JULY 1, 1991

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20th ANNUAL AGENT/BROKER PROFILE ISSUE

World's 20 largest brokers

Company	Ranking 1990	Ranking 1989	Gross revenues (000) 1990	Gross revenues (000) 1989	Change	Employees 1990	Employees 1989	Change	Rev./employee 1990	Rev./employee 1989
Marsh & McLennan Cos. Inc.	1	1	$2,756,500	$2,455,400	12.3%	24,400	23,600	3.4%	$112,971	$104,042
Alexander & Alexander Services Inc.	2	2	$1,353,800	$1,266,000	6.9%	15,800	16,000	-1.3%	$85,684	$79,125
Sedgwick Group P.L.C.	3	3	$1,333,600[1]	$1,081,400[1,2]	23.3%	13,285	13,576	-2.1%	$100,384	$79,655
Willis Corroon P.L.C.	4	–	$1,135,419[1]	$908,900[1]	24.9%	11,591	11,055	4.8%	$97,957	$82,216
Johnson & Higgins	5	4	$833,102[3]	$785,945[3]	6.0%	8,102	7,654	5.9%	$102,827	$102,684
Frank B. Hall & Co. Inc.	6	7	$443,108	$383,712	15.5%	4,869	4,856	0.3%	$91,006	$79,018
Rollins Burdick Hunter Group Inc.	7	8	$380,600	$316,400	20.3%	3,450	3,513	-1.8%	$110,319	$90,065
Jardine Insurance Broking Group Ltd.	8	10	$324,462[1]	$241,471[1,2]	34.4%	3,632	3,269[2]	11.1%	$89,334	$73,867
Minet Holdings P.L.C.	9	9	$318,000[4]	$288,100[4]	10.4%	3,645	3,469	5.1%	$87,243	$83,050
C.E. Heath P.L.C.	10	11	$269,526[5]	$206,910[5]	30.3%	1,753	1,584	10.7%	$153,751	$130,625
Hogg Group P.L.C.	11	14	$217,220[1]	$164,500[1]	32.0%	2,709	2,567	5.5%	$80,185	$64,083
Bain Clarkson P.L.C.	12	13	$207,090[1]	$165,830[1]	24.9%	2,876	2,733	5.2%	$72,006	$60,677
Arthur J. Gallagher & Co. Inc.	13	12	$198,176	$177,296[2]	11.8%	2,044	1,936	5.6%	$96,955	$91,579
Hudig-Langeveldt Group bv	14	17	$136,279[6]	$105,011[6]	29.8%	1,504	1,381	8.9%	$90,611	$76,040
Faugere & Jutheau S.A.	15	15	$128,996[7]	$111,961[7]	15.2%	1,388	1,368	1.5%	$92,937	$81,843
Jauch & Huebener	16	16	$126,776[8]	$108,336[8]	17.0%	950	850	11.8%	$133,448	$127,454
Gras Savoye S.A.	17	18	$125,165[7]	$94,340[7]	32.7%	1,253	1,215	3.1%	$99,892	$77,646
Hilb, Rogal & Hamilton Co.	18	20	$97,021	$94,246[2]	2.9%	1,190	1,160[2]	2.6%	$81,530	$81,247
Lowndes Lambert Group Holdings Ltd.	19	–	$92,220[5]	$73,425[5]	25.6%	1,445	1,209	19.5%	$63,820	$60,732
Sodarcan Inc.	20	19	$88,669[9]	$89,172[9]	-0.6%	1,178	1,275	-7.6%	$75,271	$69,939
Totals/averages			$10,565,729	$9,118,355	15.9%	107,064	104,270	2.7%	$98,686	$87,449

1 British pound = $1.93 (Dec. 31, 1990); $1.61 (Dec 31, 1989) 2 Restated 3 *BI* estimate 4 Fiscal year ends Sept. 30 5 Fiscal year ends March 31; British pound = $1.74 (1991); $1.65 (1990) 6 Dutch guilder = 58.34¢ (Dec. 31, 1990); 52.38¢ (Dec. 31, 1989) 7 French franc = 19.64¢ (Dec. 31, 1990); 17.31¢ (Dec. 31, 1989) 8 German mark = 66.9¢ (Dec. 31, 1990); 59.2¢ (Dec. 31, 1989) 9 Canadian dollar = 86.19¢ (Dec. 31, 1990); 86.37¢ (Dec. 31, 1989)

Source: *BI* survey

GRAPHIC BY HOLLY SEGUINE

Improvement at last

Largest brokers' revenues grow despite stubborn insurance market

A weak U.S. dollar at year-end 1990 masks the effects of the soft property/casualty insurance market on the collective growth of the world's 20 largest commercial insurance brokerages.

Boosted by gains in the conversion of British pounds, French francs, German marks and Dutch guilders to U.S. dollars, the 20 brokers collectively show a 15.9% increase in gross revenues in 1990 to $10.57 billion. The British pound, for example, gained 19.9% from year-end 1989 to year-end 1990, making U.K. brokers' growth in dollar terms among the highest in the group.

However, increases in revenues before currency conversions for non-U.S. brokers better tracked the less impressive revenue gains of the U.S.-based brokers in the Top 20 (see chart, page 4).

Still, 11 of the world's 20 largest brokers reported double-digit growth in real revenues and only one reported a slight decrease in revenues. That's a big improvement from 1989, when only seven of the brokers reported double-digit growth.

The 1990 collective revenues of $10.6 billion in 1990 is a 17.9% gain from 1989 revenues for a similar, but not identical, group. That group did not include Lowndes Lambert Group Holdings Ltd., which edged ahead of Sodarcan Inc. in the lineup of the world's largest brokers.

Sodarcan held onto a Top 20 spot thanks to the 1990 merger of Corroon & Black Corp. and Willis Faber P.L.C. to create Willis Corroon P.L.C.

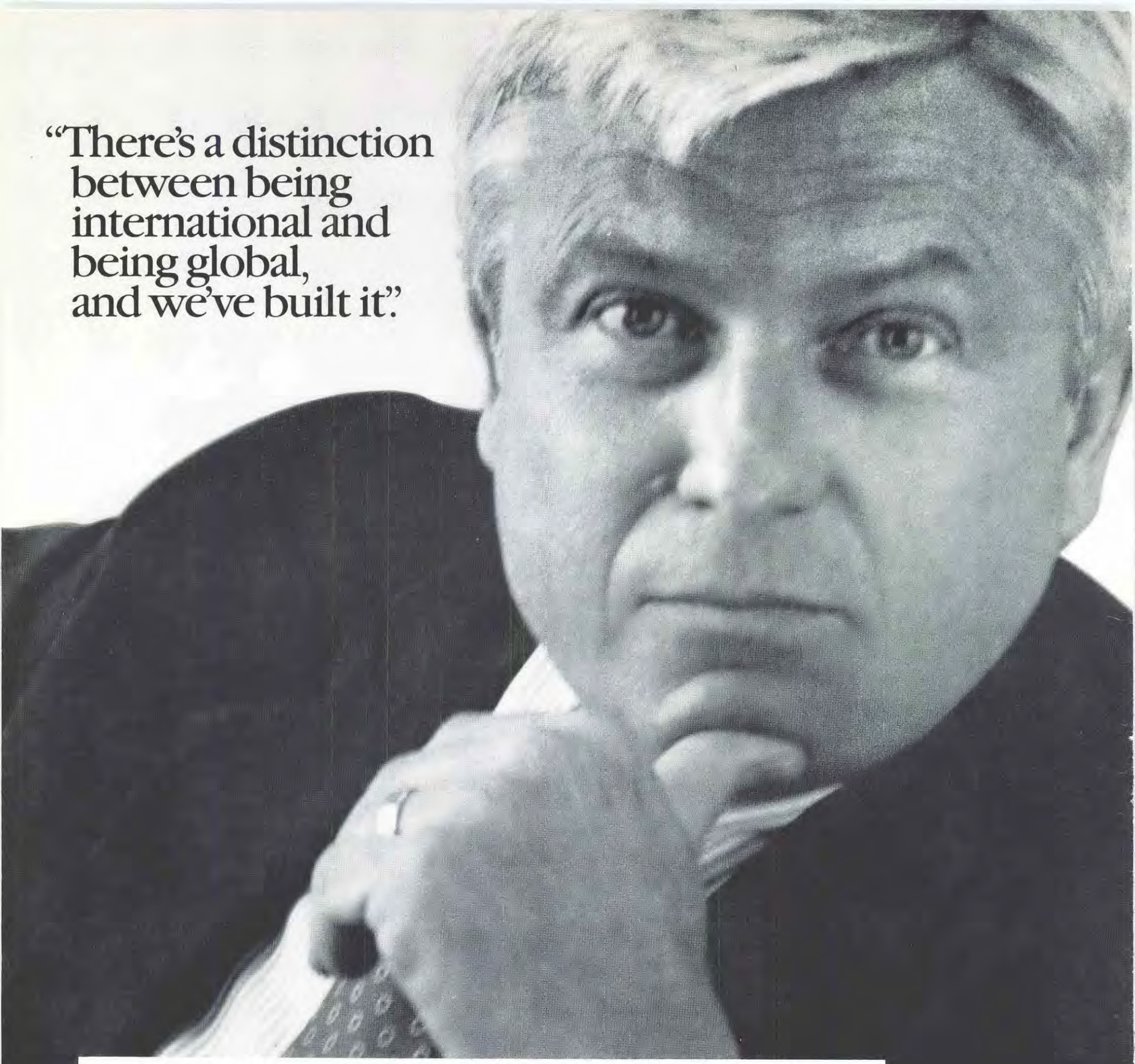
This year's *Business Insurance* report on commercial insurance brokerages includes 277 brokers, which generated 1990 revenues of $12.8 billion, a 15.5% increase from 1989 revenues of $11.1 billion.

The 20th annual Agent/Broker Profile issue includes:

- A ranking of the 100 largest U.S.-based brokers and an overview of the commercial insurance brokerage business (page 3), followed by a report on the U.S. retail brokerage business (page 10).
- The salaries of the top executives of U.S.-based publicly traded brokers (page 12).
- Profiles of the Top 20 brokers in the world (beginning on page 16).
- A directory of 260 brokers in the United States and Canada (beginning on page 74).
- A geographical index to all the offices of the brokers listed in this issue (beginning on page 100).

The 100 largest U.S. brokers . . . Page 3

NEWSPAPER



"There's a distinction between being international and being global, and we've built it."

David Olsen, J&H Chairman and C.E.O., on the UNISON network:

A top insurance broker has to have a solid international presence. That's a given.

But it's not a given that you also have the capability to think and act globally.

That's what we were after when we created UNISON with our exclusive correspondents, something that would put muscle into the cliche of "offices in principal cities around the world."

We linked the individual international network of each UNISON member with our own overseas offices to form a single global network that is operating on behalf of multinationals just about anywhere you can think of in this world.

That's one big reason why you'll find over two-thirds of the top 100 U.S. multinationals and many foreign multinationals on our client list.

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Update

Massachusetts bills would delay 'play or pay' mandate until 1995

BOSTON—Separate budget bills approved by the Massachusetts House and Senate would delay until January 1995 a provision in a landmark 1988 state law that requires most employers to pay a hefty new tax if they do not offer health insurance.

Under that provision, scheduled to take effect next January, employers will be liable for a special medical security tax of up to $1,680 per employee. However, that tax can be offset for each dollar an employer

Continued on next page

Senate probes Alan Teale link to reinsurance of failed insurer

By DOUGLAS McLEOD

WASHINGTON—Millions of dollars of reinsurance premiums ceded by a now-insolvent Pennsylvania life insurer have disappeared in a vast international network of reinsurance-related companies, many associated with Atlanta-based consultant Alan Teale and his wife, U.S. Senate investigators charge.

World Life & Health Insurance Co. of Pennsylvania is facing liquidation after Pennsylvania regulators this spring largely disallowed several overvalued assets and denied $6.2 million in credit for reinsurance World Life ceded to several offshore reinsurers.

The reinsurance covered several group accident and health plans—including one multiple employer welfare arrangement—for which World Life acted as fronting insurer.

World Life's offshore reinsurance, arranged through Atlanta-based intermediary World Re Inc., was one focus of a report released by the Senate Permanent Subcommittee on Investigations at a hearing last week.

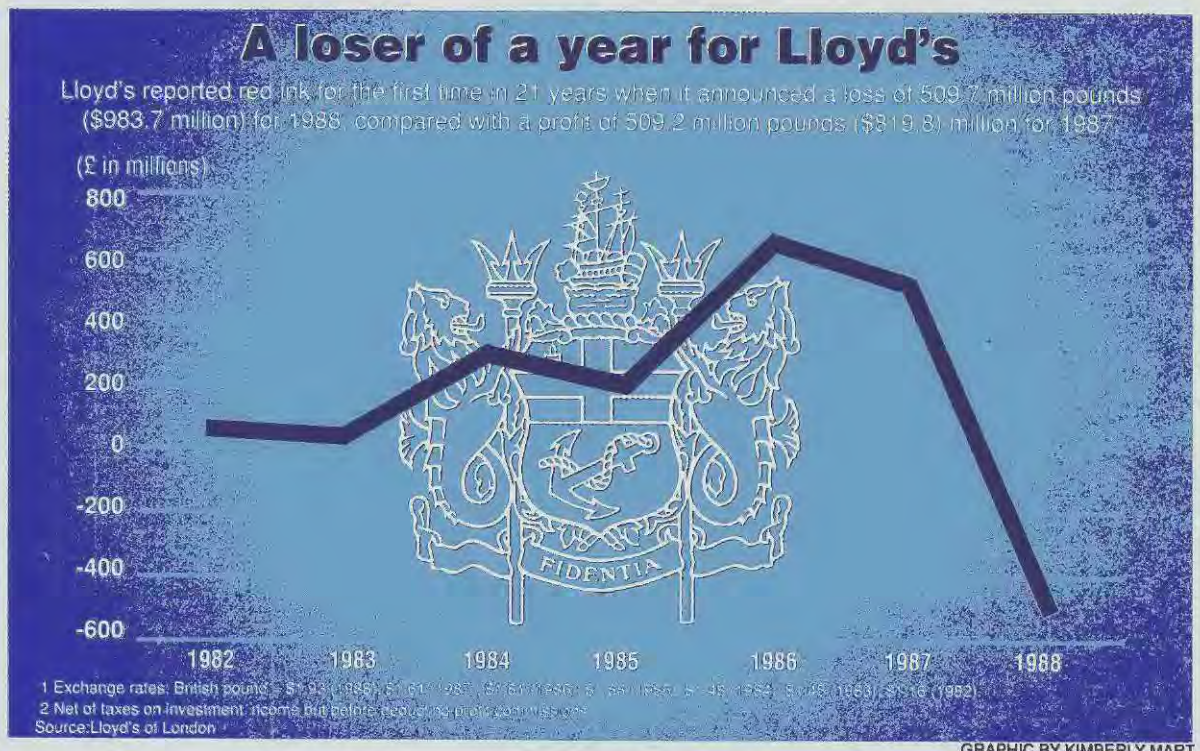
The subcommittee is investigating fraud and abuse in the insurance industry.

In examining the World Life reinsurance program, subcommittee investigators "confronted what we can only conclude is a regulator's nightmare: a massive web of brokers, financial intermediaries and companies, many of whom are located offshore and far beyond the jurisdiction of state regulators," the report says.

"The staff found that the premium income from World Life flowed through this network to fund a host of commissions and fees to these intermediaries, leaving only a few cents on the dollar to protect policyholders," the report says. "Moreover, the money was channeled to a vast array of accounts, both foreign and domestic, making it nearly impossible for regulators to accurately determine the amount or whereabouts of the funds.

"We believe this web of com-

Continued on page 119



GRAPHIC BY KIMBERLY MART

Lloyd's 1988 deficit nearly $1 billion

Chairman sees two more years of losses

By GAVIN SOUTER

LONDON—Lloyd's of London's nearly $1 billion record pretax loss for its 1988 underwriting year, by far the largest deficit in Lloyd's 300-year history, is a taste of things to come.

Prospects for the 1989 and 1990 underwriting years are gloomy, Lloyd's Chairman David Coleridge told somber members last week at Lloyd's annual general meeting when Lloyd's announced its first marketwide loss in 21 years.

Low premium rates and severe catastrophe losses in 1989 and 1990 will be reflected in Lloyd's results for those years, Mr. Coleridge said, though he said he could not yet "give any meaningful numbers" for the losses Lloyd's could report for those years.

However, Lloyd's overall loss could reach 1 billion pounds ($1.63 billion at current exchange rates) in 1989 and 500 million pounds ($815 million) in 1990, says market analyst Chatset Ltd.

While Mr. Coleridge said he was confident that Lloyd's will bounce back from the losses, an industry analyst last week warned that the losses could affect Lloyd's security.

Overall, Lloyd's reported a loss of 509.7 million pounds ($983.7 million at applicable exchange rates) for its 1988 accounting year, which closed at year-end 1990 under Lloyd's three-year accounting system. Until now, the largest annual loss ever recorded by Lloyd's was the 37.7 million pound ($105.6 million at applicable exchange rates) loss posted in 1965.

The most recent loss posted by Lloyd's was a 1.6 million pound ($4.5 million) deficit for 1967.

Although Lloyd's 1988 pure underwriting results produced a small profit of 68 million pounds ($131.2 million), the need to add a whopping 577.7 million pounds ($1.11 billion) to reserves to pay for past U.S. long-tail liability claims plunged Lloyd's into the red for the first time in 21 years.

> ***'With the rate increases we are seeing now, I think that we will return to profit soon.'***
>
> **—David Coleridge**

In addition, a chain of huge catastrophe losses, including the explosion of the Piper Alpha North Sea oil rig and Hurricane Gilbert, also socked underwriters in 1988, Mr. Coleridge said. These losses were paid from the 1988 pure underwriting account.

However, current rate increases in the London market, where reinsurance rates are climbing, should ensure that Lloyd's will be back in the black by the mid-1990s, Mr. Coleridge contended.

"The insurance industry worldwide, of which Lloyd's is an integral part, suffered huge losses in the years from 1988 to 1990 from an unprecedented series of catastrophes. These coincided with a time of low and falling premium rates. We must expect this to be reflected in our results for 1989 and 1990," Mr. Coleridge told members.

Syndicates that wrote excess-of-loss retrocessional business will post particularly bad results for these years, Mr. Coleridge said.

"It is indeed an irony that only a few years ago syndicates underwriting this class of business were riding high in the much-publicized league tables of profitability and members were clamoring to join them. The fact that this situation has now reversed should surprise no one. High returns in insurance as in other businesses mean high risk. In years when the unexpected happens, members of high-risk syndicates are likely to face substantial losses," he said.

Lloyd's members, some of whom have been staggered by the losses (*BI*, June 10), responded to the bad news with 3½ hours of questions addressed to Mr. Coleridge, quadrupling the usual length of the meeting.

Members' questions ranged from queries about Lloyd's system of unlimited liability for members to individual cases of members' losses

Continued on page 122

Rostenkowski plan would relieve some 401(k) testing pains

By JERRY GEISEL

WASHINGTON—Pension simplification legislation introduced by Rep. Daniel Rostenkowski, D-Ill., would ease some of employers' 401(k) plan administration burdens and liberalize certain 401(k) non-discrimination tests.

However, the legislation, unveiled last week, still leaves largely intact many layers of complex laws and rules affecting pension plans.

The proposal by Rep. Rostenkowski, chairman of the House Ways and Means Committee, would simplify 401(k) plan administration by changing the timing at which a key non-discrimination test must be run. The test is used to compare contributions of highly compensated and non-highly compensated workers.

Under the proposal, employers running the test would compare contributions made by lower-paid employees during the previous year with current-year contributions from higher-paid employees.

By contrast, Internal Revenue Service rules now require employers to compare current-year contributions for the two groups. This means that employers have to monitor 401(k) plan contributions and run the non-discriminations tests during a plan year to be sure that contributions by higher-paid employees do not exceed those of lower-paid employees by more than the permitted amount.

Meanwhile, two other provisions in the Rostenkowski bill, H.R. 2730, would refine the basic 401(k) non-discrimination test, known as the "200% or two percentage points" test. One refinement generally would have the effect of increasing 401(k) contributions by higher-paid employees, while the other could, in certain situations, force cutbacks in contributions by the higher-paid.

In addition, the new 200% test would be the exclusive test for comparing contributions of highly compensated employees with

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Update

State may delay coverage law

Continued from previous page
spends on its health care plan.

The tax has triggered a wave of protest from small employers who say it is too costly.

Democratic political leaders fended off business efforts to repeal the law and agreed to the three-year delay.

Gov. William Weld, who earlier vetoed a two-year delay in the health care law, has not indicated whether he will veto a three-year delay. Gov. Weld earlier said he favors repeal—not delay—of the law (*BI*, May 6).

Guilty pleas in AIG fraud

NEW YORK—Two men have pleaded guilty in connection with the theft of more than $18.5 million in premiums from American International Group Inc. affiliates, while two others pleaded guilty to charges that they helped in the schemes (*BI*, July 23, 1990).

Roy Hatch, 43, an official of International Reinsurance Brokerage Corp., which operated through a post office box, faces up to 10½ years in prison, while Salvatore DiTrapani, 44, who was an underwriter for AIG affiliate Transatlantic Reinsurance Co., faces up to 12 years.

A third conspirator, Richard Scholl, 37, who was a senior underwriter at American International Underwriters Inc., an AIG unit, had also been charged, but is dying of encephalitis and will not be prosecuted further.

In addition, Kevin O'Brien, 38, and Peter O'Connell, 41, who were underwriters at AIU, face up to a year in prison.

The Manhattan District Attorney's Office says that, under a complicated scheme that began in 1986, Mr. Scholl agreed on behalf of AIU to provide professional liability coverage as part of an insurance portfolio arranged for a group of major accounting and law firms by London broker Minet International Professional Indemnity Inc.

Mr. DiTrapani, on behalf of Transatlantic Re, issued a reinsurance policy that was never entered into the reinsurer's books. Premiums were then paid to International Reinsurance, which Minet was told was an intermediary between AIU and Transatlantic Re, according to the District Attorney's Office.

In another part of the scheme, Messrs. O'Connell and O'Brien were paid kickbacks to steer reinsurance premiums for policies under their supervision to Transatlantic Re via International Reinsurance.

IRS issues public pension rules

WASHINGTON—Final Internal Revenue Service regulations issued last week still will require state and local governments to provide Social Security or equivalent retirement benefits to employees.

The regulations, based on provisions of the Omnibus Budget Reconciliation Act of 1990, require defined benefit plans offered by public entities to pay benefits roughly equivalent to what Social Security would provide. Defined contribution plans must allocate 7.5% of employees' earnings toward retirement benefits. And, if a retirement plan is not offered or does not meet the IRS requirements, employees must be covered by Social Security.

Most public entities are not required to provide Social Security benefits, although many do.

The IRS regulations, which generally take effect today, amend an earlier draft version that had come under fire from states, municipalities and Rep. Daniel Rostenkowski, D-Ill., the powerful chairman of the House Ways and Means Committee. The critics said the earlier draft would force public entities to amend existing pension programs.

In a letter to the Treasury secretary, Rep. Rostenkowski said that in drafting the 1990 budget law "the committee was seeking to provide Social Security coverage to state and local workers who had no retirement protection at all" but did not intend for public entities to change plans already in place.

However, the new IRS rules still set standards for existing plans.

Mary E. Busch, manager of tax and legal services with Buck Consultants in Chicago, said that she was "disappointed that the IRS continues to maintain the view that they have the authority to set minimum standards" for public retirement plans.

Andy R. Anderson, a consultant with Hewitt Associates in Lincolnshire, Ill., suggested the regulations could be met by requiring employees to contribute 7.5% of their salary for retirement benefits.

Lawyers convicted of fraud

SAN DIEGO—Four attorneys have been found guilty of defrauding insurers of up to $50 million through racketeering and mail fraud.

A federal jury last week found Lewis Koss, Leonardo Radomile, Richard Noyer and Monty Mason II guilty of violating the Racketeer Influenced and Corrupt Organizations Act and various counts of mail fraud.

The jury also acquitted four other attorneys. Prior to the trial, eight other attorneys and six non-lawyers pleaded guilty, according to Assistant U.S. Attorney William Q. Hayes.

The attorneys are part of a network known as the "Alliance." The indictment charged that the Alliance conspired to inflate legal bills by manipulating and prolonging litigation. Among other things, Alliance lawyers represented both sides in a lawsuit, the indictment says.

