4440
www.jameseconn.com

	2000	1999
Premium volume	**$35,471,016**	$33,139,481
Gross revenues	**$4,856,182**	$5,027,099
Brokerage revenues	**$4,751,314**	$4,902,105
U.S. clients	**100%**	100%
Brokerage: retail	**95%**	95%
U.S. offices	**$4,613,373**	$4,775,744
Personal	**3%**	3%
Interest income	**2%**	2%
Employees	**29**	27
Retail offices	**1**	1

Founded: 1919.
Retail brokerage: 85% commissions, 15% fees.
Employee benefits: 3% of revenue in 2000.
Officers: James Econn, CEO; Gregory W. Econn, president; William F. Mitchell, executive vp.
Contact: James Econn.

Employee Benefit Specialists Inc.

9351 Grant St., Suite 300,
Denver, Colo. 80229-4364;
303-280-1215; fax: 303-280-1821
www.clickebs.com

	2000	1999
Premium volume	**$51,088,540**	$53,684,740
Gross revenues	**$2,554,427**	$2,684,237
Brokerage revenues	**$2,554,427**	$2,657,395
U.S. clients	**100%**	100%
Brokerage: retail	**85%**	70%
U.S. offices	**$2,171,263**	$1,878,966
Reinsurance	**7%**	18%
Services	**8%**	11%
Other	**0%**	1%
Employees	**21**	20
Retail offices	**1**	1

Founded: 1976.
Employee benefits: 100% of revenue in 2000.
Officers: Alan M. Curtis, president/CEO; Stan W. Bell, senior vp; Dale M. Curtis, corporate counsel/COO.
Contact: Alan M. Curtis acurtis@clickebs.com.

F

F. G. Insurance Services Inc.

13105 Northwest Freeway, Suite 1230,
Houston, Texas 77040;
713-939-9899; fax: 713-939-7535

	2000	1999
Premium volume	**$40,000,000**	$80,000,000
Gross revenues	**$4,000,000**	$8,700,000
Brokerage revenues	**$4,000,000**	$8,700,000
U.S. clients	**100%**	100%
Brokerage: retail	**50%**	50%
U.S. offices	**$2,000,000**	$4,350,000
Wholesale	**30%**	30%
Personal	**20%**	20%
Employees	21	44
Retail offices	1	2

Founded: 1967.
Parent: F. G. Holdings Inc.
Retail brokerage: 100% commissions.
Employee benefits: 10% of revenue in 2000.
Nonretail subsidiaries: F. G. Select Markets, Houston.
Officers: Robert G. Cox, chairman; Liz Kirby, Robert Anthony, senior vps.
Contact: Robert G. Cox.

Federal Hill Risk Management L.L.C.*

1051-53 S. Charles St.,
Baltimore, Md. 21230;
888-837-0574; fax: 410-752-2815
www.fhrm.net

	2000	1999
Premium volume	**$80,000,000**	$65,000,000
Gross revenues	**$2,750,000**	$2,000,000
Brokerage revenues	**$2,000,000**	$1,700,000
U.S. clients	**100%**	100%
Brokerage: retail	**75%**	75%
U.S. offices	**$2,062,500**	$1,500,000
Reinsurance	**10%**	10%
Services	**15%**	15%
Employees	**20**	10
Retail offices	**3**	3

Founded: 2000.
Retail brokerage: 100% commissions.
Employee benefits: 80% of revenue in 2000.
Officers: Peter T. Doheny, president/CEO; Frank X. Gartland, COO; Howard W. Horvath, vp.
Contact: Peter T. Doheny; petertdoheny@fhrm.net.
**Formerly known as Gartland & Co.*

Financial Independence Co. Insurance Services

21300 Victory Blvd., Suite 215,
Woodland Hills, Calif. 91367;
818-592-0205; fax: 818-592-6345
www.f-i-c.com

	2000	1999
Premium volume	**$65,000,000**	$71,000,000
Gross revenues	**$3,200,000**	$3,700,000
Brokerage revenues	**$3,200,000**	$3,700,000
U.S. clients	**100%**	100%
Brokerage: retail	**99%**	99%
U.S. offices	**$3,170,000**	$3,663,000
Personal	**1%**	1%
Employees	**25**	27
Retail offices	**6**	6

Fiscal year ends March 31.

Founded: 1983.
Parent: National Financial Partners
Retail brokerage: 100% commissions.
Employee benefits: 100% of revenue in 2000.
Officers: Howard Hartman, chairman; Sheila Hartman, president; Diana Hartman, secretary.
Contact: Diana Hartman; dianah@f-i-c.com.

First Union Insurance Services Agency Inc.*

401 S. Tryon St., Seventh Floor,
Charlotte, N.C. 28288 ;
704-715-2087; fax: 704-715-2114
www.tribus.com

	2000	1999**
Premium volume	**$800,000,000**	$396,000,000
Gross revenues	**$53,000,000**	$19,800,000
Brokerage revenues	**$53,000,000**	$19,800,000
U.S. clients	**100%**	100%
Brokerage: retail	**85%**	86%
U.S. offices	**$45,050,000**	$17,028,000
Wholesale	**9%**	11%
Personal	**1%**	1%
Services	**5%**	2%
Employees	**400**	204
Retail offices	**8**	4

Founded: 1967.
Parent: First Union Corp.
Retail brokerage: 95% commissions, 5% fees.
Employee benefits: 57% of revenue in 2000.
Nonretail subsidiaries: Agency Resources; Wayne, N.J.
Officers: Donald Tribus, vice chairman/president; Anthony Fenton, president-Atlantic Penn-Del region; Howard Maltzman, COO.
Contact: Robert Metz, director-corporate development; 973-837-2507.
**Formerly The Tribus Cos. **1999 financial information is for The Tribus Cos. only.*

J.P. Flanagan Corp.*

600 W. Fulton St., Suite 602,
Chicago, Ill. 60661-1199;
312-577-5757; fax: 312-577-5758
www.jpflanagan.com

	2000	1999
Premium volume	**$81,888,445**	$54,044,844
Gross revenues	**$7,350,279**	$5,235,456
Brokerage revenues	**$7,191,513**	$5,146,453
U.S. clients	**100%**	100%
Brokerage: retail	**95.6%**	98.3%
U.S. offices	**$7,025,397**	$5,146,453
Wholesale	**2.2%**	0%
Interest income	**2.2%**	1.7%
Employees	**51**	46
Retail offices	**6**	4

Continued on next page

Continued from previous page

Founded: 1992.
Retail brokerage: 100% commissions.
Employee benefits: 36% of revenue in 2000.
Acquisitions: Parker Nielsen & Co., Chicago, January 2000; Maryland Permanent Insurance Group Inc., Odenton, Md., October 2000; McKinney & Associates, Chicago, November 2000.
Officers: Joseph P. Flanagan, president; Patrick H. Hughes, COO.
** Agreed to be purchased by Hub International Ltd.*

Fleet Insurance Advisors L.L.C.*

14 Commerce Drive,
Cranford, N.J. 07016;
908-272-8100; fax: 908-272-6337
www.fleet.com

	2000	1999
Premium volume	**$1 billion**	$861,000,000
Gross revenues	**$58,668,587**	$59,360,068
Brokerage revenues	**$51,495,215**	$55,204,863
U.S. clients	**100%**	100%
Brokerage: retail	**73%**	65%
U.S. offices	**$42,828,068**	$38,584,044
Wholesale	**12%**	15%
Reinsurance	**0.5%**	0.5%
Personal	**12%**	12%
Services	**0.5%**	0.5%
Interest income	**1%**	1%
Other	**1%**	6%
Employees	**337**	370
Retail offices	**12**	11

Founded: 1999.
Parent: FleetBoston Financial Corp.
Retail brokerage: 95% commissions, 5% fees.
Employee benefits: 50% of revenue in 2000.
Nonretail subsidiaries: Philadelphia Benefits L.L.C., Mount Laurel, N.J.
Officers: Thomas J. Sharkey Jr., president/CEO; James T. O'Connor, senior executive vp-new business development; Glenn P. Vatasin, senior vp-administration.
Contact: Thomas J. Sharkey Jr.; 908-931-3002.
**Formerly Summit Insurance Advisors L.L.C.*

Forrest Sherer Inc.

24 N. Sixth St., P.O. Box 900,
Terre Haute, Ind. 47808-0900 ;
812-232-0441; fax: 812-232-1783
www.forrestsherer.com

	2000	1999
Premium volume	**$44,000,000**	$42,203,250
Gross revenues	**$5,407,413**	$5,413,846
Brokerage revenues	**$5,238,074**	$5,040,290
U.S. clients	**100%**	100%
Brokerage: retail	**80%**	75.7%
U.S. offices	**$4,325,930**	$4,098,281
Wholesale	**3%**	2.9%
Personal	**12.9%**	13.2%
Services	**1%**	1.3%
Interest income	**3%**	2.8%
Other	**0.1%**	4.1%
Employees	**64**	62
Retail offices	**2**	2

Founded: 1920.
Parent: First Financial Corp.
Retail brokerage: 99.6% commissions, 0.4% fees.
Employee benefits: 13.5% of revenue in 2000.
Officers: John W. Dinkel, president/CEO; John S. Lukens, executive vp; Dennis S. Michael, vp/secretary.
Contact: John W. Dinkel; Don Miller, vp-administration.

Fox-Everett Inc. -an Assurex partner

3780 I-55 N.,
Jackson, Miss. 39211;
601-718-6000; fax: 601-981-9243
www.foxeverett.com

	2000	1999
Premium volume	**$86,000,000**	$75,000,000
Gross revenues	**$12,517,944**	$10,262,524
Brokerage revenues	**$12,242,296**	$10,050,714
U.S. clients	**100%**	100%
Brokerage: retail	**92.3%**	92.1%
U.S. offices	**$11,554,062**	$9,451,785
Personal	**5.5%**	5.8%
Interest income	**2.2%**	2.1%
Employees	**122**	109
Retail offices	**2**	2

Founded: 1945.
Retail brokerage: 69% commissions, 31% fees.
Employee benefits: 60.1% of revenue in 2000.
Officers: John Anderson, president; Bill Mathison, Larry Vance, executive vps.
Contact: Bill Mathison; 601-718-5262; bmathison@foxeverett.com.

Frenkel & Co. Inc. -an Assurex partner

2 World Trade Center, Suite 3510,
New York, N.Y. 10048;
212-488-0200; fax: 212-488-1800
www.frenkel.com

	2000	1999
Premium volume	**$364,900,000**	$326,800,000
Gross revenues	**$37,329,000**	$37,010,000
Brokerage revenues	**$36,209,130**	$35,529,600
U.S. clients	99%	99%
Non-U.S. clients	**1%**	1%
Brokerage: retail	**86%**	86%
U.S. offices	**$32,103,000**	$31,829,000
Wholesale	**1%**	1%
Personal	**9%**	8%
Services	**1%**	1%
Interest income	**3%**	4%
Employees	**231**	242
Retail offices	**4**	4

Founded: 1878.
Retail brokerage: 90% commissions, 10% fees.
Employee benefits: 13% of revenue in 2000.
Acquisitions: Christie Agency Inc., Englewood Cliffs, N.J., July 2000; Carle & Carle Inc., Englewood Cliffs, N.J., August 2000.
Officers: Robert E. Shunk, chairman; John F. Kelly, president/CEO; Gary E. Smith, executive vp/COO; R.P. Wolf, executive vp/general counsel.
Contact: John F. Kelly.

Fringe Benefits Management Co.

1720 S. Gadsden St.,
Tallahassee, Fla. 32301-5547;
850-425-6200; fax: 850-425-6220
www.fbmc-benefits.com

	2000	1999
Premium volume	**$350,000,000**	$325,000,000
Gross revenues	**$16,364,167**	$15,516,970
Brokerage revenues	**$16,364,167**	$15,516,970
U.S. clients	**100%**	100%
Brokerage: retail	**52%**	53%
U.S. offices	**$8,509,366**	$8,223,994
Services	**48%**	47%
Employees	**200**	195
Retail offices	**1**	1

Founded: 1976.
Retail brokerage: 52% commissions, 48% fees.
Employee benefits: 100% of revenue in 2000.
Officers: Michael Sheridan, chairman; Lorraine Ritch, president/CEO; Debra Tougas, CFO.
Contact: Robert McKnight Jr., vp-marketing and sales; 800-872-0345, ext. 213; bmcknight@fbmc-benefits.com.

A chart ranking brokers according to productivity and size appears on page 50.

G

Arthur J. Gallagher & Co.

The Gallagher Centre, 2 Pierce Place,
Itasca, Ill. 60143;
630-773-3800; fax: 630-285-4000
www.ajg.com

	2000	1999
Gross revenues	**$740,596,000**	$605,836,000
Brokerage revenues	**$716,466,000**	$586,054,000
U.S. clients	**91%**	92%
Non-U.S. clients	**9%**	8%
Brokerage: retail	**54%**	64%
U.S. offices	**$363,929,000**	$356,716,000
Non-U.S. offices	**$35,993,000**	$31,019,000
Wholesale	**3%**	0%
Reinsurance	**8%**	1%
Personal	**1%**	1%
Services	**31%**	31%
Interest income	**3%**	3%
Employees	**5,201**	4,589
Retail offices	**78**	67

Founded: 1927.
Retail brokerage: 88% commissions, 12% fees.
Employee benefits: 14% of revenue in 2000.
Acquisitions: Youngdahl & Associates, Minnetonka, Minn., February 2000*; Rebholz Insurance Agency, St. Louis, February 2000*; Towle Agency, Minneapolis, February 2000*; Powell Insurance Services, Northfield, Ill., February 2000*; MBR Pty. Ltd., Sydney, Australia, February 2000; Joe E. Martin, Springfield, Mo., May 2000; Bultman/Bell Associates Inc., Greenville, S.C., May 2000*; Davis-Poston & Associates Inc., Dallas, May 2000*; Universico Group Ltd., St. Clair Shores, Mich., May 2000*; R.G. Speno, Cupertino, Calif., August 2000*; John P. Woods Co. Inc., Jersey City, N.J., August 2000*; Atlantic Risk Management Corp., Annapolis Junction, Md., August 2000*; Murphy Consultants, Elgin, Ill., August 2000*; Castle Insurance Associates Inc., Boston, November 2000; Persing, Dyckman & Toynbee, Tacoma, Wash., November 2000*; SiliconInsurance Inc., Chicago, November 2000*; MDM Insurance Associates Inc., Los Angeles, February 2001*; SKANCO International Ltd., Scottsdale, Ariz., February 2001*; Madison Scott & Associates Inc., Amarillo, Texas, February 2001*; Texas Insurance Agency Inc., Houston, April 2001.
Officers: Robert E. Gallagher, chairman; J. Patrick Gallagher, president/CEO; Michael J. Cloherty, executive vp/CFO.
**Purchased on pooling basis.*

William Gallagher Associates Insurance Brokers Inc.

200 State St., 13th Floor,
Boston, Mass. 02109;
617-261-6700; fax: 617-261-6720
www.wgains.com

	2000	1999
Gross revenues	**$20,000,000**	$13,000,000
Brokerage revenues	**$19,800,000**	$12,870,000
U.S. clients	**97%**	97%
Non-U.S. clients	**3%**	3%
Brokerage: retail	**97%**	97%
U.S. offices	**$19,000,000**	$12,310,000
Non-U.S. offices	**$400,000**	$300,000
Personal	**1%**	1%
Services	**1%**	1%
Interest income	**1%**	1%
Retail offices	**4**	4

Founded: 1983.
Retail brokerage: 96% commissions, 4% fees.
Employee benefits: 18% of revenue in 2000.
Contact: Philip J. Edmundson, president/CEO; pedmundson@wgains.com.

Garner Consulting dba Garner Insurance Services

35 N. Lake Ave., Suite 720,
Pasadena, Calif. 91101;
626-440-0399; fax: 626-440-0496
www.garnerconsulting.com

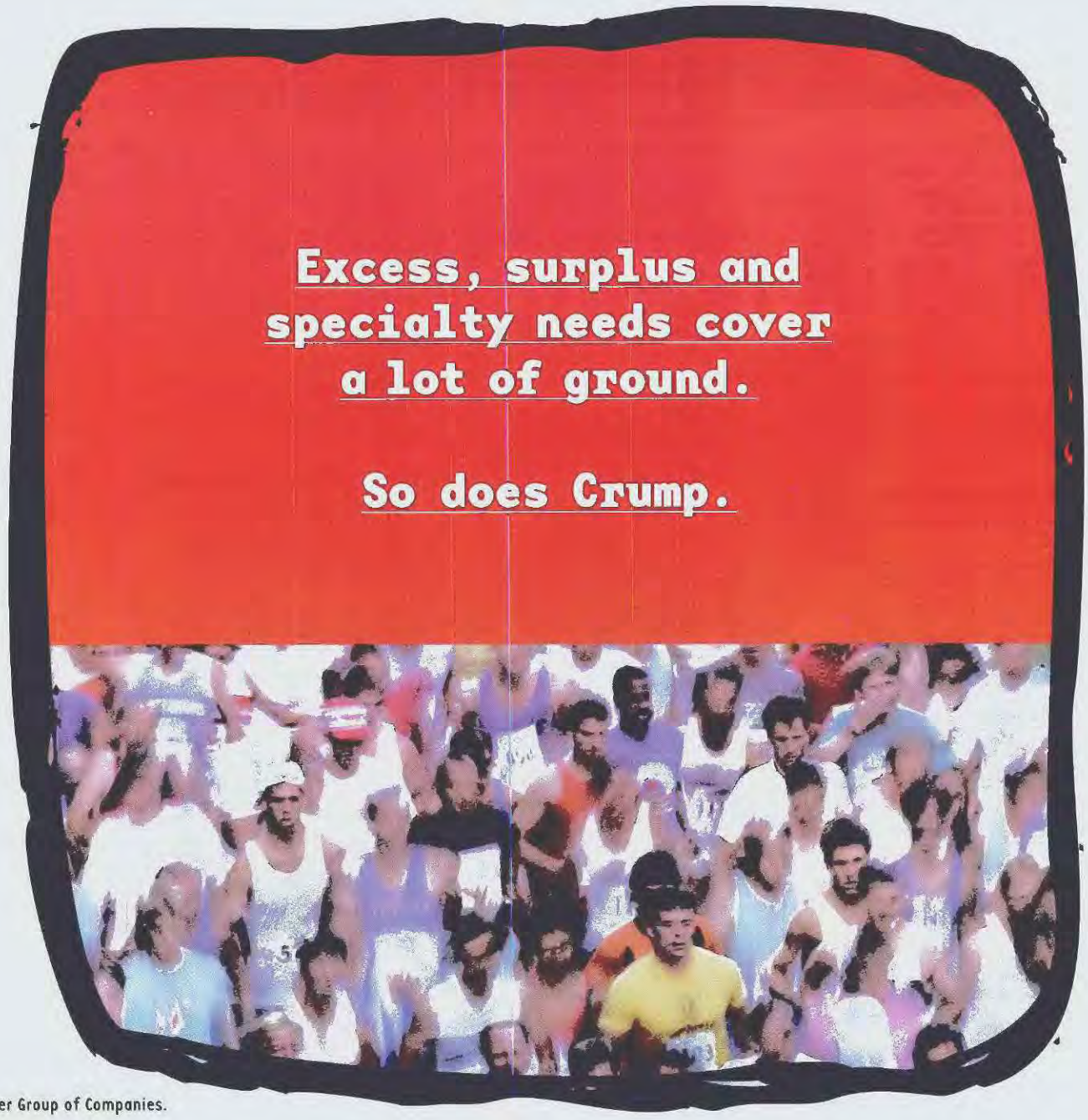
	2000	1999
Premium volume	**$11,800,000**	$12,400,000
Gross revenues	**$1,018,899**	$1,088,370
Brokerage revenues	**$1,018,899**	$1,088,370
U.S. clients	**100%**	100%
Brokerage: retail	**58%**	57%
U.S. offices	**$590,961**	$620,371
Services	**42%**	43%
Employees	**11**	10
Retail offices	**1**	1

Founded: 1987.
Retail brokerage: 100% commissions.
Employee benefits: 100% of revenue in 2000.
Acquisitions: Kennedy Insurance Services, Pasadena, Calif., April 2000.
Officers: John C. Garner, president; Gerti Reagan, vp; Dierdre Kennedy, principal.
Contact: John C. Garner.

Continued on next page

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Continued from previous page

Employee benefits: 15% of revenue in 2000.
Acquisitions: O'Brien & Sanderson Inc., Fort Wayne, Ind., March 2000; Benefits Options Inc., Ann Arbor, Mich., April 2000; Robertson Agency Inc., Cleveland, July 2000; Benefit Consultants of Fort Wayne Inc., Fort Wayne, Ind., April 2001.
Non-retail subsidiaries: Hylant Consulting, Cleveland; Hylant Broker Services, Columbus, Ohio; Hylant Administrative Services, Toledo, Ohio; Hylant Financial Services, Toledo, Ohio; Hylant Health Management, Toledo, Ohio; Hylant Health Strategies, Toledo, Ohio.
Officers: Patrick R. Hylant, chairman/CEO; William F. Buckley, president/COO; J. Scott Stewart, executive vp.
Contact: William Pridgeon, vp/CFO; bill.pridgeon@hylant.com.

I

ICT Group L.L.C.

4621 Jamestown Ave.,
Baton Rouge, La. 70808;
225-927-7575; fax: 225-927-4118

	2000	1999
Premium volume	**$225,000,000**	$145,000,000
Gross revenues	**$23,800,000**	$16,700,000
Brokerage revenues	**$23,562,000**	$16,533,000
U.S. clients	**100%**	100%
Brokerage: retail	**83%**	75%
U.S. offices	**$19,754,000**	$12,525,000
Personal	**5%**	8%
Services	**11%**	16%
Interest income	**1%**	1%
Employees	**174**	140
Retail offices	**9**	7

Founded: 1998.
Retail brokerage: 90% commissions, 10% fees.
Employee benefits: 9% of revenue in 2000.
Acquisitions: U.S. Insurance Group L.L.C., Chattanooga, Tenn., June 2001.
Nonretail subsidiaries: Hammerman & Gainer, La Place, La.
Officers: Aubrey Temple, chairman; Bill Quinlan, CEO; Edward A. Prater, president.
Contact: Edward A. Prater; 423-267-1187, ext. 203.

Insurance & Risk Management -an Assurex partner

3811 Illinois Road,
Fort Wayne, Ind. 46804;
219-436-1616; fax: 219-432-4083
www.insuranceriskmgmt.com

	2000	1999
Premium volume	**$91,000,000**	$91,000,000
Gross revenues	**$12,521,000**	$12,714,000
Brokerage revenues	**$12,270,580**	$12,586,860
U.S. clients	**100%**	100%
Brokerage: retail	**85%**	83%
U.S. offices	**$10,642,850**	$10,552,620
Personal	**12%**	15%
Services	**1%**	1%
Interest income	**2%**	1%
Employees	**152**	151
Retail offices	**2**	3

Founded: 1963.
Retail brokerage: 73% commissions, 27% fees.
Employee benefits: 50% of revenue in 2000.
Officers: John Hettwer, chairman; Harold Everett, treasurer; David Stahl, secretary.
Contact: Steve Goss; 317-254-3286, ext. 120; sgoss@irmgmt.com.

Insurance Management Co.

123 W. Ninth St.,
Erie, Pa. 16501;
814-452-3200; fax: 814-454-5598
www.imcerie.com

	2000	1999
Premium volume	**$23,500,000**	$19,500,000
Gross revenues	**$2,800,000**	$2,600,000
Brokerage revenues	**$2,800,000**	$2,600,000
U.S. clients	**100%**	100%
Brokerage: retail	**100%**	100%
U.S. offices	**$2,800,000**	$2,600,000
Employees	**24**	24
Retail offices	**1**	1

Fiscal year ends June 30.

Founded: 1933.
Retail brokerage: 100% commissions.
Employee benefits: 4.8% of revenue in 2000.
Officers: John C. Bloomstine, president; Chris W. Bloomstine, vp/secretary; Beth A. Dubik, vp/treasurer.
Contact: John C. Bloomstine, john.bloomstine@imcerie.com.

Insurance Management Financial Group -an Assurex partner

P.O. Box 2992,
Wichita, Kan. 67201-2992;
316-267-9221; fax: 316-266-6254
www.imacorp.com

	2000	1999
Premium volume	**$375,000,000**	$350,000,000
Gross revenues	**$35,002,403**	$31,344,092
Brokerage revenues	**$33,607,971**	$30,345,714
U.S. clients	**100%**	100%
Brokerage: retail	**91.1%**	91.5%
U.S. offices	**$31,887,189**	$28,679,844
Personal	**2.1%**	2.7%
Services	**2.6%**	2.5%
Interest income	**3%**	2.6%
Other	**1.2%**	0.7%
Employees	**269**	265
Retail offices	**4**	5

Founded: 1974.
Retail brokerage: 92.8% commissions, 7.2% fees.
Employee benefits: 12.7% of revenue in 2000.
Officers: William C. Cohen Jr., chairman; Robert L. Cohen, CEO; Kurt Watson, president/COO.
Contact: William C. Cohen Jr.

Insurance Marketing Agencies Inc.

306 Main St.,
Worcester, Mass. 01608;
508-753-7233; fax: 508-754-0487
www.imaagency.com

	2000	1999
Premium volume	**$35,786,000**	$35,000,000
Gross revenues	**$4,648,000**	$4,447,412
Brokerage revenues	**$4,369,120**	$4,136,096
U.S. clients	**100%**	100%
Brokerage: retail	**76%**	66%
U.S. offices	**$3,532,480**	$2,935,292
Wholesale	**4%**	6%
Personal	**16%**	21%
Interest income	**1%**	2%
Other	**3%**	5%
Employees	**45**	46
Retail offices	**2**	2

Fiscal year ends Sept. 30.