The verdict "will have a substantial impact on deterring this type of conduct in the future," Mr. Hayes said.

Lawyers for Mr. Koss and and Mr. Mason say they will appeal the verdict. Lawyers for Mr. Radomile and Mr. Noyer could not be reached.

Each lawyer faces up to 20 years imprisonment for violating RICO and up to five years imprisonment and a $250,000 fine for each count of

Continued on page 120

Errors & omissions

• Due to an editing error, a June 17 article incorrectly stated that litigation against Pinnacle Reinsurance Co. Ltd. was filed by KPMG Peat Marwick. The litigation was filed by the liquidators of Mentor Insurance Ltd., who are separately suing Peat Marwick.

Texas certification law may raise costs for UR

By MICHAEL BRADFORD

AUSTIN, Texas—Texas employers that buy utilization review services may be looking at a bigger bill due to recently passed legislation that requires certification of UR firms in the state.

The new regulations will place additional administrative burdens on UR firms that operate in Texas, but the changes are not expected to drastically change the way they do business.

Nevertheless, it is likely that UR firms will pass along the brunt of licensing fees and administrative costs to employers.

H.B. 2, the sweeping insurance reform bill passed in the last hours of the Texas Legislature in May, included a section that calls for UR firms to be certified by the State Board of Insurance and establishes a number of regulatory requirements that the companies must follow or face criminal penalties (*BI*, June 3). Under the new law, UR firms that perform services without a license can be charged with a misdemeanor offense; subsequent violations carry felony charges.

The law goes into effect Sept. 1, but utilization review firms have until June 1992 to meet the new requirements.

The reforms, which cover precertification and concurrent review services, call for increased physician involvement and establish a process for enrollees or health care providers to appeal adverse UR determinations.

The law also calls for the State Board of Insurance to study whether retrospective review services should be regulated.

"We're very pleased with everything that's contained within the bill," said C.J. Francisco, assistant general counsel at the Texas Medical Assn.

The medical association also

Continued on page 111

NCCI withdraws rate hike request after law signed

Colorado comp reforms

By MEG FLETCHER

DENVER—Colorado employers and insurers hope that sweeping reforms of the state's workers compensation system, most of which begin taking effect today, will stabilize workers comp costs.

The National Council on Compensation Insurance considers the 59-page law "one of the most significant reforms we have seen in the past 20 years" in any state, according to Barry Llewellyn, vp and actuary, who heads the NCCI's law evaluation unit in New York.

The changes in the law, S.B. 218, are so significant that the NCCI made "an extremely strong commitment" to withdraw a request for a 36% rate increase on a loss-cost basis, he said.

Colorado legislators, worried about business defections to neighboring states, had sought advice from insurers and businesses on how to reform the law to avoid additional worker comp rate increases, according to insurer spokesmen.

Eliminating the 36% rate increase request was "phenomenal," said Peter Strauss, associate vp and regional manager for the Alliance of American Insurers.

The desire to hold down rate hikes shows legislators recognized that the workers comp system was out of balance, Mr. Strauss said.

The Legislature's intent was "to assure the quick and efficient delivery of disability and medical benefits to injured workers at a reasonable cost to employers without the necessity of any litigation," the law says.

The measure makes injured

Continued on page 120

Comp panel exonerated

Ethics board says broker can serve

By MEG FLETCHER

CHICAGO—A broker involved in placing surety bonds does not face a conflict of interest when also serving on a board that helps decide how much security a workers compensation self-insurer is required to post with the state, the State of Illinois Board of Ethics decided recently.

There also is no conflict of interest in the broker's company using a publicly available list to solicit business from Illinois self-insurers that may need to purchase surety bonds after security amounts have been set, the Board of Ethics said.

However, the three-person board did find one issue that "raises the appearance of a conflict of interest" in the broker's service, said Brian J. Gold, chairman of the Ethics Board in a June 12 opinion.

The stationery used by the Self Insurers Advisory Board of the Illinois Industrial Commission in correspondence with self-insurers lists the business affiliations of the six appointed advisory board members, including broker James L. Sandner, president of Brokers' Risk Placement Service Inc.

Brokers' Risk Placement Service, as a wholesale broker, places surety bonds for retail brokers whose clients self-insure workers compensation in Illinois.

The Ethics Board suggested that the stationery no longer list board members' affiliations.

The Ethics Board also recommended that if Mr. Sandner is

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Inside

✓ The insurance industry defendants in massive antitrust litigation should explore settling this case if at all possible at a reasonable cost and on reasonable terms, this week's editorial says. **PAGE 8**

✓ Although growth in U.S. commercial retail brokerage revenues still lags growth in overall brokerage revenues, retail revenues made sizable gains last year. **PAGE 10**

✓ The most highly compensated brokerage executive last year was Donald R. Bell of Frank B. Hall & Co. Inc., one of three U.S. brokerage executives to earn more than $1 million in 1990. **PAGE 12**

✓ Insurance intermediaries' role in the European Community's single market was a topic of debate at the annual Bureau International des Producteurs d'Assurances et de Reassurances meeting in Switzerland. **PAGE 113**

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100 largest U.S. brokers

	Company	1990 gross revenues
1.	Marsh & McLennan Cos. Inc.	$2,756,500,000
2.	Alexander & Alexander Services Inc.	$1,353,800,000
3.	Johnson & Higgins	$833,102,000
4.	Sedgwick James North America (retail)	$529,400,000
5.	Willis Corroon P.L.C. (U.S.)	$492,000,000
6.	Frank B. Hall & Co. Inc.	$443,108,000
7.	Rollins Burdick Hunter Group Inc.	$380,600,000
8.	Minet Holdings P.L.C. [1]	$318,000,000
9.	Arthur J. Gallagher & Co.	$198,176,000
10.	Jardine Insurance Brokers Inc.	$127,000,000
11.	Hilb, Rogal & Hamilton Co.	$97,020,503
12.	Republic Hogg Robinson Inc.	$71,300,000
13.	American Business Insurance Inc.	$68,000,000
14.	Norwest Insurance Inc.	$61,100,000
15.	Redland Group	$58,984,454
16.	Poe & Associates Inc.	$46,728,000
17.	Walter Kaye Associates Inc.	$41,623,000
18.	Lawrence Agency Corp.	$40,048,485
19.	McDonough Caperton Insurance Group Inc.	$37,200,000
20.	BRI Coverage Corp.	$35,205,000
21.	Robinson-Conner Inc.	$34,066,000
22.	The Lockton Insurance Agency Inc.	$32,650,000
23.	Brown & Brown Inc.	$32,225,157
24.	Near North Insurance Brokerage Inc.	$31,400,000
25.	McGriff, Seibels & Williams Inc.	$31,026,466
26.	John L. Wortham & Son	$28,514,000
27.	Frank Crystal & Co. Inc.	$28,271,000
28.	Frenkel & Co. Inc.	$23,569,000
29.	Kornreich Insurance Services	$21,600,000
30.	Keenan & Associates	$21,000,000
31.	Marshall & Sterling Inc.	$20,433,363
32.	Robert F. Driver Co. Inc.	$20,300,000
33.	The Cal-Surance Cos.	$20,291,000
34.	Hobbs Group Inc.	$19,200,000
35.	Meeker-Sharkey Financial Group Inc.	$18,528,414
36.	Tanenbaum-Harber Co. Inc.	$18,500,000
37.	LaGere & Walkingstick Insurance Agency Inc.	$18,244,344
38.	Palmer & Cay/Carswell Inc.	$16,577,133
39.	Andreini & Co.	$16,504,648
40.	Becher & Carlson	$16,411,000
41.	Herbert L. Jamison & Co.	$16,255,000
42.	Rebsamen Insurance Inc.	$15,205,824
43.	Roanoke Agency Inc.	$15,200,000
44.	Associated Agencies Inc.	$14,750,000
45.	Seaboard Financial Group	$14,527,387
46.	Morris & Mackenzie Inc.	$14,300,000
47.	WRIMS Corp.	$14,254,866
48.	J. Smith Lanier & Co. Inc.	$14,146,193
49.	NIA Ltd./The NIA Group	$14,097,000
50.	Meadowbrook Insurance Group	$13,600,000
51.	Amalgamated Programs Corp.	$13,500,000
52.	Mahoney & Wright Insurance Agency Inc.	$13,224,000
53.	The Leavitt Group	$13,150,000
54.	John Burnham & Co.	$12,700,000
55.	Holmes Murphy & Associates Inc.	$12,700,000
56.	Healthcare Insurance Services Inc.	$12,663,641
57.	Hastings-Tapley Insurance Agency Inc.	$12,528,612
58.	Alburger Basso deGrosz Insurance Services Inc.	$12,060,000
59.	The Daniel & Henry Co.	$11,965,000
60.	Insurance & Risk Management	$11,509,000
61.	Insurance Management Associates Inc.	$11,377,502
62.	Anderson & Anderson Insurance Brokers Inc.	$11,100,000
63.	The McElroy-Minister Co.	$10,469,996
64.	R.C. Knox & Co. Inc.	$10,454,000
65.	Harris & Harris Group Inc.	$10,444,000
66.	Parker Smith & Feek Inc.	$10,300,000
67.	American Brokerage Corp.	$10,264,000
68.	Van Beurden Insurance Services Inc.	$10,256,311
69.	Haas & Wilkerson Inc.	$10,100,000
70.	Curtis Day & Co.	$10,092,940
71.	Thomas E. Wood Inc.	$10,061,000
72.	Mesirow Insurance Services Inc.	$10,022,000
73.	Calco Insurance Brokers & Agents	$9,582,000
74.	Clair Odell Group	$9,543,209
75.	The Graham Co.	$9,405,830
76.	Van Gilder Insurance Corp.	$9,291,000
77.	The Wrenn Insurance Agency Inc.	$9,274,000
78.	The Loomis Co.	$9,200,000
79.	Saldana & Associates Inc.	$9,082,000
80.	Gow & Hanna Inc.	$9,047,700
81.	Kelter-Thorner Inc.	$8,973,771
82.	Dann Brothers Inc.	$8,744,000
83.	Arthur A. Watson & Co. Inc.	$8,599,000
84.	The Woodsmall Cos.	$8,579,000
85.	Berwanger Overmyer Associates	$8,489,659
86.	Anco Corp.	$8,350,419
87.	Mack & Parker Inc.	$8,348,213
88.	The Thomson Group	$8,300,000
89.	The James B. Oswald Co.	$8,300,000
90.	Hylant-MacLean Inc.	$8,200,000
91.	Lawley Service Inc.	$8,031,613
92.	Wharton/Lyon & Lyon	$8,008,000
93.	The Pilgrim Organization	$7,905,456
94.	Blumencranz, Klepper & Wilkins Ltd.	$7,750,000
95.	Richard N. Goldman & Co.	$7,700,000
96.	Bolton & Co.	$7,683,000
97.	Sander A. Kessler & Associates Inc.	$7,662,261
98.	Cameron M. Harris & Co.	$7,632,918
99.	Starkweather & Shepley Inc.	$7,537,000
100.	The Simkiss Cos.	$7,514,000
	Total	**$9,092,219,288**

1 London-based, owned by St. Paul Cos.
Source: *BI* survey

The going stays tough

Brokers use soft market lull to focus on global expansion

By JAMES M. BURCKE

While the soft commercial insurance market is making it tough for most of the world's largest brokers to increase revenues significantly, they are still growing—geographically.

Since most types of property/casualty insurance are easy to come by, brokerage managements are setting their sights on the expanding global marketplace, both by reorganizing their operations along international lines to better serve multinational clients and by forging new links abroad, either by acquisition or agreement.

"I think the major accomplishment this year is that we finalized the globalization of our entire operation," said Tinsley H. Irvin, chairman, president and chief executive officer of Alexander & Alexander Services Inc. in New York.

Over the past year, A&A has reorganized both its retail brokerage and reinsurance brokerage operations along global lines, rather then allow operations in each nation to work independently.

Clients' need for global services is increasing, said Mr. Irvin. "What we're doing is responding to clients' needs."

London-based Sedgwick Group P.L.C. has instituted management and organization changes to ensure that the company's retail, wholesale and reinsurance divisions around the world are working closer together to offer clients more continuity.

Not only do these efforts result in better service, they are "actually turning into real business," Sedgwick Chairman J. David Rowland pointed out.

Minet Holdings P.L.C. is embarking on a major review of its operations to strengthen the London-based brokerage in the 1990s.

"We've been operating with essentially the same structure now for the last eight, nine years," explained Minet Chairman Ray Pettitt. With the recent appointment of a new chief operating officer who is in line to succeed Mr. Pettitt, "it's a very opportune time to review our strategy and structure and get ourselves into an ideal position for the 1990s."

Besides restructuring internal structures to emphasize global abilities, many brokers are seeking to expand their presence around the globe.

The biggest news in the brokerage world in 1990 was the merger of Willis Faber P.L.C. with Corroon & Black Corp., a combination that created the world's fourth-largest brokerage.

Both of the merging companies gained globally through the creation of Willis Corroon P.L.C.: Willis Faber obtained the retail presence in the United States that it had lacked, while Corroon & Black garnered a major presence in the London market and a network of overseas offices.

Now that the merger is complete, London-based Willis Corroon is merging Willis Faber's and Corroon & Black's operations on a global basis, following in the footsteps of A&A, Sedgwick and other international brokers.

The formation of Willis Corroon directly affected several other brokerages' international strategies—namely the members of the UNISON international brokerage network led by Johnson & Higgins. Willis Faber had been UNISON's second-largest member and had maintained a long-standing correspondent relationship with J&H prior to its merger with Corroon & Black.

To make up for UNISON's void in the United Kingdom created by the loss of Willis Faber, Johnson & Higgins held merger talks with at least three London-based Top 20 brokers: Bain Clarkson P.L.C., C.E. Heath P.L.C. and Hogg Group P.L.C. However, J&H finally decided to open its own retail brokerage subsidiary in the United Kingdom.

'All over the world, brokers are being sold,' says Hudig-Langeveldt's Mr. Verbeek.

In the end, "we were pretty locked in on wanting to control that operation ourselves," said J&H Vice Chairman Kenneth A. Hecken.

To beef up their international presence, especially in Europe, some brokerages are acquiring other brokers, others are attempting to forge links with unaffiliated brokers and still others are starting new offices from scratch.

Some brokers used more than one strategy.

Marsh & McLennan Cos. Inc., for instance, last year acquired Gradmann & Holler, a German broker in which M&M had previously held a 15% stake.

M&M also acquired a Swiss brokerage, increased its majority stake in its Spanish unit and opened a Copenhagen, Denmark, office after selling its minority interest in a Denmark correspondent.

M&M Cos. Chairman Frank J. Tasco described himself as bullish about the "tremendous potential for growth" in Europe. Noting that M&M has invested between $750 million and $1 billion in European expansion, "we had damned well better be bullish. If we aren't bullish, we're in trouble," Mr. Tasco remarked.

J&H earlier this year acquired its Dutch UNISON partner, R. Mees & Zoonen Assurantien bv. In addition, J&H is discussing the acquisition of a minority interest in Brockman y Schuh, UNISON's Mexico City-based member.

While Bain Clarkson did not open any new continental European offices in 1990, Chairman Simon Arnold hopes to make acquisitions there by the end of this year. "To be effective in Europe, you have to have offices in all of the major countries," he asserted.

"Our whole idea for Europe is to make certain that we have ownership of the offices. Owning minority shareholdings gets you nowhere in Europe because you must have control," Mr. Arnold said.

However, some brokers prefer to build an international brokerage network through correspondent relationships—as Johnson & Higgins has done for years through UNISON.

Hogg Group in 1989 established a network of independent brokerage partners that it had previously worked with rather than spend large amounts to acquire European brokerages, explained Managing Director Anthony Howland Jackson.

"We believe that flag follows trade, so we will build up substantial business links before we enter into any equity negotiations," Mr. Howland Jackson said.

While Bain Clarkson is seeking to buy brokerages in Europe, "we are not intending to buy anything in North America," Mr. Arnold said. However, Bain Clarkson is "looking at opportunities to develop a strong correspondent relationship either with one broker or with a number of regional brokers" in North America.

A few brokers are being very cautious when considering expansion abroad.

"We don't want to rush into paying vast amounts of money without thinking about it, and anyway, there aren't that many companies for sale on the Continent," said Peter Presland, chief executive of C.E. Heath.

Still, the global acquisition frenzy is continuing.

"All over the world, brokers are being sold," summed up Dirk Verbeek, chairman of Hudig-Langeveldt Group bv in Rotterdam, the Netherlands.

Hudig-Langeveldt did not want to be included among the ranks of the acquired. When M&M had sought a controlling interest in Hudig-Langeveldt, it was spurned by the Dutch brokerage. As a result, Hudig-Langeveldt is ending its role as an M&M correspondent

Continued on next page

Top brokers

Continued from previous page
broker, while M&M has agreed to divest its 30% interest in Hudig-Langeveldt.

M&M experienced a somewhat similar fate in France. M&M last year expressed interest in purchasing shares of longtime French correspondent Faugere & Jutheau S.A. that were being offered for sale by a member of the Husson family that controls the Paris-based brokerage. The deal would have given M&M majority ownership in Faugere & Jutheau.

Robert Husson, the Faugere & Jutheau chairman who wanted to retain control, stood in the way. He managed to keep the shares in the family, though doing so forced him to move from his suburban Paris home to a houseboat on the Seine. Despite the rebuff, M&M and Faugere & Jutheau now have resolved their differences. M&M will continue to hold a 33.4% stake, and the French broker will remain an M&M correspondent.

The only U.S. regional broker in the Top 20 is not acquiring brokerages in other nations, but that doesn't mean it isn't interested in international business.

Hilb, Rogal & Hamilton Co. has established HRH International to serve regional agencies owned by the brokerage as a centralized placement facility for all business outside the United States.

Robert H. Hilb, president of the Glen Allen, Va.-based brokerage, explained that more clients are venturing overseas and that Hilb, Rogal & Hamilton wants to help them keep up with their international insurance needs.

While much of the emphasis in the past year has been on global operations, many brokers are quick to point out that international expansion does not mean they are neglecting their bread-and-butter non-multinational clients.

Local offices are still "a very significant part of our company," said A&A's Mr. Irvin.

J&H has restructured the management of its domestic operations, appointing four regional directors to assume some of the oversight burden previously shouldered by the chairman and a few top officers in New York.

"There were really too many branches reporting for us to give them all attention," explained J&H Chairman David A. Olsen.

And while global acquisitions captured most of the attention, domestic acquisitions did not cease.

For instance, Bain Clarkson made a string of acquisition in the United Kingdom.

In Germany, Hamburg-based Jauch & Huebener is acquiring another brokerage, Joost & Preuss, which should increase its gross revenues by 15% this year, said Christian Dahms, a Jauch & Huebener partner.

Itasca, Ill.-based Arthur J. Gallagher & Co. and Hilb, Rogal & Hamilton aggressively grew through acquisitions last year. In fact, Hilb, Rogal & Hamilton last year completed 28 acquisitions and mergers, easily topping its old record of 18 set in 1988.

Just as brokers differ on the best way to expand geographically, they take different approaches to domestic expansion.

In France, for example, Mr. Husson explained that Faugere & Jutheau is seeking to spread across the nation by purchasing minority stakes in provincial brokerages, which could later be expanded at the partners' leisure. It is difficult to start up provincial offices from scratch in the teeth of fierce opposition from local brokers, he said.

On the other hand, Gras Savoye S.A., France's second-largest brokerage behind Faugere & Jutheau, prefers to open its own offices.

"The main thrust behind our regional network has been the creation of new Gras Savoye offices. In some towns, this has later been followed by the acquisition of a local firm, but not very often," explained Chairman Patrick Lucas.

For one brokerage, divestitures —not acquisitions—were the big news. Montreal-based Sodarcan Inc., the only Top 20 brokerage to report a decline in revenues in 1990, continued to streamline in 1990. The divestiture of three offices in Calgary, Alberta, was completed. And it also sold another six brokerage offices outside the Quebec City-Windsor, Ontario, corridor in Canada—where Sodarcan is concentrating its operations.

No matter which strategies they embraced, brokerage executives agree that the soft market made 1990 a difficult year.

"1990 will not go down as a wonderful year in our history or in any broker's history," summed up J&H's Mr. Olsen.

The world's 20 largest U.S. brokerages reported an 15.9% increase in gross revenues in 1990 to $10.57 billion from $9.12 billion in 1989.

Stating those figures in U.S. dollars, however, is misleading. The strength of foreign currencies against the dollar at year-end overstates the revenue gains of many foreign brokers when converted to dollars.

Take, for example, Jardine Insurance Brokers Group Ltd. of London. Its revenues increased 34.4% in dollars, the best performance among the Top 20, but its revenue growth in British pounds was a much more modest 12.1% (see accompanying chart).

Three other brokers reported revenue increases exceeding 30% in dollars: Gras Savoye S.A. at 32.7%, Hogg at 32% and C.E. Heath at 30.3%. When measured in their own currencies, though, some of the gains are far less notable: 16.9% for Gras Savoye; and 10.3% for Hogg. Heath's revenues still rose 23.5% in pounds, as the lower value of the pound at the March 31 end of Heath's fiscal year did not distort its dollar revenues as much as other British brokers.

The 15.9% increase in revenues among the Top 20 last year was a huge jump over the 4.8% increase reported by last year's Top 20, but again most of the increase can be attributed to currency fluctua-

Continued on page 6

Top 20 brokers' real revenue growth*

Broker	1990 revenue growth
1. C.E. Heath	23.5%
2. RBH Group	20.3
3. Lowndes Lambert	19.1
4. Gras Savoye	16.9
5. Hudig–Langeveldt	16.5
6. Frank B. Hall	15.5
7. Marsh & McLennan	12.3
8. Jardine	12.1
9. Arthur J. Gallagher	11.8
10. Minet Holdings	10.4
11. Hogg Group	10.3
12. Willis Corroon	8.1
13. Alexander & Alexander	6.9
14. Johnson & Higgins	6.0
15. Bain Clarkson	4.1
16. Jauch & Huebener	3.5
17. Sedgwick Group	3.0
18. Hilb, Rogal & Hamilton	2.9
19. Faugere & Jutheau	1.6
20. Sodarcan	–0.3

*Increase in revenues before currency conversions
Source: *BI* survey

GRAPHIC BY KIMBERLY MART



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It is not unusual for surplus lines producers to find themselves somewhat confused by the often contradictory and inflexible underwriting guidelines used by many insurance companies.

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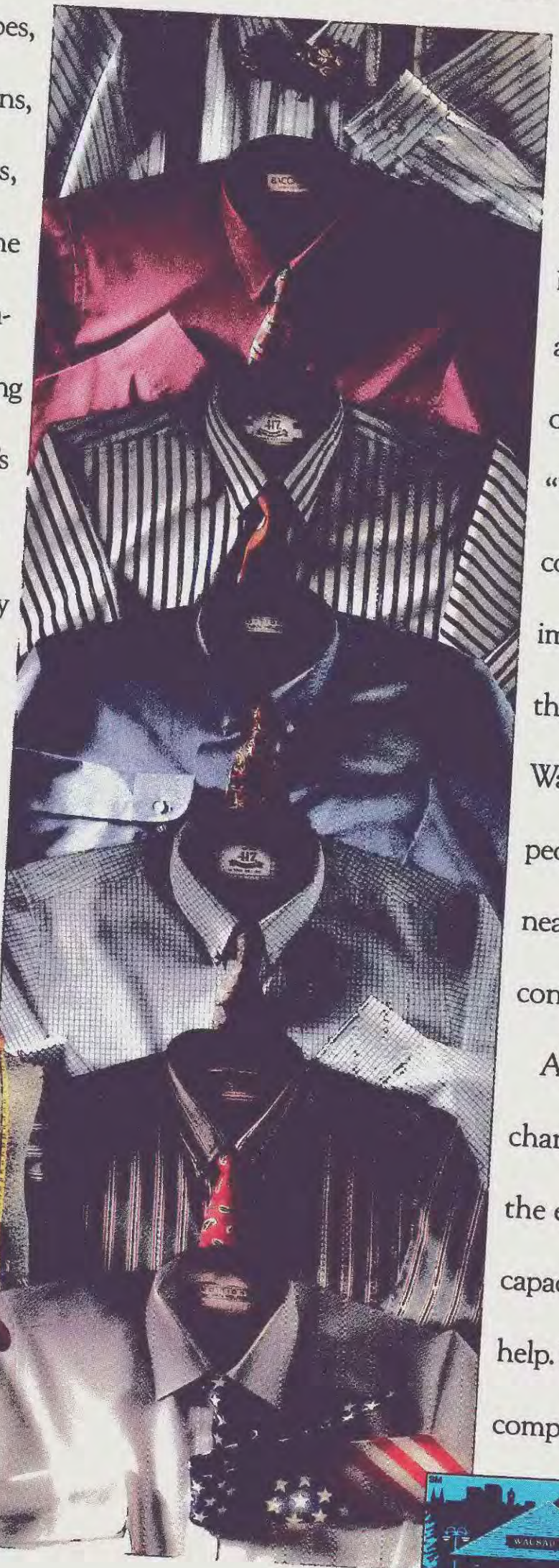
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United National Insurance Company's policyholders' surplus is $119,794,125.