Founded: 1924.
Retail brokerage: 100% commissions.
Employee benefits: 8% of revenue in 2000.
Officers: Sumner W. Herman, president; Laura B. Herman-Strohecker, vp-marketing; Peter H. Herman, treasurer.
Contact: Sumner W. Herman; sumatima@aol.com.

Insurance Office of America Inc.

150 N. Westmonte Drive,
Altamonte Springs, Fla. 32714;
407-788-3000; fax: 407-788-7933
www.ioa-insurance.com

	2000	1999
Premium volume	**$170,000,000**	$100,000,000
Gross revenues	**$16,629,065**	$10,757,608
Brokerage revenues	**$16,462,774**	$10,650,032
U.S. clients	**96%**	98%
Non-U.S. clients	**4%**	2%
Brokerage: retail	**87%**	92%
U.S. offices	**$14,467,287**	$9,896,999
Wholesale	**2%**	2%
Personal	**6%**	4%
Services	**4%**	1%
Interest income	**1%**	1%
Employees	**155**	108
Retail offices	**9**	4

Founded: 1988.
Retail brokerage: 98% commissions, 2% fees.
Employee benefits: 9% of revenue in 2000.
Officers: John K. Ritenour, chairman/CEO; David Maki, president; Mark A. Manfre, executive vp.

InterWest Insurance Services Inc.

401 Wait Ave.,
Sacramento, Calif. 95864;
916-488-3100; fax: 916-488-7143
www.iwins.com

	2000	1999
Premium volume	**$188,531,000**	$171,392,000
Gross revenues	**$19,229,000**	$17,805,000
Brokerage revenues	**$18,844,420**	$17,270,850
U.S. clients	**100%**	100%
Brokerage: retail	**87%**	87%
U.S. offices	**$16,729,000**	$15,490,000
Wholesale	**1%**	0%
Personal	**10%**	10%
Interest income	**1%**	1%
Other	**1%**	2%
Employees	**166**	160
Retail offices	**4**	4

Founded: 1992.
Retail brokerage: 99% commissions, 1% fees.
Employee benefits: 11% of revenue in 2000.
Officers: Tom Williams, chairman/CEO; Bill O'Keefe, executive vp.

J

Jardine Lloyd Thompson Group P.L.C.

6 Crutched Friars,
London, EC3N 2PH England;
44-207-528-4444; fax: 44-207-528-4185
www.jltgroup.com

	2000	1999
Premium volume	**$4.14 billion**	$3.86 billion
Gross revenues	**$468,444,000**	$435,242,000
Brokerage revenues	**$462,380,000**	$432,006,000
U.S. clients	**33%**	33%
Non-U.S. clients	**67%**	67%
Brokerage: retail	**24%**	24%
Non-U.S. offices	**$112,184,000**	$105,170,000
Wholesale	**35%**	36%
Reinsurance	**16%**	15%
Personal	**1%**	2%
Services	**23%**	22%
Interest income	**1%**	1%
Employees	**4,160**	3,641
Retail offices	**44**	42

Converted at applicable exchange rate.

Founded: 1970.
Acquisitions: Burke Ford Holdings Ltd., London, May 2000; Abbey National Benefit Consultants Ltd., London, November 2000.
Nonretail subsidiaries: Agnew Higgins Pickering & Co. Ltd., London; AO Jardine IBR Ltd., Moscow; Financial Solutions A.B., Stockholm, Sweden; Financial Solutions Ltd., Hamilton, Bermuda; Flood Underwriters of Southeast Inc., Deerfield, Fla.; Horan Goldman Holdings, Latham, N.Y.; Insurance Services & Adjusting Co.; Deerfield, Fla.; Intermediary Insurance Services Inc., San Francisco; Omaha, Neb., Greer, S.C.; JLT Risk Solutions Ltd., London; JLT Services Corp., Waterbury, Conn.; Chicago; Latham, N.Y.; Jardine Financial Services (Ireland) Ltd., Dublin, Ireland; Jardine Insurance Services (Chile) Ltd., Santiago, Chile; Jardine Lloyd Thompson Ltd., Auckland, Christchurch, Hamilton, Wellington, New Zealand; Jardine Lloyd Thompson UK Ltd.; Brentwood, Bristol, Crawley, Huddersfield, pswich, Leeds, Leicester, Liverpool, London, Manchester, Marlow and Orpington, England; Glasgow, Scotland; Jardine (Lloyd's Underwriting Agents) Ltd., London; Jardine PF Angola Lda., Luanda, Angola; Jardine Sayer & Co. Inc., Lawrenceville, N.J., Dallas; Triangle Brokerage Ltd., Hamilton, Bermuda.
Officers: R.J.O. Barton, chairman; Ken Carter, CEO; G.W. Stuart-Clarke, group finance director; S.P.McGill, CEO-risk solutions; J. Hastings-Bass, CEO-corporate risks and services.

K

Kaye Group Inc.*

122 E. 42nd St.,
New York, N.Y. 10168;
212-338-2100; fax: 212-867-0368
www.kayegroup.com

	2000	1999
Premium volume	**$426,000,000**	$413,000,000
Gross revenues	**$90,776,000**	$78,638,000
Brokerage revenues	**$53,668,000**	$47,204,000
U.S. clients	**100%**	100%
Brokerage: retail	**39%**	42%
U.S. offices	**$35,403,000**	$33,027,000
Wholesale	**17%**	15%
Personal	**3%**	3%
Other	**41%**	40%
Employees	**226**	250
Retail offices	**4**	5

Founded: 1952.
Retail brokerage: 91% commissions, 9% fees.
Employee benefits: 12% of revenue in 2000.
Nonretail subsidiaries: Claims Administration Corp., New York; Old Lyme Insurance Co. Rhode Island Inc., Warwick, R.I.; Program Brokerage Corp., Westport, Conn., New York and Woodbury, N.Y., Warwick, R.I.; Old Lyme Insurance Co. Ltd., Hamilton, Bermuda.
Officers: Bruce D. Guthart, chairman/president/CEO; Michael P. Sabanos, executive vp/CFO; Damian Testa, executive vp.
Contact: Bruce D. Guthart; 212-338-2259.
** Acquired by Hub International Ltd. on June 30, 2001.*

Keenan & Associates

2355 Crenshaw Blvd., Suite 200,
Torrance, Calif. 90501;
310-212-3344; fax: 310-212-0354
www.keenanassoc.com

	2000	1999
Gross revenues	**$66,290,000**	$59,645,500
Brokerage revenues	**$66,218,700**	$57,850,000
U.S. clients	**100%**	100%
Brokerage: retail	**42%**	41%
U.S. offices	**$26,900,000**	$24,430,005
Services	**55%**	56%
Interest income	**2%**	2%
Other	**1%**	1%
Employees	**488**	480
Retail offices	**12**	12

Founded: 1972.
Retail brokerage: 60% commissions, 40% fees.
Employee benefits: 34% of revenue in 2000.
Officers: John R. Keenan, chairman; Sean K. Smith, CEO; David J. De Wenter, executive vp/COO.
Contact: David J. De Wenter.

Kelter-Thorner Inc.

210 S. Old Woodward, Suite 200,
Birmingham, Mich. 48009;
248-540-3131; fax: 248-540-2002
www.kelter-thorner.com

	2000	1999
Premium volume	**$166,970,000**	$154,600,000
Gross revenues	**$20,403,000**	$18,892,000
Brokerage revenues	**$19,342,000**	$17,286,000
U.S. clients	**100%**	100%
Brokerage: retail	**74.6%**	74.1%
U.S. offices	**$15,220,638**	$13,998,972
Wholesale	**9.5%**	8.4%
Personal	**5.9%**	6%
Services	**4.8%**	3%
Interest income	**2.4%**	1.8%
Other	**2.8%**	6.7%
Employees	**75**	85
Retail offices	**6**	5

Fiscal year ends Sept. 30.

Founded: 1930.
Retail brokerage: 100% commissions.
Employee benefits: 4% of revenue in 2000.
Officers: Theodore R. Kelter, Marilyn Chernoff, co-chairmen; Michael J. Kelter, president.
Contact: Sharon K. Neveau, controller.

R.C. Knox & Co. Inc.

1 Goodwin Square,
Hartford, Conn. 06103;
860-524-7600; fax: 524-240-1599
www.rcknox.com

	2000	1999*
Premium volume	**$226,000,000**	$148,000,000
Gross revenues	**$22,057,000**	$15,661,000
Brokerage revenues	**$20,952,000**	$15,022,000
U.S. clients	**100%**	100%
Brokerage: retail	**84%**	85%
U.S. offices	**$18,528,000**	$13,312,000
Persona	**11%**	11%
Interest income	**4%**	4%
Other	**1%**	0%
Employees	**123**	98
Retail offices	**2**	2

Founded: 1893.
Parent: People's Bank
Retail brokerage: 99.6% commissions, 0.4% fees.
Employee benefits: 14% of revenue in 2000.
Officers: John F. Byrnes, president/CEO; Harold A. Smullen, executive vp/COO; John J. Kalbacher, treasurer/CFO.
Contact: John F. Byrnes; byrnes@rcknox.com.
**1999 restated to include life & employee benefits.*

L

LaGere & Walkingstick Insurance Agency Inc.

1010 Manuel,
Chandler, Okla. 74834;
405-258-0804; fax: 405-258-4220

	2000	1999
Premium volume	**$98,580,073**	$101,800,333
Gross revenues	**$9,434,113**	$9,697,259
Brokerage revenues	**$9,198,260**	$9,513,011
U.S. clients	**100%**	100%
Brokerage: retail	**34%**	37%
U.S. offices	**$3,225,751**	$3,587,986
Wholesale	**64.1%**	60.5%
Interest income	**1.9%**	2.5%
Employees	**24**	21
Retail offices	**1**	1

Founded: 1964.
Parent: Chandler (USA) Inc.
Retail brokerage: 99% commissions, 1% fees.
Officers: Brent LaGere, president/CEO; Ernie Pierce, vp; Robert Crum, secretary.
Contact: Ernie Pierce; ep erce@naico.com.

Lamb, Little & Co.

5301 Keystone Court,
Rolling Meadows, Ill. 60008;
847-398-7060; fax: 847-398-7077
www.lamblittle.com

	2000	1999
Premium volume	**$51,090,915**	$51,598,515
Gross revenues	**$7,958,561**	$8,928,281
Brokerage revenues	**$7,958,561**	$8,928,281
U.S. clients	**100%**	100%
Brokerage: retail	**85%**	85%
U.S. offices	**$6,764,776**	$7,589,028
Personal	**15%**	15%
Employees	**80**	85
Retail offices	**2**	2

Founded: 1947.
Retail brokerage: 98% commissions, 2% fees.
Employee benefits: 13% of revenue in 2000.
Officers: Michael Kelly, president; Frank Hoffeller, senior executive vp; Ben Napolski, executive vp.
Contact: Robert J. Power, office manager.

J. Smith Lanier & Co.

300 W. 10th St.,
West Point, Ga. 31833;
706-645-8242; fax: 706-643-0606
www.jsmithlanier.com

	2000	1999
Premium volume	**$300,000,000**	$215,000,000
Gross revenues	**$41,700,000**	$35,246,181
Brokerage revenues	**$41,293,000**	$33,836,334
U.S. clients	**100%**	100%
Brokerage: retail	**78.1%**	77%
U.S. offices	**$32,575,510**	$27,139,559
Wholesale	**1.2%**	1.7%
Personal	**12.6%**	14.1%
Services	**7.1%**	3.2%
Interest income	**1%**	4%
Employees	**350**	300
Retail offices	**17**	18

Founded: 1868.
Retail brokerage: 97% commissions, 3% fees.
Employee benefits: 27.7% of revenue in 2000.
Acquisitions: Landers & Creel Insurance, Birmingham, Ala., February 2000; Harison-Kerzic, Augusta, Ga., April 2000 ; Valley Insurance & Planning, Huntsville, Ala., July 2000; Schultz-Rowson Inc.; Atlanta, January 2001; Direct Reimbursement Benefit Plans, Atlanta, January 2001.
Nonretail subsidiaries: JSL Administrators Inc, Newnan, Ga., Fayetteville, N.C.; JSL Loss Control Services Inc., Atlanta.
Officers: D. Gaines Lanier, president/CEO; Gary E. Ivey, COO; Frank E. Plan, CFO.
Contact: D. Gaines Lanier.

Lawley Service Inc.

120 Delaware Ave.,
Buffalo, N.Y. 14202;
716-849-8618; fax: 716-849-0360
www.lawleyinsurance.com

	2000	1999
Premium volume	**$113,088,895**	$97,546,977
Gross revenues	**$18,812,351**	$16,658,823
Brokerage revenues	**$18,812,351**	$16,475,492
U.S. clients	**100%**	100%
Brokerage: retail	**64.4%**	61.7%
U.S. offices	**$12,115,154**	$10,280,160
Wholesale	**0%**	3.4%
Personal	**35.4%**	33.8%
Interest income	**0.2%**	0.2%
Other	**0%**	0.9%
Employees	**182**	171
Retail offices	**7**	7

Founded: 1945.
Retail brokerage: 94.5% commissions, 5.5% fees.
Employee benefits: 6.3% of revenue in 2000.
Acquisitions: Ditzel Agency Inc.; Batavia, N.Y.; January 2001
Officers: William J. Lawley Jr., managing partner, secretary; Christopher O. Ross, managing partner/treasurer; Michael R. Lawley, partner.
Contact: Michael R. Lawley; 716-849-8658.

The directory begins on page 48.

The Leavitt Group

216 S. 200 W., P.O. Box 130,
Cedar City, Utah 84720;
435-586-6553; fax: 435-586-1510
www.leavitt.com

	2000	1999
Premium volume	**$320,000,000**	$275,000,000
Gross revenues	**$41,910,000**	$35,400,000
Brokerage revenues	**$41,060,000**	$34,460,000
U.S. clients	**99%**	99%
Non-U.S. clients	**1%**	1%
Brokerage: retail	**64%**	63%
U.S. offices	**$26,820,000**	$22,300,000
Personal	**34%**	35%
Interest income	**1%**	1%
Other	**1%**	1%
Employees	**540**	508
Retail offices	**83**	78

Founded: 1952.
Retail brokerage: 97% commissions, 3% fees.
Employee benefits: 5% of revenue in 2000.
Nonretail subsidiaries: Leavitt Group Enterprises Inc., Cedar City, Utah; Leavitt Group Agency Assn. Inc., Cedar City, Utah.
Officers: Dixie L. Leavitt, founder; Dane O. Leavitt, CEO; Eric O. Leavitt, chief officer-North area; Kelly Russell, chief officer-South area.
Contact: Mark O. Leavitt; mark@leavitt.com.

Lockton Cos. Inc.

444 W. 47th St., Suite 900,
Kansas City, Mo. 64112;
816-960-9000; fax: 816-960-9099
www.lockton.com

	2000	1999
Premium volume	**$3 billion**	$2.25 billion
Gross revenues	**$194,200,000**	$151,900,000
Brokerage revenues	**$192,258,000**	$150,380,000
U.S. clients	**98%**	98%
Non-U.S. clients	**2%**	2%
Brokerage: retail	**96%**	96%
U.S. offices	**$186,432,000**	$145,824,000
Personal	**1%**	1%
Services	**2%**	2%
Interest income	**1%**	1%
Employees	**1,557**	1,162
Retail offices	**12**	10

Fiscal year ends April 30.

Founded: 1966.
Retail brokerage: 65% commissions, 35% fees.
Employee benefits: 20% of revenue in 2000.
Officers: John T. Lockton III, chairman; David M. Lockton, CEO; John L. Lumelleau, president.
Contact: Michael C. Frost, COO; mfrost@lockton.com.

The Loomis Co.

850 Park Road,
Wyomissing, Pa. 19610;
610-374-4040; fax: 610-374-6578
www.loomisco.com

	2000	1999
Premium volume	**$155,000,000**	$150,000,000
Gross revenues	**$24,750,000**	$24,507,000
Brokerage revenues	**$24,255,000**	$24,016,860
U.S. clients	**99.5%**	99.5%
Non-U.S. clients	**0.5%**	0.5%
Brokerage: retail	**36%**	36%
U.S. offices	**$8,910,000**	$8,822,520
Wholesale	**3%**	3%
Reinsurance	**3%**	3%
Personal	**8%**	8%
Services	**48%**	48%
Interest income	**1%**	1%
Other	**1%**	1%
Employees	**325**	350
Retail offices	**4**	4

Founded: 1982.
Retail brokerage: 95% commissions, 5% fees.
Employee benefits: 48% of revenue in 2000.
Officers: James R. Loomis, president/CEO; Dale W. Whitehead, vp; Kathy Schlegel, treasurer.
Contact: James R. Loomis; 610-374-4040, ext. 2201; jloomis@loomisco.com.

Lovitt & Touche Inc.

7202 E. Rosewood,
Tucson, Ariz. 85710;
520-722-3000; fax: 520-722-7106
www.lovitt-touche.com

	2000	1999
Premium volume	**$135,682,155**	$126,054,078
Gross revenues	**$14,925,037**	$12,833,387
Brokerage revenues	**$14,760,862**	$12,679,386
U.S. clients	**100%**	100%
Brokerage: retail	**91.9%**	92%
U.S. offices	**$13,716,109**	$11,806,716
Personal	**5.9%**	5.7%
Services	**1.1%**	1.1%
Interest income	**1.1%**	1.2%
Employees	**126**	110
Retail offices	**3**	3

Founded: 1911.
Retail brokerage: 97% commissions, 3% fees.
Employee benefits: 22% of revenue in 2000.
Nonretail subsidiaries: Mountain States Insurance Services, Phoenix, Taylor and Tucson, Ariz.
Officers: Carlos G. Touche, chairman; Charles A. Touche, CEO; Steven D. Touche, president.

M

M-J Insurance Inc. -an Assurex partner

3750 Priority Way S. Drive, Suite 200,
Indianapolis, Ind. 46240-1490;
317-805-7500; fax: 317-805-7515
www.mjinsurance.com

Continued on next page

Continued from previous page

	2000	1999
Premium volume	$138,643,000	$110,580,000
Gross revenues	$13,426,000	$11,368,000
Brokerage revenues	$13,426,000	$11,368,000
U.S. clients	99%	99%
Non-U.S. clients	1%	1%
Brokerage: retail	85%	85%
U.S. offices	$11,412,100	$9,662,800
Personal	5%	5%
Services	10%	10%
Employees	106	106
Retail offices	1	1

Fiscal year ends Aug. 31.

Founded: 1964.
Retail brokerage: 87% commissions, 13% fees.
Employee benefits: 29% of revenue in 2000.
Officers: Michael M. Bill, president; Michael H. Bill, vp.
Contact: Michael H. Bill.

MLW Services Inc.

100 William St.,
New York, N.Y. 10038;
212-797-9600; fax: 212-425-0719

	2000	1999
Premium volume	$79,600,000	$72,000,000
Gross revenues	$11,900,000	$11,300,000
Brokerage revenues	$11,900,000	$11,187,000
U.S. clients	100%	100%
Brokerage: retail	62%	64%
U.S. offices	$7,378,000	$7,232,000
Wholesale	31%	29%
Personal	5%	4%
Services	2%	2%
Interest income	0%	1%
Employees	61	59
Retail offices	1	1

Founded: 1986.
Retail brokerage: 92% commissions, 8% fees.
Employee benefits: 2% of revenue in 2000.
Nonretail subsidiaries: Barkly Coverage Corp.; New York, N.Y.
Officers: Charles J. Weisblum, chairman; Andrew H. Marks, president; Bert Linder, executive vp.
Contact: Andrew H. Marks.

The Mahoney Group -an Assurex partner

719 E. Cottonwood Lane,
Casa Grande, Ariz. 85222;
520-836-7483; fax: 520-836-6681
www.mahoneygroup.com

	2000	1999*
Premium volume	$139,871,318	$125,818,218
Gross revenues	$15,384,845	$13,850,004
Brokerage revenues	$14,430,207	$13,251,844
U.S. clients	99%	99%
Non-U.S. clients	1%	1%
Brokerage: retail	81%	81%
U.S. offices	$12,462,534	$11,210,403
Wholesale	3%	3%
Personal	10%	10%
Interest income	2%	2%
Other	4%	4%
Employees	131	135
Retail offices	9	9

Founded: 1915.
Retail brokerage: 95% commissions, 5% fees.
Employee benefits: 13.5% of revenue in 2000.
Officers: Glen Nelson, chairman; Douglas D. Fyfe, president/CEO; Matthew R. Bagnall, CFO.
Contact: Douglas D. Fyfe; 520-795-8511; dfyfe@mahoneygroup.com.
**Restated.*

Marsh & McLennan Cos. Inc.

1166 Ave. of the Americas,
New York, N.Y. 10036;
212-345-6000; fax: 212-345-3833
www.marsh.com

	2000	1999
Premium volume	$39.2 billion	$33.4 billion
Gross revenues	$10,180,000,000	$9,180,000,000
Brokerage revenues	$6,915,000,000	$6,473,000,000*
U.S. clients	59%	58%
Non-U.S. clients	41%	42%
Brokerage: retail	40%	42%*
U.S. offices	$2,443,200,000	$2,301,291,720*
Non-U.S. offices	$1,628,800,000	$1,553,468,280*
Wholesale	2%	2%
Reinsurance	5%	5%*
Services	21%	21%*
Other	32%	30%*
Employees	50,500	47,000*
Retail offices	410	410*

Founded: 1871.
Employee benefits: 16% of revenue in 2000.
Acquisitions: Delta Consulting Group; New York; May 2000.
Nonretail subsidiaries: Guy Carpenter Inc., New York
Officers: Jeffrey W. Greenberg, chairman; Mathis Cabiallavetta, vice chairman/chairman-Marsh & McLennan Cos. Europe; Peter Coster, president/CEO-Mercer Consulting Group Inc.; Lawrence J. Lasser, president/CEO-Putnam Investments L.L.C.; John T. Sinnott, chairman/CEO-Marsh Inc.
**Restated, Percentages of revenues are BI estimates.*

Marshall & Sterling Enterprises Inc.

110 Main St.,
Poughkeepsie, N.Y. 12601;
845-454-0800; fax: 845-454-0880
www.marshallsterling.com

	2000	1999
Premium volume	$194,000,000	$185,000,000
Gross revenues	$32,997,266	$29,717,777
Brokerage revenues	$32,997,266	$29,717,777
U.S. clients	100%	100%
Brokerage: retail	65%	66%
U.S. offices	$21,488,223	$19,613,733
Wholesale	6%	8%
Personal	29%	26%
Employees	271	249
Retail offices	15	15

Founded: 1864.
Retail brokerage: 99% commissions, 1% fees.
Employee benefits: 1% of revenue in 2000.
Acquisitions: Robson & Gerahty Inc., Hoosick Falls, N.Y., January 2000; Rose Agency, Mechanicville, N.Y., January 2000.
Officers: John P. O'Shea, chairman/president; James D. Tunick, president-Marshall & Sterling-St. Thomas Inc.; David C. Ridgway, president-Marshall & Sterling-St. Croix Inc.
Contact: John P. O'Shea, 845-454-0800, ext. 220.

May-Davis Inc.

5227 E. Trent, P.O. Box 11589,
Spokane, Wash. 99211;
509-535-8783; fax: 509-534-0318

	2000	1999
Premium volume	$3,250,000	$3,250,000
Gross revenues	$550,000	$600,000
Brokerage revenues	$550,000	$600,000
U.S. clients	100%	100%
Brokerage: retail	95%	98%
U.S. offices	$522,500	$588,000
Personal	5%	2%
Employees	5	5
Retail offices	1	1

Fiscal year ends June 30.

Founded: 1974.
Retail brokerage: 100% commissions.
Employee benefits: 1% of revenue in 2000.
Officers: William H. Davis, president; William A. May, vp.

McGriff, Seibels & Williams Inc. -an Assurex partner

2211 Seventh Ave. S.,
Birmingham, Ala. 35233;
205-252-9871; fax: 205-581-9293
www.mcgriff.com

	2000	1999
Premium volume	$764,900,262	$658,635,919
Gross revenues	$83,132,924	$72,816,347
Brokerage revenues	$79,273,619	$69,590,506
U.S. clients	100%	100%
Brokerage: retail	84.6%	86.1%
U.S. offices	$70,347,080	$62,738,565
Wholesale	7.9%	6.6%
Services	2.9%	2.9%
Interest income	3.4%	3.6%
Other	1.2%	0.8%
Employees	513	482
Retail offices	5	5

Founded: 1983.
Retail brokerage: 92.4% commissions, 7.6% fees.
Employee benefits: 6.4% of revenue in 2000.
Non-retail subsidiaries: Atlanta
Officers: Bruce C. Dunbar Jr., chairman/president/CEO; Gary M. Cooney, vice chairman; Thomas A. Lambert III, treasurer/CFO.
Contact: Leslie Sasser, controller.

McQueary Henry Bowles Troy L.L.P.