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rather than dictate to us," says Carla Eberling, Director of Risk Management. "Like a partner, they sit down and listen to us and then we solve problems together."

Phillips-Van Heusen has Wausau workers compensation, general liability, auto and excess property coverages. They appreciate Wausau's breadth of coverages and national scope. "We have operations across the country, so it's important that Wausau people are nearby to help," Ms. Eberling concludes.



Wausau and Phillips-Van Heusen arrive at solutions by working together.

As Phillips-Van Heusen changes and grows, Wausau has the experience, the financial capacity and the willingness to help. It's what makes these two companies such a perfect fit.

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Broker results

Continued from page 4
tions. For example, the value of the British pound against the dollar increased 19.9% between year-end 1989 and year-end 1990, while the pound's value fell 11% between year-end 1988 and year-end 1989, which depressed the Top 20's revenue growth that year.

There was very little movement in the Top 20 last year.

Willis Corroon made its debut at No. 4, knocking J&H down one notch. A year ago, Corroon & Black had ranked fifth and Willis Faber sixth.

Generally, the remainder of the Top 20 moved up one notch to fill the place vacated by the merger of Willis Faber and Corroon & Black. However, Jardine and Hilb jumped two places and Hogg and Hudig-Langeveldt each advanced three.

One broker rejoined the Top 20, filling the space created by the merger: London-based Lowndes Lambert Group Holdings Ltd. Lowndes Lambert had last appeared in the Top 20 in 1987.

Brokers' performance outlook for 1991 does not look good. The value of the pound against the dollar has slumped dramatically in the first half of the year, which—if that trend continues—will reduce British brokers' revenue gains in terms of dollars.

In addition, there seems to be little hope that insurance rates will rise by year-end. In fact, some brokers say that market conditions—from a broker's point of view—are becoming worse rather than better.

The market has become more competitive in the past few months, with the exception of directors and officers liability insurance, said Patrick G. Ryan, chairman and chief executive officer of Rollins Burdick Hunter Group Inc. in Chicago.

Overall, the U.S. property/casualty market is changing very little, observed Marsh & McLennan Inc. President John T. Sinnott.

"There was no change in the market; it got worse. That's a chronic disappointment," said Robert Gallagher, chairman of Arthur J. Gallagher & Co.

"Anybody who tells you the market is firming or is leveling, with the exception of workers compensation—which is in total disarray—and some specialty lines, is a person who doesn't know what's going on," added Gallagher President J. Patrick Gallagher Jr.

Competition in property insurance is "insane," said Donald R. Bell, chairman and chief executive officer of Frank B. Hall & Co. Inc. "If it were my money and I were in the underwriting business, there's no way I would be writing deliberately to lose money."

However, executives of many Top 20 brokers say it is no longer productive to complain about market conditions. They point out that they must move ahead with their strategic plans, no matter how long the soft market persists.

"We don't view the soft market as a problem," said Peter T. Pruitt, Hall's president and chief operating officer. "That's like the weather. It's a condition that exists. . .and we've got to adapt."

"We are going to run this company on the basis that we will not see much rate relief in 1991 and we will have to gear our acquisitions and expenses accordingly," noted Hogg Group Chairman James Vaughn.

"I'm trying to run this business on the basis that retail insurance rates will not change over the next year. If anyone is relying on rate increases in the near future, they are living in cloud cuckoo land," said Bain Clarkson's Mr. Arnold.

Besides the soft market, the recession also is taking its toll on some brokers' growth.

"The economy, like never before, really affected us last year, especially in the Northeast," said Charles E. Keller, chairman and chief executive officer of Boston-based Republic Hogg Robinson.

"It wasn't a matter of people buying less insurance at a lower price, it was that businesses completely shut down. Those are our customers that were going out of business," Mr. Keller pointed out.

"Some clients are having a difficult time and have had to reduce operations. The recession means business contracts. What had been a $300,000 premium account becomes a $50,000 account," explained Mr. Hilb of Hilb, Rogal & Hamilton.

The pressure that reduced business volume and soft rates—both of which spell lower commissions—place on profits are causing brokerages to strictly control their costs.

The Top 20 brokers reported 107,064 employees at year-end 1990, up 2.7% from 104,270 at year-end 1989. While that increase is slightly higher than the 2.1% increase reported for 1989, increased merger and acquisition activity is responsible for at least some of the growth.

Four brokerages actually reduced their workforces in 1990.

While employee growth picked up slightly last year, revenues per employee shot up 12.9% to $98,686 in 1990 from $87,449 in 1989. If that pace holds up through 1991, the Top 20's revenues per employees would easily exceed $110,000 at year-end.

Most brokers have instituted detailed cost control programs to cope with the pressures of the soft market, though some brokerage officials concede that cost cutting can go too far and damage the level of service they offer to their clients.

For example, Hall has launched a "signature service" program to "differentiate ourselves from the industry and tailor our services to what we think the client really wants his insurance broker to do," Mr. Bell said.

"If we put our name on it, it denotes a certain level of quality," he vows.

However, Mr. Bell noted that Hall has "deliberately not quantified" the cost of its efforts to make employees more responsive to clients. If expenditures on building "quality" were broken out, it could be looked at as a possible expense to be cut, he said.

"We can't afford to not do it," he said.

RBH is also stressing the concept of service.

"The whole concept of teamwork is more than just a slogan," said Arthur F. Quern, chairman and chief executive officer of Rollins Burdick Hunter Co., a unit of RBH Group.

"That's a strategic outlook on our part; it's not just an advertising line," he said.

Jardine Insurance Brokers Inc., the U.S. unit of London-based Jardine Insurance Brokers Group Ltd., is continuing to invest heavily in its "Commitment to Quality" program, an internal, service-oriented program that focuses on quality improvement, team building and personal and professional development.

"These are tough times, but we still are investing a substantial amount of money in systems and our people," said George W. Brown, president of Jardine's U.S. operations.

"It costs a lot of money to do things right. (But) by cleaning up and tightening up our ship, we can focus on areas of most service to our clients," Mr. Brown explained.

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This story is based on reporting by the Business Insurance staff.

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Opinions

A whole industry is watching

THE REINSTATEMENT last month of the massive antitrust lawsuit against more than 30 insurance industry defendants presents difficult problems not only for the defendants but also for the insurance industry as a whole.

A three-judge panel of the 9th Circuit Court of Appeals reinstated the suit filed by 19 state attorneys general and numerous private plaintiffs alleging that the defendants in the mid-1980s conspired to boycott to force the adoption of the pollution liability exclusion in commercial general liability insurance policies, among other antitrust violations (*BI*, June 24).

The ruling reinstating the suit was a stunning rebuke of Judge William Schwarzer's 1989 dismissal of the action for failing to allege activities not protected by the McCarran-Ferguson Act.

The defendants now face the task of pursuing every avenue to overturn the reinstatement of the suit. Those include seeking a rehearing before an 11-member panel of the 9th Circuit or asking the Supreme Court to review the decision.

Although costly and time consuming, the defendants are justified in seeking another review, given the vastly different findings of the trial court and the appellate panel.

At the same time, the defendants must consider whether to attempt to settle with the 19 state attorneys general. While the public posturing seems to convey that the states are determined to see this case tried, it may be that some revenue-strapped states would be willing to settle for far less than the king's ransom to avoid draining state coffers in pursuit of a trial court decision.

Defendants in a similar antitrust action brought in state court in Texas settled that litigation, principally by agreeing to terms of activity, not big dollars.

It will, of course, be more difficult to settle with 19 plaintiff states—and numerous private plaintiffs—than it was to settle with one plaintiff.

In determining whether to seek a settlement, the defendants also have to consider how badly they want this decision off the books and their day in court to determine just what actions are protected by the McCarran-Ferguson Act.

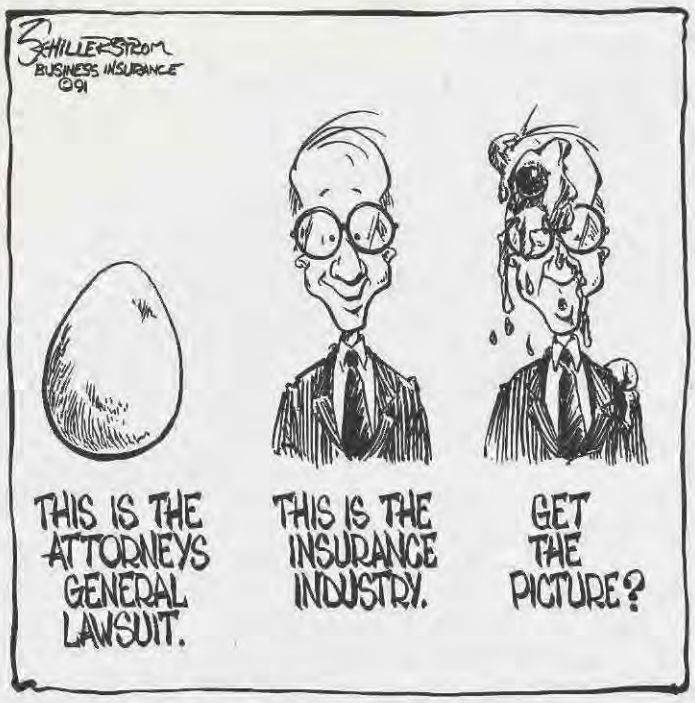
At the same time, the insurance industry as a whole has to consider what the decision from the three-judge panel of the 9th Circuit means for the scope of protection from antitrust suits afforded by the McCarran-Ferguson Act.

Those who advocate defending McCarran-Ferguson against any reform contend that its protections are certain, based on a 46-year history.

After reading the 9th Circuit's decision, one has to ask just what protection the McCarran-Ferguson Act affords insurers. It appears to offer precious little when it comes to adopting common policy forms, although we are not antitrust lawyers.

Our plain reading of that decision leads us to the extreme conclusion that the panel believes that any refusal on the part of reinsurers to underwrite a particular type of risk insured by ceding companies is a boycott.

The decision also emasculates the state action doctrine, which provides immunity from antitrust laws if the anticompetitive restraint of trade reflects a state policy and if the state actively supervises any private anticompetitive practices.



It's rather difficult to understand how different judges could reach such startlingly different conclusions on this litigation.

One could argue that Judge William Schwarzer's opinion was too broad in protecting insurers while the 9th Circuit panel decision was too narrow, with the more correct decision somewhere in between.

Regardless of the conclusions in the two decisions, the 9th Circuit panel decision certainly lacks the well-researched and well-reasoned language of Judge Schwarzer's decision.

As the defendants and the industry consider their options, we have some practical—not legal—advice.

The defendants, while pursuing appeals, also should explore settling this case to put it behind them, if at all possible at a reasonable cost and on reasonable terms for their future activities. They should at least consider on what basis they would consider settling after appeals are exhausted, when both sides then must consider the cost of a lengthy trial.

Already, tens of millions of dollars in legal fees have been spent on this case.

At the same time, the insurance industry as a whole should explore reforming McCarran-Ferguson to more clearly define what specific activities insurers are permitted to engage in for the orderly conduct of their business and for the public good. These certainly would include joint development of policy forms and loss data.

We cannot imagine that the insurance marketplace again will be in the crisis mode that surrounded the adoption of the new commercial general liability insurance forms in the mid-1980s and spawned this litigation. But, it is far better to resolve these issues in a soft marketplace when insurance is cheap and plentiful than in a harder marketplace when the price of insurance is increasing and capacity is more limited.

Letters

Policyholder alert: 'Safe hands' taking up arms

To the editor: Your editorial "Opening the Door" (*BI*, June 10), was incredibly perceptive. Insurance company lawyers have succeeded in turning shields into swords.

Insurance policies which open up the policyholder to be viciously savaged by insurance company lawyers are defective products. Policyholders are not warned when they buy insurance policies that the "safe hands" will be used to wield a sword against them.

Your editorial indicates that there may be some "who still believe that insurance is the business of utmost good faith." There is not present evidence to indicate that any utmost faith exists when claims mount. In fact, insurance companies regularly deny in court that they have a duty of "utmost good faith" to their policyholders.

With some irony, I contrasted your editorial and the story on page 2 of the same issue, "DES Makers Appeal Privacy Ruling in New York." Policyholders do not enjoy rights similar to those claimed by insurance companies.

Eugene R. Anderson
Anderson, Kill & Oshinsky
New York

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SUBSTANCE ABUSE IN THE WORKPLACE— THE VOICE OF EXPERIENCE.

Part of an ongoing series of conversations between Argonaut Insurance Company, our clients and their brokers, dealing with issues important to their business. The intent is to keep the lines of communication open. We invite your participation.

THE PARTICIPANTS **MARK A. MARIANI,** *Owner and President of Mariani Packing Company, a leading processor and distributor of dried fruits* **BOB APPLEBY** *with Woodruff Sawyer & Co., Mariani's broker* **STEVE LA SHIER,** *Senior VP Safety Management, Argonaut Insurance Company.* **JOE SILVA,** *Executive Safety Management Consultant, Argonaut Insurance Company.*

MODERATOR We've been talking about the substance abuse program Mariani Packing Company has had in place the last 18 months. Tell me, was your program modeled after another company's? Or did you hammer it out yourselves?

MM: In partnership with Argonaut, we looked at a lot of other people's plans and took bits and pieces of those and developed our own from it.

Our accident rate went down nearly 50%

JS: The real push for this program came from Mariani management. We were looking at a lot of things, and I personally wasn't particularly pushing the substance abuse program. They recognized this was something they needed to do. They were more familiar with their workforce, where they were getting their new employees from, the labor market they had to draw from, and the problems they were having.

MM: I think we have to stress that if management isn't concerned with the employee base first, the program's not going to work.

MODERATOR Does having a program make you more competitive?

MM: Definitely. And for a couple of reasons. One is the power of word of mouth. I'm convinced that when people begin to hear, "Hey, forget Mariani's. They're a clean company," those people are going to go to the competition down the road. And then *that* company's going to have the employee theft problems, the workers' comp claims, the lost productivity. I also feel a clean workplace makes you more productive. But we didn't try this in hopes of getting a competitive edge. That's just a bonus.

MODERATOR Is there a measurable improvement in the quality of the employees you're getting?

MM: It's somewhat difficult to quantify, but I think you'll see an improvement in our turnover statistics and in our accident rate.

MODERATOR Has there been a downtrend in accidents?

BA: The incident rates have just been reduced dramatically.

MM: We went from $450,000 down to, we hope, less than $200,000 of workers' comp.

BA: There you're talking just dollar losses. When I talk about incident rates, I'm looking at the number of incidents that happened per hour worked, and those are down, too.

JS: They more than achieved their goals for the year. We can't necessarily pinpoint the substance abuse program as being the only factor, but we're looking at an overall picture where reported accidents are down 45 - 50% in this facility.

MODERATOR Did any existing employees come to you and say "I think I'd like to get some help?" Are you prepared to help an employee who comes to you and says "I think I have a problem, can you help me with it?"

The first step in an abuse program is to keep users out of the company.

MM: Yes. Help comes in many different ways. We'd like to have a program our employees feel comfortable with. So that if someone came to us and said, "I have a sickness, and I need help," we could sit down and work out an agreement. Find the type of program he can enroll in.

MODERATOR And you protect confidentialities on this, I would guess.

MM: Of course.

SL: It's interesting. I've worked with several assistance program providers, and their turnaround ratio is somewhere between 70 and 80% when treatment is initiated at the workplace. That's compared with a 10% success rate in society in general. So, you're doing more than just helping your employees, you're doing something for society as a whole. And I think that's something you should be proud of. We're not looking to put people out on the street, we're not looking to put them in jail, we're trying to keep them as viable, productive employees.

MM: Again, we're not the police, but it's something I think our management has to feel good about. That if you're able to help one person get off drugs or alcohol, not only are they going to be better workers, but imagine the difference in their family life. And those are the rewards we can't quantify.

MODERATOR Are you pleased with your progress?

MM: We approach this substance abuse program by being ultraconservative. I look at it as a multistep program. The first step, obviously, is the one that keeps anybody who uses drugs out of our company. The second step, by mandate of our community members, is to make sure people in the safety-sensitive jobs don't hurt us. The third step is probably a training program. But we have to take each step when we feel confident that we don't become the Supreme Court test and spend millions of dollars defending ourselves in a lawsuit.

SL: You can ask your attorney, but the number one thing that I found in customers that have avoided litigation is the word "reasonable." When everything you do is reasonable, the courts will look upon you with favor. You've received a mandate from your employees—98% of them say "I think every equipment operator should be tested." It's pretty reasonable for a judge to say, "Yes, that's safety related—heavy equipment—that's a pretty reasonable approach." You're not testing everyone. When you read the summaries of cases that have gone to court, you'll find that it's usually not the substance abuse program itself that puts someone in court. It's abuses of that program, where they were unreasonable or violated someone's confidentiality.

MODERATOR How do you get your employees to buy into a program like yours?

MM: You have to care about them, and hope they care about each other. People who care about each other will recognize that substance abuse is a sickness and that it impacts the person next to them. That comes with the culture of the company.

MODERATOR Do you think it's going to be important to have a mechanism or a policy that gives people a chance to notify someone if they suspect another worker has a problem?

MM: You bet, but not at the management level. I hope it comes from the community level. If our system works, they will come to us and say "We think Joe Schmoe has a problem." I have no intention of training my supervisors to look for drug abusers, because I think the worst thing to do is separate the managers from the community.

MODERATOR Do you make it clear through your employee communications that it is OK to step forward, it's OK to speak out?

MM: We're beginning to. Again, it's a step at a time. This is new to us, 18 months is not a long time to have a program.



MODERATOR Is there a language problem you have to deal with?

MM: We employ a lot of people who speak Spanish as their first language. But that's not much of a problem because every piece of paper that comes out of this office, every public announcement, is bilingual. In effect, it's another component of our safety program. We even offer free Spanish/English lessons at night, in the cafeteria, because it's very difficult for someone to read a policy or understand a safety issue if they don't understand the language it's written in. Again, it's another signal we're sending to the community that says, "Hey, we care about you, we're trying to make sure that you understand what we're doing and why we're doing it."

SL: Have you had any problems hiring people since you started your program?

MM: No problems, really. A few surprises, though. Until the word got out that we were serious, over 30% of the applicants thought it was a joke, and failed the test.

SL: There's always that certain percentage of substance abusers that feels nobody can catch them, that they're beyond detection.

MM: But today, we have very few failures, because I honestly believe that we're considered a clean house, and it feels great. Not only for the company, but for the people out there.

JS: You only tested people after you cleared them to be hired, didn't you?

MM: No. They have to be tested before we will interview them.

SL: You have it specified as a condition of employment that they must pass this test?

MM: Actually, it's a condition of *application.*

BA: I like that wording—"condition of application." There could be other conditions of employment, but you're basically saying if you want to come work for Mariani's, you have to be clean.

Continued next week

We'd like to hear what you have to say about substance abuse in the workplace, and about our discussions on topics that concern your business. Send your comments to Mike Crall, President, Argonaut Insurance Company, 250 Middlefield Road, Menlo Park, CA 94025.

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20 largest U.S. commercial brokers

Based on estimates of retail brokerage revenues in millions of dollars

All brokers	1990	1989	% change
Marsh & McLennan Cos. Inc.	$1,102.6	$982.2	12.3%
Alexander & Alexander Services Inc.	796.0	792.5	0.4
Sedgwick James North America (Retail)	495.5	462.2	7.2
Johnson & Higgins	441.5	448.0	-1.5
Frank B. Hall & Co. Inc.	301.3	268.6	12.2
Willis Corroon P.L.C. (U.S.)	295.2	283.4	4.2
Rollins Burdick Hunter Group Inc.	258.8	234.1	10.6
Arthur J. Gallagher & Co.	107.0	99.3	7.8
Jardine Insurance Brokers Inc.	86.4	66.0	30.9
Hilb, Rogal & Hamilton Co.	68.0	62.2	9.3
American Business Insurance Inc.	55.8	47.3	18.0
Republic Hogg Robinson Inc.	47.1	44.4	6.1
Walter Kaye Associates Inc.	34.5	32.3	6.8
BRI Coverage Corp.	29.9	27.9	7.2
Lockton Insurance Agency Inc.	29.1	24.5	18.8
Near North Insurance Brokerage Inc.	28.9	23.0	25.7
John L. Wortham & Son	27.1	26.2	3.4
Frank Crystal & Co. Inc.	24.3	23.2	4.7
McGriff, Seibels & Williams Inc.	22.7	21.3	6.6
McDonough Caperton Insurance Group Inc.	22.3	21.9	1.8
Totals	**$4,274.0**	**$3,990.5**	**7.1%**

Source: *BI* survey

GRAPHIC BY JOHN HALL

Retail brokerage revival?

Commercial revenues up 7.1% for 1990 after sluggish 1989

Although growth in U.S. commercial retail brokerage revenues still lags growth in overall brokerage revenues, retail revenues made sizable gains last year.

Analyzing the 20 largest U.S. brokers solely on their 1990 retail brokerage revenues shows business is picking up for some companies (see chart). In fact, retail brokerage revenues grew markedly for some brokerages.

Overall, these 20 brokerages posted a 7.1% gain in revenues last year from strictly commercial retail brokerage, compared with a 14.7% rise in overall revenues. Last year a similar, though not identical, group posted a sluggish 2.8% rise in retail brokerage revenues, while their overall revenues were up 6.7% (*BI*, June 18, 1990).

Only one company saw retail revenues decline last year: Johnson & Higgins posted a 1.5% dip on the heels of a 2.7% decline in 1989.

Two companies, however, posted sizable gains, helping boost the Top 20's average: Jardine Insurance Brokers Inc. saw retail revenues rise 30.9% to $86.4 million in 1990 from $66 million in 1989.

And Near North Insurance Brokerage Inc. boosted retail revenues by 25.7% in 1990 to $28.9 million, from $23 million in 1989.

Two brokerages saw retail revenues continue to increase at a healthy pace in 1990, although not at the levels of the year before, when they led the pack in gains.

The Lockton Insurance Agency Inc. posted an 18.8% increase in retail revenues to $29.1 million in 1990 from $24.5 million the previous year. 1989 retail revenues were up 40% from $17.5 million in 1988.

And, American Business Insurance Inc. posted an 18% gain in retail revenues to $55.8 million last year from $47.3 million in 1989, which was a 42.9% increase over $33.1 million in 1988.

Meanwhile, the overall revenue threshold for breaking into the Top 100 U.S. brokers climbed to slightly more than $7.5 million in 1990 from $6 million in the previous two years (see chart, page 3).

Twelve brokers are new to the Top 100 this year. Ten of them would have made the 1989 ranking, but they did not complete a questionnaire: No. 14, Norwest Insurance Inc.; No. 34, Hobbs Group Inc.; No. 47, WRIMS Corp.; No. 58, Alburger Basso de-Grosz Insurance Services Inc.; No. 73, Calco Insurance Brokers & Agents; No. 80, Gow & Hanna Inc.; No. 91, Lawley Service Inc.; No. 93, The Pilgrim Organization; No. 96, Bolton & Co.; and No. 98, Cameron M. Harris & Co.

Also new are Minet Holdings P.L.C., the London-based subsidiary of U.S.-based St. Paul Cos. Inc., and Willis Corroon P.L.C., formed by the merger of Corroon & Black Corp. and Willis Faber P.L.C.

Norwest, which is appearing in the chart for the first time this year, posted a whopping 270% increase in brokerage revenues last year to $61.1 million from $16.5 million in 1989.

Norwest, a subsidiary of Minneapolis-based bank holding company Norwest Corp., saw the growth come primarily from acquisitions and "growth in our base business," said President Stephen L. Byrnes. As the bank holding company expands, the brokerage is being given an opportunity to expand as well, he said.