12700 Park Central Drive, Suite 1700,
Dallas, Texas 75251;
972-770-1600; fax: 972-770-1699
www.mhbt.com

	2000	1999
Premium volume	$158,000,000	$125,000,000
Gross revenues	$16,000,000	$14,000,000
Brokerage revenues	$15,680,000	$13,860,000
U.S. clients	100%	100%
Brokerage: retail	88.5%	81.8%
U.S. offices	$14,160,000	$11,452,000
Wholesale	3.5%	9%
Personal	5.5%	7%
Services	0.5%	1.2%
Interest income	1%	1%
Other	1%	0%
Employees	114	100
Retail offices	5	4

Founded: 1926.
Retail brokerage: 95% commissions, 5% fees.
Employee benefits: 10.5% of revenue in 2000.
Officers: Ted Troy, vice chairman; Bill Henry, CEO; Don Bowles, president.
Contact: Patrick Arthur, senior vp; pat_arthur@mhbt.com.

Meadowbrook Insurance Group Inc.

26600 Telegraph Road,
Southfield, Mich. 48034;
248-358-1100; fax: 248-358-1614
www.meadowbrook.com

	2000	1999
Premium volume	$541,195,733	$506,004,819
Gross revenues	$80,037,941	$69,296,567
Brokerage revenues	$78,239,456	$68,576,877
U.S. clients	100%	100%
Brokerage: retail	55%	50%
U.S. offices	$42,719,681	$33,237,455
Non-U.S. offices	$1,301,187	$2,752,560
Reinsurance	1%	2%
Personal	1%	1%
Services	40.8%	46%
Interest income	2.2%	1%
Employees	702	687
Retail offices	17	19

Founded: 1955.

Terms used in the directory of agents and brokers are defined on page 49. The top benefit brokers are listed on page 50.

Retail brokerage: 51% commissions, 49% fees.
Officers: Merton J. Segal, CEO; Robert S. Cubbin, president; Joseph C. Henry, executive vp.
Contact: Kenn Allen, senior vp.

Mellon/Clair Odell Group

120 W. Germantown Pike,
Plymouth Meeting, Pa. 19462;
610-825-8100; fax: 610-825-8149
www.mellon.com/personal/insurance

	2000	1999
Premium volume	$210,400,000	$197,500,000
Gross revenues	$24,195,000	$20,951,000
Brokerage revenues	$22,985,250	$20,951,000
U.S. clients	100%	100%
Brokerage: retail	44%	50%
U.S. offices	$10,646,000	$10,475,000
Personal	51%	50%
Interest income	5%	0%
Employees	120	103
Retail offices	2	4

Founded: 1930.
Parent: Mellon Bank N.A.
Retail brokerage: 89% commissions, 11% fees.
Employee benefits: 1% of revenue in 2000.
Officers: Frank Svitek, president/CEO; William Kanehann, executive vp/COO; Steven Odell, senior vp.
Contact: Frank Svitek; William Kanehann.

Mesirow Insurance Services Inc.

321 N. Clark St., Suite 1200,
Chicago, Ill. 60610;
312-595-6200; fax: 312-595-7205
www.mesirowfinancial.com

	2000	1999
Premium volume	$200,000,000	$200,000,000
Gross revenues	$29,843,586	$26,894,920
Brokerage revenues	$29,545,150	$26,625,970
U.S. clients	100%	100%
Brokerage: retail	95%	94%
U.S. offices	$28,351,406	$25,281,225
Personal	4%	5%
Other	1%	1%
Employees	163	159
Retail offices	4	4

Fiscal year ends March 31.

Founded: 1972.
Parent: Mesirow Financial
Retail brokerage: 94% commissions, 6% fees.
Employee benefits: 35% of revenue in 2000.
Contact: Richard S. Price, president.

Mid American Group Inc.

414 Plaza Drive, Suite 303,
Westmont, Ill. 60559;
630-789-9508; fax: 630-789-9516
www.midamgroup.com

	2000	1999
Premium volume	$84,000,000	$60,000,000
Gross revenues	$2,912,000	$1,987,000
Brokerage revenues	$2,912,000	$1,987,000
U.S. clients	96%	100%
Non-U.S. clients	4%	0%
Brokerage: retail	96%	100%
U.S. offices	$2,795,520	$1,987,000
Services	4%	0%
Employees	10	9
Retail offices	1	1

Founded: 1989.
Employee benefits: 100% of revenue in 2000.
Officers: James P. Lill, president; Daniel P. Hutchinson, vp-operations; Harold Dell, vp-sales.

Milne Scali & Co.

1750 E. Glendale Ave.,
Phoenix, Ariz. 85020;
602-395-9111; fax: 602-395-0222
www.milnescali.com

	2000	1999
Premium volume	$105,000,000	$100,000,000
Gross revenues	$9,900,000	$9,600,000
Brokerage revenues	$9,801,000	$9,504,000
U.S. clients	100%	100%
Brokerage: retail	89%	88%
U.S. offices	$8,811,000	$8,448,000
Personal	9%	10%
Services	1%	1%
Interest income	1%	1%
Employees	82	86
Retail offices	3	3

Founded: 1990.
Retail brokerage: 92% commissions, 8% fees.
Employee benefits: 14% of revenue in 2000.
Officers: Terrence M. Scali, president/CEO; Richard W. Milne, vp.
Contact: Terrence M. Scali.

Fred A. Moreton & Co. -an Assurex partner

709 E. South Temple,
Salt Lake City, Utah 84102;
801-531-1234; fax: 801-531-6117
www.famoreton.com

	2000	1999
Premium volume	$180,000,000	$175,000,000
Gross revenues	$16,500,386	$13,822,147
Brokerage revenues	$14,856,848	$12,951,352
U.S. clients	100%	100%
Brokerage: retail	81%	88.8%
U.S. offices	$13,365,312	$12,274,066
Wholesale	0%	0.2%
Personal	4.1%	4.3%
Services	5%	0.4%
Interest income	7.9%	4.9%
Other	2%	1.4%
Employees	99	100
Retail offices	2	2

Founded: 1910.
Retail brokerage: 90% commissions, 10% fees.
Employee benefits: 26.1% of revenue in 2000.
Nonretail subsidiaries: Moreton Financial Services, Salt Lake City.
Officers: William R. Moreton, president/CEO; Craig L. Smith, executive vp/COO; William E. Tingey, CFO.
Contact: Craig L. Smith.

Morris & MacKenzie Inc.

3500 de Maisonneuve Blvd. W., Suite 2400,
Montreal, Quebec H3Z 3C1 Canada;
514-925-3222; fax: 514-989-9981
www.morrismackenzie.ca

	2000	1999
Gross revenues	$12,618,793	$11,615,805
Brokerage revenues	$12,240,229	$11,267,331
Brokerage: retail	63.6%	66%
Non-U.S. offices	$8,025,552	$7,666,498
Personal	33%	31%
Interest income	3.4%	3%
Employees	179	164
Retail offices	4	4

Converted at applicable exchange rate.
Fiscal year ends September 30.

Founded: 1939.
Parent: Mackmor Ltd.
Retail brokerage: 90% commissions, 10% fees.
Employee benefits: 10% of revenue in 2000.
Officers: Frank Dougan, president/CEO; Maurice Sauve, executive vp; Trevor Grimwood, senior vp.
Contact: Trevor Grimwood; 416-221-9840.

N

The NIA Group L.L.C. -an Assurex partner

66 Route 17,
Paramus, N.J. 07652;
201-845-6600; fax: 201-845-0061
www.niagroup.com

	2000	1999
Gross revenues	$67,078,000	$61,891,000
Brokerage revenues	$67,078,000	$61,457,763
U.S. clients	99%	99%
Non-U.S. clients	1%	1%
Brokerage: retail	76.2%	68.2%
U.S. offices	$51,113,000	$42,210,000
Wholesale	6.1%	4.7%
Personal	17.7%	19.3%
Services	0%	7.1%
Interest income	0%	0.7%
Employees	519	503
Retail offices	18	17

Founded: 1926.
Retail brokerage: 94% commissions, 6% fees.
Employee benefits: 17% of revenue in 2000.
Acquisitions*: Klotz & Brick, Brick Township, N.J., June 2000; CPM Group Insurance Services Inc., North Haven, Conn., July 2000; Rosenthal Group International, New Rochelle, N.Y., October 2000.
Officers: Steven L. Grossberg, president; Roger A. Gross, executive vp/COO; Brian Cassidy, CFO.
Contact: Roger A. Gross; rgross@niagroup.com.
**Purchased on pooling basis.*

Near North Insurance Brokerage Inc.

875 N. Michigan Ave., Suite 1900,
Chicago, Ill. 60611;
312-280-5600; fax: 312-280-5602
www.nnng.com

	2000	1999
Premium volume	$943,000,000	$856,000,000
Gross revenues	$109,700,000	$94,200,000
Brokerage revenues	$102,021,000	$87,606,000
U.S. clients	98%	98%
Non-U.S. clients	2%	2%
Brokerage: retail	66%	71%
U.S. offices	$72,402,000	$66,882,000
Wholesale	6%	3%
Reinsurance	7%	4%
Personal	2%	2%
Services	12%	13%
Other	7%	7%
Employees	893	834
Retail offices	12	12

Founded: 1962.
Parent: Near North National Group
Retail brokerage: 88% commissions, 12% fees.
Employee benefits: 10% of revenue in 2000.
Nonretail subsidiaries: THB Intermediaries; Los Angeles; Chicago; New York; Dallas.
Officers: Michael Segal, chairman/CEO; William Bartholomay, president; Duncan Ashurst, Dana Berry, Jim Meyer, Matt Walsh, executive vps/managing directors.
Contact: Tim Gallagher, managing director-sales; 312-280-7224; tgallagh@nnng.com.

North American Group -an Assurex partner

5101 N. Classen, Suite 300,
Oklahoma City, Okla. 73118;
405-523-2100; fax: 405-557-0491
www.na-group.com

	2000	1999
Premium volume	$44,342,395	$38,873,809
Gross revenues	$8,355,070	$6,819,376
Brokerage revenues	$6,629,126	$6,562,851
U.S. clients	100%	100%
Brokerage: retail	74.7%	77.1%
U.S. offices	$6,242,908	$5,259,785
Wholesale	13%	8%
Personal	8%	11%
Services	3%	3%
Interest income	1.3%	0.9%
Retail offices	5	5

Founded: 1959.
Employee benefits: 13% of revenue in 2000.
Officers: William E. Durrett, chairman; Michael F. Ross, president/CEO; Gary M. Jarmon, executive vp.
Contact: Michael F. Ross; mross@na-group.com.

O

The James B. Oswald Co. -an Assurex partner

1360 E. Ninth St.,
Cleveland, Ohio 44144;
216-622-7400; fax: 216-367-8771
www.jamesboswald.com

	2000	1999
Premium volume	$150,000,000	$120,000,000
Gross revenues	$20,892,000	$18,320,000
Brokerage revenues	$20,703,942	$18,265,040
U.S. clients	100%	100%
Brokerage: retail	83.6%	84.2%
U.S. offices	$17,465,000	$15,425,000
Wholesale	2.4%	2.6%
Personal	13.1%	12.9%
Interest income	0.9%	0.3%
Employees	165	145
Retail offices	6	6

Founded: 1893.
Retail brokerage: 95% commissions, 5% fees.
Employee benefits: 20% of revenue in 2000.
Officers: James P. Pender, chairman; Marc Byrnes, president/CEO.
Contact: William Leonard, COO/CFO.

P

Palmer & Cay Inc. -an Assurex partner

25 Bull St.,
Savannah, Ga. 31401;
912-234-6621; fax: 912-234-5427
www.palmercay.com

	2000	1999
Premium volume	$641,305,860	$560,000,000
Gross revenues	$102,655,538	$83,141,646
Brokerage revenues	$101,405,557	$81,858,042
U.S. clients	97.5%	100%
Non-U.S. clients	2.5%	0%
Brokerage: retail	75.5%	89.5%
U.S. offices	$74,951,835	$74,438,074
Non-U.S. offices	$2,535,139	$0
Personal	4.8%	6.3%
Services	18.5%	2.6%
Interest income	0.9%	1.3%
Other	0.3%	0.3%
Employees	759	720
Retail offices	32	33

Fiscal year ends June 30.

Founded: 1868.
Retail brokerage: 86.6% commissions, 13.4% fees.
Employee benefits: 34% of revenue in 2000.
Acquisitions: DeFain Mayer; Overland Park, Kan.; June 2000
Officers: John E. Cay III, chairman; F. Michael Crowley, president; Frank H. Beard, executive vp.
Contact: Rebel Riley, assistant vp/financial analyst; rebel_riley@palmercay.com.

Parker, Smith & Feek Inc. -an Assurex partner

2233 112th Ave. N.E.,
Bellevue, Wash. 98004;
425-709-3600; fax: 425-709-7640
www.psfinc.com

	2000	1999
Premium volume	$134,267,633	$112,361,361
Gross revenues	$16,163,000	$14,187,000
Brokerage revenues	$15,969,000	$13,956,000
U.S. clients	100%	100%
Brokerage: retail	94%	93%
U.S. offices	$15,241,709	$13,293,219
Personal	5%	5%
Interest income	1%	2%
Employees	130	124
Retail offices	4	2

Founded: 1937.
Retail brokerage: 90% commissions, 10% fees.
Employee benefits: 17% of revenue in 2000.
Officers: Victor E. Parker, chairman/CEO; John Tracey, senior vp; Gregory Collins vp/COO.
Contact: Gregory Collins.

Praxis Associates Inc.

P.O. Box 70122,
San Juan, Puerto Rico 00936-8122;
787-764-0369; fax: 787-765-2366
www.pr-axis.com

	2000	1999
Premium volume	$31,000,000	$31,000,000
Gross revenues	$6,600,000	$6,600,000
Brokerage revenues	$6,534,000	$6,534,000
U.S. clients	100%	100%
Brokerage: retail	10%	10%
U.S. offices	$660,000	$660,000
Wholesale	80%	80%
Reinsurance	7%	5%
Personal	2%	4%
Interest income	1%	1%
Employees	46	45
Retail offices	1	1

Founded: 1846.
Parent: Praxis Holdings Inc.
Retail brokerage: 100% commissions.
Employee benefits: 6% of revenue in 2000.
Officers: Enrique Gomez-Monagas, CEO; Juan J. Jaramillo, vp; Jorge Ortiz, comptroller.
Contact: Enrique Gomez-Monagas.

Preferred Benefits Inc.

975 Spaulding S.E.,
Grand Rapids, Mich. 49546;
616-956-1199; fax: 616-956-1214
www.preferredbenefits.com

Continued on next page

Continued from previous page

	2000	1999
Gross revenues	**$916,709**	$757,400
Brokerage revenues	**$916,709**	$757,400
U.S. clients	**100%**	100%
Brokerage: retail	**92%**	85%
U.S. offices	**$843,372**	$643,790
Wholesale	**5%**	10%
Personal	**2%**	3%
Services	**1%**	2%
Employees	**6**	6
Retail offices	**1**	1

Founded: 1975.
Retail brokerage: 97% commissions, 3% fees.
Employee benefits: 97% of revenue in 2000.
Officers: Susan Mason, president/treasurer; Jeffrey Noom, secretary; Kathleen Noom, vp.
Contact: Susan Mason; smason@preferredbenefits.com.

Pritchard & Jerden Inc.

3565 Piedmont Road N.E.,
Buildiing 3, Suite 700,
Atlanta, Ga. 30305;
404-238-9090; fax: 404-261-5440
www.pritchardjerden.com

	2000	1999
Gross revenues	**$5,716,000**	$5,685,000
Brokerage revenues	**$5,507,000**	$5,457,600
U.S. clients	**100%**	99%
Non-U.S. clients	**0%**	1%
Brokerage: retail	**92%**	92%
U.S. offices	**$5,258,700**	$5,230,200
Personal	**4%**	4%
Services	**2%**	2%
Interest income	**2%**	2%
Employees	**42**	40
Retail offices	**1**	1

Fiscal year ends March 31.

Founded: 1960.
Employee benefits: 29% of revenue in 2000.
Officers: James L. Jerden, chairman/president; James L. Bailey, executive vp; Anthony P. Burger, treasurer.
Contact: James L. Bailey; jbailey@pritchardjerden.com.

R

RJF Agencies Inc. -an Assurex partner

14601 27th Ave. N., Suite 104,
Minneapolis, Minn. 55447-4819;
763-746-8000; fax: 763-746-8335
www.rjfagencies.com

	2000	1999
Premium volume	**$91,000,000**	$66,000,000
Gross revenues	**$10,265,000**	$6,500,000
Brokerage revenues	**$9,443,800**	$6,045,000
U.S. clients	**100%**	100%
Brokerage: retail	**74%**	74%
U.S. offices	**$7,596,000**	$4,800,000
Personal	**18%**	19%
Interest income	**1%**	1%
Other	**7%**	6%
Employees	**94.5**	75
Retail offices	**4**	4

Founded: 1986.
Retail brokerage: 95% commissions, 5% fees.
Employee benefits: 15% of revenue in 2000.
Officers: William Jeatran, president/CEO; Tim Fleming, executive vp/treasurer; Bruce Humphrey, executive vp/secretary.
Contact: Amy Peterson, vp-finance; 763-746-8235; petersona@rjfagencies.com.

Rebsamen Insurance Inc.

1500 Riverfront Drive,
Little Rock, Ark. 72202;
501-661-4800; fax: 501-666-9592
www.rebsamen.com

	2000	1999
Premium volume	**$153,181,025**	$160,056,644
Gross revenues	**$28,449,165**	$25,951,373
Brokerage revenues	**$27,549,733**	$25,120,929
U.S. clients	**100%**	100%
Brokerage: retail	**67.7%**	67%
U.S. offices	**$19,251,550**	$17,390,015
Wholesale	**16.3%**	15.4%
Personal	**4.2%**	4.3%
Services	**8.6%**	10.1%
Interest income	**3.2%**	3.2%
Employees	**197**	168
Retail offices	**4**	4

Founded: 1928.
Retail brokerage: 80% commissions, 20% fees.
Employee benefits: 14% of revenue in 2000.
Officers: Allen J. McDowell, president; John D. Howard, William R. Fisher, senior vps.
Contact: William R. Fisher; billfisher@rebsamen.com.

Rehder y Asociados S.A.

Las Begonias 441, 7 mo. Piso-San Isidro,
Lima, 27 Peru;
511-442-3982; fax: 511-422-9099
www.rcp.net.pe/rehder

	2000	1999
Premium volume	**$56,000,000**	$50,000,000
Gross revenues	**$6,750,000**	$6,350,000
Brokerage revenues	**$6,682,500**	$6,286,500
U.S. clients	**15%**	14%
Non-U.S. clients	**85%**	86%
Brokerage: retail	**70%**	71%
Non-U.S. offices	**$4,725,000**	$4,508,500
Reinsurance	**3%**	4%
Personal	**21%**	18%
Services	**5%**	6%
Interest income	**1%**	1%
Employees	**96**	95
Retail offices	**4**	4

Founded: 1977.
Retail brokerage: 95% commissions, 5% fees.
Employee benefits: 32% of revenue in 2000.
Officers: Bernardo Rehder, chairman; Jaime Grana, vice chairman; Javier Rehder, director/general manager; Jorge Rehder, international director.
Contact: Javier Rehder.

Ricci Associates Inc. dba RAI Insurance Group

955 Executive Parkway, Suite 100,
Creve Coeur, Mo. 63141;
314-439-1444; fax: 314-439-1641

	2000	1999
Premium volume	**$17,832,460**	$17,689,527
Gross revenues	**$1,865,421**	$1,866,855
Brokerage revenues	**$1,790,804**	$1,807,116
U.S. clients	**100%**	100%
Brokerage: retail	**88.6%**	89.8%
U.S. offices	**$1,652,763**	$1,676,436
Personal	**5.4%**	5.2%
Services	**2%**	1.8%
Interest income	**2.5%**	2.2%
Other	**1.5%**	1%
Employees	**16**	16
Retail offices	**1**	1

Founded: 1985.
Retail brokerage: 94% commissions, 6% fees.
Employee benefits: 15% of revenue in 2000.
Officers: Stephen Ricci, president; John Wittenberg, executive vp.
Contact: Stephen Ricci; sricci@raiins.com.

Riggs, Counselman, Michaels & Downes Inc. -an Assurex partner

555 Fairmount Ave.,
Baltimore, Md. 21286-5497;
410-339-7263; fax: 410-339-5867
www.rcmd.com

	2000	1999
Premium volume	**$219,000,000**	$220,000,000
Gross revenues	**$20,900,000**	$23,100,000
Brokerage revenues	**$20,064,000**	$22,310,000
U.S. clients	**100%**	100%
Brokerage: retail	**82%**	82%
U.S. offices	**$17,100,100**	$18,900,000
Personal	**6%**	6%
Services	**8%**	8%
Interest income	**4%**	4%
Employees	**190**	175
Retail offices	**1**	1

Founded: 1885.
Retail brokerage: 87% commissions, 13% fees.
Employee benefits: 22% of revenue in 2000.
Officers: Albert R. Counselman, president/CEO; Thomas P. Healy, executive vp/COO; Francis G. Riggs, executive vp.
Contact: Linda G. Swartz, assistant vp; 410-769-6488; lswartz@rcmd.com.

Robertson Ryan & Associates Inc.

330 E. Kilbourn Ave., Suite 650,
Milwaukee, Wis. 53202;
414-271-3575; fax: 414-271-3012

	2000	1999
Premium volume	**$80,000,000**	$57,533,540
Gross revenues	**$12,000,000**	$10,913,949
Brokerage revenues	**$11,800,000**	$10,586,531
U.S. clients	**100%**	100%
Brokerage: retail	**83%**	84%
U.S. offices	**$9,960,000**	$9,058,578
Personal	**15%**	13%
Interest income	**2%**	3%
Employees	**87**	82
Retail offices	**2**	1

Founded: 1960.
Retail brokerage: 96% commissions, 4% fees.
Employee benefits: 30% of revenue in 2000.
Officers: Jack Ryan, chairman; John Borges, president; Gary Burton, COO.
Contact: Gary Burton; 414-221-0386; gburton@robertsonryan.com.

The Rutherfoord Cos. -an Assurex partner

P. O. Box 12748,
Roanoke, Va. 24028;
540-982-3511; fax: 540-342-9747
www.rutherfoord.com

	2000	1999
Premium volume	**$176,400,000**	$147,500,000
Gross revenues	**$20,943,602**	$17,356,098
Brokerage revenues	**$20,315,294**	$16,835,415
U.S. clients	**98.5%**	98%
Non-U.S. clients	**1.5%**	2%
Brokerage: retail	**91%**	91.7%
U.S. offices	**$19,058,678**	$15,915,542
Wholesale	**1.5%**	0%
Personal	**1.5%**	1.8%
Services	**3%**	3.5%
Interest income	**3%**	3%
Employees	**160**	144
Retail offices	**6**	6

Fiscal year ends June 30.

Founded: 1916.
Retail brokerage: 83% commissions, 17% fees.
Employee benefits: 7.1% of revenue in 2000.
Nonretail subsidiaries: Assurance Services Corp., Richmond, Va.; Assurance Capital Corp., Roanoke, Va.
Officers: Thomas D. Rutherfoord Jr., CEO; Thomas R. Brown, president; George A. Steadman III, executive vp.
Contact: George A. Steadman III.

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S

Saldana & Associates Inc.

Centro de Seguros Building, 701 Ponce de Leon Ave., Suite 303,
San Juan, Puerto Rico 00907;
787-721-2600; fax: 787-721-1093
www.saldana.net

	2000	1999
Premium volume	**$183,184,092**	$173,016,529
Gross revenues	**$22,334,000**	$21,188,859
Brokerage revenues	**$22,334,000**	$21,188,859
U.S. clients	**100%**	100%
Brokerage: retail	**96.7%**	97.1%
U.S. offices	**$21,603,678**	$20,568,025
Personal	**3.3%**	2.9%
Employees	**160**	155
Retail offices	**3**	3

Founded: 1972.
Retail brokerage: 100% commissions.
Employee benefits: 18.6% of revenue in 2000.
Officers: Ralph G. Christiansen Jr., president; Eduardo Emanuelli, executive vp; Ruben A. Jordan, senior vp/treasurer.
Contact: Ralph G. Christiansen Jr.

Schaefer-Smith-Ankeney Insurance Agency

2002 E. Osborn Road,
Phoenix, Ariz. 85016;
602-956-7800; fax: 602-381-2699
www.ssains.com

	2000	1999
Premium volume	**$140,000,000**	$117,000,000
Gross revenues	**$19,003,000**	$15,765,000
Brokerage revenues	**$18,860,000**	$15,580,000
U.S. clients	**100%**	100%
Brokerage: retail	**78%**	78%
U.S. offices	**$14,822,340**	$12,296,700
Wholesale	**11%**	8%
Personal	**10%**	13%
Interest income	**1%**	1%
Employees	**121**	115
Retail offices	**3**	3

Founded: 1957.
Retail brokerage: 99% commissions, 1% fees.
Employee benefits: 16% of revenue in 2000.
Nonretail subsidiaries: Adler-Downey of Arizona Inc., Phoenix.
Officers: Craig F. Ankeney, president; Travis L. Hair, executive vp/COO; Donald C. Johnston, secretary/treasurer/CFO.
Contact: Donald C. Johnston; 602-977-3622; djohnsto@ssains.com.