Also making impressive strides within the Top 100 is No. 69, Haas & Wilkerson Inc., which was No. 100 in the 1989 list.

Sixteen brokerages fell out of the rankings for 1990. Four of these did not return questionnaires and the remainder were edged out of the Top 100.

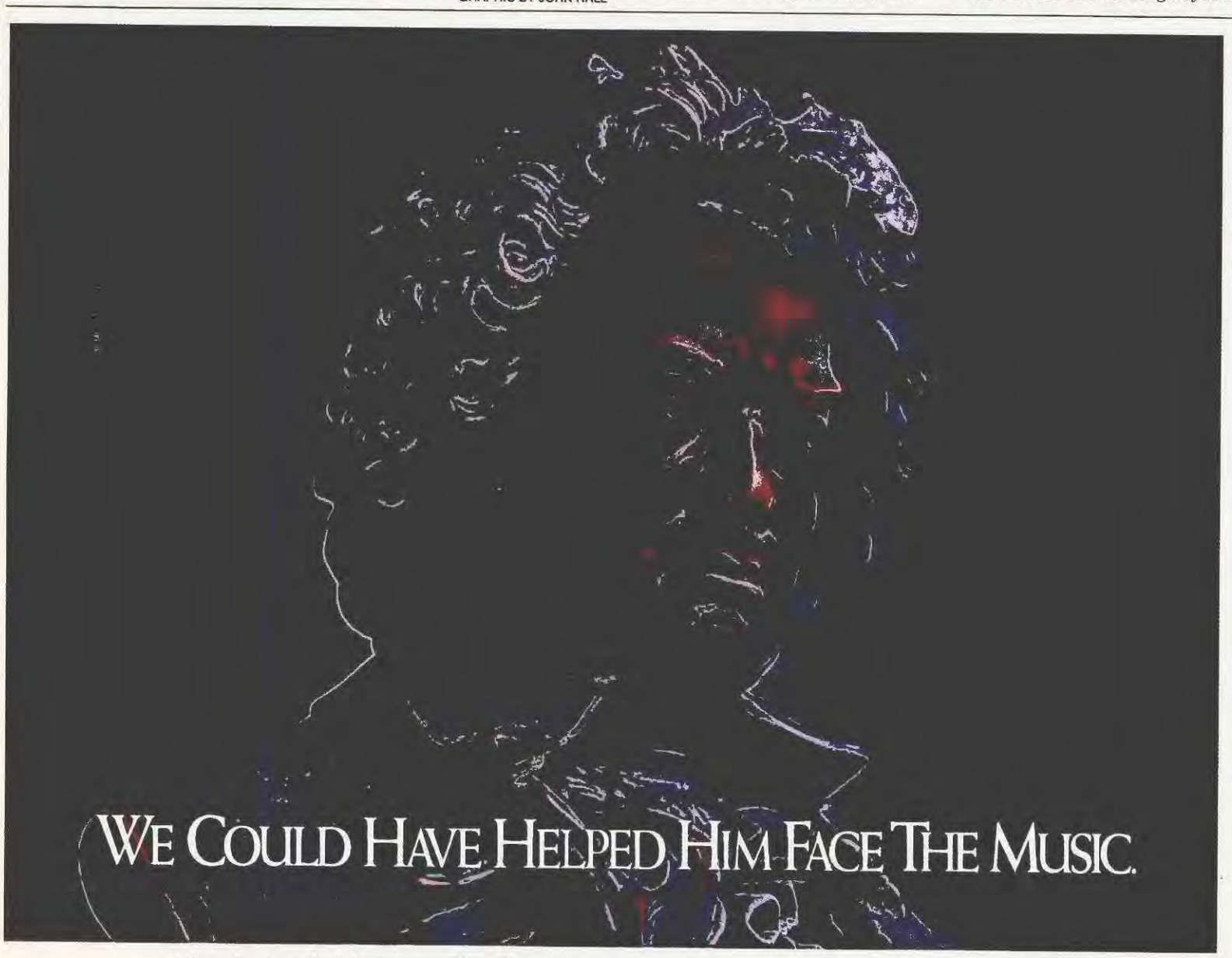
Not responding this year were: McIntyre, Fay & Thayer Insurance Agency Inc., which ranked No. 59 in 1989; Great Lakes Agency Inc., which was No. 81; Sterling & Sterling Inc., which was tied for No. 87; and Putnam, Knudsen & Wiekling Inc., which was No. 89.

Last year's No. 77, Schwartz Brothers Insurance Agency Inc., barely fell below the 1990 threshold with gross revenues of $7.5 million. Also dropping below the threshold, shown with their 1989 ranking, were: James Econn & Co., No. 85; Beardsley, Brown & Bassett Inc., No. 92; Mammel, Schropp, Swartzbaugh, Engler & Jones Inc., No. 94; Seitlin & Co., No. 95; Robertson-Ryan & Associates Inc., No. 96; Bowers, Schumann & Welch, No. 97; Fred A. Moreton & Co., No. 98; and S.H. Gow & Co. Inc., No. 99.

Not included in the rankings of the Top 100 brokers is ISU Corp., the largest independent agency franchise organization, because members are individually owned. ISU's 112 franchises at year-end 1990 reported combined gross revenues of $147.6 million. As a group, the ISU network would rank as the 10th largest U.S. broker and the 14th-largest broker in the world.

Combined, the 258 U.S. brokerages listed in this issue—including the U.S. operations of two foreign-based brokers—employed 83,221 and generated $8.25 billion in overall revenues. In 1989, 244 U.S. brokerages generated $7.402 billion in revenues and employed 80,677.

—By Paul D. Winston



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Top brokerage execs' 1990 compensation

Based on salaries and bonuses; compared w th brokerage's net income

Name Brokerage	1990	198ᵹ	Percent change	1990 net income (in millions)	Percent change
Donald R. Bell Frank B. Hall & Co. Inc.	$1,750,048	$961,568	82%	$4.2	104.9%
Frank J. Tasco Marsh & McLennan Cos. Inc.	1,559,168	1,425,000	9.4	304.1	3.1
Patrick G. Ryan Rollins Burdick Hunter Group Inc.	911,539	789,292	15.5	36.6[1]	44.8
Tinsley H. Irvin Alexander & Alexander Services Inc.	816,667	652,083	25.2	54.9	–8.7
William F. Poe Poe & Associates Inc.	300,720	288,361	4.3	4.1	32.0
Robert H. Hilb Hilb, Rogal & Hamilton Co.	300,000	315,000	–4.8	6.1	5.6
Robert E. Gallagher Arthur J. Gallagher & Co.	290,000	270,000	7.4	17.7	–0.4

[1] Pretax income
Source: Securities and Exchange Commission documents

GRAPHIC BY KIMBERLY MART

Three broker execs top $1 million in pay

By KATHRYN J. McINTYRE

Frank B. Hall & Cos. Inc. Chairman and Chief Executive Officer Donald R. Bell led executives of publicly traded brokers in cash compensation in 1990, earning $1,750,048.

Mr. Bell, 55, also led the top insurance brokerage executives in raises, with an 82% increase in cash compensation in 1990 from 1989.

The cash compensation paid Mr. Bell made him one of three U.S. insurance brokerage executives to earn more than $1 million in 1990.

Frank J. Tasco, chairman and chief executive officer of Marsh & McLennan Cos. Inc., the world's largest broker, was the next highest-paid. Mr. Tasco, 63, earned $1,559,168 in cash compensation, a 9.4% increase from 1989. For the past three years, Mr. Tasco was the highest paid.

But, if the $1,069,700 Mr. Tasco realized in 1990 from exercising stock options is considered, he made more in 1990 than Mr. Bell, who did not exercise any options.

The only other insurance brokerage executive to earn more than $1 million in strictly cash compensation in 1990 was also with M&M: President A.J.C. Smith, 56, earned $1,249,089, a 9.1% increase from 1989.

One other M&M executive earned more than $1 million, although he is not involved in insurance brokerage. Lawrence J. Lasser, 48, president of The Putman Cos. Inc., M&M's investment management unit, earned $1,282,958, a 2.6% raise from 1989.

Moving toward the $1-million mark is Patrick G. Ryan, 53, chairman and chief executive officer of Rollins Burdick Hunter Group Inc. and its parent, Aon Corp. Mr. Ryan was paid $911,539 in cash in 1990, a 15.5% increase from 1989.

Only one of the leading executives took a pay cut in 1990: Hilb, Rogal & Hamilton Co. Chairman, President and Chief Executive Officer Robert H. Hilb. The 65-year-old executive took a 4.8% pay cut to $300,000 in 1990 from $315,000 in 1989.

Gains in cash compensation varied widely among the CEOs, and the raises didn't always track results in the company's net income (see accompanying chart).

Mr. Bell's gain in cash compensation was less than Hall's 104.9% gain in net income in 1990 from 1989, while Alexander & Alexander Services Inc. Chairman, President and Chief Executive Officer Tinsley H. Irvin's 25.2% raise compares with an 8.7% drop in A&A's net income.

In terms of their stock holdings, executives at four companies saw their companies' stock prices fall, two companies' stock was generally flat and only one was up more than a percentage point.

Because Mr. Hilb took a pay cut, Poe & Associates Inc. Chairman and Chief Executive Officer William F. Poe moved ahead of him in cash compensation. Except for Mr. Bell and Mr. Poe moving ahead, the other CEOs line up the same as last year based on cash compensation.

At M&M, Mr. Tasco is not only the highest-paid but also is the second largest shareholder among directors and officers, with 286,107 shares as of March 1. Those included 172,600 subject to exercisable stock options. Based on M&M's stock price of $76.88 on June 21, Mr. Tasco's holdings—minus options—were worth nearly $8.8 million.

M&M's stock was up 0.7% from $76.38 on June 8, 1990.

Robert Clements, 58, chairman of the retail brokerage unit Marsh & McLennan Inc., earned $855,715 in cash compensation in 1990, a 13.3% raise from 1989.

Peter Coster, 51, president of the consulting unit William M. Mercer Inc., earned $737,500 in 1990. He was not among the five highest-paid executives in 1989.

These four M&M executives also hold M&M stock.

Mr. Smith held 239,697 shares, of which 124,600 were subject to options. His shares—minus options—were worth more than $8.8 million.

Mr. Clements held 111,840 shares, of which 70,000 were subject to option. His shares—minus options—were worth $3.2 million.

Mr. Lasser of Putnam held 88,542 shares, of which 62,000 were subject to option. His shares—minus options—were worth more than $2 million.

Mr. Coster's 64,455 shares included 51,000 subject to option. His shares—minus options—were worth more

Continued on page 14

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Compensation

Continued from page 12
than $1 million.

In addition to Mr. Tasco, the others exercised options or stock appreciation rights during 1990: Mr. Smith realized $827,950; Mr. Clements, $484,000; Mr. Coster, $367,500; and Mr. Lasser, $290,625.

The five executives also were granted stock options in 1990: Mr. Tasco, 40,000 shares, and Mr. Smith 28,000 shares, at a weighted average exercise price of $73.88 per share; Mr. Clements, 20,000 shares at $73.58; Mr. Coster, 15,000 shares at $73.88; and Mr. Lasser, 15,000 shares at $68.75.

At Hall, Mr. Bell's annual base compensation is guaranteed at $750,000 under a contract through May 14, 1994. His employment agreement provides for another $5 million payable in quarterly installments of $250,000, beginning July 1, 1989. Therefore, $1 million of his compensation was based on the agreement.

Hall also has agreed to purchase for $1.25 million options granted Mr. Bell to purchase 2.5 million shares of Hall stock if Mr. Bell requests during the period May 14, 1994 to May 31, 1994, and if the options are then outstanding. Mr. Bell holds the options at an average exercise price of $2.56.

Last year, the average exercise price on Mr. Bell's options was $3.50, but Hall reissued the options when the price of Hall stock fell.

Mr. Bell has a small Hall stock holding through an employee savings and investment plan.

Hall President and Chief Operating Officer Peter T. Pruitt earned $550,800 in cash compensation in 1990, up slightly from $550,036 in 1989. Mr. Pruitt's base compensation is $400,000 under a contract that expires May 31, 1992.

Mr. Pruitt, 58, has an option to buy 350,000 shares of Hall stock at an average exercise price of $2.56, down from the average exercise price last year of $3.81.

Mr. Pruitt already holds 53,677 shares of common stock, or 0.14% of those outstanding. Based on Hall's closing price on June 21 of $3.50, Mr. Pruitt's holding is worth $187,870. On June 8, 1990, Hall closed at $3.63.

At Aon, Mr. Ryan's cash compensation included a salary of $636,539, an 11.8% increase from $569,292 in 1989, and a $275,000 bonus, a $55,000 increase from 1989.

Mr. Ryan directly or indirectly owned nearly 9 million shares of Aon stock as of Feb. 26, 1991, or 14.2% of the company. Based on a price of $37.75 on June 21, the shares were worth nearly $339 million. Aon's stock price was down 7.1% from $40.63 on June 8, 1990, when Mr. Ryan's 1990 holdings of 8.7 million shares were valued at $354 million.

For the three years ended Dec. 31, 1990, no options to purchase common shares were granted to any of the executive officers. Mr. Ryan did not exercise any options during the period.

At A&A, 57-year-old Mr. Irvin's $816,667 in 1990 cash compensation was barely ahead of the $797,660 paid Deputy Chairman and Director William M. Wilson, 53.

Mr. Wilson's cash compensation was paid in British pounds and converted to dollars based on an average exchange rate for the year. The amount excludes $95,141 in home mortgage interest costs paid on behalf of Mr. Wilson in 1990.

A&A's other deputy chairman, Michael K. White, 52, earned $638,710 in cash compensation in 1990.

Mr. Irvin continues to be the second-largest holder of A&A stock, with 53,090 shares under beneficial ownership as of March 5 and another 81,917 subject to options within 60 days of March 1. At A&A's closing price of $22 on June 21, the stock under beneficial ownership was worth $1.2 million.

The stock was down 17.4% from its $26.63 close on June 8, 1990.

Retired A&A Chairman John A. Bogardus Jr., 63, continues as the largest individual shareholder of A&A stock, with 96,450 shares under beneficial ownership and another 88,844 subject to options within 60 days of the proxy date. The value of his shares under beneficial ownership was more than $2.1 million.

Mr. Wilson held 2,346 shares under beneficial ownership, worth $51,612, and had options on 31,425 shares.

Mr. White held 35,984 shares, worth $791,648, and had options on 47,953.

Among the other highest-paid executives of A&A, retail brokerage unit Alexander & Alexander Inc. President and Chief Operating Officer James A. McCormick, 52, was paid $487,637 in cash compensation, while A&A Senior Vp and Chief Financial Officer Paul E. Rohner, 54, was paid $354,666.

A&A granted stock options to its five highest-paid officers, all at $23.50. Mr. Irvin was granted options on 40,000 shares, Messrs. Wilson and White, 30,000 shares each; Mr. McCormick, 19,000 shares; and Mr. Rohner, 20,000 shares.

At Poe & Associates, Mr. Poe, 59, owned 1,072,576 shares, or 27.4% of the company as of Feb. 25. Based on a price of $11 on June 21, Mr. Poe's holding was worth $11.8 million.

Poe's stock was down 8.3% from June 8, 1990, when it traded at $12.

Also at Poe, President V.C. Jordan Jr., 60, earned $200,720 in cash compensation; Executive Vp Joseph E. Brown, 60, $132,264; Executive Vp Bruce G. Geer, 43, $166,970; and Vp Earl S. Lipnick, 65, who retired last year, $146,131.

Mr. Jordan held 177,848 shares as of Feb. 25, worth nearly $2 million; Mr. Brown held 8,465, worth $93,115; and Mr. Geer held 39,213, worth $431,343.

No stock options were granted in 1990, but the following gains were realized on exercised options: Mr. Poe, $289,406; Mr. Geer, $138,880; Mr. Jordan, $135,000; and Mr. Lipnick, $87,188.

At Hilb, Rogal, Mr. Hilb took a cut in pay in 1990, but he won't again. An amended employment agreement provides that he will not be paid a salary of less than $330,000 beginning Jan. 1, 1991. His contract also was extended to end June 1, 1994.

Mr. Hilb held 311,000 shares, or 3.11% of the common stock, as of March 1. Based on its closing price of $14.63 on June 21, Mr. Hilb's holding was worth more than $4.5 million. Hilb's stock showed the most gain from a year ago, when it was trading at $14.25 on June 10, 1990.

In addition, Mr. Hilb holds stock options: 5,500 at $6.60; 6,250 at $14; 10,000 at $12.25; and 8,000 at $12.75.

Among Hilb, Rogal's other highest-paid officers: Senior Vp John C. Adams Jr., 54, was paid $190,000 in cash compensation; Senior Vp Andrew L. Rogal, 42, $164,714; Executive Vp Dennis O. Lofton, $163,100; and Vp David E. Peek II, $132,500. They also hold stock options as follows: Mr. Adams, 3,750 at $14, 3,000 at $10 and 5,000 at $12.75; Mr. Rogal, 2,500 at $14, 3,000 at $10 and 5,000 at $12.75; Mr. Lofton, 3,000 at $10 and 5,000 at $12.75; Mr. Peek II, 2,200 at $6, 2,500 at $14, 3,000 at $10 and 3,000 at $12.75.

Mr. Adams in 1990 exercised incentive stock options granted in 1987 for 2,750 shares at $6 per share.

At Gallagher, Chairman and Chief Executive Officer Robert E. Gallagher, 68, received $240,000 in salary and $50,000 in bonus, for a 7.4% increase in cash compensation in 1990 from 1989.

Mr. Gallagher also owns 782,809 shares of stock, or 6.6% of common stock, as of March 15. Based on the June 21 price of $23.13, Mr. Gallagher's shares were worth $18.1 million.

Gallagher's stock price was off only slightly from June 10, 1990, when it was trading at $23.25.

Among the other highest-paid Gallagher executives, Vice Chairman John P. Gallagher, 63, was paid $280,000; President J. Patrick Gallagher Jr., 39, was paid $255,000; Vp-Finance Michael J. Cloherty, 43, $290,000; and Vp Walter F. McClure, 57, $230,000.

John Gallagher owned 687,976 shares, according to the proxy, worth $15.9 million as of June 21. Patrick Gallagher owned 136,146 shares, worth $3.1 million. Mr. Cloherty owned 77,502, worth $1.8 million, and Mr. McClure owned 40,656, worth $940,170.

Patrick Gallagher, Messrs. Cloherty and McClure in 1990 were each granted 10,000 options at a weighted average exercise price per share of $22.38. Mr. McClure also exercised options during the year for a gain of $49,590. ■



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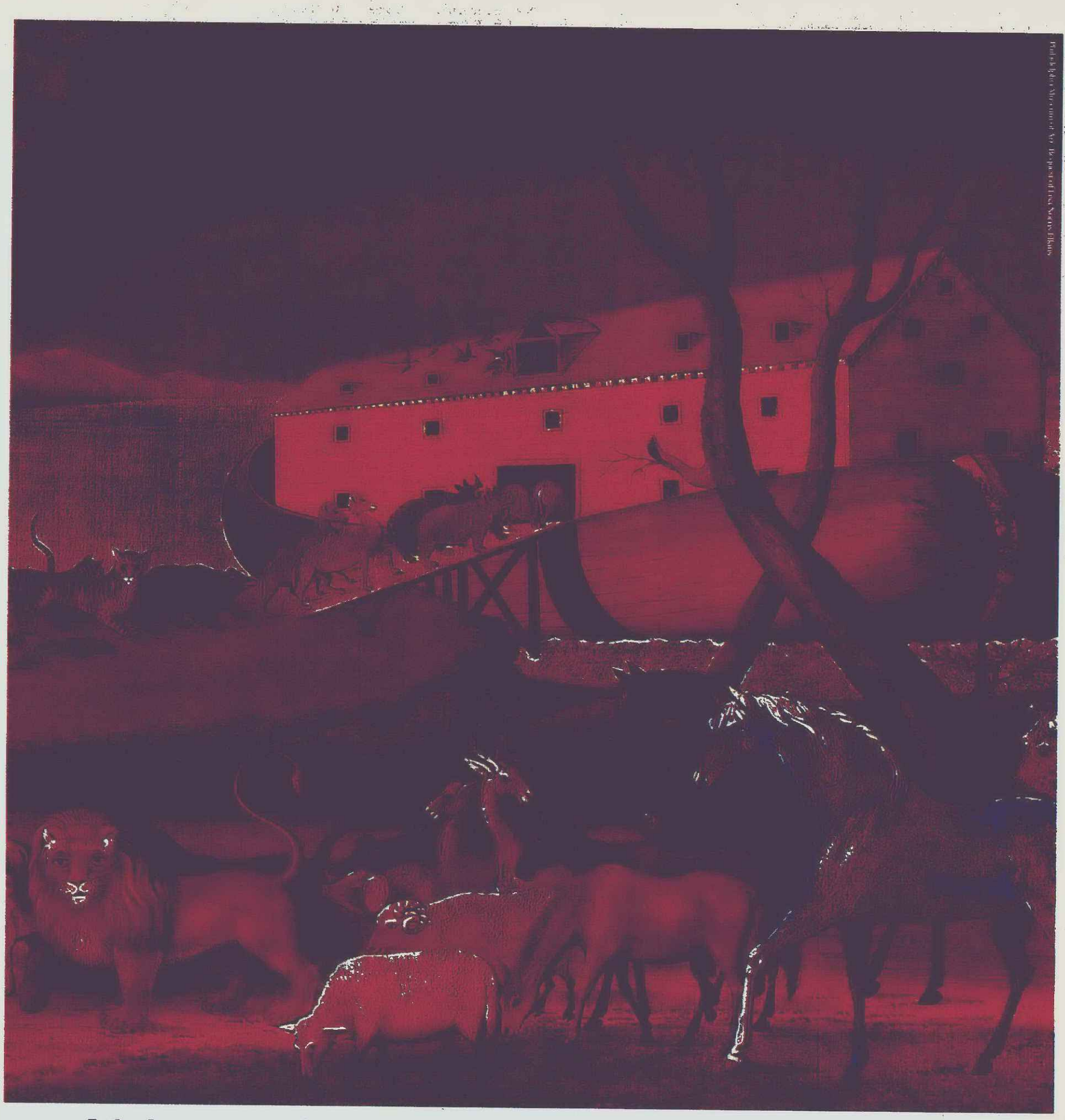
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Continued from previous page
the company's retirement benefit consulting practice and the general downturn in the U.S. economy.

Investment management, meanwhile, recorded a 5.2% increase in revenues to $70.7 million from $67.2 million in the first quarter of 1990.

Operating expenses expanded 7.3% to $573.9 million for the first three months from $533.9 million in the same period last year.

After figuring in other gains and losses and taxes, M&M finished the quarter with net aftertax income of $96.6 million, up 2.5% from $94.2 million in the first quarter of 1990. Net income per share amounted to $1.31, compared with $1.29 for the same period last year.

M&M continues to draw substantial brokerage commissions from placements with A.C.E. Insurance Co. Ltd. and X.L. Insurance Co. Ltd., two offshore excess liability facilities it helped form during the hard market of the mid-1980s.

The insurers have continued to thrive even in the soft market, though market conditions have undercut the need for new facilities for liability risks.

M&M last year put together a line slip of insurers to provide up to $50 million in limits for lawyers professional liability risks. The slip is led by a Lloyd's of London syndicate and includes National Union Fire Insurance Co. of Pittsburgh, an American International Group Inc. unit.

M&M never considered setting up a policyholder-owned facility to write the lawyers professional liability program, Mr. Clements said.

"There was plenty of market there. It just needed to be unlocked," he said.

He added that the line slip breaks "many years of domination by a single broker," referring to Minet Professional Indemnity Ltd.'s own long-established slip.

Meanwhile, M&M is trying to gather support among its clients for its recently-unveiled two-tier insurance regulation proposal (*BI*, June 10).

The proposal calls for continued state regulation of personal and small commercial lines of insurance but federal chartering of insurers writing large commercial risks. Federally chartered insurers would be regulated only for solvency but would be exempt from rate and form regulation, and there would be no guaranty fund coverage for large commercial policyholders.

"What is sacred, as far as we are concerned, is deregulation of rates and forms and separation of commercial business from personal business in terms of the guaranty funds," Mr. Clements said. "The business of having a free market and letting competition determine rates and forms is inseparable from the solvency issue.