Schiff, Kreidler-Shell Inc. -an Assurex partner

1 W. Fourth St., Suite 1300,
Cincinnati, Ohio 45202;
513-977-3100; fax: 513-977-3129
www.sksins.com

	2000	1999
Premium volume	**$106,407,000**	$84,639,000
Gross revenues	**$13,216,000**	$9,840,000
Brokerage revenues	**$11,957,000**	$9,446,400
U.S. clients	**100%**	100%
Brokerage: retail	**72%**	74%
U.S. offices	**$9,516,000**	$7,282,000
Personal	**18%**	21%
Services	**1%**	1%
Interest income	**3%**	3%
Other	**6%**	1%
Employees	**88**	82
Retail offices	**2**	2

Founded: 1876.
Retail brokerage: 99% commissions, 1% fees.
Employee benefits: 15% of revenue in 2000.
Officers: Thomas R. Dietz, president/CEO; Alvin F. Roehr, executive vp; Curtis L. Coston Jr., CFO.
Contact: Thomas R. Dietz.

Schwartz Brothers Insurance Agency Inc.

135 S. LaSalle St., Suite 2085,
Chicago, Ill. 60603;
312-630-0800; fax: 312-630-0833
www.schwartzbrothers.com

	2000	1999
Premium volume	**$49,000,000**	$46,300,000
Gross revenues	**$9,800,000**	$9,350,000
Brokerage revenues	**$9,045,400**	$8,648,750
U.S. clients	**100%**	100%
Brokerage: retail	**75.3%**	74.5%
U.S. offices	**$7,379,400**	$6,965,750
Wholesale	**5%**	5%
Personal	**12%**	13%
Services	**4%**	4%
Interest income	**3.7%**	3.5%
Employees	**51**	51
Retail offices	**1**	1

Founded: 1919.
Retail brokerage: 95% commissions, 5% fees.
Employee benefits: 20% of revenue in 2000.
Officers: J. Spencer Miller, president/treasurer; Howard Sharfman, Donald B. Zimelis, vps.

Scott Insurance

P.O. Box 10489,
Lynchburg, Va. 24506;
804-832-2100; fax: 804-832-2190
www.scottins.com

	2000	1999
Premium volume	**$146,000,000**	$112,700,000
Gross revenues	**$13,090,000**	$12,153,000
Brokerage revenues	**$12,574,000**	$11,947,067
U.S. clients	**100%**	100%
Brokerage: retail	**83.6%**	86.7%
U.S. offices	**$10,940,622**	$10,538,120
Personal	**7.1%**	7.4%
Services	**5.4%**	4.2%
Interest income	**3.9%**	1.7%
Employees	**107**	95
Retail offices	**7**	5

Founded: 1864.
Retail brokerage: 82.4% commissions, 17.6% fees.
Employee benefits: 13.2% of revenue in 2000.
Officers: Walker P. Sydnor Jr., president; Craig K. Ryder, CFO/COO; Erik A. Koroneos, senior vp.
Contact: Walker P. Sydnor Jr., wsydnor@scottins.com.

Seitlin -an Assurex partner

2001 N.W. 107th Ave., Suite 200,
Miami, Fla. 33172;
305-591-0090; fax: 305-593-6993
www.seitlin.com

	2000	1999
Premium volume	**$195,000,000**	$152,000,000
Gross revenues	**$17,326,000**	$14,945,000
Brokerage revenues	**$17,154,000**	$14,659,000
U.S. clients	**98%**	99%
Non-U.S. clients	**2%**	1%
Brokerage: retail	**91%**	88.6%
U.S. offices	**$15,766,000**	$13,241,000
Personal	**3.6%**	3.9%
Services	**4.4%**	5.6%
Interest income	**1%**	1.9%
Employees	**130**	120
Retail offices	**2**	2

Founded: 1945.
Retail brokerage: 95.5% commissions, 4.5% fees.
Employee benefits: 14.2% of revenue in 2000.
Officers: M. Stephen Jackman, president/CEO; Barry Ladis, president-p/c division; Carolyn Davis-president-Benefits division.
Contact: M. Stephen Jackman; 954-267-8600; sjackman@seitlin.com.

SilverStone Group Inc.

11516 Miracle Hills Drive,
Omaha, Neb. 68154;
402-964-5400; fax: 402-964-5454
www.ssgi.com

	2000	1999
Premium volume	**$295,071,000**	$167,000,000
Gross revenues	**$17,073,000**	$16,000,000
Brokerage revenues	**$16,731,540**	$15,520,000
U.S. clients	**100%**	100%
Brokerage: retail	**57%**	57%
U.S. offices	**$9,732,000**	$9,120,000
Personal	**8%**	8%
Services	**33%**	32%
Interest income	**1%**	1%
Other	**1%**	2%
Employees	**152**	164
Retail offices	**2**	2

Founded: 1945.
Parent: SilverStone Holdings Inc.
Retail brokerage: 93% commissions, 7% fees.
Employee benefits: 64% of revenue in 2000.
Officers: John P. Nelson, chairman/CEO; John H. Nelson, principal/corporate secretary; Anthony Sorrentino, principal/COO.
Contact: Pam Stene, director-marketing; 402-964-5485; pstene@ssgi.com.

The Sklover Group Inc.

400 Post Ave., Suite 103,
Westbury, N.Y. 11590;
516-333-6011; fax: 516-333-6608
www.sklover.com

	2000	1999
Premium volume	**$18,000,000**	$18,000,000
Gross revenues	**$1,900,000**	$1,862,000
Brokerage revenues	**$1,850,000**	$1,862,000
U.S. clients	**94%**	92%
Non-U.S. clients	**6%**	8%
Brokerage: retail	**76%**	75%
U.S. offices	**$1,444,000**	$1,396,500
Wholesale	**0%**	1%
Reinsurance	**5%**	5%
Personal	**7%**	6%
Services	**9%**	10%
Interest income	**2%**	2%
Other	**1%**	1%
Employees	**8**	8
Retail offices	**2**	2

Founded: 1964.
Retail brokerage: 98% commissions, 2% fees.
Employee benefits: 6% of revenue in 2000.
Nonretail subsidiaries: TSG Services L.L.C., Stamford, Conn.
Officers: Richard T. Sklover, chairman; Andrew J. Sklover, president.
Contact: Andrew J. Sklover; asklover@sklover.com.

Smith Watson Parker

2590 Hollywood Blvd.,
Hollywood, Fla. 33020;
954-925-2590; fax: 954-920-0641

	2000	1999
Premium volume	**$44,583,000**	$41,876,000
Gross revenues	**$5,350,931**	$5,244,000
Brokerage revenues	**$5,350,931**	$5,244,000
U.S. clients	**100%**	100%
Brokerage: retail	**85%**	85%
U.S. offices	**$4,548,000**	$4,457,400
Personal	**15%**	15%
Employees	**38**	42
Retail offices	**1**	1

Founded: 1934.
Retail brokerage: 100% commissions.
Officers: Thomas Cotter, president; Larry Vaught, CEO; Andrew Spargo, vp/COO.
Contact: Andrew Spargo.

Starkweather & Shepley Insurance Brokerage Inc. -an Assurex partner

60 Catamore Blvd.,
East Providence, R.I. 02914;
401-435-3600; fax: 401-438-0150
www.starkweathershepley.com

	2000	1999
Premium volume	**$115,500,000**	$106,000,000
Gross revenues	**$14,175,000**	$12,600,000
Brokerage revenues	**$14,175,000**	$12,600,000
U.S. clients	**100%**	100%
Brokerage: retail	**78%**	78%
U.S. offices	**$11,056,000**	$9,828,000
Wholesale	**7%**	7%
Personal	**12%**	12%
Services	**3%**	3%
Employees	**94**	97
Retail offices	**3**	2

Founded: 1879.
Retail brokerage: 96% commissions, 4% fees.
Employee benefits: 9% of revenue in 2000.
Acquisitions: Peoples Agency; Cranston, R.I.; February. 2000.
Nonretail subsidiaries: Claim Strategies, East Providence, R.I.; Risco Inc., East Providence, R.I.
Officers: Fred R. Tripp, president/CEO; Natale P. Calamis, executive vp; William P. McGillivray, executive vp/treasurer.
Contact: William P. McGillivray.

Stewart Sneed Hewes

1317 22nd Ave.,
Gulfport, Miss. 39501;
228-863-5362; fax: 228-868-3278
www.stewartsneedhewes.com

	2000	1999
Premium volume	**$120,000,000**	$90,000,000
Gross revenues	**$16,102,957**	$12,760,599
Brokerage revenues	**$16,102,957**	$12,760,599
U.S. clients	**100%**	100%
Brokerage: retail	**88%**	89%
U.S. offices	**$14,170,602**	$11,356,933
Personal	**6%**	5%
Services	**6%**	6%
Employees	**128**	103
Retail offices	**6**	5

Founded: 1905.
Parent: BancorpSouth Inc.
Retail brokerage: 96% commissions, 4% fees.
Employee benefits: 11% of revenue in 2000.
Acquisitions: Pittman Seay & Turner; Jackson, Miss.; October 2000.
Officers: John Sneed, president; Wayne Tisdale, senior vp; Scott Naugle, vp-agency management.
Contact: Scott Naugle; scott.naugle@bxs.com.

Sullivan Curtis Monroe

2100 Main St., Suite 350,
Irvine, Calif. 92614;
949-250-7172; fax: 949-852-9762

	2000	1999
Premium volume	**$207,900,000**	$204,196,000
Gross revenues	**$20,677,185**	$20,253,000
Brokerage revenues	**$20,271,750**	$19,847,940
U.S. clients	**95%**	95%
Non-U.S. clients	**5%**	5%
Brokerage: retail	**93%**	93%
U.S. offices	**$18,852,000**	$18,457,000
Personal	**2.5%**	2.5%
Services	**2.5%**	2.5%
Interest income	**2%**	2%
Employees	**165**	157
Retail offices	**4**	5

Founded: 1935.
Retail brokerage: 97% commissions, 3% fees.
Employee benefits: 13% of revenue in 2000.
Officers: John Monroe, president/managing partner; Bill Curtis, managing partner; Ed Shumaker, executive vp.
Contact: Mark Eckenweiler, CFO.

Summit Global Partners Inc.

500 N. Akard, Suite 2500,
Dallas, Texas 75201;
214-740-2750; fax: 214-740-2752
www.sgp.net

	2000	1999
Premium volume	**$554,000,000**	$510,000,000
Gross revenues	**$62,199,000**	$54,206,100
Brokerage revenues	**$60,955,020**	$52,579,917
U.S. clients	**97%**	98%
Non-U.S. clients	**3%**	2%
Brokerage: retail	**78%**	72%
U.S. offices	**$48,352,220**	$38,906,392
Non-U.S. offices	**$163,000**	$122,000
Wholesale	**14%**	17%
Personal	**5%**	6%
Services	**1%**	2%
Interest income	**2%**	3%
Employees	**491**	488
Retail offices	**15**	15

Fiscal year ends March 31.

Founded: 1995.
Retail brokerage: 83% commissions, 17% fees.
Employee benefits: 12% of revenue in 2000.
Nonretail subsidiaries: Vista Wholesale Insurance Partners Inc., Greenwood, Ark.; Vista Insurance Partners of Illinois Inc., Chicago; Vista Insurance Partners of Mississippi Inc., Olive Branch, Miss.; Vista Insurance Agency of Oklahoma Inc., Chandler, Okla.; Vista Wholesale Insurance Partners Inc., Houston; Vista Insurance Partners Inc., San Antonio, Texas.
Officers: Gary R. Griffith, chairman/CEO; Casey Bowlin, president-retail operations; Jeff Pan, executive vp/CFO.
Contact: Gary R. Griffith.

Synaxis Group Inc.

3401 West End Ave., Suite 180,
Nashville, Tenn. 37203;
615-463-7800; fax: 615-463-7777
www.synaxisgroup.com

	2000	1999
Premium volume	**$250,000,000**	$120,000,000
Gross revenues	**$35,000,000**	$15,000,000
Brokerage revenues	**$34,650,000**	$14,700,000
U.S. clients	**100%**	100%

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Brokerage: retail	79%	84%
U.S. offices	$27,650,000	$12,600,000
Personal	7%	14%
Services	13%	0%
Interest income	1%	2%
Employees	280	155
Retail offices	8	4

Fiscal year ends March 31.

Founded: 1998.
Retail brokerage: 97.5% commissions, 2.5% fees.
Employee benefits: 16% of revenue in 2000.
Acquisitions: Frost Specialty Risk Inc., Nashville, Tenn., January 2000; Van Meter Insurance Inc., Bowling Green, Ky., April 2000; Employers Risk Services Inc., Bowling Green, Ky., April 2000; Westcott & Associates Inc., Atlanta, May 2000.
Nonretail subsidiaries: Employers Risk Services Inc.; Bowling Green and Lexington, Ky.; Nashville, Tenn.
Officers: David D. Haynes, CEO; James A. Marks, senior vp/CFO; John F. Lord, senior vp.

T

Talbot Financial Corp.

7770 Jefferson N.E., Suite 200,
Albuquerque, N.M. 87109;
505-828-4000; fax: 505-828-0732
www.talbotcorp.com

	2000	1999
Premium volume	$2.1 billion	$1.9 billion
Gross revenues	$78,900,000	$71,900,000
Brokerage revenues	$78,500,000	$71,400,000
U.S. clients	100%	100%
Brokerage: retail	65.9%	60.8%
U.S. offices	$52,000,000	$43,715,000
Wholesale	22.8%	28.8%
Personal	10.8%	9.7%
Interest income	0.5%	0.7%
Employees	679	696
Retail offices	60	64

Founded: 1957.
Parent: SAFECO Corp.
Retail brokerage: 97% commissions, 3% fees.
Employee benefits: 13.9% of revenue in 2000.
Acquisitions: Smith & Blackburn Insurance; Denver, February 2000; P. Joline & Associates Inc., Shrewsbury, N.J.; June 2000; Glenview Insurance, Glenview, Ill., June 2000.
Nonretail subsidiaries: NFC Consulting, Chicago; EBC Inc, Las Vegas; P. Joline & Associates, Shrewsbury, N.J.; Talbot Financial Services Inc., Albuquerque, N.M.
Officers: David E. Weymouth, president/CEO; Matthew J. Chavez, senior vp/CFO.
Contact: Matthew J. Chavez; mchavez@talbotcorp.com.

Tanenbaum-Harber Co. Inc.

320 W. 57th St.,
New York, N.Y. 10019;
212-603-0204; fax: 212-603-0397
www.tanhar.com

	2000	1999
Premium volume	$260,000,000	$245,000,000
Gross revenues	$26,500,000	$25,000,000
Brokerage revenues	$25,970,000	$24,500,000
U.S. clients	99%	99%
Non-U.S. clients	1%	1%
Brokerage: retail	82%	82%
U.S. offices	$21,730,000	$20,500,000
Wholesale	6%	6%
Reinsurance	2%	2%
Personal	4%	4%
Services	4%	4%
Interest income	2%	2%
Employees	195	190
Retail offices	5	5

Founded: 1860.
Retail brokerage: 90% commissions, 10% fees.
Employee benefits: 20% of revenue in 2000.
Nonretail subsidiaries: Tanenbaum-Haber Intermediaries Inc.; New York
Officers: Walter L. Harris, president/CEO; James V. Mannino, executive vp; Alan N. Rovin, John S. Beres, senior vps.
Contact: Walter L. Harris.

J.W. Terrill Inc.

16091 Swingley Ridge Road,
Chesterfield, Mo. 63017;
636-728-7700; fax: 636-728-0877
www.jwterrill.com

	2000	1999
Premium volume	$125,000,000	$105,000,000
Gross revenues	$11,500,000	$10,000,000
Brokerage revenues	$11,500,000	$10,000,000
U.S. clients	100%	100%
Brokerage: retail	91%	91%
U.S. offices	$10,465,000	$9,100,000
Wholesale	1%	1%
Personal	6%	7%
Services	2%	1%
Employees	113	97
Retail offices	1	1

Founded: 1972.
Retail brokerage: 95% commissions, 5% fees.
Employee benefits: 28% of revenue in 2000.
Acquisitions: Cost Containment Services Inc., St. Louis, January 2001.
Officers: John W. Terrill Jr., chairman/president; Cottrell Fox, Mark C. Erickson, Andrew P. Thome, Lynda W. Baris, executive vps.
Contact: Lynda W. Baris; lbaris@jwterrill.com.

Thesco Benefits L.L.C.

320 W. 57th St., Fifth Floor,
New York, N.Y. 10019;
212-603-0260; fax: 212-399-0227

	2000	1999
Premium volume	$200,000,000	$190,000,000
Gross revenues	$7,600,000	$7,600,000
Brokerage revenues	$7,600,000	$7,600,000
U.S. clients	100%	100%
Brokerage: retail	92%	92%
U.S. offices	$6,992,000	$6,992,000
Services	8%	8%
Employees	31	30
Retail offices	2	2

Founded: 1997.
Retail brokerage: 92% commissions, 8% fees.
Employee benefits: 92% of revenue in 2000.
Officers: Walter L. Harris, chairman; Richard J. Fleder, president/CEO.
Contact: Jay Coughlin, senior vp; 973-921-3017; coughlinj@thesco.com.

Thilman & Filippini

1 E. Wacker Drive, Suite 1800,
Chicago, Ill. 60601;
312-527-9500; fax: 312-527-9509
www.tandf.com

	2000	1999
Premium volume	$115,000,000	$100,000,000
Gross revenues	$12,700,000	$11,000,000
Brokerage revenues	$12,450,000	$10,780,000
U.S. clients	92%	90%
Non-U.S. clients	8%	10%
Brokerage: retail	85%	85%
U.S. offices	$10,800,000	$9,350,000
Services	3%	3%
Interest income	10%	10%
Other	2%	2%
Employees	109	86
Retail offices	1	1

Founded: 1980.
Retail brokerage: 88% commissions, 12% fees.
Employee benefits: 20% of revenue in 2000.
Officers: E. Thomas Thilman, Thomas W. Filippini, Peter Kunz, Eric Mezmar, John Atkinson, partners.
Contact: E. Thomas Thilman; 312-527-7250; tom.thilman@tandf.com.

Thoits Insurance Service Inc.

444 Castro St., Suite 200,
Mountain View, Calif. 94041;
650-934-0300; fax: 650-934-0495
www.thoitsinsurance.com

	2000	1999
Premium volume	$125,000,000	$115,000,000
Gross revenues	$10,900,761	$10,048,193
Brokerage revenues	$10,791,753	$10,048,193
U.S. clients	99%	99%
Non-U.S. clients	1%	1%
Brokerage: retail	91%	90%
U.S. offices	$9,919,693	$9,134,721
Personal	7%	8%
Services	1%	1%
Interest income	1%	1%
Employees	65	65
Retail offices	1	1

Fiscal year ends Jan. 31.

Founded: 1891.
Retail brokerage: 95% commissions, 5% fees.
Employee benefits: 20% of revenue in 2000.
Officers: Don Way, CEO; Skip McIntyre, president.

The Treiber Group L.L.C.

377 Oak St.,
Garden City, N.Y. 11530;
516-745-0800; fax: 516-745-0089
www.etreiber.com

	2000	1999
Premium volume	$210,000,000	$188,000,000
Gross revenues	$27,008,684	$26,773,490
Brokerage revenues	$24,847,989	$24,631,611
U.S. clients	100%	100%
Brokerage: retail	40%	40%
U.S. offices	$10,803,474	$10,709,396
Wholesale	42%	40%
Personal	9%	10%
Services	1%	2%
Interest income	2%	1%
Other	6%	7%
Employees	90	85
Retail offices	2	2

Founded: 1899.
Retail brokerage: 96% commissions, 4% fees.
Employee benefits: 10% of revenue in 2000.
Acquisitions: Whalen & Wren; Garden City, N.Y.; February 2000.
Officers: H. Craig Treiber, chairman/CEO; John H. Treiber, president-retail and commercial lines; Peter S. Treiber, president-retail operations and sales; Scott R. Treiber, president-Treiber Agency Group.
Contact: Barbara Hyer; bhyer@treiber.org.

TRION Group Inc.

2300 Renaissance Blvd.,
King of Prussia, Pa. 19406;
610-945-1000; fax: 610-945-1005
www.triongroup.com

	2000	1999
Gross revenues	$16,942,102	$14,404,080
Brokerage revenues	$16,942,102	$14,404,080
U.S. clients	95%	95%
Non-U.S. clients	5%	5%
Brokerage: retail	60%	70%
U.S. offices	$10,165,261	$10,082,856
Services	40%	30%
Employees	90	65
Retail offices	2	1

Founded: 1971.
Retail brokerage: 60% commissions, 40% fees.
Employee benefits: 100% of revenue in 2000.
Officers: Edmund F. Gamo III, Edmund F. Gamo Jr., David O. Oberkircher, Christopher M. Veno, principals.
Contact: Edmund F. Gamo III; 610-945-1070; egarnoiii@triongroup.com.

U

USI Insurance Services Corp.

50 California St., 24th Floor,
San Francisco, Calif. 94111;
415-983-0100; fax: 415-983-0101
www.usi-insurance.com

	2000	1999
Premium volume	$2.8 billion	$2.6 billion
Gross revenues	$360,690,000	$321,555,000
Brokerage revenues	$359,690,000	$320,555,000
U.S. clients	100%	100%
Brokerage: retail	60.1%	59.7%
U.S. offices	$216,774,690	$191,970,000
Wholesale	0.6%	0.9%
Personal	5.8%	6.5%
Services	33.2%	32.6%
Other	0.3%	0.3%
Employees	3,205	3,159
Retail offices	77	81

Founded: 1994.
Parent: USI Holdings Corp.
Retail brokerage: 85% commissions, 15% fees.
Employee benefits: 57.2% of revenue in 2000.
Acquisitions: Securus Group, Chicago, January 2000; Capital Planning Group, Atlanta, December 2000.
Nonretail subsidiaries: USI Administrators, Fort Worth Texas; USI Consulting Group, Glastonbury, Conn.
Officers: Bernard H. Mizel, chairman/CEO; David L. Eslick, president/COO; Edward J. Bowler, senior vp-finance; Ernest J. Newborn II, senior vp/general counsel.
Contact: Bernard H. Mizel.

V

Van Beurden Insurance Services Inc.

1600 Draper St.,
Kingsburg, Calif. 93631;
559-897-2975; fax: 559-897-4070
www.vanbeurden.com

	2000	1999
Premium volume	$185,000,000	$204,150,000
Gross revenues	$32,082,565	$30,350,000
Brokerage revenues	$24,144,183	$25,830,000
U.S. clients	100%	100%
Brokerage: retail	24.3%	27%
U.S. offices	$7,796,063	$8,200,000
Wholesale	34%	49%
Personal	3%	4%
Services	14%	5%
Interest income	3%	1%
Other	21.7%	14%
Employees	254	198
Retail offices	7	10

Founded: 1934.
Retail brokerage: 100% commissions.
Employee benefits: 4% of revenue in 2000.
Nonretail subsidiaries: Total Pay Management Inc., Kingsburg, Calif; Sounds of Life, Las Vegas.
Officers: William J. Van Beurden, president-Van Beurden Insurance Services Inc.; Donald K. Bingham, president-Van Beurden Insurance Services of Washington Inc.; Charles R. Hayes, president-Van Beurden Hayes Insurance Services Inc.
Contact: Chris Van Beurden, executive vp; info@vanbeurden.com.

Truman Van Dyke Co.

6255 Sunset Blvd., Suite 1401,
Hollywood, Calif. 90028;
323-462-3300; fax: 323-462-4857

	2000	1999
Premium volume	$7,502,106	$6,797,292
Gross revenues	$1,495,445	$1,520,761
Brokerage revenues	$1,495,445	$1,520,761
U.S. clients	100%	100%
Brokerage: retail	88%	83%

Continued on next page

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PRELIMINARY SCHEDULE SUMMARY

Monday, November 12
Golf Tournament and Golfer's Luncheon
Conference Registration
The Benchmark Course/Captive Developments & New Ideas Roundtable
Welcome Reception with Exhibitors

Tuesday, November 13
Continental Breakfast
Keynote Address: Betting on the Future with David Hale, Chief Global Economist, Zurich Financial Services, Inc., Chicago
Employee Benefits & Investments
Buffet Luncheon
Healthcare & E-Commerce
Rent-a-Captives & Capital (In)Adequacy
Dinner and Entertainment

Wednesday, November 14
Continental Breakfast
Captive Case Studies
Reinsurance & Financing Business Risks
Buffet Luncheon
International Tax Developments
Conference Roundup

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Continued from previous page

U.S. offices	**$1,315,992**	$1,262,332
Wholesale	**12%**	17%
Employees	**13**	13
Retail offices	**1**	1

Founded: 1953.
Retail brokerage: 98% commissions, 2% fees.
Officers: Truman Van Dyke Jr., president; Kent G. Hamilton, executive vp; Tanya K. Applegate, secretary.

Van Gilder Insurance Corp. -an Assurex partner

700 Broadway,
Denver, Colo. 80203;
303-837-8500; fax: 303-831-5295
www.vgic.com

	2000	1999
Premium volume	**$165,000,000**	$148,000,000
Gross revenues	**$27,306,000**	$21,855,000
Brokerage revenues	**$26,800,000**	$21,520,000
U.S. clients	**99%**	99%
Non-U.S. clients	**1%**	1%
Brokerage: retail	**88%**	87%
U.S. offices	**$24,029,000**	$19,014,000
Wholesale	**1%**	1%
Personal	**10%**	11%
Interest income	**1%**	1%
Employees	**210**	199
Retail offices	**8**	5

Founded: 1905.
Retail brokerage: 98% commissions, 2% fees.
Employee benefits: 8.9% of revenue in 2000.
Acquisitions: Koelbel Insurance Co., Denver, October 2000; Aero Insurance, Carlsbad, Calif., Dallas, November 2000.
Nonretail subsidiaries: High Country Insurance Managers, Denver.
Officers: Dell Van Gilder, chairman; Matt Coleman, president-strategy and business development; Jerry Ray, president-corporate operations; Henry Higginbottom, CFO.
Contact: Dell Van Gilder.

Vidal & Rodriguez Inc.

South Capital Center, 239 Ave. Arterial Hostos, Suite 501,
San Juan, Puerto Rico 00918-1478;
787-751-7610; fax: 787-763-2810
www.vidalrodriguez.com

	2000	1999
Premium volume	**$27,308,502**	$20,008,049
Gross revenues	**$4,062,559**	$327,459
Brokerage revenues	**$4,062,559**	$3,192,583
U.S. clients	**100%**	100%
Brokerage: retail	**91%**	88%
U.S. offices	**$3,696,929**	$2,809,364
Wholesale	**5%**	8%
Personal	**3%**	3%
Services	**1%**	1%
Employees	**26**	27

Fiscal year ends June 30.
Founded: 1986.
Retail brokerage: 100% commissions.
Employee benefits: 12% of revenue in 2000.
Officers: Luis Rodriguez, president; Diego Vidal, executive vp.

VistaNational Insurance Group Inc.

1300 W. Higgins Road, Suite 220,
Park Ridge, Ill. 60068;
847-823-8095; fax: 847-823-8120
www.vistanational.com

	2000	1999
Premium volume	**$62,165,261**	$41,604,339
Gross revenues	**$2,337,868**	$1,678,453
Brokerage revenues	**$2,337,868**	$1,678,453
U.S. clients	**100%**	100%
Brokerage: retail	**95%**	96%
U.S. offices	**$2,220,975**	$1,611,315
Wholesale	**2%**	2%
Reinsurance	**2%**	1%
Services	**1%**	1%
Employees	**22**	20
Retail offices	**2**	1

Founded: 1996.
Retail brokerage: 99% commissions, 1% fees.
Employee benefits: 99% of revenue in 2000.
Officers: David K. Schwimmer, president.
Contact: Chris Simpson; chriss@vistanational.com.

W

Watson Insurance Agency Inc.

245 E. Second Ave., P.O. Box 879,
Gastonia, N.C. 28053-0879;
704-865-8584; fax: 704-866-9866
www.watsoninsurance.com

	2000	1999
Premium volume	**$41,118,012**	$39,883,267
Gross revenues	**$6,631,992**	$6,876,129
Brokerage revenues	**$6,585,664**	$6,232,451
U.S. clients	**100%**	100%
Brokerage: retail	**61.1%**	55.8%
U.S. offices	**$4,052,147**	$3,836,880
Personal	**38.1%**	34.1%
Interest income	**0.8%**	10.1%
Employees	**80**	81
Retail offices	**5**	5

Founded: 1934.
Retail brokerage: 97.2% commissions, 2.8% fees.
Employee benefits: 10.7% of revenue in 2000.
Officers: Thomas C. Watson Jr., president; Robert P. Watson, vp/secretary; Thomas C. Watson III, vp/assistant secretary.
Contact: Robert P. Watson; rwatson@watsoninsurance.com.

Wells Fargo Insurance Brokerage Inc.

600 S. Highway 169, 12th Floor,
St. Louis Park, Minn. 55426;
612-667-5600; fax: 612-667-2681
www.wellsfargo.com

	2000	1999
Premium volume	**$5.14 billion**	$1.10 billion
Gross revenues	**$657,740,000**	$222,000,000
Brokerage revenues	**$610,163,000**	$190,254,000
U.S. clients	**100%**	100%
Brokerage: retail	**74%**	78.5%
U.S. offices	**$486,728,000**	$174,270,000
Wholesale	**3.2%**	0%
Personal	**7.9%**	7.2%
Services	**7.7%**	0%
Interest income	**1.8%**	1.3%
Other	**5.4%**	13%
Employees	**5,055**	807
Retail offices	**179**	52

Founded: 1929.
Parent: Wells Fargo & Co.
Retail brokerage: 98% commissions, 2% fees.
Employee benefits: 10.9% of revenue in 2000.
Acquisitions: W.A. Lang & Co., Minneapolis, January 2000; Atlanta Insurance Broking, Atlanta, January 2000; Duckworth Morris Agencies, Tuscaloosa, Ala., February 2000; Frontiers Benefits, Lodi, Calif., March 2000; Ward Insurance, Fort Wayne, Ind., May 2000; W.H. Plott Agency, Tuscaloosa, Ala., July 2000; Imco Corp., Southfield, Mich., September 2000; Peak (Phoenix office only), Phoenix, October 2000; First Security Insurance, Salt Lake City, October 2000; Westpoint Insurance Agency, Westpoint, Neb., June 2000; Newman, Encino, Calif., October 2000; Nisbet Agency, Huntington, W.Va., November 2000; Buffalo Insurance Group, Buffalo, Minn., March 2001; Casper Bartholf & Co., Springfield, Ill., April 2001; Acordia Inc., Chicago, May 2001.
Officers: Timothy J. King, president; Frank Witthon, Steven Veno, Mike Connealy, executive vps.
Contact: Michelle Leschisin, marketing manager; 612-667-5596; michelle.leschisin@wellsfargo.com.

Welsch, Flatness & Lutz Inc.

308 N. 21st St.,
St. Louis, Mo. 63101;
314-436-2399; fax: 314-342-7170
www.wfl-stl.com

	2000	1999
Premium volume	**$66,000,000**	$55,000,000
Gross revenues	**$6,041,847**	$5,513,366
Brokerage revenues	**$5,238,281**	$4,780,088
U.S. clients	**100%**	100%
Brokerage: retail	**83%**	83%
U.S. offices	**$5,014,733**	$4,576,094
Personal	**3.7%**	3.7%
Other	**13.3%**	13.3%
Employees	**49**	47
Retail offices	**1**	1

Founded: 1979.
Retail brokerage: 93% commissions, 7% fees.
Employee benefits: 17% of revenue in 2000.
Officers: Dennis Flatness, CEO; Danny Lutz, executive vp.

Wharton Group

101 S. Livingston Ave.,
Livingston, N.J. 07039;
973-992-5775; fax: 973-992-6660
www.whartoninsurance.com

	2000	1999
Gross revenues	**$11,070,000**	$11,005,000
Brokerage revenues	**$10,959,300**	$10,890,980
U.S. clients	**100%**	100%
Brokerage: retail	**86%**	86%
U.S. offices	**$9,520,200**	$9,464,300
Personal	**12%**	12%
Services	**1%**	1%
Interest income	**1%**	1%
Employees	**72**	74
Retail offices	**3**	3

Fiscal year ends June 30.
Founded: 1912.
Retail brokerage: 98% commissions, 2% fees.
Employee benefits: 12% of revenue in 2000.
Officers: Dennis F. Klein, Bruce D. Gilson, managing directors; Robert L. Silene, senior vp.
Contact: Dennis F. Klein.

Willis Group Holdings Ltd.

10 Trinity Square,
London, EC3P 3AX England;
44-207-488-8111; fax: 44-207-481-7096
www.willis.com

	2000	1999
Premium volume	**$13.64 billion**	$12.94 billion
Gross revenues	**$1,304,931,600**	$1,239,388,000
Brokerage revenues	**$1,304,931,600**	$1,239,388,000
U.S. clients	**53%**	54%
Non-U.S. clients	**47%**	46%
Brokerage: retail	**66%**	63%
U.S. offices	**$456,195,600**	$464,366,000
Non-U.S. offices	**$404,665,200**	$317,128,000
Wholesale	**11%**	11%
Reinsurance	**17%**	18%
Personal	**1%**	3%
Services	**5%**	5%
Employees	**10,470**	9,446
Retail offices	**178**	171

Founded: 1828.
Retail brokerage: 70% commissions, 30% fees.
Employee benefits: 10% of revenue in 2000.
Acquisitions: Sev Dahl, Norway, August 2000; Floyd Associates, South Africa, May 2000; SUMA, Colombia, December 2000; McGuire, Northern Ireland, January 2001; Bradstock GIS, Australia, February 2001.
Nonretail subsidiaries: Willis Re Inc., San Francisco, Stamford, Conn., Atlanta, Miami, Minneapolis, New York, McLeansville, N.C., Philadelphia, Nashville; Willis Reinsurance Australia Ltd., Sydney, Australia; Willis Faber Do Brasil, Rio de Janeiro, Brazil; Willis Faber Chile Ltda., Santiago, Chile; Willis China Ltd., Beijing, Hong Kong, Shanghai, China; Willis S.R.O., Prague, Czech Republic; Willis Ltd., London; Mansfeld Willis GmbH & Co., Hamburg, Germany; Willis KFT, Budapest, Hungary; Willis Overseas Ltd., Mumbai, India; PT Willis Banc Bali, Jakarta, Indonesia; Willis Re Italia S.P.A., Genoa, Bologna, Italy; Willis Japan Ltd., Tokyo; Willis Korea Ltd., Seoul, Korea; Willis Ltd., Moscow; Willis Polska SA, Warsaw, Poland; S&C Willis Correduria de Seguros y Reaseguros S.A., Madrid, Spain; Willis A.G., Zurich, Switzerland.
Officers: Joseph J. Plumeri, chairman/CEO; Thomas Colraine, group finance director; Richard Bucknall, COO.
Contact: Nicholas Jones, director-group communications; jonesnr@willis.com.

Wisenberg Insurance & Risk Management

24 Greenway Plaza, Suite 1100,
Houston, Texas 77046-2401;
713-507-9476; fax: 713-507-9432
www.wisenberg.com

	2000	1999
Premium volume	**$48,000,000**	$42,000,000
Gross revenues	**$6,667,001**	$6,304,783
Brokerage revenues	**$6,331,615**	$5,981,421
U.S. clients	**100%**	100%
Brokerage: retail	**83.7%**	83.3%
U.S. offices	**$5,581,308**	$5,254,995
Personal	**5.3%**	6.4%
Services	**5.9%**	5.2%
Interest income	**1.8%**	1.9%
Other	**3.3%**	3.2%
Employees	**52**	49
Retail offices	**1**	1

Fiscal year ends April 30.
Founded: 1934.
Retail brokerage: 89.1% commissions, 10.9% fees.
Employee benefits: 9.2% of revenue in 2000.
Officers: Joe Williams, chairman/CEO; Jeff Posmantier, president; Jay Williams, executive vp.
Contact: Joe Williams; 713-507-4702; jowilliams@wisenberg.com.

Woodruff-Sawyer & Co. -an Assurex partner

220 Bush St., Seventh Floor,
San Francisco, Calif. 94104;
415-391-2141; fax: 415-989-9923
www.woodruff-sawyer.com

	2000	1999
Premium volume	**$326,000,000**	$245,000,000
Gross revenues	**$25,600,000**	$21,000,000
Brokerage revenues	**$24,985,600**	$20,622,000
U.S. clients	**95%**	95%
Non-U.S. clients	**5%**	5%
Brokerage: retail	**94.6%**	96.4%
U.S. offices	**$24,320,000**	$20,244,000
Wholesale	**3%**	1.8%
Interest income	**2.4%**	1.8%
Employees	**149**	137
Retail offices	**2**	2

Founded: 1918.
Retail brokerage: 93% commissions, 7% fees.
Employee benefits: 25% of revenue in 2000.
Officers: Douglas J. Morton, chairman; Susan K. Hunt, president; Stanley D. Loar, CEO.
Contact: Susan K. Hunt; 415-399-6434; shunt@woodruff-sawyer.com.

John L. Wortham & Son L.L.P. -an Assurex partner

Wortham Tower, 2727 Allen Parkway,
Houston, Texas 77019;
713-526-3366; fax: 713-522-3056
www.jwortham.com

	2000	1999
Premium volume	**$605,000,000**	$503,000,000
Gross revenues	**$62,221,000**	$48,341,000
Brokerage revenues	**$62,221,000**	$48,341,000
U.S. clients	**100%**	100%
Brokerage: retail	**95%**	96%
U.S. offices	**$59,109,950**	$46,407,360
Personal	**5%**	4%
Employees	**415**	325
Retail offices	**4**	3

Founded: 1915.
Retail brokerage: 100% commissions.
Employee benefits: 12% of revenue in 2000.
Nonretail subsidiaries: John L. Wortham & Son Inc., Houston; John L. Wortham & Son Investments, Houston.
Officers: Fred C. Burns, managing partner/chairman; James R. Davis, Charles Flournoy, Robert B. Hixon, members.
Contact: Fred C. Burns; 713-346-1308; fburns@jwortham.com.

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BI Next Issue: July 23 Closing July 17

GLOBAL BRIEFS

Mike Ross has been appointed chairman of the London-based **Assn. of British Insurers**. Mr. Ross is deputy group chief executive of U.K. banking group Lloyds TSB Group P.L.C., with responsibility for the group's general insurance operations. He succeeds Bob Scott, CEO of London-based multiline insurer CGNU P.L.C. Kevin Satchell, chief executive of life insurer Friends Provident, will become deputy chairman of the ABI. He will also chair the association's Life Insurance Council Management Committee. Ian Chippendale, executive chairman of U.K. insurer Direct Line Group, will continue as deputy chairman of the ABI and chairman of its general insurance council....Beginning Jan. 1, 2002, all units of **Allianz A.G. Holding** will be supported by a new structure to be known as Allianz Global Risks. Munich-based Allianz said the new structure would "coordinate and optimize corporate risk underwriting policy and development strategy and organize external reinsurance through a global reinsurance pool."...The **London P&I Club**, a mutual insurer for shipowners, kept the size of a supplementary call on members to 40% during the 12 months ending June 30, unchanged from the previous fiscal year and marking the ninth year in a row that supplemental calls have been reduced or maintained at the previous level. The insurer, like most P&I clubs, makes a supplementary call during the year on its member policyholders for a percentage of estimated premiums to meet claims. The London P&I Club also announced that its combined assets remain at more than $500 million and that its accumulated free reserves were $119 million....London-based insurance consultant **SBJ Group Ltd.** has appointed Chris Bowen deputy chairman of the firm and chairman of its property and casualty division. Mr. Bowen was formerly managing director at Blanch Crawley Warren Ltd. Colin Donadio, chairman of SBJ's international division, was appointed managing director of the group. Laurence Lenard has been appointed divisional director of London-based Helix U.K. Ltd., the claims management division of SBJ. Ms. Lenard was formerly managing director of IPC Re Services in London....London-based broker **Landau Mason & Partners Ltd.**, which specializes in hotel insurance, will launch a new wholesale facility for medium-sized to large independent hotels, hotel companies and consortia on Aug. 1. The product will be branded under the Gauntlet banner, which Landau Mason is purchasing from London-based Groupama Insurances....Lloyd's of London insurer **Wellington Underwriting P.L.C.** has raised £15.6 million ($22.0 million) through an institutional placing. Wellington said the proceeds would be used to increase capacity on its Lloyd's syndicate 2020. On July 11, the authorizations committee of the Council of Lloyd's granted Wellington approval to increase the capacity of 2020 by 28%, to £640 million ($902.7 million), for the 2002 year of account. Wellington said that during the first half of 2001 rate increases of about 20% were being seen across its book of business. It added that it expected rate increases to continue into 2002.

NSW enacts comp reforms

New law mandates arbitration of disputes, raises bar for civil claims

By DAMIEN TOMLINSON

SYDNEY, Australia—New South Wales, Australia's most populous state, enacted reforms late last month that aim to reduce the government-run workers compensation system's mounting deficit and speed up claims payments.



The Workers' Compensation Amendment Act 2001, which was passed June 29 and will go into effect early next year, is intended to stem the WorkCover Authority of New South Wales' $2 billion Australian ($1.03 billion) deficit, according to government estimates.

NSW Industrial Relations Minister John Della Bosca said the new law will result in a quicker, fairer system of compensation and "will hand an additional $50 million (Australian) every year to injured workers by cutting back on expensive, pointless legal costs." The WorkCover system now loses $1 million Australian ($508,400) per day in resolving contested claims.

Risk managers have welcomed the reforms, claiming "any change" that could reduce the deficit would be good.

Bruce Ferguson, national president of the Sydney-based Assn. of Risk & Insurance Managers of Australasia and risk and insurance officer for Sydney Water Corp., however, said it remains to be seen whether the reforms can reduce the deficit. "ARIMA sees it as vital that the current system be turned around. To be losing $1 million a day is ridiculous," he said. "A government-run insurer losing money means more in the community, because budgets could be cut for vital services such as education, health and roads."

Government figures show that 17% of WorkCover's annual premium, or $622 million Australian ($336.6 million), is spent on legal fees over disputed claims. The new law, which mandates arbitration between insurers and injured workers, aims to reduce dispute costs by establishing a tribunal where disputes are argued informally, with an option to appeal to the courts.

The new law also restricts workers' access to civil damages claims, lifting the minimum total bodily impairment requirement to 25%. Workers' injuries must impair their total body by this percentage before they become eligible to pursue damages from their employer through a civil suit. In Australia, injured employees can accept workers comp benefits or pursue their claims through the courts, regardless of whether employer negligence is involved.

This aspect of the legislation is the subject of an investigation by NSW Land & Environment Court Judge Terence Sheahan. The new law won't proceed until his report is completed and considered by the NSW government. He is expected to report by Aug. 17.

The NSW inquiry was implemented because of opposition from worker groups to the new law. The NSW Labor Council, which represents the state's trade unions, organized several strikes and demonstrations opposing the new law. The Labor Council believes the reforms will take away injured workers' rights to fair compensation.

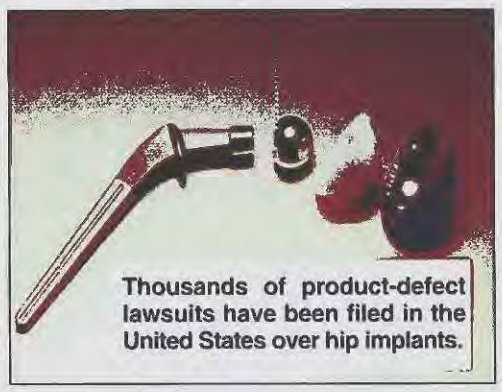
Mr. Della Bosca hopes to reduce disputes

See **Comp** *on page 64*

Sulzer defect costs may exceed coverage limits

WINTERTHUR, Switzerland—Swiss medical products manufacturer Sulzer Medica Ltd. expects its liability stemming from defective hip and knee implants used in operations in the United States to exceed its 400 million Swiss francs ($222.7 million) insurance coverage limits.

The Inter-Op hip implants and tibia knee plates were manufactured by Winterthur-based Sulzer's U.S. unit, Sulzer Orthopedics Inc. of Austin, Texas. The company said that, as of the end of June, it knew of 2,200 patients who needed surgery to correct the problem with the hip implant and that the number is still increasing. In addition, Sulzer said that approximately 140 patients have undergone surgery to correct a problem with a knee implant.



Thousands of product-defect lawsuits have been filed in the United States over hip implants.

The company said it is still investigating how the defects occurred.

Sulzer Medica's liability insurer is Winterthur Swiss Insurance Co. A Sulzer spokesman said that costs relating to the defective implants would likely exceed its coverage limits, though he declined to estimate the potential final cost.

Sulzer Medica executives said at an extraordinary general meeting held July 9 that approximately 1,000 lawsuits already have been filed in the United States over the recalled hip implants; 60 of the suits seek class-action status. In addition, two suits have been filed over knee implants.

The first case is scheduled for trial in August.

—By Edwin Unsworth

French regulator last year shared concerns about unit

FSA denies 'tip-off' on Independent

By SARAH VEYSEY

LONDON—The Financial Services Authority, the United Kingdom's financial services regulator, came under fire late last week when the French insurance regulator revealed it had contacted the FSA with concerns about the financial health of the French subsidiary of failed Independent Insurance Co. Ltd. as long ago as December.

London-based Independent was placed in liquidation last month amid questions about its reserve adequacy and certain of its reinsurance arrangements (*BI*, June 25).

The Paris-based Commission de Controle des Assurances said in the French press that it began investigating Paris-based Independent Insurance S.A. in September and advised the FSA in December of its concerns about underreserving in the French company. The CCA then sent a supervisory report to the FSA in January.

In a written response released last Thursday, the FSA said, "information provided by the French authorities in January 2001 added nothing to what we already knew about the U.K. company. Suggestions that we failed to act on a 'tip-off' are incorrect."

"The FSA had recognized during 2000 that (Independent Insurance's) capital base was inadequate to support the sort of expansion the company planned," the statement said. "Our concern on this led the company to put on hold future expansion until it had raised new funds. Part of our concern related to apparent underprovisioning, and we were in very active dialogue with the company on this well before the French contacted us."

"This did not, however, point to possible fraud at Independent Insurance," the statement continued. "This did not emerge until just before the company's closure."

The U.K. Serious Fraud Office is investigating Independent, and last week U.K. Economic Secretary Ruth Kelly told the House of Commons that the FSA had been in "close touch" with Independent before its collapse. Ms. Kelly said, though, that she could not comment on the FSA's role in Independent's provisional liquidation while the SFO is conducting its investigation.

"What we have to do is make sure the broad investigation is conducted first, and then we will, of course, keep in close contact with the FSA to see what else needs to be done," Ms. Kelly said.

Stephen Alexander, a partner at Class Law, the London-based law firm that represents a group known as the Creditors of Independent Insurance Group, said he thought it unlikely that the information released by the French authorities had not been relevant to the FSA's investigation. "There are a lot of questions to be answered," said Mr. Alexander, who is working with creditors in preparing a lawsuit over the Independent collapse.

Kevin Young, chairman of the CIIG, said that the CIIG had been informed of underreserving in the U.K. arm of Independent. The group has been in contact with former employees of Independent, Mr. Young said, and "they are suggesting that there had been underreserving of claims for some period of time."

Meanwhile, Mr. Alexander confirmed that several commercial policyholders of Independent are facing financial ruin because they have outstanding claims.

Mr. Young said that while he could not name any names, there are companies "teetering on the brink" because of Independent's collapse.