"The American regulatory system is the least efficient in the Western world," Mr. Clements maintains.

State regulation is needlessly exhaustive and at the same time less effective than federal regulation of commercial insurers would be, he suggested.

"You could not have more regulation than you have now," Mr. Clements observed. "When you talk about federal regulation, you are talking about intensified regulation, which is exactly the opposite."

Total cash compensation of M&M's top five corporate executives, as reported to the Securities and Exchange Commission, follows:

Frank J. Tasco	$1,559,163
Lawrence J. Lasser	$1,282,953
A.J.C. Smith	$1,249,089
Robert Clements	$855,715
Peter Coster	$737,500

—By Douglas McLeod

2

Alexander & Alexander Services Inc.

1211 Avenue of the Americas, New York, N.Y. 10036; 212-840-8500; fax: 212-369-7535

	1990	1989
Premium volume	NA	NA
Gross revenues	**$1.4 billion**	$1.3 billion
Brokerage: Retail	**58.8%**	62.9%
Wholesale	**6%**	5%
Reinsurance	**10%**	8%
Personal lines	**4%**	4%
Services	**13%**	12%
Invest. income	**6.8%**	6.5%
Other	**1.4%**	1.6%
Employees	**15,800**	16,000
Rev./Employee	**$85,684**	$79,125
Offices	**300**	300

"Globalization" remains the byword at Alexander & Alexander Services Inc.

"I think the major accomplishment this year is that we finalized the globalization of our entire operation," says Chairman Tinsley H. Irvin.

Effective Jan. 1, noted Mr. Irvin, A&A globalized its retail brokerage and risk management operations.

As part of the new retail structure, four functions—business development, marketing, client service and special units devoted to particular industries—will be conducted on a global basis (*BI*, Oct. 22, 1990).

In addition, A&A's worldwide reinsurance brokerage subsidiaries were consolidated in December under Ronald A. Iles, chairman of Alexander Howden Reinsurance Brokers Ltd. (*BI*, Dec. 17, 1990).

Related structural changes include the creation of an Office of the Chairman that includes Mr. Irvin and William M. Wilson and Michael K. White, who were named deputy chairmen (*BI*, Sept. 24, 1990). Mr. White is in charge of the retail insurance brokerage and risk management consulting operations, while Mr. Wilson is responsible for reinsurance brokerage, A&A's benefit consulting subsidiary and its wholesale insurance brokerage units.

"That was done so we could work very closely in coordinating our global operations," explained Mr. Irvin. "The entire economic world is becoming global, so we are basically responding to our clients' needs."

All this occurred against a backdrop, however, of a continuing soft commercial insurance market that held down revenue growth for most of the 20 largest brokers.

A&A's gross revenues increased 6.9% to $1.35 billion from $1.27 billion last year. That was enough to hold onto the No. 2 spot in the *Business Insurance* rankings of the world's largest insurance brokers. Sedgwick Group P.L.C., propelled by the strength of the British pound, fell just $20 million short of overtaking A&A for second place.

And the 1990 increase was an improvement over the 1.7% increase in revenues A&A reported in 1989.

Operating income increased 14.1% to $122.8 million from $107.6 million. That follows a 12% drop in operating income from 1988 to 1989.

However, net income dropped 8.7% to $54.9 million in 1990 from $60.1 million the previous year.

Mr. Irvin noted that the 1989 results included non-recurring gains of $7.2 million from the sale of assets. Excluding these gains, net income increased 6% last year.

A&A's earnings are "certainly most modest by any means, and reflect the fourth year of the downward cycle in the insurance market. Operationally, we made forward progress in a downward market, although modestly so," Mr. Irvin said.

Operating expenses increased somewhat more slowly than revenues, growing by 6.5% to $1.22 billion in 1990 from $1.14 billion in 1989. A workforce reduction of 1.3%—to 15,800 from 16,000—helped boost revenue per employee 8.5% to $85,684 from $79,125.

A&A seeks to exercise prudent expense control "and still give quality service to our clients" despite having fewer employees, Mr. Irvin said. "So it's a balance."

A&A will not sacrifice quality service "to achieve dramatic expense reductions," he affirmed.

Its first-quarter 1991 results continue to reflect the soft property/casualty insurance market. Revenues rose 6.8% to $332.4 million from $311.2 million. However, revenues rose only 3.6% if the effect of exchange rates is excluded.

Operating income fell 15.9% to $15.3 million in the first quarter of 1991 from $18.2 million in 1990, while net income dropped 21.2% to $4.1 million from $5.2 million.

A&A's first-quarter 1991 profits reflect a $5 million pretax gain from the settlement of certain pension operations.

The first-quarter results reflect a continuation of 1990 results and the insurance market's continued downward trend, said Mr. Irvin.

A&A reports its business in two main segments:

- Insurance services, which includes retail, wholesale and reinsurance brokerage and risk management consulting. This segment reported a 6% increase in revenues

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FOR BUSINESS INSURANCE & RISK MANAGEMENT SERVICES



Continued from previous page
to $1.14 billion last year from $1.08 billion in 1989. Operating income increased 6.1% to $126.6 million from $119.3 million.

• Human resource management consulting, which consists of Alexander Consulting Group Inc.

The unit's revenues last year increased 17.1% to $179.7 million from $153.4 million in 1989, while operating income increased 36.7% to $23.1 million from $16.9 million.

Other A&A business—which primarily includes its asset valuation and management unit—posted a 5% decline in revenues to $19.2 million from $20.2 million, while operating income rose to a $900,000 profit from a $500,000 loss.

A&A's "general corporate" operations produced an operating loss of $27.8 million.

Retail brokerage generated 58.8% of revenues in 1990, down from 62.9% of revenues in 1989. Non-brokerage services, like claims administration and consulting, accounted for 13% of revenues, compared with 12% in 1989.

Reinsurance brokerage generated 10% of revenues in 1990 compared with 8% in 1989, while wholesale brokerage accounted for 6% of revenues, compared with 5% in 1989. Personal lines accounted for 4% of revenues in both years.

Revenues from investment income rose slightly to 6.8% of revenues from 6.5%, and miscellaneous activities, including real estate and investment services, declined slightly to 1.4% of revenues from 1.6%.

Revenues generated by U.S.-based clients totaled $777.6 million, or 58.1% of the total, up just 0.9% from $770.6 million in 1989, when U.S. clients accounted for 61.7% of gross revenues.

Operating income generated by these clients dropped 21.6% to $62.1 million from $79.2 million.

Revenues generated by A&A's non-U.S.-based clients accounted for $560.8 million in revenues, or 41.9% of the total. That figure represents a 17.2% increase from $478.3 million in 1989, when these revenues accounted for 38.3% of the total.

Operating income from non-U.S. clients totaled $38.5 million, up 56.6% from $56.5 million in 1989.

Alexander & Alexander Inc., A&A's U.S. retail brokerage subsidiary, raised its revenues about 1.9% to about $630 million in 1990, said Mr. Irvin. That follows a 1% increase in 1989.

"Our property and casualty business has been essentially flat," said Mr. Irvin. "Based on the current market conditions, we don't really see a change in that scenario at least through '91. We continue to focus very heavily on the quality strategy that we completed four years ago." That strategy has resulted in better client service, which in turn is helping retain more accounts, he said.

A&A domestic retail brokerage continues to have two thrusts: business produced by local offices and national marketing efforts to serve the specialized needs of specific industries. Targeted areas include public entities, aviation, construction, health care, financial products, energy and utilities, railroads and Japanese risks. Local offices, however, are, and will remain, "a very significant part of our company," said Mr. Irvin.

A&A also has 25 global business units for developing and servicing multinational accounts located in six regions of the United States, 11 countries in Europe, Canada, Brazil and the Pacific Rim.

Senior Vp Ron W. Forrest, who reports to Mr. White, is in charge of global business operations. Four global directors operate under him: Lawrence E. Burk, in charge of business development; N. Christopher E. Caton, global managing director of client service; Robert J. Murphy, in charge of the specialty groups and risk management consulting; and Robert C. Nevins, in charge of marketing.

A&A's retail operations for Asia/Middle East and Australia/New Zealand also report to Mr. Forrest, while James A. McCormick, president and chief operating officer of U.S. retail brokerage operations, also has responsibility for Latin America retail operations.

Clients need for global services is increasing, said Mr. Irvin. "What we're doing is responding to clients' needs."

Mr. Irvin noted that while close to 42% of A&A's business is now accounted for by non-U.S.-based clients, much of this is local indigenous business. Only about 11% to 12% of its business is actually generated by global accounts, Mr. Irvin said. One long term goal is to increase this to 30%.

The bulk of A&A's non-U.S. operating revenues and income was generated in the United Kingdom. Operating revenues in the United Kingdom totaled $269.4 million, up 27.8% from $210.8 million in 1989, while operating income more than doubled to $56.1 million from $27 million in 1989.

Operating revenues from Canada increased 6% to $133.1 million from $125.6 million. Operating income grew 13.2% to $17.1 million from $15.1 million.

Revenues generated by all other foreign countries increased 11.6% in 1990 to $158.3 million from $141.8 million. Operating income increased 6.3% to $15.3 million from $14.4 million.

Discussing A&A's non-U.S. operations, Mr. Irvin noted that A&A "is experiencing the same scenario in Canada" as in the United States, because of the soft market.

Reed Stenhouse, A&A's Canadian unit, "continues to be in a pre-eminent position," said Mr. Irvin, adding that its strengths include the ability to handle large corporate accounts. Last year several small town offices in Canada were sold because they "really didn't fit our strategy," he said.

Calling results from the United Kingdom and Europe "really outstanding," Mr. Irvin described the region as "one of our greatest areas of opportunities."

"We have very strong operations in New Zealand and Australia," Mr. White said. Headquarters for this operation is in Sydney, with 27 offices in both countries.

A&A's Asia and Middle East operation, which is headquartered in Singapore, is doing particularly well in risk management consulting and reinsurance brokerage, Mr. White said. "We feel we are well-positioned to serve our clients" in the Middle East because A&A has operated offices in Saudi Arabia for a number of years, he said.

The Persian Gulf War "had a substantial negative impact on business during that period of time. We do anticipate that there'll be a substantial improvement in business as that part of the world begins to reconstruct," he said.

Referring to Latin America, Mr. White noted that A&A operates primarily through long-standing correspondent relationships. "That's the only area of the world where we have not been aggressive in developing majority equity positions. That's because of the inflation," he said.

Mr. White cites one exception: Mexico. "We think that's one area that has a lot of potential and we would like to have an equity position there," he said.

Meanwhile, A&A is monitoring activity in Eastern Europe, said Mr. Irvin, who noted that A&A has done a "good bit" of reinsurance business there over the years. However, "there is not an 'insurance system' in place" in Eastern Europe as there is in North America or the United Kingdom, said Mr. Irvin.

A&A's Eastern Europe desk, which is based in the United Kingdom, is staffed with people fluent in Eastern European languages, so it can respond if an A&A client is interested in joint ventures or operations in that region, he said.

Mr. Irvin said A&A is in something of a "Catch-22" situation in Eastern Europe. There is no real business there for a broker now, so if good people are sent to that region, there is not much for them to do. "That doesn't make any sense from our perspective," he said, adding that "as that market develops, we will respond accordingly."

As another example of A&A's global emphasis, Mr. Irvin pointed out that more than a year ago it formed Alexander Howden Intermediaries, which united its wholesale brokerage operations in the United States, United Kingdom and the Asia/Pacific region.

The London-based unit is staffed by more than 800 professionals dealing primarily with large corporate hard-to-place risks.

It is amazing how often insurance transactions have a worldwide reach "and we're harnessing that to our advantage," said Mr. Wilson. He said he expects the

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Continued from previous page
wholesale unit to produce "reasonable growth" in revenues and profits this year.

He noted Alexander Howden Group, A&A's London market wholesale operation, has been increasingly specializing in certain classes, which he would not identify, while Alexander Howden North America, A&A's wholesale brokerage in the United States and Canada, has been taking a more focused approach as well, rather than a "happenstance approach."

Alexander Howden North America, in a "nice turnaround," generated a $250,000 profit in 1990, following a $1.4 million loss in 1989, Mr. Wilson noted.

Also in 1990, A&A consolidated its reinsurance brokerage operations under Alexander Howden Reinsurance Brokers, including operations in the United Kingdom, Europe, Canada and the United States, under Mr. Iles.

Reinsurance brokerage accounted for about $138.3 million of A&A's gross revenues in 1990, up 29.6% from $106.7 million in 1989.

A&A's worldwide reinsurance operation has more than 1,300 employees in 22 offices. "It's been one of our significant growth areas in 1990 and is expected to continue in 1991," said Mr. Irvin.

"We believe that Alexander Howden Reinsurance Brokers obtained considerable growth in market share in the London marketplace in 1990" despite the decline in capacity for London market excess of loss—or LMX—business, said Mr. Irvin.

Large brokers like A&A, whose business is more widely distributed around the world and less dependent on the London market than other brokerages', were hurt less by the LMX capacity crunch, Mr. Wilson said.

Mr. Irvin noted that A&A's North American reinsurance brokerage operation, Thomas A. Greene & Co., is maintaining a separate identity, as are other A&A reinsurance brokerage operations, including Sterling Offices (Australia) Ltd. and Sterling Universal Ltd. in Canada. However, "they're being coordinated and managed on a global basis."

Mr. Wilson commented that the decision, made late last year, to bring Thomas A. Greene under the Alexander Howden umbrella "has been extremely successful. The relationships are working extremely well. The whole thing has worked out better than we thought."

Thomas A. Greene, formerly president and chief executive officer of the reinsurance brokerage that bears his name, is now the unit's chairman, while Mr. Iles serves as president and chief executive officer.

A&A's risk management services group includes Anistics, a risk managing consulting division that also develops risk management information systems, and Alexsis, a risk management consulting and service unit dealing with self-insurers.

"Anistics continues to do, I think, well, in particular in the United Kingdom and Europe and is growing in the Australian market," said Mr. White. About 40% of Anistics' business is generated outside the United States.

Anistics is often contacted for captive feasibility studies and self-insurance program designs, Mr. White noted.

Although Anistics is part of A&A's retail structure, it has its own global chief executive officer, Bernard S.Y. Fung, who is based in Toronto.

Alexsis' revenues increased 13.6% to $92 million in 1990 from $81 million the previous year, though profits were down from 1989, said Mr. White.

Profits "didn't go up in proportion to the revenue growth. That was partly due to bringing in more staff to improve its service level," commented Mr. White. "We anticipate that in 1991, revenues should go up approximately 15% and profits will return to the same kind of margins it usually enjoys, which has been OK."

The risk management services group also includes Alexander Insurance Managers Ltd., which provides captive management services from Bermuda, the Isle of Man, Guernsey, Singapore and Vermont.

Different A&A units often work together, Mr. White noted. It would not at all be unusual, for instance, for a specialty health care team to work with Anistics, Alexsis, Alexander Insurance Managers and a local office on a particular project.

Meanwhile, Alexander Consulting Group continues to be a bright spot for A&A.

"Alexander Consulting Group, along with Alexander Howden Reinsurance Brokers, were the shining stars in the A&A universe in 1990," said Mr. Irvin.

The consulting unit's revenues rose 17% and "its profits grew even faster, and this was done in total internal growth," said Mr. Irvin.

Mr. Wilson noted that Alexander Consulting Group was formed about five years ago, when A&A brought its global operations together. "It has grown very strongly" in revenues and profits in every year, said Mr. Wilson.

This year may be a "bit tougher," Mr. Wilson concedes. "All over the world the economies are in some difficulty."

However, "we anticipate Alexander Consulting Group will continue to grow at a rapid pace in spite of the recessions in many countries that they operate," said Mr. Irvin.

Alexander Consulting Group now has more than 90 offices worldwide and has pioneered a number of innovations, including Organizational Effectiveness, a new global practice, Mr. Irvin explained. This unit specializes in consulting on such areas as culture change, management development, executive compensation and quality improvement.

The unit, which operates from offices in New York, London and Toronto, consists of a small group of specialists who advise large corporations on how they should structure themselves following a merger, acquisition or buyout, said Mr. Wilson. This unit is "very much dealing with the chairman and CEO level," he said.

Strategis, which is part of A&A's retail brokerage umbrella, conducts professional appraisals and tax consulting, said Mr. Irvin. "Their business is pretty stable or flat as to revenues," he said, holding steady at about $12 million annually. The unit's growth is being impacted by the general economy."

A&A made only three minor acquisitions last year. While A&A will continue to make strategic purchases, "we do not anticipate an aggressive acquisition mode," said Mr. Irvin.

A&A did not repurchase any of its shares last year, said Mr. Irvin, even though it is authorized to repurchase up to 5 million and has bought only 3.8 million to date.

"We continue to look at the marketplace," he said.

A&A stock, which is traded on the New York Stock Exchange, closed at $22 per share on June 21. Share prices during 1990 ranged from $31.50 to $16.13.

The 1990 cash compensation of the five highest-paid A&A executives, as reported to the Securities and Exchange Commission, follows:

Tinsley H. Irvin	$816,667
William M. Wilson	$797,660
Michael K. White	$638,710
James A. McCormick	$487,637
Paul E. Rohner	$354,666

—By Judy Greenwald

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3

Sedgwick Group P.L.C.

Sedgwick House, Sedgwick Centre, London E1 8DX; 071-377-3456; 071-377-3199

	1990*	1989**
Premium volume	$11.4 billion	$9.0 billion
Gross revenues	$1.3 billion	$1.1 billion
Brokerage: Retail	61%	62%
Wholesale	15%	15%
Reinsurance	10%	10%
Invest. income	10%	11%
Other	4%	2%
Employees	13,285	13,576
Rev./Employee	$100,384	$79,655
Offices	250	260

* Converted at applicable exchange rate.

** Restated; converted at applicable exchange rate.

Sedgwick Group P.L.C.'s motto these days is "teamwork."

Following last December's management reshuffle that ousted Richard M. Page as chairman of the worldwide retail brokerage unit Sedgwick James Ltd., the company has been reorganizing teams of employees from both sides of the Atlantic to manage certain classes of retail business.

In addition, the company's worldwide retail, wholesale and reinsurance divisions are working closer together to offer clients more continuity, according to Sedgwick executives.

Sedgwick's key executives also say they are working together more closely than in the past to boost revenues in a soft market.

"We've been endeavoring to get the Sedgwick Group to work together as one team," explained J. David Rowland, chairman of the London-based company.

"I think that last year and the beginning of this year we have had more hard evidence of the success of that than frankly I would have believed possible some time back," said Mr. Rowland.

"That's encouraging, particularly not just the way we all work together, but the way in which parts of the business work together," he said, citing cooperation between Sedgwick James Inc., the retail brokerage unit in North America, and the London operations. These new interrelationships are "actually turning into real business," he said.

For example, Mr. Rowland claims that the premium volume of business transacted between Sedgwick James Inc. and the corresponding specialty units in London increased 40% to 50% last year.

None of the Sedgwick Group executives, though, would attribute this new-found cooperation to the departure of Mr. Page, who was seen by many as a loner.

Mr. Page "retired" at the end of last year during a management reshuffle that reduced layers of management. It also put London-based Sax Riley, vice chairman of Sedgwick Group, squarely in charge of the North American retail brokerage unit, and put Quill O. Healey in the post of chairman and chief executive officer of Sedgwick James Inc. (*BI*, Dec. 17, 1990).

This new partnership has allowed Sedgwick to link its U.S. retail operations with other operations in the group, Mr. Riley explained.

"Last year, we felt that at the end of the day we had not delivered the end product which we had set out to deliver in the U.S.," said Mr. Riley.

"The businesses were too sealed in boxes rather than actually working together. So while we did well in comparison to the market, we feel that with the sort of account that we have, we can do a lot better," he added.

Sedgwick Group's gross revenues last year increased only 3% to 691 million pounds from a restated 671.7 million pounds in 1989. But a strong pound at year-end boosted those numbers. When converted to U.S. dollars, revenues jump 23.3% to $1.33 billion from $1.08 billion. That ranks Sedgwick as the third-largest brokerage in the world, unchanged from the previous year.

Mr. Riley said that when he took over from Mr. Page at the beginning of the year, he made it clear that he couldn't turn around the group's U.S. fortunes on his own and that it would have to be a team effort.

The most important issue, he said, was for everyone to know that the fortunes of Sedgwick Group take priority over the results of its four operating divisions. "We all have brand names, but we must work in a partnership and we must drive as much as we can without exclusivity (through) our distribution network," he said.

Those four operating divisions are:

- Worldwide retail broker Sedgwick James Ltd., which contributed 422.3 million pounds ($815 million) to the group's revenues.

Nearly two-thirds of that—$529.4 million—came from North American retail brokerage, according to a spokeswoman for Sedgwick Group.

Sedgwick James employs 9,460 in more than 200 offices worldwide.

The division also includes Sedgwick Financial Services, which employs 750 people and accounts for 31.1 million pounds ($60 million) of Sedgwick James' revenue.

Outside North America, the retail broker is focusing on its development in Europe and the Asia/Pacific region, said Rob White-Cooper, chairman of the operations group coordinating its non-U.S. activities.

Last year, Sedgwick James continued to invest in Europe where it is one of the first brokers to have a wholly owned network of offices, Mr. White-Cooper said. Sedgwick James has offices in France, Sweden, Norway, Germany, Belgium and eight other countries, he said. The group also has representative offices in Poland, Hungary and Moscow and recently placed coverage for a large Soviet chemical factory.

Sedgwick also would like to expand in Germany, which the group believes has potential for growth after 1992. That growth could be by acquisition or by hiring experienced teams of brokers, said Mr. White-Cooper.

In the Asia/Pacific region, Sedgwick James is watching with interest to see if a new insurance law in Japan will open the nation's market to foreign brokers. The company also sees potential growth in Hong Kong and Singapore, where Sedgwick James has a large captive management operation.

Sedgwick James also set up a joint venture in Mexico last year with one of the country's largest brokers, Grupo Asesores.

- Specialist retail and wholesale broker Sedgwick Broking Services Ltd., which accounted for 16%, or 100.5 million pounds ($194 million), of the group's revenues. SBS has 1,970 employees in 30 offices throughout the United Kingdom, North America and Scandinavia.

North American SBS operations include the North American Federation of Wholesalers; Southern Marine & Aviation Underwriters Inc.; Crump Excess & Surplus Inc.; and Sedgwick International Marketing Services Inc.

SBS is now trying to streamline administration to cut expenses and improve efficiency, according to Mr. Riley, who also oversees SBS.

- Reinsurance broker E.W. Payne Cos. Ltd., which produced

Continued on page 24

call for entries
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The 19th Annual **EMPLOYEE BENEFITS COMMUNICATION AWARDS** will be presented on November 18th during a luncheon sponsored by *Business Insurance*, honoring excellence in communicating employee benefits.