At the end of 2000, Independent had about 40,000 commercial policyholders. At that time, its gross written premiums to-

See **FSA** *on page 64*

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LEGAL NOTICES

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK
IN RE PETITION OF DAN YORAM SCHWARZMANN AND MARK CHARLES BATTEN AS JOINT PROVISIONAL LIQUIDATORS OF
INDEPENDENT INSURANCE COMPANY LIMITED, CASE NO. 01-B-13899 (SMB)

NOTICE IS HEREBY GIVEN THAT, PURSUANT TO AN ORDER (THE "ORDER") OF THE UNITED STATES BANKRUPTCY COURT FOR THE SOUTHERN DISTRICT OF NEW YORK (THE "BANKRUPTCY COURT"), IN CONNECTION WITH THE PETITION FILED ON JULY 10, 2001 PURSUANT TO SECTION 304 OF THE BANKRUPTCY CODE (THE "PETITION") FOR **INDEPENDENCE INSURANCE COMPANY LIMITED** (THE "COMPANY"), A HEARING WILL BE HELD ON **JULY 23, 2001 AT 2 O'CLOCK P.M.** BEFORE THE HONORABLE STUART M. BERNSTEIN IN ROOM 723 OF THE BANKRUPTCY COURT, ONE BOWLING GREEN, NEW YORK, NEW YORK (THE "HEARING"), TO CONSIDER THE PETITIONERS' REQUEST FOR A PRELIMINARY INJUNCTION ON THE TERMS SET FORTH BELOW:

1. ENJOINING ALL PERSONS AND ENTITIES FROM: (A) TRANSFERRING, RELINQUISHING OR DISPOSING OF ANY PROPERTY OF THE COMPANY IN THE UNITED STATES, OR THE PROCEEDS OF SUCH PROPERTY, TO THIRD PARTIES; (B) COMMENCING OR CONTINUING ANY ACTION OR OTHER LEGAL PROCEEDING (INCLUDING, WITHOUT LIMITATION, ARBITRATION, OR ANY JUDICIAL, QUASI-JUDICIAL, ADMINISTRATIVE OF REGULATORY ACTION, PROCEEDING OR PROCESS WHATSOEVER), INCLUDING BY WAY OF COUNTERCLAIM, AGAINST THE COMPANY, OR ANY PROPERTY IN THE UNITED STATES THAT IS INVOLVED IN THE FOREIGN PROCEEDING, OR ANY PROCEEDS THEREOF, AND SEEKING DISCOVERY OF ANY NATURE AGAINST THE COMPANY; (C) ENFORCING ANY JUDICIAL, QUASI-JUDICIAL, ADMINISTRATIVE OR REGULATORY JUDGMENT, ASSESSMENT OR ORDER OR ARBITRATION AWARD AGAINST THE COMPANY, AND COMMENCING OR CONTINUING ANY ACT OR ACTION OR OTHER LEGAL PROCEEDING (INCLUDING, WITHOUT LIMITATION, ARBITRATION, OR ANY JUDICIAL, QUASI-JUDICIAL, ADMINISTRATIVE OR REGULATORY ACTION, PROCEEDING OR PROCESS WHATSOEVER) OR ANY COUNTERCLAIM TO CREATE, PERFECT OR ENFORCE ANY LIEN, SETOFF, ATTACHMENT, GARNISHMENT, OR OTHER CLAIM AGAINST THE COMPANY, OR ANY OF ITS PROPERTY IN THE UNITED STATES, OR ANY PROCEEDS THEREOF, INCLUDING, WITHOUT LIMITATION, RIGHTS UNDER REINSURANCE AND RETROCESSION CONTRACTS; (D) DRAWING DOWN ANY LETTER OF CREDIT ESTABLISHED BY, ON BEHALF OR AT THE REQUEST OF THE COMPANY IN EXCESS OF AMOUNTS EXPRESSLY AUTHORIZED BY THE TERMS OF THE CONTRACT OR OTHER AGREEMENT PURSUANT TO WHICH SUCH LETTER OF CREDIT HAS BEEN ESTABLISHED; AND (E) WITHDRAWING FROM, SETTING OFF AGAINST, OR OTHERWISE APPLYING PROPERTY THAT IS THE SUBJECT OF ANY TRUST OR ESCROW AGREEMENT OR SIMILAR ARRANGEMENT IN WHICH THE COMPANY HAS AN INTEREST IN EXCESS OF AMOUNTS EXPRESSLY AUTHORIZED BY THE TERMS OF THE TRUST, ESCROW OR SIMILAR ARRANGEMENT;

2. REQUIRING ALL PERSONS AND ENTITIES IN POSSESSION, CUSTODY OR CONTROL OF PROPERTY OF THE COMPANY IN THE UNITED STATES, OR THE PROCEEDS THEREOF, TO TURN OVER AND ACCOUNT FOR SUCH PROPERTY OR ITS PROCEEDS TO THE PETITIONERS;

3. REQUIRING ALL PERSONS AND ENTITIES THAT ARE BENEFICIARIES OF LETTERS OF CREDIT ESTABLISHED BY, ON BEHALF OR AT THE REQUEST OF THE COMPANY, OR PARTIES TO ANY TRUST, ESCROW OR SIMILAR ARRANGEMENT IN WHICH THE COMPANY HAS AN INTEREST, TO (A) PROVIDE NOTICE TO THE PETITIONERS' UNITED STATES COUNSEL OF ANY DRAWDOWN ON ANY LETTER OF CREDIT ESTABLISHED BY, ON BEHALF OR AT THE REQUEST OF, THE COMPANY, OR ANY WITHDRAWAL FROM, SETOFF AGAINST, OR OTHER APPLICATION OF PROPERTY THAT IS THE SUBJECT OF ANY TRUST OR ESCROW AGREEMENT OR SIMILAR ARRANGEMENT IN WHICH THE COMPANY HAS AN INTEREST, TOGETHER WITH INFORMATION SUFFICIENT TO PERMIT THE PETITIONERS TO ASSESS THE PROPRIETY OF SUCH DRAWDOWN, WITHDRAWAL, SETOFF, OR OTHER APPLICATION, INCLUDING, WITHOUT LIMITATION, THE DATE AND AMOUNT OF SUCH DRAWDOWN, WITHDRAWAL, SETOFF, OR OTHER APPLICATION, AND A COPY OF ANY CONTRACT, RELATED TRUST OR OTHER AGREEMENT PURSUANT TO WHICH ANY SUCH DRAWDOWN, WITHDRAWAL, SETOFF OR OTHER APPLICATION, WAS MADE AND PROVIDE SUCH NOTICE AND OTHER INFORMATION CONTEMPORANEOUSLY THEREWITH; AND (B) TURN OVER AND ACCOUNT TO THE PETITIONERS FOR ALL FUNDS RESULTING FROM SUCH DRAWDOWN, WITHDRAWAL, SETOFF OR OTHER APPLICATION, IN EXCESS OF AMOUNTS EXPRESSLY AUTHORIZED BY THE TERMS OF ANY CONTRACT, ANY RELATED TRUST OR OTHER AGREEMENT PURSUANT TO WHICH SUCH LETTER OF CREDIT, TRUST, ESCROW, OR SIMILAR ARRANGEMENT HAS BEEN ESTABLISHED; AND

4. PROVIDING, WITH RESPECT TO ANY CLAIM, ACTION, ARBITRATION OR OTHER PROCEEDING WHICH MAY BE COMMENCED OR BECOME KNOWN TO THE PETITIONERS IN THE FUTURE, OR THE ENTITLEMENT OR ALLEGED ENTITLEMENT OF ANY BENEFICIARY OF ANY LETTER OF CREDIT ESTABLISHED BY, ON BEHALF OR AT THE REQUEST OF, THE COMPANY, OR OF ANY PARTY TO ANY TRUST OR ESCROW AGREEMENT OR SIMILAR ARRANGEMENT IN WHICH THE COMPANY HAS AN INTEREST THAT IS IDENTIFIED BY THE PETITIONERS IN THE FUTURE (EACH A "SUBSEQUENT CLAIM"), THAT:

(A) WHEN INFORMED OF A SUBSEQUENT CLAIM, COUNSEL FOR THE PETITIONERS SHALL SERVE UPON THE HOLDER OF SUCH CLAIM A COPY OF THE SUMMONS, THE PETITION AND THE MOST RECENT INJUNCTION ORDER ENTERED BY THE COURT;

(B) THE HOLDER OF A SUBSEQUENT CLAIM WILL HAVE TWENTY (20) DAYS FROM SERVICE OF THE SUMMONS IN WHICH TO FILE AN ANSWER OR MOTION WITH RESPECT TO THE PETITION.

PENDING THE HEARING, A TEMPORARY RESTRAINING ORDER IS IN EFFECT ENJOINING ALL PERSONS AND ENTITIES FROM: (A) TRANSFERRING, RELINQUISHING OR DISPOSING OF ANY PROPERTY OF THE COMPANY IN THE UNITED STATES, OR THE PROCEEDS OF SUCH PROPERTY, TO THIRD PARTIES; (B) COMMENCING OR CONTINUING ANY ACTION OR OTHER LEGAL PROCEEDING (INCLUDING, WITHOUT LIMITATION, ARBITRATION, OR ANY JUDICIAL, QUASI-JUDICIAL, ADMINISTRATIVE OR REGULATORY ACTION, PROCEEDING OR PROCESS WHATSOEVER), INCLUDING BY WAY OF COUNTERCLAIM AGAINST THE COMPANY, OR ANY PROPERTY IN THE UNITED STATES THAT IS INVOLVED IN THE FOREIGN PROCEEDING, OR ANY PROCEEDS THEREOF, AND SEEKING DISCOVERY OF ANY NATURE AGAINST THE COMPANY; (C) ENFORCING ANY JUDICIAL, QUASI-JUDICIAL, ADMINISTRATIVE OR REGULATORY JUDGMENT, ASSESSMENT OR ORDER OR ARBITRATION AWARD AGAINST THE COMPANY, AND COMMENCING OR CONTINUING ANY ACT OR ACTION OR OTHER LEGAL PROCEEDING (INCLUDING, WITHOUT LIMITATION, ARBITRATION, OR ANY JUDICIAL, QUASI-JUDICIAL, ADMINISTRATIVE OR REGULATORY ACTION, PROCEEDING OR PROCESS WHATSOEVER) OR ANY COUNTERCLAIM TO CREATE, PERFECT OR ENFORCE ANY LIEN, SETOFF, ATTACHMENT, GARNISHMENT, OR OTHER CLAIM AGAINST THE COMPANY, OR ANY OF ITS PROPERTY IN THE UNITED STATES, OR ANY PROCEEDS THEREOF, INCLUDING, WITHOUT LIMITATION, RIGHTS UNDER REINSURANCE AND RETROCESSION CONTRACTS; (D) DRAWING DOWN ANY LETTER OF CREDIT ESTABLISHED BY, ON BEHALF OR AT THE REQUEST OF THE COMPANY IN EXCESS OF AMOUNTS EXPRESSLY AUTHORIZED BY THE TERMS OF THE CONTRACT OR OTHER AGREEMENT PURSUANT TO WHICH SUCH LETTER OF CREDIT HAS BEEN ESTABLISHED; AND (E) WITHDRAWING FROM, SETTING OFF AGAINST, OR OTHERWISE APPLYING PROPERTY THAT IS THE SUBJECT OF ANY TRUST OR ESCROW AGREEMENT OR SIMILAR ARRANGEMENT IN WHICH THE COMPANY HAS AN INTEREST IN EXCESS OF AMOUNTS EXPRESSLY AUTHORIZED BY THE TERMS OF THE TRUST, ESCROW OR SIMILAR ARRANGEMENT.

ALL PARTIES-IN-INTEREST OPPOSED TO THE PETITIONERS' REQUEST FOR A PRELIMINARY INJUNCTION MUST APPEAR AT THE HEARING AT THE TIME AND PLACE SET FORTH HEREIN. ALL PAPERS SUBMITTED FOR THE PURPOSE OF OPPOSING THE PETITIONERS' REQUEST FOR A PRELIMINARY INJUNCTION SHALL BE FILED WITH THE COURT WITH A COPY TO THE CHAMBERS OF THE HONORABLE STUART M. BERNSTEIN AND SERVED ON CHADBOURNE & PARKE LLP (ATTN: HOWARD SEIFE, ESQ.) SO AS TO BE RECEIVED ON OR BEFORE JULY 20, 2001 AT 5:00 O'CLOCK P.M. NEW YORK TIME. THE ORDER AND SUPPORTING PAPERS WILL BE MADE AVAILABLE UPON REQUEST AT THE OFFICES OF THE PETITIONERS' UNITED STATES COUNSEL AT THE ADDRESS BELOW.

CHADBOURNE & PARKE LLP
ATTORNEYS FOR THE PETITIONERS
30 ROCKEFELLER PLAZA
NEW YORK, NEW YORK 10112
(212) 408-5100

ATTN: HOWARD SEIFE, ESQ.

REQUEST FOR PROPOSALS

NEW YORK CITY HOUSING AUTHORITY

REQUEST FOR PROPOSALS (RFP) FOR THIRD PARTY WORKERS' COMPENSATION CLAIMS AND ADMINISTRATIVE SERVICES

The New York City Housing Authority ("NYCHA") requests proposals from Third Party Administrators to provide workers' compensation claims and administration services to NYCHA. Services to commence on January 1, 2002

Proposals shall be made in the format outlined in the RFP packet containing instructions, specifications and detailed submission requirements. Packets may be obtained beginning July 16, 2001 from NYCHA, Risk Finance Division, 90 Church Street, 6th Fl., New York, NY 10007, and phone (212) 306-6475. Completed proposals must be received by 4:30 P.M. on August 17, 2001.

A Proposers conference will be held on July 25, 2001 at 2:30 P.M. in the 9th Floor Board Room at NYCHA's offices, located at 250 Broadway, New York, NY 10007.

All inquires for additional information regarding the RFP are to be directed to Augusto Montan, Assistant Director, Risk Finance Division, NYCHA at the above address and telephone number.

Rudolph W. Giuliani, Mayor, New York City
Tino Hernandez, Chair, NYCHA

LEGAL NOTICES

In The Supreme Court of Bermuda
Civil Jurisdiction

In The Matter of
TRANSCON INSURANCE LIMITED
and
In the Matter of the Companies Act 1981, Section 99

In the High Court of Justice
Chancery Division
Companies Court
In The Matter of
TRANSCON INSURANCE LIMITED
and
In The Matter of The Companies Act 1985, Section 425

NOTICE IS HEREBY GIVEN that by Orders both dated 28 June 2001 the Supreme Court of Bermuda and the High Court of Justice of England and Wales have each directed a meeting (the "Scheme Meeting") of certain creditors ("Scheme Creditors") (as defined in the scheme of arrangement referred to below) of Transcon Insurance Limited (the "Company") to be convened for the purpose of considering and if thought fit approving (with or without modification) a scheme of arrangement (the "Scheme") proposed to be made between the Company and its Scheme Creditors and that such Scheme Meeting will be held at Richmond House (2nd Floor), 12 Par-la-Ville Road, Hamilton, HM 08, Bermuda on 20 August 2001 at 11.00am (Bermuda time) at which place and time all Scheme Creditors are requested to attend. Registration will commence at 10.30am.

Any person entitled to attend the Scheme Meeting can obtain copies of the Scheme, forms of proxy, Claim Form and copies of the Explanatory Statement required to be furnished pursuant to Section 130 of the Companies Act 1981 of Bermuda and Section 426 of the Companies Act 1985 of Great Britain from the offices of Marsh Management Services (Bermuda) Limited, Victoria Hall, 11 Victoria Street, Hamilton, HM HX, Bermuda, telephone +441-292-4202 (ref Philip Shadick) and at the offices of the Company's English solicitors, Lovells, 65 Holborn Viaduct, London EC1A 2DY, United Kingdom, telephone +44-207-296-2000 (ref A1/RGNS) during usual business hours on any day (other than Saturday or Sunday or public holiday) prior to the day appointed for the said Scheme Meeting.

Scheme Creditors may vote in person at the said Scheme Meeting or they may appoint another person whether a Scheme Creditor or not, as their proxy to attend and vote in their stead.

It is requested that completed forms of proxy be lodged together with Claim Forms at the offices of Marsh Management Services (Bermuda) Limited, Victoria Hall, 11 Victoria Street, Hamilton, HM HX, Bermuda, or sent by facsimile transmission to +1 (441) 297 9704, marked for the attention of Philip Shadick, not later than 5.00pm on 17 August 2001. If forms of proxy and/or Claim Forms are not so lodged they may be handed to the Chairman at the place of the Scheme Meeting between 9.30am and 11.00am on the day of the Scheme Meeting. Any Scheme Creditor returning a form of proxy only will have the value of their Scheme Claims determined for voting purposes by the Chairman on the basis of the information available to the Company in respect of Scheme Claims.

By the said Orders the Courts have directed that the Chairman of the Scheme Meeting shall be Freeman Wood or in his absence Nicolas G Trollope, or in his absence Paula Dilney, each a director of the Company, and have directed the Chairman to report the results of the said Scheme Meeting to the Courts.

The said Scheme will be subject to the subsequent approval of the Supreme Court of Bermuda and the High Court of Justice of England and Wales.

DATED this 12 day of July 2001

CONYERS DILL & PEARMAN
Clarendon House, 2 Church Street, Hamilton, HM CX, Bermuda

LEGAL NOTICES

In the matter of
NATIONAL EMPLOYERS' MUTUAL GENERAL INSURANCE ASSOCIATION LIMITED
(in liquidation) ("NEMGIA")

NOTICE IS HEREBY GIVEN that the liquidators of NEMGIA intend to declare a sixth interim dividend to the creditors of the company within four months of 31 August 2001. Creditors who have not submitted claims to the liquidators of NEMGIA, Po Box 695, 8 Salisbury Square London, EC4Y 8BB, England by 31 August 2001 will be excluded from this dividend. Forms of proof of debt may be obtained from the liquidators or from policyholders' brokers.

As regards NEMGIA's former branches in Cyprus and Malta, creditors should contact the local liquidator (or similar appointed person) to establish claims. Only to the extent that UK dividends exceed local percentage distributions will creditors be entitled to participate in distributions from UK funds.

T A RIDDELL *Joint Liquidator*
6 July 2001

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HELP WANTED

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Pricing Actuary - Conducts rating analysis to provice technical pricing support for reinsurance underwriters, evaluates prospective profitability of current accounts and develops/maintains pricing models, participates in underwriting reviews and communicates with MGA's/brokers to discuss needs/results of pricing analysis, quality assurance of work product and information needed for rating models. Solid understanding of insurance/reinsurance terms and concepts, ability to write business correspondences/reports and respond to management/clients in a clear concise manner, must work independently and be a team player. Bachelor's degree in related major, 3-8 years insurance/reinsurance experience, ACAS or FCAS designation.

Senior Pricing Actuary - Conducts rating analysis to provide technical pricing support for reinsurance underwriters, coordinates account submissions and pricing progress with underwriters, develops rate monitoring and tracking reports supporting business, evaluates profitability of current accounts, develops/maintains pricing models, researches current and future product lines, reviews rate filings, business plans and gathers industry data, communicates results of analyses to other departments, and interfaces with Reserving function. Must be familiar with insurance/reinsurance actuarial techniques and maintain knowledge of the latest models/applications, ability to define problems, collect data, establish facts, and draw valid conclusions, respond to inquiries from underwriters, brokers, regulatory agencies, or staff, and effectively present information to top management, brokers and employees. Bachelor's degree in related major, 8+ years experience, ACAS or FCAS designation.

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HELP WANTED

CHIEF FINANCIAL ANALYST
Financial Affairs Division
AZ DEPARTMENT OF INSURANCE
Phoenix, Arizona
Grade 25 **Salary DOE**

The Arizona Department of Insurance has an opening for its Chief Financial Analyst. The Chief Analyst is responsible for the development and implementation of strategic plans, policies and procedures of the financial surveillance program. The Chief Analyst will establish and maintain efficient administrative practices over manual and automated systems for improving and continuing the achievement of NAIC accreditation standards. Currently the financial surveillance program staff includes approximately 10 professional contract analysts and technical support staff. The professional staff performs complex research and analysis of the financial condition of both foreign and domestic insurers, including, but not limited to analysis of insurance company annual and quarterly financial statements, audited financial reports, insurance holding company system registration statements, reinsurance and bulk assumption agreements.

The Chief Analyst must be able to effectively plan, assign, coordinate, monitor and evaluate the activities of others to ensure those activities achieve the Department's organizational goals. Proven ability to supervise, coach, lead, motivate, train, and assist subordinates and to communicate clearly and diplomatically with the management of regulated companies is required.

The successful candidate will have a strong knowledge of issues pertaining to insurer solvency, NAIC financial analysis concepts and the accounting practices and procedures of the NAIC. Knowledge of computerized word-processing, spreadsheet, database, financial analysis, and statistical analysis software is required. The Department prefers candidates that posses the certified Financial Examiner (CFE) and/or Certified Public Account (CPA) designations.

Interested candidates should furnish a resume and cover letter by July 31, 2001 to Mr. Steven P. Ferguson, Assistant Director, Financial Affairs Division, Arizona Department of Insurance, 2910 North 44th Street, Suite 210, Phoenix, Arizona 85018-7256. Contact Ethel Rozelle, Human Resources Specialist by e-mail at **erozelle@id.state.az.us**, or by phone at 602-912-8405 if you have any questions concerning this recruitment.
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Risk/Employee Benefits:	
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Sub-total	33,088
Associations	254
Government, Unions and Educational Institutions	913
Commercial Consumers Sub-total	34,255
Insurance Agents and Brokers	7,538
Insurance Companies	5,634
Accountants, Actuaries, Attorneys & Consultants	2,010
Adjusters, Appraisers, TPA's, Captive Managers & Health Care Providers	1,092
Others Allied to the Field	1,444
Total Qualified	51,973
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• *Source Business/Occupational breakdown of qualified circulation, November 27, 2000 Issue as submitted to BPA for December 2000 BPA Publisher's Statement*

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Comp

Continued from page 61

by 50% by demanding insurers show cause why benefits should not be paid immediately and by penalizing insurers up to $50,000 for delays in paying benefits or commencing injury management. The new law is expected to affect most New South Wales employers, because very few—only the largest companies—are eligible to self-insure. Those that do would have to meet the law's claims-paying deadlines and are audited by WorkCover.

While the government runs the program, setting premiums and underwriting the workers comp system, private insurers collect premiums and manage claims.

A paper prepared by Mr. Della Bosca's office in March said the current system "is cumbersome, complicated and expensive, and there is no incentive to settle disputes quickly and avoid the financial and personal costs associated with unnecessary and drawn-out legal battles."

New South Wales "has more disputes than anywhere else in Australia, and the cost to resolve disputes is also much higher than anywhere else. That is because most disputed claims have to go to court to be resolved," the paper said.

Insurers say the only way to fix the system is to privatize the program and allow insurers to set "realistic margins" to make the business profitable. Darren Killian, customer relationships manager with Sydney-based Royal & Sun Alliance Workers' Compensation Ltd., said the new law places "impossible burdens" on workers comp insurers. He said the "biggest challenge" to insurers is the government's new performance-based remuneration rules.

> *'Unless insurers change the way they administer (WorkCover), they will be out of business in 12 months.'*
>
> *— Stephen Loomes*
> *Zurich Ltd.*

The new system pays insurers a base fee, plus a performance fee, depending on their loss ratio improving each year, Mr. Killian said. "It is realistic to say insurers stand to lose money simply by being involved in this scheme," he said.

The NSW government, in an effort to speed claims handling, will impose acceptance and claim-paying deadlines, with penalties ranging from fines to the revocation of an insurer's license.

Mr. Killian said insurers' dilemma is to pay more claims to avoid penalties and to reduce costs. "Some of it defies common sense," he said. Insurers would also find difficulty meeting an "unrealistic" seven-day deadline to begin compensation and injury management.

But a spokesman for the Sydney-based Insurance Council of Australia said the industry supported the legislation. The law "is a step in the right direction, to address some of the issues facing the current system," the spokesman said. "More needs to be done, though, and the ICA awaits outcome of the common law inquiry. The issue for insurers will be how they implement the legislative changes."

"The reforms will change the way WorkCover is administered. Unless insurers change the way they administer this scheme, they will be out of business in 12 months," said Stephen Loomes, national workers compensation portfolio manager for Zurich Ltd. in Sydney. "Most of the reforms are positive."

In Victoria, Australia's second-most populous state, the government is reviewing its workers comp system. Victoria Auditor-General Wayne Cameron has blamed a May 2000 decision to introduce common law rights to workers comp legislation as the catalyst for a $651 million Australian ($331.0 million) half-year loss incurred by the state government-run WorkCover program last year. A government inquiry found WorkCover's common law liabilities rose by 138% since June 1998. BI

FSA

Continued from page 61

taled £965.4 million ($1.44 billion); of that, personal lines business accounted for less than 20%.

The accounting firm of PricewaterhouseCoopers in London, is the provisional liquidator of Independent, and Mark Batten and Daniel Schwarzmann, partners in PwC's insurance restructuring practice, are heading the team constructing a scheme of arrangement for Independent's creditors.

Mr. Batten said PwC is still trying to establish the financial position of the company. "We have focused on capturing data and interviewing people within the organization and establishing the financial position as of June 17; this is not quick and will take a couple of months," he said. "Then we will look at the transactions that took place prior to June 17 and whether those transactions were appropriately done. And we will be looking at the role of the advisers."

"It'll be a number of months before we can ascertain the financial position of the company, both on the insurance and reinsurance side," Mr. Batten said. "On the reinsurance side, to establish the position, we have a team in place working towards that. There is a lot of information to assemble. This isn't unusual in terms of any insurance company."

Neither Mr. Batten nor Mr. Schwarzmann would comment last week on the size or validity of reinsurance contracts taken out by Independent prior to its collapse.

"Reinsurance is the biggest asset of the estate," Mr. Schwarzmann said. "It is an extremely valuable asset, so we will do nothing to prejudice ourselves regarding our reinsurers. That would be the same in any insolvency."

Meanwhile, liquidators have begun selling off parts of Independent's business. Last week, U.K. multiline insurer Royal & SunAlliance P.L.C. bought Property & Casualty Services, Independent's loss-adjusting arm, for £3 million ($4.2 million).

The sale, which was announced July 9, will result in the transfer to London-based RSA of 300 PCS employees, bringing the size of RSA's in-house loss adjusting and investigative staff to about 800.

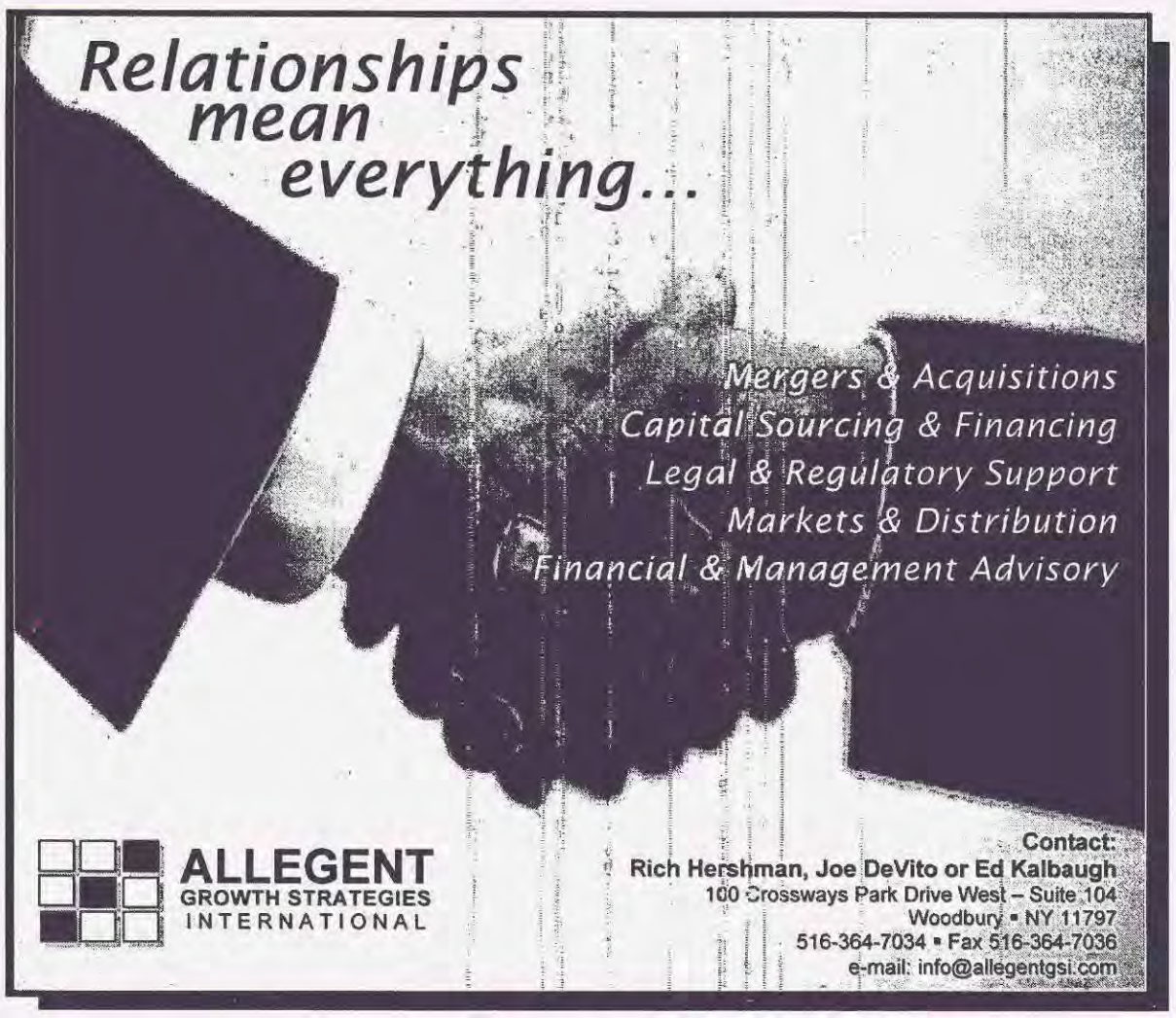
About 80% of the business of Manchester, England-based PCS was derived from Independent itself, though it also carried out work on behalf of local governmental authorities. RSA said early last week that it would continue the adjustment and claims-handling process of existing Independent claims.

"The PCS team will continue with its approach of undertaking loss-adjusting work for other organizations, as this makes sound financial sense to us from a revenue point of view," said Paul Spencer, chief executive officer of RSA, in a statement.

Mr. Batten said the sale makes good sense. "We achieved a fair value for the business, and we have avoided wholesale (layoffs) for the PCS staff," he said in a statement.

Last month, RSA took over about £100 million ($141.0 million) of former Independent commercial and private policies, as well as its book of group municipal housing business.

In addition, AXA Insurance, the U.K. arm of the French insurance giant AXA S.A., last week acquired *www.business-risk.com*, an Independent Web site that offers coverage for small commercial risks such as hotels, shops and small manufacturing firms. "This solution will allow our key brokers to write commercial business over the Internet—typically focusing on small-premium commercial risks up to about £5,000 ($7,052)," said Clare Duggan, AXA Insurance's program director. BI



COMMENTARY

Winstonia again breaks the mold

Way out here in the tiny domicile of Winstonia, we hear that insurers based in more restrictive regulatory climates are having a little trouble with an insidious, slimy little organism that goes by the name of mold.

It seems that homeowners in ever-increasing numbers are filing claims on their insurance policies for removal of mold growth in their homes, especially in the Southern United States. In addition, many claims have been filed alleging so-called "sick building syndrome" and health problems caused by an invasion of spores. In the last year, the number of mold-related claims has surged.

According to the Insurance Information Institute, "No one is quite sure why."

If, as scientists say, mold is ever present and has always been ever present—and if, as scientists say, flooding, burst pipes and bad housekeeping have always been with us—it is statistically baffling why there is now an increase in the incidence of mold problems. I wonder if a growing market among attorneys for bumper stickers that read "Mold is Gold" has anything to do with it? Or maybe we should have paid more attention to that classic documentary "Invasion of the Body Snatchers."


Paul D. Winston

Insurers are alarmed because, until now, they have largely concerned themselves with providing coverage for familiar, predictable perils—things like fires, earthquakes and hailstorms.

If you were to examine the roster of insurance companies in the world, this expectation would be evident in the names they have given themselves: Fireman's Fund Insurance Co., Hartford Fire Insurance Co., Tokio Marine & Fire Insurance Co. Ltd., and so on. You don't see any companies calling themselves Swiss Mold & Lichen Mutual Insurance Co., do you?

Insurers argue that if they had known homeowners were going to expect coverage for mold, they would have priced their policies accordingly—about 100% higher.

As a result of this threat of an unfunded liability for mold, insurers are hastily seeking to exclude coverage for the stuff, or else to provide coverage as an endorsement, or with sublimits, or any of a number of other methods of injecting some predictability into their potential exposure. But regulators and legislators in a number of states have been inundated with consumer complaints about this possibility of having to pay more for less and are crying foul.

In Winstonia, we smell an opportunity.

While we had expected interest in our onshore haven to soar, especially after the U.S. Treasury Department essentially gave Bermuda a clean bill of health, the anticipated level of activity has not yet materialized. But as our domicile, which is geographically situated within the (mold free) confines of my garage, is founded on the principles of no regulation or taxes, we feel we can provide a measure of comfort to these fungus-embattled insurers.

If these insurers redomesticated to Winstonia, they would find an atmosphere of acceptance for policy rates that take mold into account, and policy forms that do not.

Indeed, our advisers have even drafted some sample policy forms that insurers should find suitably protective of their premium dollars.

The standard Winstonia property policy form, for example, voids coverage if the policyholder should so much as order blue cheese dressing for a salad. As we all know, blue cheese is ripened with mold. Anyone who has been prescribed penicillin within a 12-month period before the inception date of coverage will automatically be denied coverage. Penicillin, after all, is a byproduct of mold. And an applicant whose shower tile grout is any shade other than dazzling white will be rejected. Overripe loaves of bread in a refrigerator? Forget it.

It is precisely this kind of regulatory flexibility that we think will make Winstonia a successful insurance domicile in the 21st century. Already, we are planning for the next big coverage battleground: dust bunnies.

Editor Paul D. Winston's commentary appears fortnightly and on www.businessinsurance.com. He can be reached at pwinston@crain.com.

Privacy

Continued from page 3

ton, suggested that the biggest privacy-related reputational risk banks face relates to third-party firms with which the banks share information.

"When the third party physically has the information, their handling of that information is what can cause reputational risk," Mr. Byrne said.

He noted that new federal privacy regulations established under the 1999 Gramm-Leach-Bliley Financial Services Modernization Act provide that banks sharing information with third parties must have policies and procedures to check what third-party firms are doing to maintain the security of shared consumer information.

Furthermore, financial institutions must monitor those third-party firms if their risk assessments suggest such monitoring is necessary.

"The real challenge is going to be to stay on top of your third parties," Mr. Byrne said, noting that even if it is a third party that misuses consumer information, "none of that's going to matter to the (bank's) customer if his information is misused."

KPMG's Mr. Miller said he wasn't surprised that only 52% of the 101 executives interviewed for the survey indicated that their companies have full privacy policies in place.

A "full privacy policy" applies to both electronic and paper records, he noted. Although many companies have Internet-related privacy policies, "we were really askir.g for enterprisewide privacy. A lot of companies have some sort of privacy policy, but it's not enterprisewide."

Survey respondents' top concerns with regard to privacy violation were personal identity theft and hacker attacks, with 55% of respondents indicating they were very concerned about each. "It shows they're starting to view privacy through the lens of a customer," Mr. Miller said.

He also noted that 52% of those questioned indicated they view customer privacy as a strategic business issue, rather than simply a compliance issue.

"We at KPMG believe that the really smart companies are viewing privacy as a strategy issue," Mr. Miller said, adding that there currently is a window of opportunity for firms to gain competitive advantage by emphasizing consumer privacy.

As customers become more aware of privacy matters and their concerns grow, that window will close as companies are forced to address privacy as a customer issue, he said.

The survey seemed to show a certain awareness of that, Mr. Miller suggested. "Throughout the surveys, there was a link between privacy policies, adherence to the policies and customer satisfaction," he said.

In that context, privacy policies should be subject to regular review and revision as needed, Mr. Miller said.

"I think your smart companies right now are not only adopting privacy policies, but also doing gap analysis," looking for holes in existing policies, he said.

"I think what they need to be constantly looking at is touching base with their customers and (examining) what are their customers asking for," he said. "Privacy's not a one-time shot. That's a compliance issue."

"I think where ultimately this ends up is with standards and verification," Mr. Miller said, adding that if a company "has a policy and then doesn't adhere to its policy, that's probably the worst risk there is."

For more information on the privacy study, visit KPMG's Web site at *www.us.kpmg.com*. BI

Microsoft loses defense cover bid

By JUDY GREENWALD

SEATTLE—A federal district court judge in Seattle has granted summary judgment to insurance companies in litigation filed by Microsoft Corp. seeking coverage of the software giant's defense costs in connection with pending class-action suits filed against it.

At issue in the June 29 decision in *Microsoft Corp. vs. Zurich American Insurance Co. et al.* were defense costs related to antitrust suits filed against the Redmond, Wash.-based software company.

In addition to Schaumburg, Ill.-based Zurich American, several other primary and excess liability insurance companies that covered Microsoft since 1990 were drawn into the legal proceedings.

The insurers earlier had unsuccessfully sought to have the case heard in federal court in Washington, D.C., rather than Seattle (*BI*, June 12, 2000; April 24, 2000).

In her decision, Judge Marsha J. Pechman agreed with the insurers that they were not obligated to defend Microsoft under their commercial general liability policies.

"The 'personal injury' and 'advertising injury' clauses in dispute were not adopted with the expectation that antitrust allegations of the type currently pending would be covered by defendants," said Judge Pechman in her decision.

The judge also ruled that, in regard to certain insurance policies, there was no coverage because class plaintiffs' claims against Microsoft arose before the relevant insurance coverage periods.

A Microsoft spokesman declined to comment on the ruling. BI

Deadline nears for directory on loss control

Business Insurance will publish its annual Directory of Property Loss Control Consultants/Engineers on Aug. 13. This issue includes an editorial feature on Property Loss Control.

The directory is published as an editorial service, and there is no charge to be included. To be listed, companies must provide property loss control consulting/engineering services directly to corporations/institutions on an unbundled basis.

If your company meets the requirements and has not yet received a questionnaire, please request one immediately by calling Michel Schwartz at 312-649-5313. The new extended deadline for inclusion is July 27.

Copies of the questionnaire also can be printed from the *BI* Web site at *www.businessinsurance.com*.

S&P outlook negative on European reinsurers

European nonlife insurance and reinsurance markets face many challenges despite improving rates and conditions in both markets, according to an assessment from Standard & Poor's Insurance Ratings Services in London.

The rating agency has maintained its "stable" outlook on direct insurers for most markets, but it continues to have a "negative" outlook for reinsurers.

Although the European reinsurance market is expected to have registered a combined ratio for 2000 of 115%—which is 16 percentage points better than in 1999—and to improve to about 110% for 2001, S&P says it maintains its negative outlook "due largely to continuing (poor) premium rates and reserve inadequacies that are expected to emerge."

S&P warns that the negative trends in the European reinsurance market, which led to significant capacity withdrawal during 1999 and 2000, "could also have a (spillover) effect on the strength of the primary market."

"Any further withdrawal of capacity might significantly impact the otherwise stable outlook established by Standard & Poor's for most European direct nonlife markets," Rob Jones, director of S&P's financial services group, said in a statement.

"Although the industry has managed to partly absorb the shortfall in capacity by increasing retentions in both reinsurance and commercial lines by 10% to 15%, combined with rate increases ranging from 10% to 50%, depending on recent loss exposure, the profitability of the market is precarious," Mr. Jones said. He added that, given the continuing poor reinsurance results, "the 2002 renewal season might yet be as challenging as 2001."

—By Edwin Unsworth

ADEA

Continued from page 1

ensured that the younger retirees received the same medical coverage as their older colleagues. The ADEA was not intended to provide older workers with a windfall just because they are older. Instead, it ensures them equal treatment," Judge Lagueux concluded.

Nancy Ross, a partner with the law firm of McDermott, Will & Emery in Chicago, said: "The court has given a very straightforward analysis. If you give the same stipend to the groups, there would be a windfall" for the older employees.

Judge Lagueux's decision comes nearly a year after a stunning federal appeals court ruling that said the ADEA allows age discrimination suits against employers that provide lesser health care benefits to Medicare-eligible retirees than to younger retirees.

That ruling involved a retiree health care program offered by Erie County, Pa. After the 3rd U.S. Circuit of Appeals allowed a suit filed by older retirees to proceed, a U.S. District Court found that the county's plan discriminated against Medicare-eligible retirees because retirees' share of health plan premium costs, including Medicare Part B premiums, was higher than younger employees' share. In addition, the HMO-only coverage available to older retirees was not as valuable as a point-of-service plan that gave younger retirees the ability to decide whether to receive services in or outside of the PPO network, the court held (*BI*, April 30, 2001).

The 3rd Circuit's findings sent shock waves, whose reverberations still are being felt, throughout the employer community. Until the Erie County ruling, benefit experts had long believed that the ADEA applied only to active employees and not retirees.

The 3rd Circuit decision in the Erie County case has opened up the possibility of litigation against hundreds, if not thousands, of employers that—because of the availability of Medicare coverage—routinely provide lesser benefits to Medicare-eligible retirees than to younger retirees.

"Employers are scared to death" because of the Erie County decision, said Henry Saveth, an attorney with William M. Mercer Inc. in New York. Equalizing benefits for the two groups could be hugely expensive for employers.

Despite that palpable fear, few if any employers have revamped their retiree health care plans to comply with the ruling, benefit experts say.

"There is a strong residual feeling that the appeals court did not rule correctly in Erie County and other courts could go in the opposite direction. A company would hate—at a huge cost—to revamp its retiree health care plans only to have another court rule differently in another case," said Tim Stanton, an associate with Gardner, Carton & Douglas in Chicago.

Still, while Judge Lagueux's ruling gives the green light to early retirement incentive plans designed like the University of Rhode Island's plan, it by no means is a counterweight to the Erie County decision, whose threat still looms over employers.

That is because the Rhode Island case deals with a one-time benefit offering—an early retirement incentive plan—while the Erie County case dealt with an ongoing benefit plan.

That is significant because the legal standards for proving that an incentive plan does not discriminate are easier to meet than for ongoing plans.

"The rules are much more liberal and lenient," said Dennis Coleman, a consultant with Unifi Network in Teaneck, N.J., a unit of PricewaterhouseCoopers L.L.P.

Under the ADEA, an early retirement incentive plan is non-discriminatory if it is voluntary and complies with the purpose of the ADEA, which includes prohibiting arbitrary age discrimination in employment.

By contrast, for an ongoing health benefit plan, the rules are tougher and more specific. Ongoing plans under two ADEA safe harbors, have to show that either the benefits themselves or the costs of the benefits are equal for older and younger participants.

"You don't have to worry about equal benefit or equal cost if a plan is" a voluntary incentive program, Mr. Coleman said.

Just as significantly, the Rhode Island case, because it involves a benefit plan offered to employees prior to retirement, doesn't resolve whether the ADEA does in fact apply only to employees or whether it also extends to retirees, as the appeals court ruled in the Erie County case.

Still, benefit experts say the Rhode Island decision, while far from removing the threat posed by the Erie County rulings, is an important decision.

For example, while Judge Lagueux was not bound to do so, he suggested that the way in which the University of Rhode Island calculated the amount of the health insurance stipend—by taking Medicare into account—met the ADEA's equal benefit safe harbor.

At the same time, Judge Lagueux said that in determining whether benefits offered to the two groups were equal, the availability and value of Medicare could be taken into account.

In valuing benefits, "the good news is that the court endorsed the concept of integrating Medicare" with other health plans offered to older individuals, said John Piro, a consultant in the Norwalk, Conn., office of Hewitt Associates L.L.C.

•

Dr. Robert Gutchen and Dr. Janice Sieburth vs. Board of Governors of the University of Rhode Island et al., U.S. District Court for the District of Rhode Island; CA 99-319 L.

Violins

Continued from page 3

falls off and into a fire, then the value does decrease, and we wanted to make sure that was covered."

In recent years, instruments made by 18th century Italian masters such as Joseph Guarnerius del Gesu and Antonio Stradivari—have skyrocketed in price, as investors have scrambled to snatch them up. Only about 150 Guarneri del Gesu violins are thought to be in existence; an estimated 650 instruments crafted by Stradivari—who made violins, violas, cellos, guitars and harps—remain in existence.

But the rarity of Stradivari and Guarneri instruments is not the sole reason for their high price. "Some makers made only one or two instruments, but those aren't that valuable," said Gary Sturm, executive director of the Smithsonian Chamber Music Society in Washington. These instruments' intriguing histories, their unmatched sound and the prestige of ownership, along with the limited supply, make them so valuable, he said.

Stradivari and Guarnerius are considered to be the greatest violinmakers, and their instruments regularly fetch millions of dollars. In 1998, New Jersey collector Herbert Axelrod donated two violins, a cello and a viola, all made by Stradivari, to the Smithsonian Institution. The four instruments, which are used for master classes and concerts, have been appraised at $50 million.

The histories of surviving instruments include natural disasters, comedic relief and even murder.

In 1953, Sascha Jacobsen, a violinist and concert master for the Los Angeles Philharmonic Orchestra, was driving home with the "Red Diamond" Stradivarius, a violin famed for its ruby-colored varnish, when a violent rainstorm stalled his car. Mr. Jacobsen grabbed his violin and struggled against the current to exit the car. The water then pulled the instrument from his arms and carried it out to sea.

The next day, a Los Angeles attorney found a violin case while walking along the beaches of the Bel Air country club. The case contained sand, slime and the pieces of a violin. Having heard of Mr. Jacobsen's disaster, the man contacted the Los Angeles Philharmonic, and the violin was identified as the lost Red Diamond. A local maker of stringed instruments spent nine months restoring the violin.

A well-known amateur violinist who owned a Stradivarius was American comedian Jack Benny. Having studied the violin as a child, he made a long-running joke out of his ear-splitting performances. This, combined with his famed reputation as a tightwad, gave his ownership of the violin great comedic value. Mr. Mr. Benny joked with audiences that while his violin was a real Stradivarius, he had gotten it for the low price of $110, because it was one of very few Strads made in Japan.

But in 1955, at the age of 61, Mr. Benny resumed violin lessons and playing in earnest. By the time of his death 19 years later, Mr. Benny and his Strad had earned nearly $6 million for charity from benefit concerts. He bequeathed his violin to the Los Angeles Philharmonic.

In 1996, Maria Grevesmuhl, a professor at the Academy of Arts conservatory in Bremen, Germany, was killed when someone pushed her down a flight of stairs and stole her 1694 Stradivarius. The violin was later recovered.

As instrument sales and prices have increased, the insurance market for these instruments has also become more active. London-based Heath Lambert Group has been brokering instrument insurance since the early 1980s.

"These instruments don't appear on the market every day, because only a finite number were made. It's not like every week there is a new Strad," said Adrian Colosso, the managing director of the international group at Heath Lambert in London. "They come in flurries. There will be nothing for a while and then two or three at once."

Mr. Colosso estimates that the total worldwide premium for such rare instruments is $6 million to $7 million dollars annually. While Mr. Colosso acknowledged that the market is not a huge moneymaker, he noted that it has a loyal and affluent clientele and that it often leads to other business from those clients.

The steady size of the market and the extensive documentation that accompanies most of the instruments minimizes the risk of fraud. Mr. Colosso also said that most of its rare-instrument insurance clients come to Heath Lambert through referrals from dealers or auction houses. "This is not something where we spend a lot of time and money on advertising," he said.

Gerard Albanese, a broker with Total Dollar Management Effort Inc. in New York, has been brokering fine-instrument coverage for more than 30 years. When Mr. Albanese started, he said, most of his clients were referred to him because it was not easy to find insurance for expensive instruments and he had gained a reputation for being able to do so. Mr. Albanese's business has since grown worldwide, and he noted that he has placed coverage for individual instruments worth more than $7.5 million and for quartets worth several times that amount. He declined to identify the insurers for such coverage.

Mr. Albanese said that the unusual nature of the business is what has kept him in it for so long. "You are typically dealing with interesting people who are always pleasant and who know what they are talking about," he said. "They are generally much more sophisticated than the average insurance buyer, and that makes it a lot easier."

While most rare violins are sold through auction houses and specialty dealers, and their value is documented, insurers strongly recommend that their clients have their instruments appraised before taking out policies.

"We accept a valuation from a well-known dealer," said Annabel Fell-Clark, a fine-art underwriter at Hiscox P.L.C. in London, "and most limit themselves to a small area of expertise."

An appraisal helps to protect the customer from underinsuring an instrument. "We always recommend that a client have an expert opinion, so if an instrument is lost or stolen, they won't find out that they don't have enough to replace it," Ms. Fell-Clark said.

Most instruments that are insured are played either by their owners or by musicians who have the instruments on loan, and this constant use and travel increases the risk associated with insuring them, said David Laibach, senior fine-art underwriter at AXA Nordstern Art Insurance Co., which also insures rare violins.

"If you have a $50,000 Steinway piano in your house that isn't used at all and the maid just has to dust it every once in a while, that's a piece of furniture," Mr. Laibach said. "But if you've got a violin that is worth that much and it is being played in concerts and transported via subway, there is going to be more risk."

Mr. Laibach said that AXA Nordstern's policies typically include coverage for theft, loss and damage. Before a policy is written, he said, AXA Nordstern examines the overall risk of each individual case. Considerations include whose use the instrument is intended for, whether that individual is a working musician, and how the instrument is likely to be transported. BI

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Incentive

Continued from page 1

pensive treatments in the future, he added.

Yet if the plan steers a growing number of California's 200 doctor groups to focus more on quality care and patient satisfaction, Blue Cross' total bonus payout could eventually rise, driving up costs, the spokesman said.

"My gut sense is this will raise costs a little bit," said Greger Vigen, a health care consultant for William M. Mercer Inc. in Los Angeles. But the higher costs will go toward delivering "the things that are really important to employers, which is better care."

Blue Cross' move is a major step toward giving employers a measuring stick for health provider performance and toward driving health care quality initiatives from the health plan level down to doctors, said Peter V. Lee, president and CEO of Pacific Business Group on Health, a San Francisco-based employer coalition.

Other health plans nationwide, through their contracts with doctor and hospital groups, also are obtaining agreements that the providers will meet quality guidelines. The practice is occurring in limited market areas more than throughout entire states, several observers said.

Quincy, Mass.-based Harvard Pilgrim Health Care last month announced, for example, that a contract with Partners HealthCare, will reward Partners hospitals and doctors for meeting best practice standards.

The contract allows the health plan to withhold a portion of fee-schedule reimbursements if Partners hospitals do not meet best practice standards established by a hospital association and by the Leapfrog Group, a Pilgrim spokesman said. The Leapfrog Group is a coalition of major employers that have banded together to try to reduce hospital errors.

Also under the Harvard Pilgrim contract, if Partners group doctors do not meet care standards established by the National Committee for Quality Assurance's Health Plan Employer Data and Information for the treatment of certain diseases, the health plan may withhold a percentage of its fees, the spokesman said. The contract, however, does not call for the doctors or hospitals to survey patient satisfaction, he said.

The Blue Cross of California shift is particularly significant for employers because it puts money behind rating physician groups, Mr. Lee said. In addition, the strategy calls for ranking provider groups based in part on the results of a standardized customer satisfaction survey, Mr. Lee added.

PBGH along with several health plans developed the Consumer Assessment Survey that will be used under Blue Cross' strategy, the Blue Cross spokesman said.

Using a satisfaction survey that is standardized for all health plans and their doctors is important because the standardization gives consumers and employers a way to compare across several health plans how providers go about delivering care and how well they do so, Mr. Lee said.

Currently, when California health plans issue report cards on doctor groups, their results vary widely, said Beau Carter, executive director of the Integrated Healthcare Assn. in Walnut Creek, Calif. A single doctor group can receive very different marks from different HMOs depending on the survey used by the health plan.

The IHA mainly represents HMOs, physician groups and health systems but has a few employer members. The organization is leading an industrywide initiative to standardize reporting on medical groups.

So far, employers have had better success in obtaining information about care quality at the health plan level, Mr. Lee said. Obtaining such information from provider groups has been seen as the next frontier but is a "huge challenge," he added.

The customer satisfaction surveys to be used by providers contracting with Blue Cross will shed light on issues such as doctor communication skills and the ease of obtaining recommendations for visits to medical specialists, Mr. Lee added.

"Often I find patient surveys are pooh-poohed as not important," he said. "That is the furthest thing from the case. Good surveys that ask about consumers' experience in getting care is a key quality metric. That is a metric we have had for HMOs. But we have not had it for medical groups. This is moving to medical group level and will hopefully be a platform to move to the individual doctor level," Mr. Lee added.

Blue Cross' plan also calls for scoring and rewarding doctors for their performance in managing chronic diseases such as asthma or hypertension. They will also be scored and rewarded for the percentage of plan members receiving preventative care and for doctor adherence to screening guidelines for certain illnesses, such as breast and cervical cancer.

The more important impact for employers, and the most innovative aspect of Blue Cross initiative, lies in rewarding doctors for their clinical performance, Mercer's Mr. Vigen said. Patient satisfaction surveys have been conducted for years, though having a standardized form for consistency is important, he added.

But it has been more difficult for employers "to get their arms around the clinical issue," he said.

His preliminary review of Blue Cross' announcement reveals that doctor groups will be rewarded for taking their clinical standards beyond those required to meet HEDIS guidelines, Mr. Vigen said. Some well-organized doctor groups in California already excel at meeting those guidelines, he said. But some midsize and smaller groups often do not.

Blue Cross said that, under its plan, physician groups can earn bonuses of up to 10% of their capitation agreements. The plan is to take effect immediately and will be implemented as provider contracts come up for renewal throughout the next year, the spokesman said. Capitation payments are set amounts paid monthly to providers for each plan member they treat.

Very few health plans provide even a 2% bonus for provider performance, and most provide no financial reward at all, according to the IHA.

The organization's members believe bonuses in the range of 5% to 10% are necessary to encourage doctor groups to invest in better systems and improve their performance. BI

CEA lacks financial flexibility: Report

By JUDY GREENWALD

The California Earthquake Authority should consider using a combination of reinsurance and capital market alternatives to strengthen its financial structure, a new report says.