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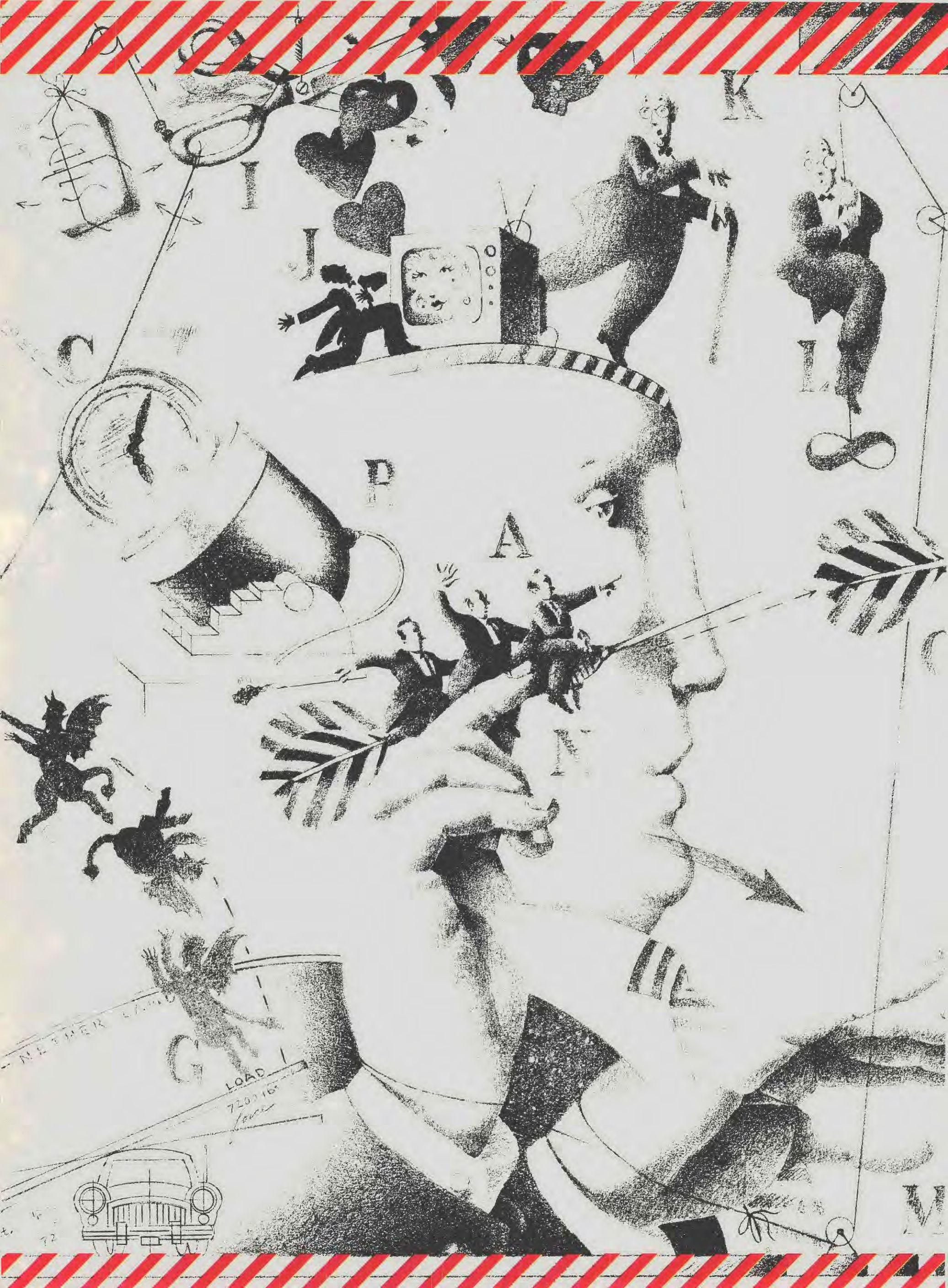
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Spotlight report

Continued from page 21

12%, or 72 million pounds ($139 million), of the parent company's 1990 revenues.

E.W. Payne has 1,280 employees in 11 locations around the world, including the offices of U.S. subsidiary Sullivan Payne & Co.

Capacity fell substantially in last year's renewal season and this year may be worse considering the number of reinsurers pulling out of the market, said James M. Payne, Sedgwick Group vice chairman and chairman of E.W. Payne.

Diversification and finding new ways of handling business will be the key to profitability in the '90s, he said.

• Lloyd's largest members' agency, Sedgwick Lloyd's Underwriting Agents Ltd., which accounted for 1.4%, or 9.2 million pounds ($17.8 million), of the parent company's 1990 revenues.

The members' agency looks after the affairs of 1,780 members, or 6.5% of the members who actively underwrite at Lloyd's. At the end of last year, John Gordon retired as chairman of the agency and has been succeeded by Julian Crispin, with Colin Spence as managing director.

Sedgwick Group reports that it derived 61% of gross revenues from retail brokerage last year, down from 62% in 1989; 15% from wholesale brokerage, unchanged from 1989; 10% from reinsurance, unchanged from 1989; 10% from investment income, down from 11%; and 4% from other sources, up from 2%.

The changes made within Sedgwick Group since the start of the year are welcomed at its largest operating division, Sedgwick James Inc., which also has undergone the most upheaval.

"I think we have taken several major steps to build a synergy as a total global firm working together," Mr. Healey said.

The Sedgwick Group is "coming together as a single company," he said. "I think that's given us a really excellent momentum to go forward."

In particular, this was accomplished through two related strategies, Mr. Healey said: to focus on Sedgwick James as a global retail entity and to build a closer relationship with SBS in London.

Sedgwick James has introduced several major changes in its U.S. operations in the past several months.

Along with Mr. Page, Finance Director Ronald J. Berardi left. Two other executives retired: Sidney A. Stewart, who had been vice chairman and a member of the Sedgwick Group board, and Ed Morrow, who had been an executive vp.

Sedgwick James' considerably pared down executive committee now includes Mr. Healey, formerly president and chief operating officer of Sedgwick James; President Donald K. Morford; Executive Vp Richard Peterson; and Senior Vp-Finance James Wiertelak.

Mr. Healey now oversees all field operations, the corporate finance and administrative areas and specifically works with the Eastern Region, which includes New England, New York, Mid-Atlantic and Southeast.

Mr. Morford has executive responsibility for the Western Region, including Mid-South, North Central, South Central, Northwest, Southwest and San Francisco.

He also oversees the Sedgwick James Consulting Group and spearheads development of Sedgwick James' focus on middle-market accounts.

Mr. Peterson directs Sedgwick James' industry relations and is responsible for its insurance company relations program. His duties also include management supervision of Crump Re Inc., a reinsurance intermediary unit based in Hartford, Conn.

In addition to acting as director of finance, Mr. Wiertelak is responsible for administrative operations, including internal audit, legal, management information systems, payroll and real estate.

"The structure is a very small senior management structure," commented Mr. Healey.

In addition to the executive committee, an operating committee has been formed. Made up of the four top senior officials as well as 10 regional directors, it has responsibility for day-to-day operations.

As well as making these organizational changes, Sedgwick James laid off 244 U.S. employees last year, including 80 corporate staff in the New York headquarters.

And Sedgwick James' office in Baton Rogue, La., with a staff of about 25, was closed, while its Las Vegas office was reduced to a suboffice of its Reno, Nev., operation.

Sedgwick James also plans to move from its headquarters elsewhere in Manhattan as soon as the space can be subleased. No date has been set for the move.

Neither the staff cutbacks nor the office closings have hurt Sedgwick James, said Mr. Healey.

"We think we're doing more things better today than we've ever done," he said.

Mr. Healey also said he does not believe that the layoffs and office closings have hurt morale. "I think the morale of the company is entirely good. We know where we're going." While a few places obviously had a difficult time, he said, "I think the general feeling of the company is pretty good."

Mr. Healey said that despite the soft market, Sedgwick James has managed to retain 95% of its major accounts.

Sedgwick James plans to stay much closer to its client base and profit centers, Mr. Morford commented. "We're out a great deal in the field—much more than we have been in the past."

"We're going to do well only if we outperform our competitors in this area," added Mr. Peterson, who described Sedgwick James as a "very client-driven firm."

Two strategic focuses, said Mr. Morford, comprise the broker's "balanced attack" in North America: large global accounts and middle-market accounts.

Focusing specifically on middle-market business, Mr. Morford noted that Sedgwick James dominates in many regions and localities, "so it's a very significant share of our business."

This business, which Mr. Morford described as "product-driven," generally involves clients without risk managers and which normally generate less than $100,000 in annual commissions.

Even these smaller accounts, however, are becoming more globally focused, and Sedgwick James is prepared to meet their needs as well, noted Mr. Morford.

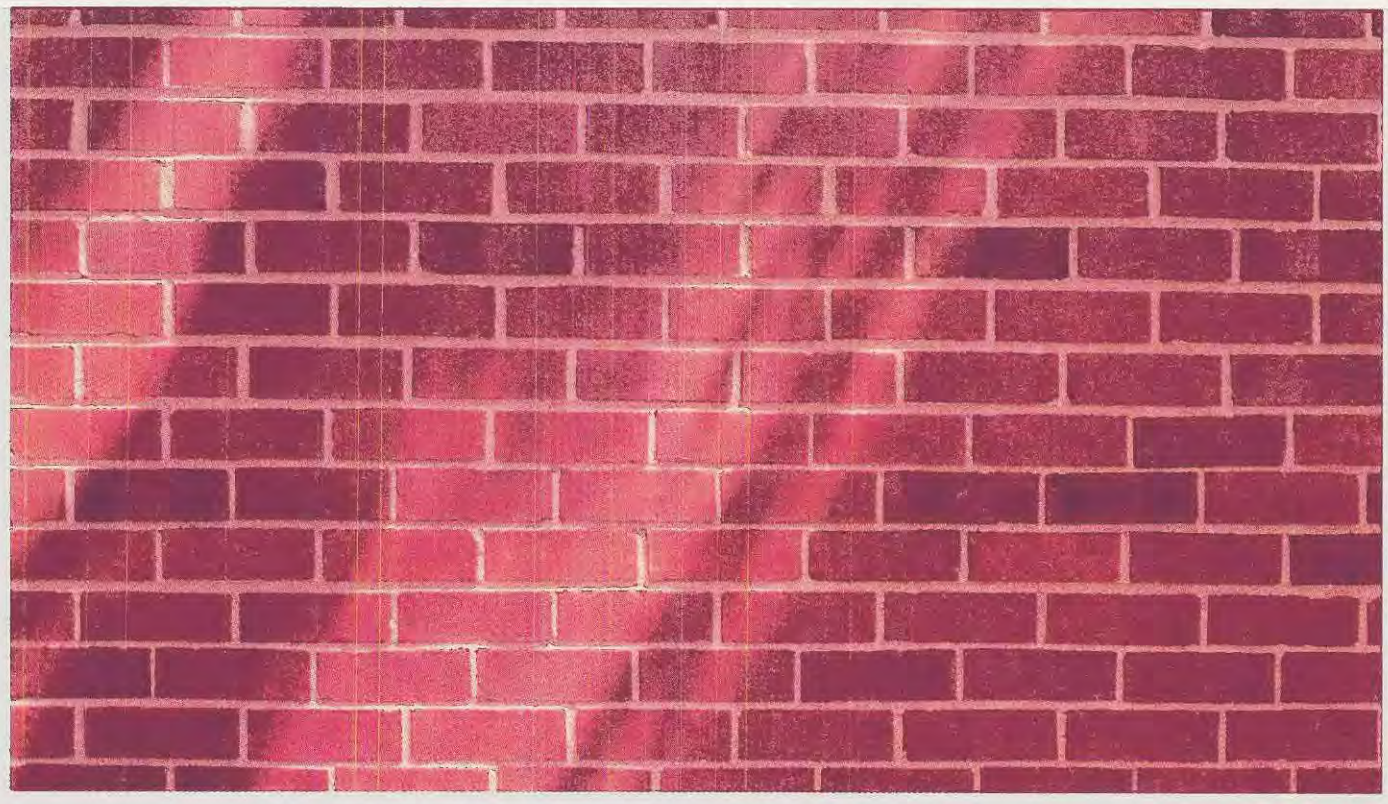
Sedgwick James is "very, very deep" on resources for major accounts, particularly in the United Kingdom, pointed out Mr. Peterson, who added that it is exciting to work with Sedgwick colleagues on these accounts.

Sedgwick James' global orientation also involves a consortium of Sedgwick James Financial Services in the United Kingdom and Sedgwick James Consulting Group in the United States, which together focus on benefits for international firms, said Mr. Morford.

For all its clients, Sedgwick James also has several industry resource groups, each under the direction of a different regional director, with overall corporate coordination provided by R. Jane Hill, senior vp and director of risk services.

Those resource groups are: Avia-

Continued on next page



It's hard to get through to some group LTD claims handlers.

Continued from previous page
tion, Construction Services, Contracting, Health Care, Personal Lines, Public Entities and Retail and Financial Products.

Sedgwick Group recently took this one step further, when it "set in motion four major initiatives" to link the brokerage's U.S. operations with the rest of the world "in areas which in our opinion Sedgwick has no equal," according to Mr. Riley.

The first of these was the creation of a new entity, Boston-based Sedgwick Power & Nuclear Services (U.S.A.), which is a joint venture of Sedgwick James Inc. in New York and SBS in London. The unit will service the utilities industry, which has been targeted by the brokerage as a priority for development in Europe and North America (*BI*, June 17).

Sedgwick Group is also considering similar joint initiatives in the oil and gas field; the construction business; and in handling Fortune 1,000 corporations' placements, Mr. Riley said.

Other key parts of Sedgwick James's business include Crump Re, which Mr. Healey described as "the finest facultative reinsurance brokerage in the business," and San Francisco-based S.J. Petrakis Services Inc., which has a "very strong handle on public entity business as a managing general agent."

Benefits services has become "a very key area for us" because of its immunity to market swings, said Mr. Healey. Benefits are closely integrated within each office's operation, say officials, adding that this enables Sedgwick James to present a "full service concept."

In addition to Claims Management Services, Sedgwick James' Risk Services Group includes Financial and Actuarial Consulting, Risk Control Services and Sedgwick James Management Services (Vermont), which manages captives.

Sedgwick's FPE Group, which provided fire protection services, was sold last year to Crawford & Co., said Mr. Healey, who noted that the business no longer fit in well at Sedgwick.

Sedgwick Group's new outlook has had a costly effect on its overall profits.

A 5.3% increase in profits in Sedgwick's year-end 1990 results was wiped out by a 21.4 million pound ($41.3 million) exceptional charge primarily related to the group's management changes and the elimination of 369 staff positions worldwide.

Excluding the exceptional charge, Sedgwick reported pretax profits of 90.7 million pounds ($175.1 million) in 1990, up 5.3% from 86.1 million pounds ($138.6 million) at the end of 1989.

These results include 100% of the profits of associated companies in which Sedgwick has management control but less than 50% of the shareholding.

However, the exceptional charge in the fourth quarter cut Sedgwick's pretax profits to 69.3 million pounds ($133.8 million). After taxes and deductions for the shares of associated companies Sedgwick doesn't own, profits fell 22% to 44.4 million pounds ($85.7 million) from 57 million pounds ($91.8 million) in 1989.

According to Mr. Rowland, that exceptional charge related to changes made after a comprehensive review of its worldwide operations, particularly in North America.

This program included the elimination of 600 jobs worldwide, of which 369 were eliminated in the fourth quarter of last year and the rest were eliminated in the first quarter of this year, Mr. Rowland said.

Overall, the Sedgwick Group had 13,285 employees worldwide at year-end 1990, down 2.1% from 13,576 in 1989.

More than 60%—or 16.1 million pounds ($31.1 million)—of the exceptional charge related to Sedgwick James, including 12.6 million pounds ($24.3 million) for North American operations.

The charge also reflected costs associated with the departure last year of Mr. Page and the other U.S. executives.

Meanwhile, in the first quarter of this year, Sedgwick Group's revenues remained static, increasing by only 1% to 183.2 million pounds ($318.8 million at the appropriate exchange rate), although expenses were reduced by 2% to 138.9 million pounds ($241.7 million).

First-quarter unaudited pretax profits totaled 42.6 million pounds ($74.1 million at March 31 exchange rates), compared with 42.5 million ($70.1 million) in the first quarter of last year.

Mr. Rowland attributes the group's small increase in revenues in 1990 and the flat results in the first quarter of this year to depressed premiums in a continuing soft market.

The company's revenues will increase if the markets start to harden this year, Mr. Rowland said, noting he has seen some signs of hardening, particularly in marine hull business and pockets of the energy field.

However, "overall, the property/casualty business worldwide has not (hardened)," he said. "I don't know when it's going to be. I think that we're very cautious about it this year."

Mr. Rowland said he thinks insurance rates may harden in 1992 or 1993.

"We're getting closer to the time when it just has to move," he said. "You can't have what's happened to the Lloyd's market and some of the insurance companies without seeing some considerable changes coming.

"Does Sedgwick have to wait for that? I don't think that's true. I do hope there is a more sensible rating structure in the market worldwide for the benefit of everybody. But my job is to make Sedgwick as successful as possible whatever the market conditions," Mr. Rowland said.

To overcome the peaks and troughs of the insurance market, Sedgwick is becoming more fee-based and less dependent on commissions, according to Mr. Rowland. About 15% of Sedgwick's revenues are currently fee-based, but Mr. Rowland hopes to increase that to 25%.

The group has also made a conscious effort to keep its expenses "tight," said Mr. Rowland. Last year, the group's expenses increased only 1.9% to 587.9 million pounds ($1.13 billion) from 577.1 million pounds ($929.1 million) in 1989.

Sedgwick also plans to reduce expenses this year by moving out of its Aldgate House building in London and also moving some operations outside London to reduce leasing costs. The group, however, will maintain its worldwide headquarters in Sedgwick House.

Sedgwick's principal shareholder remains Transamerica Corp. of Woodland Hills, Calif., which last year reduced its shareholding to 25% from 39%.

"We look forward to our relationship continuing long into the future," said Mr. Rowland in Sedgwick's 1990 annual report.

Sedgwick Group's stock traded at 268 pence ($4.39) June 21 on the London Stock Exchange. During 1990, its stock traded at a high of 315 pence ($5.14 at current exchange rate) and a low of 168 pence ($2.74).

—By Stacy Shapiro and Judy Greenwald



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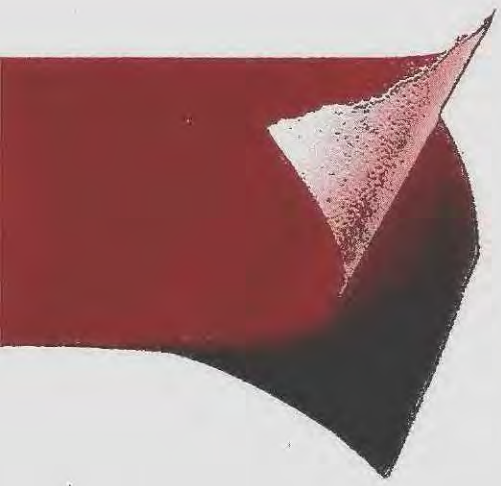
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Willis Corroon P.L.C.

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	1990*	1989*
Premium volume	$8.5 billion	$6.0 billion
Gross revenues	$1.1 billion	$908,900,000
Brokerage: Retail	40%**	NA
Wholesale	28%**	NA
Personal lines	1%	NA
Services	9%**	NA
Invest. income	15%**	NA
Other	7%**	NA
Employees	11,591	11,055***
Rev./Employee	$97,957	$82,216***
Offices	180	245***

* Converted at applicable exchange rates.
***BI* estimates.
*** Based on separate reports from Corroon & Black and Willis Faber at year-end 1989.

Willis Corroon P.L.C. is slowly transforming itself into a truly global insurance broker following last year's merger of Willis Faber P.L.C. and Corroon & Black Corp.

But the brokerage, which is now the world's fourth-largest, is intentionally not rushing to integrate the company's far-flung operations on a worldwide basis, says Willis Corroon Executive Chairman Roger Elliott.

"I haven't dictated. I've asked the people who are running the business how they want to see (the company)," he said.

"It's taken a long time because people have had to cross the Atlantic—we've included both sides in everything we've tried to do. And I've insisted that it take a long time because we don't want to have to change things once we've gone to play," said Mr. Elliott, who is based in London.

The goal of the restructuring is to enable Willis Corroon "to operate around the world as one company," explained Willis Corroon Chief Executive Richard Miller, who is based in New York.

Mr. Elliott had been chairman of Willis Faber prior to the Oct. 8 merger, while Mr. Miller was chairman of Corroon & Black.

In addition to their executive roles, Mr. Miller is in charge of U.S. operations and Mr. Elliott heads up non-U.S. operations. However, Mr. Miller says he and Mr. Elliott plan to spend most of their time on "strategic issues," not day-to-day managing.

Providing global brokerage services will improve the company's ability to serve its clients, Mr. Miller explained. "Our clients undoubtedly will be enhanced" by the changes, he said.

The marriage between Willis Faber, which had been the world's sixth-largest broker, and Corroon & Black, which had ranked No. 5, will enable the brokerage to target larger clients, Mr. Miller noted. "We now have the resources to go after major business. There is a focus on multinational clients."

The integration of Willis Faber's and Corroon & Black's operations is a far cry from Willis Faber's 1987 takeover of fellow London-based broker Stewart Wrightson Holdings P.L.C., after which Willis Faber executives assumed nearly all executive positions in the merged companies. More than 100 Stewart Wrightson employees left the organization.

Employees from both companies have a hand in Willis Corroon's future plans. And, there have been no major layoffs or defections, said Mr. Miller.

The spirit of cooperation between both companies has been "overwhelming," he said."There is a virtual love affair going on."

Mr. Elliott says he involved the "second tier of management—the 45-year-olds"—in restructuring decisions.

"What we've come up with is their conclusions. I don't think I've had to make one serious decision," said Mr. Elliott. "Mr. Miller and I have agreed on a couple of areas where there's been a little indecision and decided 'let's do that.' But we really haven't steamrollered anything."

Mr. Miller agreed: "The toughest decisions came during the merger" negotiations, adding that it has been downhill since then. "It is just a matter of studying the organization and determining how and what works best," he said.

In this process, no preference has been given to either Willis Faber or Corroon & Black employees, Mr. Miller said. "We want the best man in each position, regardless of where he came from."

In combining operations, the company is doing away with some old and familiar names.

Willis Corroon P.L.C. is now the name of the parent company, while operations in the United States are conducted under the banner of Willis Corroon Corp., rather than Corroon & Black.

The restructuring, which was officially announced last month along with the proposed name change, was the product of a transition committee composed of 23 working groups numbering 220 people, explained Mr. Miller.

The restructuring, which will take effect Jan. 1., will produce four main operating divisions:

- The worldwide retail brokerage division, to be dubbed simply Willis Corroon. The division will encompass the group's retail brokerage operations in North and South America; Europe, including the United Kingdom; and the specific area of construction insurance, a Corroon & Black specialty, Mr. Elliott said.

J. Bransford Wallace, executive vp of Willis Corroon Corp. and formerly chairman of Corroon & Black's Brokerage Service Group, has been named chairman of the division. John R. Lamberson, president and chief operating officer of Willis Corroon Corp., has been named chief executive officer.

To avoid confusion between the parent and the retail brokerage unit, the board of directors announced last month that it will ask shareholders in the fall to change the parent's name to Willis Corroon Group P.L.C.

"We want to distinguish the parent company from the operational subsidiary, which is Willis Corroon only," explained Mr. Miller.

- Willis Faber & Dumas, which will comprise the worldwide reinsurance and specialist insurance/reinsurance division, including aviation, marine, oil and gas, and bloodstock brokerage.

The division will include G.L. Hodson & Son Inc., Corroon & Black's U.S.-based reinsurance brokerage unit, which will continue to operate under its own name. Hodson was ranked by *Business Insurance* as the eighth-largest U.S. reinsurance broker based on 1989 revenues.

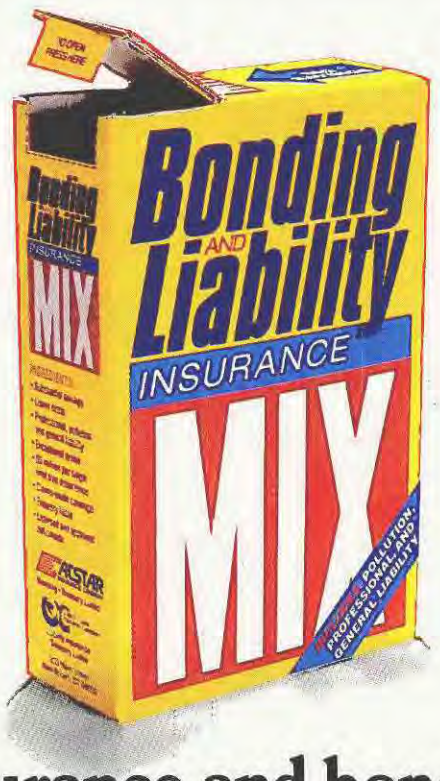
The name Willis Faber & Dumas has previously been used for Willis Faber's Lloyd's of London brokerage operation.

Robert B. Keville, who has been chairman of Willis Faber & Dumas, is resigning that post to help Messrs. Elliott and Miller as a major client liaison. His new title has not yet been decided, said Mr. Elliott. Mr. Keville, however, will remain a member of the parent company's board of directors.

Donald Payne, previously deputy chairman of Willis Faber & Dumas, has been named chairman of the division, succeeding Mr. Keville.

- Willis Corroon Consultancy & Specialty Sales, which includes the company's employee benefit consulting and claims administration operations and its U.S.-based

Continued on page 30



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wholesale brokerage operations.

Willis Faber Holdings Inc. ranked as the third-largest U.S. surplus lines broker based on 1990 premium volume (*BI*, Aug. 13, 1990).

Donald King, who has been senior vp of Willis Corroon Corp. and chairman of its Benefits & Specialty Sales division, will head the consulting and specialty sales unit.