The CEA's governing board will meet Aug. 13 to review and discuss the report that it commissioned, "California Earthquake Authority-CEA Project Consulting Team Report," which was prepared by consultant Tillinghast-Towers Perrin.

"Our analysis clearly indicates that the long-term sustainability of the CEA could be enhanced if it had greater flexibility in its capacity structure," the report says.

Reinsurance and capital markets both "provide alternative products that can be useful in reducing the dollars the CEA spends for risk transfer," according to the report.

In the current market, the capital markets provide "a cost savings to the CEA over the current reinsurance pricing," but reinsurance should also be used, the report says. "Maintaining an effective relationship with the reinsurance market should continue to be an important part of CEA's strategy going forward, to provide it with the flexibility to meet changing needs and market conditions," the report says. The report says reinsurance should continue to play a role because "the capital markets are still somewhat 'untested' by a securitization loss."

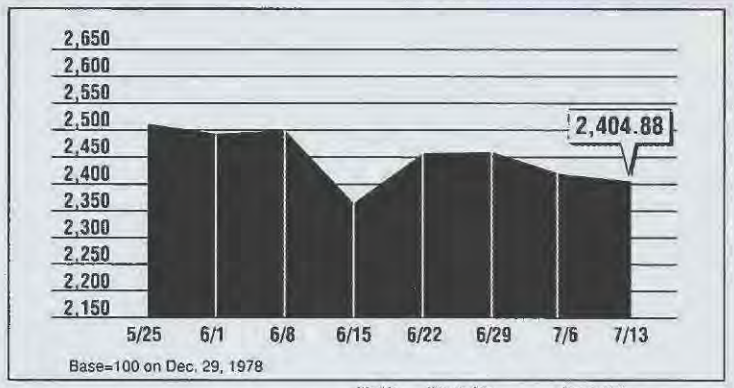
According to the report, under the CEA's current program, coverage is provided by a combination of capital and retained earnings; two layers funded by assessments on insurers that write residential earthquake coverage; two reinsurance layers, and a committed catastrophe cover that includes a letter of credit and debt facility.

Berkshire Hathaway Inc. is the principal reinsurer on a $537.6 million excess of $5.20 billion layer.

Other topics discussed in the report include protecting the CEA against adverse selection, making earthquake insurance broadly available and optimizing the CEA's governing board and staff structure.

The CEA, which was created following the 1994 Northridge earthquake, had a 65.7% market share as of 1999. BI

BI Stock Index - 7/13/2001



Base=100 on Dec. 29, 1978

		Price	Weekly % change	Year to date % change	Year to date High	Year to date Low	Vol.(000)
BROKERS							
Aon Corp.	NYS	35.00	2.13	2.19	42.31	28.13	4042
Brown & Brown	NYS	47.00	12.17	34.29	47.00	23.72	874
Clark Bardes Holdings	NDQ	27.85	19.78	175.06	27.85	7.25	559
E.W. Blanch Holdings Inc.	NYS	13.50	0.00	-22.58	29.50	6.70	0
Gallagher Arthur J. & Co.	NYS	28.78	9.55	-9.53	34.25	20.06	1996
Hilb, Rogal & Hamilton	NYS	42.55	-2.81	6.71	44.16	33.75	194
Marsh & McLennan	NYS	100.82	1.68	-13.83	135.69	80.30	3756
Willis Group Holdings Ltd.	NYS	17.25	-2.71	3.92	18.50	16.00	1920
BROKERS	AVERAGE		4.98	22.03			
INSURERS/REINSURERS							
ACE Ltd.	NYS	35.84	-5.19	-15.55	43.94	29.44	5233
Accel International Corp.	NDQ	0.07	0.00	-76.42	0.69	0.06	0
Acceptance Insurance Cos.	NYS	5.40	3.05	2.86	6.94	3.70	21
AEGON N.V.	NYS	27.41	-1.76	-33.85	43.00	25.92	1231
AFLAC Inc.	NYS	31.30	1.39	-13.28	37.47	23.38	3697
Allmerica Financial Corp.	NYS	54.62	0.64	-24.66	74.25	46.30	620
Allstate Corp.	NYS	42.50	-0.54	-2.44	45.90	23.50	15426
Ambac Financial Group	NYS	58.99	-0.46	1.16	64.00	36.83	1953
American Financial Group	NYS	30.24	2.47	13.84	30.52	18.69	1001
American General	NYS	46.47	1.02	14.04	47.44	31.00	6685
American Intl Group	NYS	84.51	0.14	-14.26	103.75	72.64	19416
American Safety Insurance	NYS	9.85	-1.30	60.82	10.36	3.25	47
Argonaut Group	NDQ	19.18	4.18	-8.67	21.25	13.50	109
AXA-UAP Group	NYS	27.95	-0.36	-22.16	39.88	24.58	1030
Baldwin & Lyons Inc.	NDQ	22.25	-6.71	-4.30	28.75	15.25	47
Berkley W.R. Corp.	NDQ	40.54	1.71	-14.09	48.75	19.63	546
Berkshire Hathaway Inc.	NYS	69100.00	-1.29	-2.68	74600.00	51600.00	1
Capitol Transamerica Corp.	NAS	14.75	8.22	18.59	15.86	10.31	31
Chubb Corp.	NYS	71.98	-4.23	-16.79	90.25	63.30	6712
Cincinnati Financial Corp.	NYS	39.21	0.72	-0.89	42.92	32.56	1360
Citigroup	NYS	48.86	-3.80	-4.31	59.13	39.00	71874
CNA Financial Corp.	NYS	39.62	1.59	2.25	41.94	32.06	521
CNA Surety	NYS	13.98	1.30	-1.89	14.50	10.38	118
EMC Insurance Group Inc.	NDQ	14.44	0.00	22.89	15.86	8.50	8
ESG Re Limited	NDQ	3.44	-2.82	86.58	4.06	1.72	19
Everest Reinsurance	NYS	72.68	0.39	1.47	75.50	34.31	829
Frenront General Corp.	NYS	6.00	-0.99	113.33	6.97	1.50	694
Gainsco Inc.	NYS	1.33	2.31	-49.33	4.88	1.10	316
Harleysville Group	NDQ	28.59	2.25	-2.26	30.63	17.88	212
HCC Insurance Holdings	NYS	23.64	-4.68	-12.24	29.66	17.63	995
ING Groep N.V.	NYS	32.20	-1.90	-59.81	42.00	28.00	497
IPC Holdings Ltd.	NDQ	22.05	-2.43	5.00	25.05	12.63	87
Hartford Financial Services	NYS	66.40	-0.87	-5.98	80.00	53.50	5532
John Hancock Financial Serv.	NYS	40.64	0.57	8.01	42.00	20.63	5648
Lincoln National	NYS	50.27	0.84	6.25	56.38	38.00	4568
MAIC Holdings Inc.	NYS	15.64	0.00	-6.28	18.50	10.50	0
Markel Corp.	NYS	201.96	1.69	11.58	207.47	133.50	117
MBIA Insurance Group	NYS	55.59	0.56	12.49	56.74	34.33	2265
Meadowbrook Insur. Group	NYS	3.60	10.77	-55.69	8.38	2.45	37
MetLife	NYS	31.25	0.84	-10.71	36.63	19.38	5958
Mutual Risk Mgmt. Ltd.	NYS	11.10	19.61	-26.91	23.75	3.40	2643
Navigators Group	NDQ	19.00	0.26	42.72	20.86	9.25	55
NYMagic Inc.	NYS	19.45	3.46	3.05	22.70	13.00	30
Ohio Casualty Corp.	NDQ	12.39	-2.44	23.90	13.44	6.13	1253
Old Republic Int'l	NYS	28.15	-2.96	-12.03	32.06	17.19	1823
Partner Re Ltd.	NYS	53.80	-0.59	-11.80	62.50	36.63	632
Penn-America Group Inc.	NYS	10.01	0.10	31.28	10.60	6.69	4
PMA Capital Corporation	NDQ	17.50	2.94	1.45	19.00	15.19	54
Philadelphia Cons. Holding	NDQ	36.20	2.40	17.25	37.50	15.63	488
PXRE Corp.	NYS	18.87	-1.20	11.82	20.10	12.50	98
RenaissanceRe Holdings Ltd.	NYS	71.80	-2.97	-8.32	84.19	42.50	405
RLI Corp.	NYS	44.25	-1.23	-0.98	46.16	33.63	26
St. Paul Cos.	NYS	48.75	-2.11	-10.24	57.00	36.56	4992
SCOR	NYS	43.00	-1.76	-14.43	53.75	39.75	27
SAFECO Corp.	NDQ	28.83	-3.74	-12.30	35.88	20.25	6878
SCPIE Holdings Inc.	NYS	19.00	0.00	-19.58	31.40	17.78	NA
Seibels Bruce Group	NDQ	2.39	11.16	324.89	3.25	0.53	11
Selective Ins. Group	NDQ	25.47	0.95	5.03	28.22	15.25	114
Tokio Marine & Fire	NDQ	47.00	3.30	-17.54	58.25	45.10	43
Torchmark Corp.	NYS	40.91	2.27	6.43	41.19	24.06	1245
Transatlantic Holdings	NYS	118.87	-1.78	12.27	126.25	80.38	76
Trenwick Group Ltd.	NYS	22.50	0.94	-9.32	27.13	14.56	167
Unico American Corp.	NDQ	6.25	-0.79	6.38	7.75	5.27	20
United Fire & Casualty	NDQ	29.90	4.99	51.39	34.52	16.19	77
Unitrin	NYS	37.60	-2.21	-7.45	41.94	27.19	206
UNUM Corp.	NYS	32.74	2.79	21.82	33.75	19.25	3263
Vesta Insurance Co.	NYS	10.50	0.00	107.41	11.25	4.13	1150
XL Capital Ltd.	NYS	77.88	-3.12	-10.67	89.25	56.00	2605
Zenith National Ins.	NYS	29.60	7.60	0.77	30.70	20.00	67
INSURERS/REINSURERS	AVERAGE		0.63	6.21			
MANAGED CARE COMPANIES							
Aetna Inc.	NYS	26.53	5.40	-35.39	42.69	23.02	3896
CIGNA Corp.	NYS	99.80	7.08	-24.57	136.75	86.88	4452
Health Net Inc.	NYS	18.49	7.69	-29.39	26.94	13.25	3200
Humana Inc.	NYS	10.00	2.99	-34.43	15.81	6.63	5347
Oxford Health Plans	NYS	28.40	4.34	-28.10	42.75	21.44	5063
Pacificare Health Sys.	NDQ	20.98	38.03	39.87	68.69	9.81	4886
Sierra Health Services	NYS	9.18	14.75	141.58	9.18	2.44	2108
United HealthGroup	NYS	65.79	6.25	7.19	67.40	39.06	8753
Wellpoint Health Networks	NYS	104.30	10.65	-9.50	121.50	75.19	3951
MANAGED CARE COMPANIES	AVERAGE			10.80	3.03		
ALL COMPANIES			5.47	10.42			

Top advancing issues: PacifiCare Health Systems, Clark Bardes Holdings, Mutual Risk Management Ltd. Leading decliners: Baldwin & Lyons Inc., ACE Ltd., HCC Insurance Holdings. Most active issue: Citigroup. The *BI* Index decreased 0.6%; the Dow Jones 30 Industrials dropped 2.8%; the S&P 500 went down 2.1%, and the NYSE Composite decreased 1.1%. Average P/E: Brokers, 26.4; Insurers/reinsurers, 28.1; and managed care companies, 16.1.

Source: *CNET Investor* (investor.cnet.com) Boulder, Colo.

Cell phone

Continued from page 1

The suit, Yoon vs. Wagner, alleges that the Palo Alto, Calif.-based law firm not only is vicariously liable for the accident because Ms. Wagner was acting in the scope of her employment when making cell phone calls to clients, but also that the firm is directly negligent for the accident. Among the suit's allegations is that Cooley Godward encouraged its employees to use cell phones to conduct business and that the firm failed to establish a policy concerning the safe use of cell phones while operating a motor vehicle.

"All employers should consider carefully the double-edged sword of maximizing the money they make off of employees," said Peter C. Grenier, a partner at Bode & Grenier L.L.P. in Washington, who is representing the Yoon family.

"While it's certainly nice to make a profit from employees who drive and conduct business, employers will be held responsible for any tragedies or injuries that result from it," he said.

The Yoon family, which filed the wrongful death suit against the law firm, Ms. Wagner and her husband, is seeking $25 million in compensatory damages and $5 million in punitive damages.

So-called "driving while phoning," or DWP, is a controversial issue at the moment. While the advent of the cell phone may have increased productivity among employees, who are able to remain in touch with the office and with clients at any time during the day, it is being blamed for distracting drivers and, in some cases, causing accidents all across the country.

New York late last month became the first state to enact into law a ban on the use of hand-held cellular phones while driving in most instances. Similar legislation has been introduced in other states.

The issue has sparked public debate over whether talking on a hand-held cell phone while driving is any more of a distraction than less controversial driving habits, such as eating, changing radio stations or talking to another passenger.

With 118 million U.S. wireless subscribers today, it's difficult to determine just how much time is spent driving and conducting business via a cell phone. A recent survey by Progressive Insurance Co. found that more than 90% of 800 consumers polled use a cell phone while driving alone in the car.

"We've got real serious mobile multitasking going on," said Rodney Glover, a partner with Gardner, Carton & Douglas in Washington, referring to similar statistics. Employer liability associated with this "is a big, big issue right now," he said.

The New England Journal of Medicine reported in 1997 that using a cell phone while driving quadruples the likelihood of a motor vehicle collision, Mr. Glover pointed out. He noted that while it will "not be easy" to prove that an employee's use of a cell phone was a proximate cause of an auto accident, he believes "it's enough to get a case to a jury, and that's what businesses want to avoid at all costs."

"The more fundamental question raised here is whether the business community is concerned about this, and the answer is, probably not," Mr. Glover said. "It's not yet on their radar screen."

"They definitely should be concerned about this issue, though," he said.

> *'Whether you think this is a real distraction or not, you can't ignore the fact that public perception dictates juries.'*
>
> *— Barry Thompson*
> *Deloitte & Touche L.L.P.*

Attorneys and risk management consultants advise that employers should take steps to mitigate their exposure by establishing and distributing cell phone policies to employees.

"We counsel a lot of employers, especially those with employees who spend a lot of time of the road, to communicate to them about the potential dangers of driving while talking on a cell phone," said Jeremy Glenn, an associate in the labor and employment division of the law offices of D'Ancona & Pflaum L.L.C. in Chicago.

He advises that if employers do not want to prohibit employees from using cell phones for work while driving, "they ought to instruct employees to pull over to the side of the road to make a call," he said. Employers also can make hands-free cell phones available to their mobile employees, he said.

Mr. Glenn noted that it is important for employers to ask employees to sign an acknowledgement that they've read and understand the policy and have had the opportunity to ask questions.

"Courts recognize that a signed acknowledgement of receipt is an indication that the employer discussed with employees the importance of the issue," Mr. Glenn said.

Some employers are heeding the warning.

Earlier this year, the U.S. Olympic Committee issued its first cell phone usage recommendation to employees via a memo, said David L. Mair, associate director of risk management. The memo discourages employees from using cell phones while driving and recommends that they pull over if they need to make a call while in the car, said Mr. Mair, who also is president of the Risk & Insurance Management Society Inc.

"We did not issue a firm policy, because it's unenforceable," he said. "The only time you know if someone is using a cell phone while driving is after something occurs," he said.

Houston-based energy company Apache Corp. issued recommendations for employee use of cell phones and two-way radios late last year.

"We didn't take the issue lightly," an Apache spokesman said. "We had a couple of meetings with our insurance and safety, human resource and legal folks to try to determine what made the most sense to protect our employees and our company," he said. "We did not want to create a policy that employees routinely violated."

Instead, the company includes in its safety and environmental handbook information on the hazards of driving when using a cell phone or two-way radio. It reviews employee, supervisor and contractor responsibilities, as well as general equipment guidelines with regard to cell phones and two-way radios.

"An ounce of prevention is worth a pound of cure," Mr. Glover said. "It doesn't take much to get your HR department and your in-house legal guy to come up with a decent policy and to circulate it and to do a little training. It's much cheaper to do that than it is to defend a lawsuit, much less pay a judgment."

"Whether you think this is a real distraction or not, you can't ignore the fact that public perception dictates juries," noted Barry Thompson, referring to public disapproval with the use of cell phones while driving. "How hard is it to issue a policy?" asked Mr. Thompson, who is senior manager and national practice leader for claims and disability management for Deloitte & Touche L.L.P. in Hartford, Conn.

Mark Pitchford, a partner and chief operating officer of Cooley & Godward, said that the law firm has no policy on cell phone use other than policies for reimbursement for business calls made.

"We view this as a tragic accident that involves a young life," Mr. Pitchford said, declining BI

Investors

Continued from page 3

trading program that would generate returns for Credit Bancorp investors.

In fact, according to the Securities and Exchange Commission, the company operated as a Ponzi scheme, which uses funds paid by later investors to pay artificially high returns to earlier investors. The SEC won a court order freezing Credit Bancorp's assets in late 1999. The court appointed a receiver to take over the company's operations in January 2000.

Federal prosecutors filed securities fraud, wire fraud and money laundering charges against Mr. Blech in March 2000, charging that he deposited investors' stock not in trust accounts but in accounts that he controlled. Mr. Blech has admitted that he took out margin loans on the stock, using the money for personal expenses and expenses of other business ventures, and that the margin debt in late 1999 totaled as much as $55 million, according to the charges.

Mr. Blech is now in jail in France awaiting extradition to the United States.

Starting in 1997, Credit Bancorp obtained primary and excess fidelity, E&O and D&O coverage with Lloyd's, London market insurers and Gulf Insurance Co. through broker Marsh Inc.

The coverage included a $10 million primary fidelity, E&O and D&O policy led by D.P. Mann, an underwriter at Lloyd's; a first excess crime policy for $40 million excess of $10 million, also led by D.P. Mann; a second excess policy for $150 million excess of $50 million led by Lloyd's underwriter D.J. Marshall; an excess E&O policy for $15 million excess of the $10 million primary policy led by D.J. Marshall; and a $300 million all-risk policy excess of the $200 million in underlying crime coverage, led by Janson Green Ltd. syndicate 79 at Lloyd's.

Credit Bancorp's receiver sued the insurers in U.S. District Court in New York last year to recover investors' losses. The insurers countered with a barrage of policy defenses and sought summary judgment throwing out portions of the suit.

Judge Sweet rejected nearly all of the defenses in a June 27 ruling and refused the summary judgment motion.

The insurers had argued, for example, that Credit Bancorp was a fraud from its inception and that the policies should be voided because the company concealed that fact.

Judge Sweet, however, noted that insurers received a series of warnings during 1998 that indicated possible fraud at Credit Bancorp. These included investigators' reports that Credit Bancorp was misleading its investors, that it was not licensed to do business in any jurisdiction, that Mr. Blech and his father were defendants in numerous lawsuits, and that one of their companies had been suspended from trading by California regulators.

"The insurers were entitled to rescind their policies in 1998, when they...were explicitly warned that there was evidence of fraud. Since they chose not to, they are deemed to have ratified the policy," the judge found.

Judge Sweet also rejected the insurers' contention that Mr. Blech's actions should not be covered because he dominated Credit Bancorp to such an extent that he was the company's alter ego rather than an "officer" as defined in the policies. The policies' definition does not require that the corporation have the right to control an officer's actions, and insurers could have added this limitation if they had chosen to, he ruled.

Insurers had also sought summary judgment barring coverage under the policies' E&O and D&O provisions, pointing to an exclusion for fraudulent acts. But Judge Sweet rejected the argument, noting that other Credit Bancorp employees may have acted negligently or in breach of fiduciary duties, but not fraudulently. Many investor claims allege negligence and breach of duties independently of fraud claims, he added.

One of the insurers' defenses will have to be dealt with at trial, Judge Sweet ruled. Credit Bancorp's primary policy included a provision allowing insurers to rescind coverage if the company submitted false claims. Insurers charge that Mr. Blech did just that, filing claims in May 1998 for two purportedly lost blocks of investor shares that Mr. Blech, in fact, had either sold or still controlled, court papers say.

The facts surrounding the two claims are not clear enough to support summary judgment for either side, and the issue will have to be resolved at trial, the judge concluded.

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Securities and Exchange Commission et al. vs. Credit Bancorp Ltd. et al.; U.S. District Court for the Southern District of New York; 99 Civ. 11395.

LETTERS

Continued from page 8

premium. In addition, individual employees with health problems would find insurance premiums even higher and perhaps coverage not available at any price.

Human nature would drive employees to obtain inferior coverage for the dollars contributed by employers, resulting in higher deductibles and copayments. Essentially, people would "roll the dice" rather than put more out-of-pocket into monthly premiums. Deductibles of $1,000, $5,000 or more would be common.

The act of obtaining preventative care would surely suffer, and when the worst happens, many would not be able to afford the deductible amounts. People would find themselves facing financial problems that would be piled on top of existing record levels of consumer debt. The uncollected doctor and hospital fees would be recovered through even higher health care costs, and the entire cycle is repeated.

Government programs would be a second alternative. Large numbers of employees moving to these plans would increase the plans' costs and needed tax revenue to support the plans.

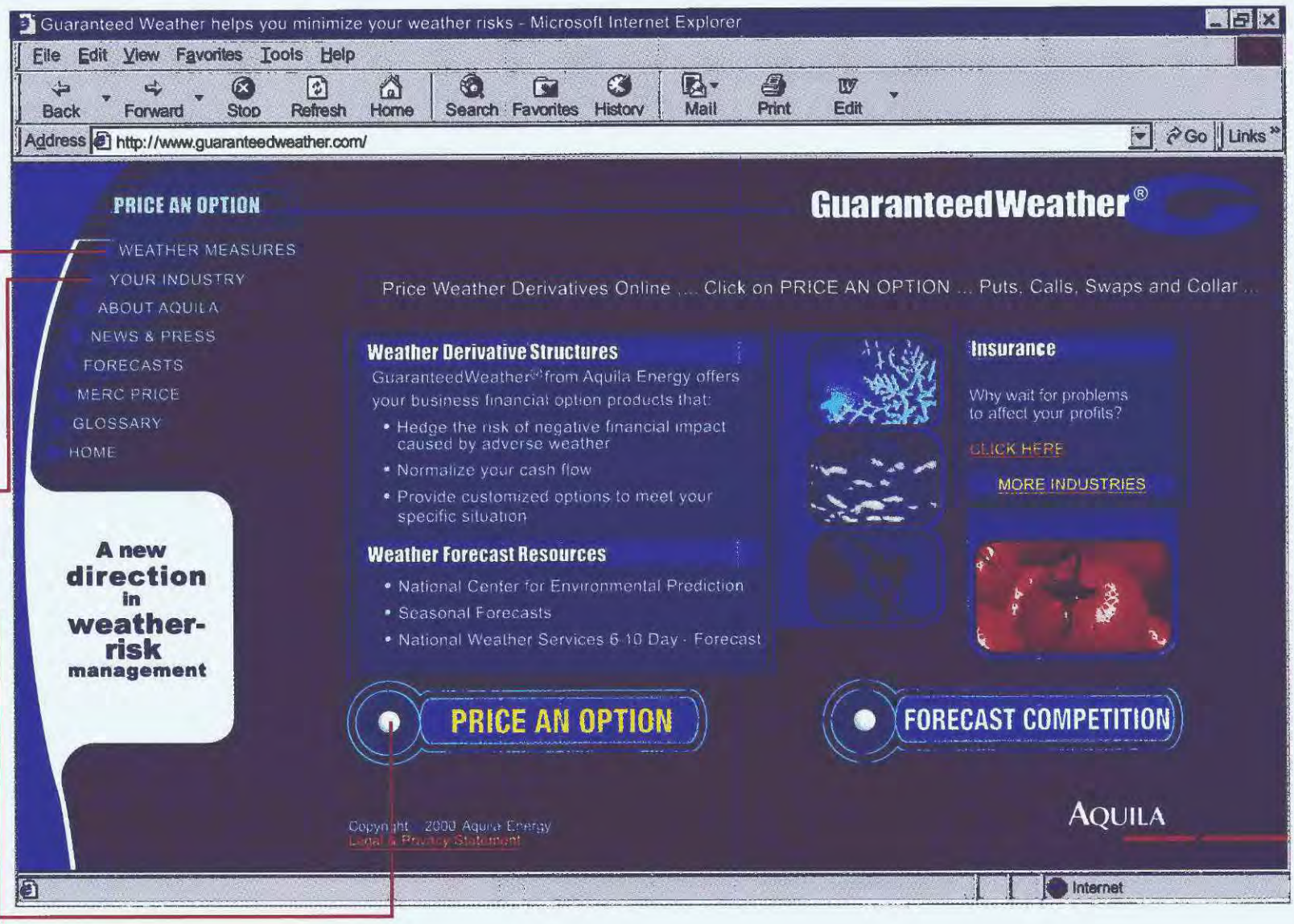
So, like the war that was lost because the general's horse's horseshoe lost a nail, it is essential that employers be protected against patient-related lawsuits.

It is essential that each of us contact our elected federal representative and ask them not to support patient protection legislation that would allow employers to be sued. Your health benefit and the health of your family depend on this call.

Richard L. Blomquist
President,
Chief Executive Officer
Associates for Health Care Inc.
Brookfield, Wis.

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