"We will continue to expand (this division) through mergers around the globe as well as expanding through our own offices," said Mr. Miller.

• Lloyd's of London members' agency Willis Faber & Dumas (Agencies) Ltd., which provides advice and management assistance to some 1,200 members of Lloyd's with an aggregate underwriting capacity of more than 450 million pounds ($735.7 million).

Mr. Elliott noted that final touches in the restructuring won't be completed until Jan. 1, 1992. "We couldn't have turned the whole place upside down before then. It would have been ridiculous."

Besides the restructuring of the company's divisions, Willis Corroon has made several other major decisions since the merger.

For example, Willis Corroon's headquarters is in Willis Faber's London office.

Mr. Miller can usually be found in London about two weeks out of every month, and the company's chief financial officer, John V.H. Robins, also is based in London.

The company's "backroom" administration also is now based in London, making Corroon & Black's separate corporate office in New York unnecessary, Mr. Elliott said. All remaining New York operations will be moved to Willis Corroon's branch office in New York from the old Corroon & Black headquarters.

However, many operations will be moved from New York to Nashville, Tenn., where Corroon & Black was building a new headquarters before the merger was contemplated, said Mr. Elliott.

The 550,000-square-foot Nashville office will be headquarters for Willis Corroon's U.S. operations, said Mr. Miller. By next year, 1,200 employees will work there, he said.

However, the New York office will remain the base for U.S. financial operations.

In another major decision, Willis Corroon recently announced that it will pull out of its underwriting business. The group owns nine property/casualty insurance companies and one life/health insurer, the largest of which are London-based Sovereign Marine & General Insurance Co. Ltd. and Associated International Insurance Co. in Los Angeles, both of which were Willis Faber subsidiaries.

Another unit, Willis Faber (Underwriting Management) Ltd., for years has served as an underwriting manager for some of the Willis Faber-owned insurers as well as other insurers like Tokio Marine & Fire Insurance Co. Ltd. and Taisho Marine & Fire Insurance Co. Ltd. of Japan and Italy's Assicurazioni Generali S.p.A.

However, these insurers want to open their own offices in London, Mr. Elliott pointed out.

Mr. Miller noted that the initial reasons for establishing the underwriting operation no longer exist. "Sovereign was established in conjunction with our partners around the world who wanted to underwrite business coming into the London market. However, these companies are now starting their own London insurance operations, eliminating the need for Sovereign.

"We all mutually agreed we could get out of it," he said.

As a result, the companies are now up for sale, though London stock analysts believe they will not be sold until next year.

Willis Faber and Corroon & Black executives have been discussing how the brokerages would be combined ever since they announced the proposed merger in early June 1990. However, the talks on how to integrate the operations ground to a halt last September when Aon Corp. announced an all-cash counterbid for Corroon & Black, Mr. Elliott noted.

"We had a bit of a break when Mr. Ryan stuck his nose in," he said, referring to Aon Chairman Patrick G. Ryan (*BI*, Sept. 17, 1990).

The counterbid for a time threatened the merger. In particular, C&B shareholder Bear Stearns & Co. tried to rally other shareholders in favor of the Aon bid (*BI*, Oct. 15, 1990; Oct. 1, 1990).

Corroon & Black shareholders eventually approved the merger with Willis Faber by a 3-1 vote last October after Willis Faber shareholders unanimously approved the merger in late September.

The Willis Faber-C&B merger is based on an exchange of 7.8 Willis Faber ordinary shares for each C&B common share. C&B stock closed at $32.50 per share on Oct. 8, the last day the stock was traded.

Since Oct. 8, Willis Corroon P.L.C. stock has been listed on the London Stock Exchange while Willis Corroon Corp.'s shares have been trading in the form of American Depository Receipts that have a restricted listing on the New York and Pacific stock exchanges. Each ADR represents five Willis Corroon P.L.C. shares.

Including 12-month revenues from both Willis Faber and Corroon & Black, Willis Corroon's combined gross revenues totaled $1.27 billion (660 million pounds) last year.

However, after revenues and interest income from Willis Faber's underwriting operations are deducted. Willis Faber produced gross revenues of $1.14 million (588.3 million pounds), up 24.9% from combined Willis Faber-Corroon & Black 1989 revenues of $908.9 million.

This increase is somewhat misleading because of the strength of the pound vs. the U.S. dollar at year-end. When 1990 revenues in pounds are compared with combined 1989 revenues converted to pounds, Willis Corroon's revenues increased only 8.1% last year to 588.3 million pounds from 544.2 million pounds in 1989.

Because the Willis Faber-Corroon & Black merger was not finalized until Oct. 8, Willis Corroon's 1990 results as reported to shareholders under British accounting principles exclude Corroon & Black's results prior to merger. In addition, Willis Corroon's annual report only contains Willis Faber's —not Corroon & Black's—1989 results.

Not including the underwriting operations, Willis Corroon's revenues as stated in the annual report increased by 35.3% in pounds to 379.5 million pounds ($732.4 million), including 67.6 million pounds ($130.5 million) of revenues attributable to Corroon & Black. That's up from restated Willis Faber 1989 revenues of 280.4 million pounds ($451.4 million).

Willis Corroon's revenues as stated in the annual report includes brokerage revenues of 310.8 million pounds ($599.8 million), up 35.1% from 230.1 million pounds ($370.5 million) in 1989; interest and investment income from brokerage operations of 60.4 million pounds ($116.6 million), up 41.8% from 42.6 million pounds ($68.6 million) in 1989; and underwriting agency fees and commissions of 8.3 million pounds ($16 million), up 7.8% from 7.7 million pounds ($12.4 million) in 1989.

Revenues, however, exclude net premiums written by insurance company subsidiaries of 56.9 million pounds ($109.8 million) in 1990 and 55 million pounds ($88.6 million) in 1989, as well as investment income on underwriting operations.

In the annual report, Willis Corroon reports total 1990 revenues, including underwriting operations, of 451.2 million pounds ($870.8 million), compared with Willis Faber's 1989 revenues of 349.5 million pounds ($562.7 million).

Willis Corroon reported total pretax income from both Willis Faber and Corroon & Black operations of 110 million pounds ($212.3 million). That compares with combined 1989 pretax income of $157.6 million, based on Willis Faber's 1989 pretax income of 61.5 million pounds ($99 million) and Corroon & Black's pretax income of $58.6 million.

In its annual report, Willis Corroon reported that pretax profits rose 32.8% to 81.7 million pounds ($157.7 million)—which includes 6.3 million pounds ($12.2 million) in pretax profits earned by Corroon & Black after Oct. 8—from the 61.5 million pounds ($99 million) in pretax profits reported by Willis Faber in 1989.

In the first quarter of this year, Willis Corroon reported revenues,

Continued on page 32

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including underwriting operations, of 184.9 million pounds ($321.7 million at applicable exchange rates). That is a 5.3% increase from Willis Faber's and Corroon & Black combined first-quarter 1990 revenues of $305.4 million, though the Willis Corroon report to shareholders only reports Willis Faber's first-quarter 1990 revenues of 114.1 million pounds ($188.3 million).

Willis Faber says first-quarter 1991 pretax profits of 44 million pounds ($76.6 million) was a 4% decline from combined first-quarter 1990 profits.

Mr. Miller says the lower profits were due to a 9% increase in expenses during the first quarter.

"Our expenses grew more rapidly than our revenues," he explained. "Some of this was due to the merger, some due to general expenses."

However, Mr. Miller says the broker "now has expenses under better control." This was accomplished by eliminating some redundant operations in the combined organization, he explained.

Willis Corroon employed 11,591 people worldwide at year-end 1990, up 4.8% from the 11,055 employees that Willis Faber and Corroon & Black together reported at the end of 1989.

Executives from both sides of the ocean say they are pleased with the results of the merger.

The deal gave Willis Faber the U.S. retail brokerage presence it had sought, according to Mr. Elliott. "Finally we're involved directly in U.S. retail business. Nobody will feed us business from the U.S. anymore," he said.

In addition, having offices in the United States will enable the London broker to better serve non-U.S. multinational clients with U.S. operations, he said.

However, the merger did come with a price for Willis Faber: The combination with Corroon & Black crushed its long-standing partnership with Johnson & Higgins, Mr. Elliott admits.

U.S. retail business produced by J&H generated about $8 million in commission revenues for Willis Faber (see story, page 32).

J&H announced last month that it would establish its own brokerage presence in London to replace Willis Faber. J&H and Willis Corroon already have severed their brokerage partnerships in Australia, New Zealand and Canada. Willis Corroon now owns 100% of the operations in Australia and New Zealand and sold its 20% interest in the Canadian operation to Johnson & Higgins.

However, despite J&H's decision to go it alone in London, London business brokered by J&H is "slow to slide off" the Willis Corroon books, said Mr. Elliott. "So far, the major business (of J&H) is still with us. Only a small percentage has gone," he said, though he couldn't say how much.

And, Mr. Miller says Willis Corroon is "replacing this lost business as rapidly as we can."

From Corroon & Black's standpoint, the merger satisfies its "Plan 95" strategy, which was to expand the group's international operations by 1995, said Mr. Miller. Willis Corroon now derives 50% of its revenues outside the United States, primarily in the United Kingdom.

While the biggest deal likely is behind it, Willis Corroon will continue to focus on growth through acquisitions, Mr. Miller said.

However, he squelched rumors that Willis Corroon would be acquiring reinsurance brokerage E.W. Blanch Co., explaining that negotiations between the two firms have ceased.

"Ted Blanch is a friend and he has built a great business. But a combination of things" led to Willis Corroon to back away from the deal, Mr. Miller said, referring to Blanch Chairman E.W. Blanch.

"Mentally coming on the head of the (Willis Faber-Corroon & Black) merger, it would have been a major undertaking," said Mr. Miller.

Although the severing of ties with J&H means that Willis Corroon is no longer a part of the UNISON network of independent retail brokerages, Willis Corroon still does business with European members of UNISON, particularly in Germany and France, since the companies have dealt with each other since before the UNISON network began, noted Mr. Elliott.

And, Mr. Miller said that Willis Corroon will be attempting to build its own global network.

Toward that end, Willis Corroon is looking for total or partial acquisition of brokers in areas of Europe where it does not now have offices, like Germany, France and the Netherlands.

Willis Corroon already owns companies in Spain, Portugal and Sweden and has a non-ownership relationship in Italy. Willis Corroon also has representatives in the Soviet Union and Poland.

And, last year Willis Corroon opened a representative office in Japan for the first time in the 97 years Willis Faber has conducted business with Japanese insurers.

Willis Corroon also has offices in Hong Kong, Singapore and Thailand and just recently opened an office in South Korea.

-By Stacy Shapiro and Stacy Adler

5

Johnson & Higgins

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	1990*	1989*
Premium volume	NA	NA
Gross revenues	$833,102,000	$785,945,000
Brokerage: Retail	53%	57%
Wholesale	2%	1%
Reinsurance	7%	7%
Services	32%	29%
Invest. income	6%	6%
Employees	8,102	7,654
Rev./Employee	$102,827	$102,684
Offices	117	106

* *BI* estimates.

Times are changing for Johnson & Higgins, the world's largest privately held insurance broker.

J&H is forming its own retail brokerage unit in the United Kingdom to fill the void left when long-time British correspondent Willis Faber P.L.C. abandoned J&H for a merger with competitor Corroon & Black Corp. last June (*BI*, June 11, 1990).

The decision to form a wholly owned London brokerage operation marks J&H's latest step away from its historically heavy reliance on exclusive correspondent brokers for handling overseas business.

While J&H officials emphasize their commitment to the firm's UNISON network of overseas correspondents, J&H in recent months has acquired its Netherlands correspondent and is discussing acquiring a minority interest in UNISON's Mexico-based member. In 1988, J&H bought an equity stake in its Spanish UNISON partner.

J&H will continue to consider buying stakes in other UNISON members—all of which are also privately held—when those companies decide they want to sell, says J&H Vice Chairman Kenneth A. Hecken.

"There is increasing interest in some form of coming together over time," J&H Director Martin L. Rayner said of forging stronger links among UNISON members.

"We want to be careful to do this in a non-threatening way," he added.

Meanwhile, in another departure from longstanding practice, J&H has restructured the management of its domestic operations, appointing four regional directors to assume some of the oversight burden previously shouldered by the chairman and a few top officers in New York.

"Our engines have not been idling," Chairman David A. Olsen observed of developments over the last year. Mr. Olsen, formerly president of J&H, was named chairman last year, succeeding Robert V. Hatcher Jr., who retired.

Although privately held J&H—owned by its 36 directors—does not release detailed financial information, *Business Insurance* estimates the firm's revenues increased 6% to $833.1 million last year from $785.9 million in 1989.

This makes J&H the fifth-largest broker in *BI*'s ranking of the world's largest insurance brokers, down one place from last year because of the formation of Willis Corroon P.L.C.

As J&H contended with the same soft market pressures faced by all brokers, it also struggled to cope with an extraordinary challenge: the loss of Willis Faber after nearly 100 years of partnership.

J&H had acquired a Lloyd's of London broker, now called J&H Ltd., in 1987, the same year Willis Faber objected to J&H's plan to raise its stake in Willis Faber to 29% from 5%.

After Willis Faber's announcement in June 1990 that it would merge

Continued on next page



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Continued from previous page
with Corroon & Black, J&H began building the staff of J&H Ltd. to about 200 from 90 to handle wholesale and reinsurance placements.

J&H spent several months deciding how to handle U.K. retail business.

One of the options was to merge with an established U.K. broker, and J&H held discussions with "a huge number" of British brokers, eventually narrowing the list of serious candidates to about half a dozen, according to Mr. Olsen.

Although he would not identify any of these brokers, the list included Bain Clarkson P.L.C., C.E. Heath P.L.C. and Hogg Group P.L.C.

For various reasons, none of the merger possibilities looked good, Mr. Olsen said. Some of the brokers, for example, owned underwriting units "that we didn't want any part of."

One wanted to control wholesale brokerage operations, including taking over the wholesale business already managed by J&H Ltd.

Still others wanted to take over J&H's UNISON partners in Europe, while one said it would rather own a second-tier broker in a given country than deal with a first-tier broker on a correspondent basis, said Mr. Olsen.

"That ended negotiations with that broker," he observed.

J&H also considered forming a new correspondent relationship with an established U.K. broker, but the same problems existed.

"We just could not overcome the conceptual lack of fit," Mr. Hecken noted.

Instead, J&H has formed Johnson & Higgins U.K. Ltd., which will provide retail brokerage services alongside the established wholesale and reinsurance operations of J&H Ltd. (*BI*, June 17).

The new U.K. unit is expected to have a staff of about 100 by year-end and will be headed by Patrick Franklin-Adams, a former Sedgwick Group P.L.C. managing director.

J&H is recruiting other staffers from its U.K. competitors and has hired Joseph C. Grogan, Roger Letby and John Lewis, former directors of Willis Wrightson Ltd., Willis Corroon's U.K. retail brokerage unit, as directors of the new retail firm.

One of the ideas J&H didn't pursue was that of forming a new U.K. company jointly with UNISON members Jauch & Huebener of Germany and Gras Savoye S.A. of France.

"We were pretty locked in on wanting to control that operation ourselves," said Mr. Hecken, who described the idea—floated by Jauch & Huebener—as "more than anything. . .a goodwill gesture."

UNISON members have been generally supportive of the new U.K. firm, agreeing at a May meeting to stop accepting new business from Willis Corroon, Mr. Olsen said.

European UNISON members produced between $10 million and $15 million of premium volume for Willis Faber, generating roughly $1.5 million in commission revenue, according to Mr. Rayner. U.S. retail business produced by J&H generated about $8 million in commission revenues for Willis Faber, he added.

Meanwhile, J&H has severed nearly all of its ties with Willis Corroon: The firm sold its 5% stake in its former British partner before the end of last year, Mr. Olsen reported.

In addition, J&H bought out Willis Corroon's 20% stake in the firms' 17 jointly held offices in Canada.

At the same time, J&H sold Willis its stake in operations in Australia and New Zealand, which had been 50-50 joint ventures. Hannan Group Pty. Ltd., Australia's largest independent brokerage with offices in Australia and New Zealand, has joined the UNISON network to replace the former J&H-Willis Faber operations there (*BI*, April 29).

Willis Corroon remains a 20% owner of UNISON S.A., a Belgian brokerage unit jointly owned by J&H and several UNISON members. Although J&H has not discussed the matter with Willis Corroon, the firm expects Willis Corroon to sell its shares in UNISON S.A. as part of its withdrawal from the correspondent network, Mr. Olsen said.

"We have not asked them (to sell). They have no choice," he said.

No decision has been made on who will acquire Willis Corroon's shares in UNISON S.A., though Mr. Hecken expressed doubts that J&H—which already owns 20%—will acquire the entire stake.

"We may be double-dipping a little if we took over the whole Willis share," Mr. Hecken observed.

While J&H officials say they remain committed to the UNISON network, the broker is moving away from its reliance on correspondents in which it has no equity interest.

In 1988, J&H bought a 25% stake in Gil y Carvajal S.A., its correspondent in Spain, with an option to acquire another 25%.

Earlier this year, J&H also acquired its Dutch UNISON partner, R. Mees & Zoonen Assurantien bv, from its parent, Algemene Bank Nederland N.V. (*BI*, March 11).

In addition, J&H is discussing the acquisition of a minority interest in Brockman y Schuh, UNISON's Mexico City-based member.

Meanwhile, J&H has obtained a preliminary agent's license in South Korea and expects to open an office in Seoul with a permanent license shortly.

UNISON's European members have also expanded: Jauch & Huebener has acquired Germany's third-largest broker, Joost & Preuss, and has opened new offices in Leipzig and Dresden, Germany, and Budapest, Hungary (see story, page 65).

Gras Savoye has acquired a majority interest in a Polish brokerage network, Warsaw-based Polbrokers, which has also become a new member of UNISON (see story, page 67).

The next 10 years will see more of these changes as UNISON members sell equity interests to one another or to UNISON S.A., J&H officials say.

"Over time, that kind of linkage will likely continue," Mr. Rayner said.

Mr. Olsen emphasized that J&H is not pushing to acquire interests in its UNISON partners and that it matters little whether UNISON members sell stakes to one another, to UNISON S.A. or to J&H itself.

"It will be different, but not because we are forcing it to be different," he said of the network. "We have no strategic aim to try to engineer it one way or the other."

UNISON partners split commissions on business they refer to one another, with the servicing partner typically taking a 70% share and the referring partner taking 30%, Mr. Rayner said.

In addition to those already named, UNISON members include Caribbean General & Marine Insurance Brokers Ltd. in Barbados; Boels & Begault S.A. in Belgium; Universal Brokers S.A. in Bolivia; Bonnor & Co. A/S in Denmark; Ros & Asociados S.A. in the Dominican Republic; Consultores de Seguros Cia. Ltda. in Ecuador; and Consultores de Seguros S.A. de C.V. in El Salvador.

Also, Laurila Brokers Oy in Finland; Mercury Insurance Agencies Ltd. in Greece; Consultores de Seguros S.A. in Guatemala; Pension & Investment Consultants Ltd. in Ireland; Allied Insurance Brokers Ltd. in Jamaica; Femi Johnson & Co. in Nigeria; Grieg Insurance A/S in Norway; and Ducruet, Sasso y Greene S.A. in Panama.

Also, Gil y Carvajal Boels & Begault, a joint venture in Portugal; Saldana & Associates Inc. in Puerto Rico; AB Max Matthiessen in Sweden; Kessler & Co. in Switzerland; Agostini Insurance Brokers Ltd. in Trinidad & Tobago; and Al Futtaim in the United Arab Emirates.

Along with the UNISON offices, J&H maintains its own offices in Argentina, Brazil, Chile, Colombia, Hong Kong, Indonesia, Italy, Japan, Malaysia, Peru, the Philippines, Saudi Arabia, Singapore, Taiwan, Thailand and Venezuela.

J&H officials say they have lost relatively little business and few employees to Willis Corroon.

Mr. Hecken acknowledged that there have been a few "tempests in teapots," one of which was the sudden departure to Willis Corroon of about a dozen Detroit office staffers responsible for Carsure, an association program covering auto dealers' inventories.

J&H sued Willis Corroon, obtaining a temporary restraining order, but has since dropped the matter, retaining most of the Carsure business, according to Mr. Hecken.

Two J&H aviation specialists also joined Willis Corroon, but it hasn't cost J&H any business, Mr. Olsen said.

Total J&H staff now stands at 8,102, up from 7,654 last year, largely because of the growth of J&H Ltd. and the addition of Mees & Zoonen's 314 employees, Mr. Hecken said. U.S. domestic staff levels, by contrast, have remained basically flat, he said.

J&H also increased its offices to 117 from 106 last year.

Despite continuing soft property/casualty market conditions, J&H managed to produce a 6% increase in revenues last year to an estimated $833.1 million, though this repre-

Continued on next page

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Continued from previous page

sented a slight slowdown from the previous year, when revenues grew 7.5% to an estimated $785.9 million from $731.1 million in 1988.

Mr. Olsen attributed the modest slowdown in revenue growth to depressed market conditions.

Expenses grew at a slower rate than revenues, though, and J&H ended last year with a wider profit margin than in 1989, he said.

Revenues grew more than 6% in the first five months of 1991, still ahead of expenses, Mr. Olsen added.

Pointing out an advantage of J&H's status as a private company, Mr. Olsen noted that profits can pay for expansion—like the new London operation and the Mees & Zoonen acquisition—and hiring and rewarding key employees, rather than dividends.

J&H acquired Mees & Zoonen with a combination of retained earnings and borrowing, Mr. Olsen reported.

The new London operations, meanwhile, are being financed entirely with retained earnings, according to Mr. Hecken, who described J&H as "virtually debt-free."

J&H's investment in its own operations—combined with the soft market pressure on revenues—has meant smaller returns for J&H's directors/shareholders.

Director compensation is based both on the firm's performance and on directors' individual responsibilities; directors do not receive fixed dividends or a defined percentage of yearly profits, Mr. Olsen said.

"1990 will not go down as a wonderful year in our history or in any broker's history," he observed. "Do, therefore, the owners of J&H make less money? Absolutely. Every director made less money in 1990 than they did in 1989, and that's exactly the way it should be."

Overall, *BI* estimates that J&H generated 53% of its 1990 revenues from retail insurance brokerage; 2% from wholesale brokerage through Henry Ward Johnson & Co., its excess/surplus lines unit; 7% from reinsurance brokerage, including revenues from its Willcox Inc. Reinsurance Intermediaries unit; 32% from services, including employee benefit consulting revenues from A. Foster Higgins & Co.; and 6% from investment income.

Supporting the brokerage operations are specialty industry groups, including: ConstructionGroup, FinancialGroup, GovernmentGroup, HealthGroup and EnergyGroup.

J&H recently consolidated its marine and energy operations in the New York office into a single Marine/Energy division to be directed by the EnergyGroup chairman.

The fastest-growing segment of J&H's business continues to be its middle-market division, which provides brokerage, employee benefit consulting and other services. After 16% growth last year, J&H expects its volume to be up 50% by 1995.

J&H last year developed a new insurance program for clients, the Risk Incentive Sharing Program, under which clients make a long-term commitment to coverage with a particular insurer. The goal of the program—in which about a dozen large clients are now participating for property coverages—is to stabilize premiums and coverage terms to provide premium discounts. The discounts are then used to fund current insured losses or—if they are not needed for current losses—to fund future increases in self-insured retentions (*BI*, April 8).

Other J&H operations include:

- The Global Captive Management Group, a Bermuda-based group that managed 319 captives writing $1.7 billion in premiums in many onshore and offshore domiciles last year.
- Johnson & Higgins/Kirke-Van Orsdel Inc. of Des Moines, Iowa, which handles association and group accounts.
- J&H Financial Services, a unit that markets group universal life and corporate-owned life products.
- Sibson & Co. Inc., a Princeton, N.J.-based compensation and salary planning consultant.
- Pacific Marine Associates Inc. in San Francisco and Shipowners Claims Bureau Inc. in New York, marine claims adjusters.
- Johnson & Higgins Willis Faber (U.S.A.) Inc., a syndicate manager involved in running off the business of several syndicates on the now-defunct New York Insurance Exchange.
- Dynamark Inc., a Houston-based claims management operation.
- Reinmex S.A., a Mexico City-based reinsurance intermediary in which J&H is a joint venture partner with Brockman y Schuh.

J&H has restructured the management of its domestic operations, appointing four regional directors to whom branch office directors now report instead of reporting directly to top management in New York.

The new regional directors are David W. Bianchi, Western region in Los Angeles; Rodney D. Day III, Northeast region in New York; John W. Gussenhoven, Central region in Detroit; and Albert S. McGhee, Southern region in Atlanta.

J&H's top managers found it increasingly difficult to devote the necessary attention to 55 U.S. branch offices and more than a dozen Canadian offices reporting directly to New York, Mr. Olsen noted.

"There were really too many branches reporting for us to give them all attention," he explained. Decentralized reporting also puts management decision-making closer to clients, he observed.

J&H industry specialists and specialists in various coverages also will be organized regionally rather than nationally, added John Deitchman, a J&H national casualty practice leader in New York.

In addition to Messrs. Olsen and Hecken, top officers include Richard E. Meyer and Richard A. Nielsen, executive vps.

—By Douglas McLeod

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6

Frank B. Hall & Co. Inc.

261 Madison Ave., New York, N.Y. 10016; 212-922-1300; fax: 212-972-8163

	1990	1989
Premium volume	NA	NA
Gross revenues	$443,108,000	$383,712,000
Brokerage: Retail	68%	70%
Reinsurance	7%	5%
Services	17%	17%
Invest. income	8%	8%
Employees	4,869	4,356
Rev./Employee	$91,006	$79,018
Offices	160	160

Frank B. Hall & Co. Inc.'s goal "is to become known as the firm that cares," says Chairman and Chief Executive Officer Donald R. Bell.

When charting what Mr. Bell calls the "renaissance of Hall" following years of financial and legal controversy, its executives examined the most important element of the brokerage business and found that element to be people, he explained.

"What was exceptional only a few years ago is expected today, so how do you get back to exceptional?" Mr. Bell asked.

Hall is attempting to reach that goal by launching a campaign for "signature service," meaning "if we put our name on it, it denotes a certain level of quality," he explained.

"What we want to do through signature service is differentiate ourselves from the industry and tailor our services to what we think the client really wants his insurance broker to do," Mr. Bell said.

To learn what clients want, Hall arranged for risk managers to attend focus group meetings, though they were not told the sessions were sponsored by Hall. Separately, groups of Hall employees and senior managers in the field were asked what they thought clients wanted.

The employees whose answers most frequently matched risk managers' were senior managers. "Obviously, you had a breakdown in communication" with senior managers, Mr. Bell said.

Risk managers major complaint was "my broker doesn't listen to me," Mr. Bell said. That response is likely symptomatic of the industry, since the risk managers at the sessions included both Hall and other brokers' clients, noted Peter T. Pruitt, Hall's president and chief operating officer.

Hall employees now must realize that they do business with people, not just companies, Mr. Bell said. "If we spend more time on anything, it's probably on the word 'feelings.' "

Some of the qualities risk managers said they look for in a broker include partnership, innovation, responsiveness, expertise, integrity and communication, he said.

All of Hall's educational programs for employees will contain an element of "signature service," he said.

The short-term expense of the "signature service" program is worth the long-term benefits, said Mr. Bell, who added that Hall has "deliberately not quantified" the cost. If these expenditures were broken out, they could be looked at as an expense to be cut, he said.

"We can't afford to not do it," Mr. Bell said.

Although the "ability to deliver insurance" is crucial for brokers, an emphasis on dealing with people is "the part that's missing from the industry," Mr. Bell said.

"All of the so-called going back to basics is paying off," Mr. Bell said.

In 1990, Hall's first profitable year since 1986, gross revenues rose 15.5% to $443.1 million from $383.7 million in 1989. First-quarter revenues rose 8.7% to $121.7 million in 1991 from $111.9 million a year earlier.

Net income of $4.2 million last year compared with an $86.2 million net loss in 1989, while in this year's first quarter net income increased 20.4% to $3.7 million from $3.1 million.

Despite posting overall net income in 1990 and the first quarter of 1991, Hall reported net losses of 50 cents per share in 1990 and 4 cents per share in the first quarter of 1991 after preferred stock dividends are paid, primarily to Reliance Group Holdings Inc., Hall's majority shareholder.

On a fully diluted basis—including common and preferred, options and warrants—Reliance and its subsidiaries owned about 83% of Hall stock as of March 15, said John A. Addeo, Hall's senior vp and treasurer.

Reliance Chairman Saul P. Steinberg is chairman of Hall's executive committee.

Hall refinanced $150 million in debt this spring (*BI*, May 20). A $50 million revolving credit agreement between Frank B. Hall (U.K.) Ltd. and various banks matured April 15 and was refinanced when Hall repaid the $50 million. The bank group then issued $75 million in new revolving credit to Hall, Mr. Addeo said.

Also, Hall refinanced $100 million in subordinated notes due May 15 with $25 million from the revolving credit, $25 million in credit provided by Reliance and $50 million in preferred stock issued to Reliance Insurance Co., Mr. Addeo said.

Sixty-eight percent of Hall's gross revenues were produced by retail brokerage in 1990, down from 70% in 1989. Services, including benefit consulting, accounted for 17% of revenues, unchanged from 1989; investment income accounted for 8%, also unchanged; and reinsurance brokerage for 7%, up from 5%.

Profits in the second half of 1990 and first quarter would have been "materially better" without the investment in new employees, Mr. Pruitt said.

Hall has continued to aggressively hire new producers from other brokerages, as it has for several years. Some of its hires have resulted in court battles with rival Alexander & Alexander Services Inc.

A flurry of lawsuits has produced contrasting rulings. A U.S. District judge in Kansas City, Mo., in May denied A&A's request for a preliminary injunction prohibiting two former employees from soliciting A&A clients on behalf of Hall, their new employer.

But a month earlier, a U.S. District Court judge in Omaha, Neb., had ruled that A&A was not prohibited "from enforcing any non-competition or non-solicitation agreements against its former employee." Also in Omaha, a state judge in a separate case granted A&A's request for a temporary injunction forbidding former A&A employees who joined Hall from soliciting business for their new employer (*BI*, Feb. 18).

"We have attracted employees from brokers all over. . .because we are perceived as the place to be," Mr. Bell said.

In fact, Mr. Pruitt said, one frustration in 1990 was "that we didn't have the resources to take advantage of all the opportunities" to hire qualified people interested in working there. "Every time we get a phone call from someone we know is really good, we're dying to hire them," but can't always do so, agreed Mr. Bell.

Despite the attention on its hiring drive, Hall increased its number of employees only slightly in 1990 to 4,869 from 4,856 in 1989. Although Hall has hired staff in the production and technical areas, this has been partially offset by cutbacks in the clerical staff, mainly through attrition, Mr. Bell said.

At Hall, individuals "can make their mark," Mr. Pruitt maintained.

Many major brokers want to "institutionalize" their book of business —meaning they think the business belongs to their company, Mr. Bell said. However, he noted that many brokers also have lost "entrepreneurialism in spirit, not just in words," and some brokers, "instead of following their own instincts, started to listen to a bunch of advice from people who haven't done it themselves, but just sell advice."

This creates a corporate culture that "turns off" the "rainmakers"—the producers that brokers need to keep, Mr. Bell said.

Employee criticism is encouraged at Hall, the executives say. "They have a right to question everything management does," Mr. Bell said. Employees "can say anybody is an idiot from the chairman on down," he quipped. Only one rule is enforced: Critics must offer an alternative.

As a retail broker, "Hall has historically had a large account franchise," but has also had a significant amount of "mid-market" business, Mr. Pruitt noted.

Areas of concentration for Hall include financial services, environmental, health care, energy, utilities and aviation, Mr. Bell said.

Also, Hall last year formed a public entities group, in which the offices in San Francisco, Denver, Milwaukee and Boston have "substantial involvement," said Mr. Pruitt.

Hall continued to operate 160 offices, with five offices opening and five others closing. Those opening are in Phoenix; Merrillville, Ind.; Kansas City, Mo.; Omaha, Neb.; and Dresden, Germany. Those closed were in Englewood, Colo.; Walnut Creek, Calif.; and Alkhobar, Jeddah, and Riyadh in Saudi Arabia.

The Saudi Arabian offices were closed after Hall gave up its small interest in a joint venture there, Mr. Addeo noted.

Hall bought several firms recently. Last year, it acquired Marine Insurance Services in New Orleans; Great River Agency and Engler, Hundhausen & Lockos in St. Louis; Scullian & Partners in Aberdeen, Scotland; and Andrew Weir Insurance

Continued on page 38

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Spotlight report

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Rollins Burdick Hunter Group Inc.

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	1990	1989
Premium volume	NA	NA
Gross revenues	$380,600,000	$316,400,000
Brokerage: Retail	68%	74%
Reinsurance	13%	8%
Services	12%	11%
Invest. income	6%	6%
Other	1%	1%
Employees	3,450	3,513
Rev./Employee	$110,319	$90,065
Offices	78	91

Each of the four operating units of Rollins Burdick Hunter Group Inc. now "has enough critical mass to be a major player" in its field, says Patrick G. Ryan, chairman and chief executive officer.

Acquisitions and new business development helped each RBH Group unit grow.

In addition to the retail brokerage unit of Rollins Burdick Hunter Co., the group includes the reinsurance/wholesale brokerage and services unit Aon Risk Services Inc., the specialty group marketing unit Rollins Specialty Group Inc. and the employee benefits consulting unit Miller, Mason & Dickenson Inc.

New business growth was particularly strong in retail brokerage and reinsurance brokerage, said Mr. Ryan, who also is chairman, president and chief executive officer of parent company Aon Corp.

Key additions to management include Richard A Riley who in April joined RBH Co. as president, and Richard K. Voss, who also joined in April as senior vp of the major account support team within the retail brokerage unit, Mr. Ryan noted.

Mr. Riley previously was western divisional executive vp with Willis Corroon P.L.C. and Mr. Voss was an executive vp of risk management for RBH of Illinois (*BI*, April 8).

Expanding the management team was important following recent growth and acquisitions, Mr. Ryan noted.

For example, RBH in July 1989 purchased most operations of Bayly, Martin & Fay International Inc., then the 10th-largest U.S. broker with 1988 revenues of $74.7 million.

Overall, gross revenues for RBH Group rose 20.3% to $380.6 million from $316.4 million in 1989, while pretax income increased 44.8% to $36.6 million from $25.3 million. Aon does not report individual units' net income.

Revenues per employee rose to $110,319 from $90,065.

Results for 1990 "exceeded expectations," Mr. Ryan said.

But revenues for RBH Group declined 2.6% in the first quarter of 1991 to $99 million from $101.6 million in the comparable period of 1990. And pretax income fell 7.1% to $13 million from $14 million.

Executives attributed the declines primarily to competitive conditions in the insurance market.

First-quarter results were "at the high end of the peer group comparison," noted Mr. Ryan.

RBH is now the seventh-largest broker in the world and in the United States, following the merger last October of No. 6-ranked Willis Faber P.L.C. and No. 5-ranked Corroon & Black Corp.

Aon last year attempted to buy Corroon & Black for $840 million in cash in a challenge to the already announced merger.

In 1990, "clearly the biggest disappointment was that we were not able to make the Corroon & Black acquisition," Mr. Ryan said.

Aon last September withdrew its bid after Corroon & Black rejected it (*BI* Sept. 24, 1990). Aon had said it would not attempt a hostile takeover.

Although it failed, the bid helped RBH, Mr. Ryan says. It demonstrated that Aon is willing to make an $840 million commitment to the brokerage business, while the fact that no hostile takeover was pursued and the bid was withdrawn showed "we're people of our word," Mr. Ryan said.

"We could have done it, if we had been willing to play the game that way," Mr. Ryan said. But a hostile takeover could be "detrimental to the clients and people strength of both organizations," and could devalue the target company, he said.

Even without that acquisition, the retail brokerage unit of RBH Group —its largest—grew last year. RBH Co.'s revenues grew 11.6% in 1990 to $223.8 million from $200.5 million in 1989.

"We felt pretty good about 1990," said Arthur F. Quern, its chairman and chief executive officer.

Net pretax income per employee increased 150%, and revenues per employee grew 8%, Mr. Quern said.

He attributed the 1990 growth to new business and to the Bayly, Martin & Fay purchase. That acquisition is now fully integrated into RBH Co., he said, marking one of 1990's biggest accomplishments.

In the first quarter of 1991, office closures and market conditions drove revenues down 7.4% to $57.6 million from $62.2 million a year earlier, Mr. Quern said.

RBH Co. closed offices in 1990 in locations not seen as growth areas: Hartford, Conn.; Stockton, Calif.; Houmah, La.; Omaha, Neb.; Reno, Nev.; South Bend, Ind.; and Edgewood, Ky. The Phoenix office is also being closed.

"We're not pleased to have to close down some of those operations. . .but we think that's the right way to go," Mr. Quern said. "They really don't fit with the long-term strategic plan, and there's really not growth there."

Clients in those cities will be served by other offices.

As a group, RBH had 78 offices at year-end 1990 compared with 91 at year-end 1989.

RBH Co. currently is in about 40 markets in the United States and is looking to enter about 10 more, although there is disagreement on what those 10 should be, Mr. Quern noted.

Among the factors considered when deciding whether a city is a growth location are businesses based there and trends in the local economy, Mr. Quern said.

RBH Co. has three key goals, he said.

The first is to bring in new talent.

Building niches is the second. For example, the company in April finalized its acquisition of Huntington T. Block Insurance, a Washington, D.C.-based agency specializing in fine arts coverages.

The third goal is gradually to develop internationally.

RBH Co. earlier this year opened a new office in Paris and has expanded its operation in Frankfurt, Germany.

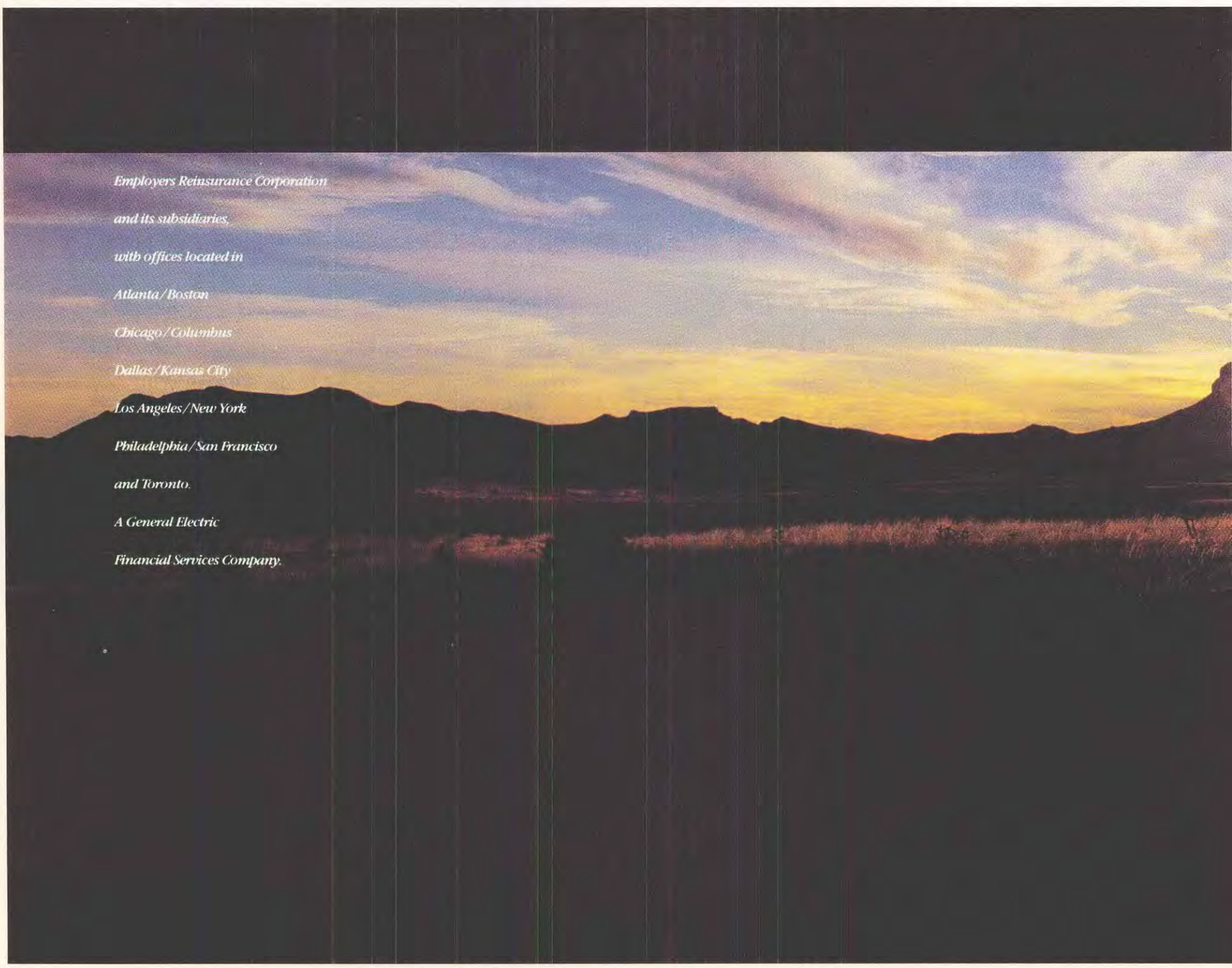
Although the Frankfurt and Amsterdam offices do produce business, they primarily work with correspondent brokers to service U.S. multinationals and foreign companies doing business in the United States, he said.

Also, RBH continues to develop its venture with Tokyo-based Choei Co. Ltd., a large insurance agency and the exclusive agent for the Long Term Credit Bank of Japan, Mr. Quern said.

In London, RBH Co. has an equity interest in Lloyd's of London broker Nicholson, Chamberlain, Colls Ltd., which has "worked extremely well for everyone involved," said Mr. Quern.

"We have approached being a global broker in the context of working primarily through correspondents," Mr. Quern pointed out. "That's worked very well for us

Continued on next page



Carlton D. Wade $221,562
James M. Schlomann $215,537

—*By Colleen Johnson*

Continued from previous page
volume of approximately 370 million pounds ($606.8 million) this year.

The average premium underwritten by members of Jardine's agency in 1991 is approximately 490,000 pounds ($803,600).

Also during 1990, Jardine purchased Singapore-based Fenchurch Hearn & Quek Pte. in November in order to bolster its non-marine corporate business in Asia.

Mr. Barton explained that Jardine's strategy has been to build full-service retail brokerage operations in marine, non-marine and employee benefits throughout the

based international trading house founded in 1832.

In addition to Messrs. Barton, Brown and Weber, Jardine's other principal officers include: C.G.R. Leech, group chairman; D.E. Corben, chairman and chief executive of Jardine Reinsurance Holdings (U.K.) Ltd.; R.D. Guy, managing director of Jardine Insurance Brokers Pty. Ltd. Australasia; M.C.D. Gribbin, chief executive of Jardine Insurance Brokers International Ltd., the broker's wholesale arm; D.J. Batchelor, chief executive officer of Jardine Insurance Brokers Asia Ltd.; and Mark P. Dawson, managing director of Jardine (Lloyd's Underwriting Agents)

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Continued from previous page
and our clients."

But RBH Co. would consider an acquisition, he said.

Bermuda also has "been a good growth area for us," Mr. Quern said.

RBH in Bermuda manages captive insurance companies and brokers insurance and reinsurance to Bermuda-based companies.

Mr. Quern noted that the financial strength of Aon is "significant in everything we do," be it acquisitions, trying to recruit people or talking about investments.

Aon's size—$10.4 billion in total assets—and the quality of its staff enables RBH Co. to be "quick and creative," Mr. Quern said.

"We believe the sense of urgency and trying to think creatively is what distinguishes us," Mr. Quern said.

"You just don't have to go through 100 layers of bureaucracy to figure out what you're going to do for a client," noted Mr. Riley.

And, RBH Co. stresses teamwork, Mr. Quern said.

A broker's "people resources" will be increasingly important in the 1990s and probably beyond, predicted Mr. Riley.

These producers will have to be able to listen, have a broad business knowledge and be able to react to what is happening to the client and in the world, he said.

"Just simply providing an insurance policy is not going to be the answer," Mr. Riley said. "Only very creative people working for very quick-reacting organizations are going to succeed."

"This is why the whole concept of teamwork is more than just a slogan," Mr. Quern said. "That's a strategic outlook on our part; it's not just an advertising line."

The wholesale and reinsurance brokerage and services unit, Aon Risk Services Inc., grew 86.7% in 1990, to $55.6 million in revenues from $29.8 million.

Aon Risk Services includes reinsurance broker Aon Reinsurance Agency Inc., third-party administrator Martin Boyer Co., managing general agent Aon Entertainment Ltd., wholesale broker Aon Broker Services Inc. and other specialty units.

Michael D. O'Halleran, chairman and president of Aon Risk Services, attributed the growth to the early 1990 acquisition of Martin Boyer and a full year of revenues from Aon Entertainment Ltd.

Aon Entertainment, formerly known as American National General Agencies Inc., was owned by Bayly, Martin & Fay.

However, 1990 profits for Aon Risk Services were "disappointing," Aon concedes in its annual report.

"The decline in earnings is the result of continuing investment in people for our reinsurance intermediary and the cost of discontinuing certain self-insurance services," the annual report says.

"We made expenditures in people, and typically treaty reinsurance takes time to develop to pay off those expenses," Mr. O'Halleran said. "Probably that has been the single biggest growth area in terms of our new business" for Aon Reinsurance.

Revenues grew by 9.6% in the first quarter of 1991 for Aon Risk Services. Mr. O'Halleran attributed this increase to growth in the Aon Reinsurance and Martin Boyer units.

Aon Reinsurance has experienced a "significant growth in new business," while existing business is either flat or slightly down, Mr. O'Halleran said.

The traditional property/casualty reinsurance marketplace remains very competitive, Mr. O'Halleran said. Most growth for Aon Reinsurance was in specialty areas, like professional liability, he said.

Last year, RBH executives said Aon Reinsurance Agency could realistically become the the second-largest U.S. reinsurance intermediary in the next few years. Aon Reinsurance Agency was ranked the seventh-largest intermediary based on 1989 revenues (*BI*, Nov. 12, 1990).

Mr. O'Halleran said he believes Aon Reinsurance is now in the Top 5. But he said in order for the intermediary to reach the No. 2 spot, it would have to make acquisitions.

Aon Reinsurance frequently is approached by interested sellers, said Mr. O'Halleran, adding that Aon Reinsurance is interested in very focused and specialized operations.

Aon Reinsurance works closely with Rollins Specialty Group in placing reinsurance for specialty programs developed by Rollins Specialty, and places all outgoing reinsurance for Virginia Surety Co. Inc., an Aon property/casualty insurance unit.

Mr. O'Halleran said he is enthusiastic about Aon Reinsurance's prospects, noting the investment in new staff, its ability to bring in new business despite the soft market and its ability to utilize the resources and contacts of other RBH Group units.

Aon Entertainment in 1990 entered an underwriting management agreement with CNA Financial Corp. to offer insurance to organizations involved in motion pictures, television, cable TV, music and live entertainment.

Although there have been delays in getting the program off the ground, Mr. O'Halleran said he believes that Aon Entertainment is still the second-largest managing general agent for entertainment business, next to Albert G. Ruben & Co. Inc., the Alexander & Alexander Services Inc. subsidiary that handles entertainment business for Woodland Hills, Calif.-based Transamerica Insurance Co.

Aon Entertainment has lost some existing and new business to competitors with lower rates, but it will "refuse to get into giving away business," said Mr. O'Halleran.

Aon Entertainment's interest in expanding outside the United States, both independently and with CNA, is "on the back burner," Mr. O'Halleran said. "We want to solve problems at home before going to Europe and the Far East."

Aon Broker Services Inc., a wholesale broker formerly known as Hayden Insurance Services, faced a "very, very tough marketplace" in 1990, and more of the same is expected for this year, Mr. O'Halleran said. The unit works with Aon Reinsurance to service retail brokers' marketing needs.

In the first quarter of 1991, Martin Boyer saw growth in new clients and in third-party administrator services, Mr. O'Halleran said.

Martin Boyer also is a wholesaler of workers compensation insurance and works closely with Aon's Virginia Surety to place workers compensation insurance and provide claims, engineering and administration services.

Integrated Run-off Insurance Services Corp., started almost two years ago, provides reinsurance consulting and the management of runoff services to clients, associations, captives and risk retention pools worldwide. In 1990, it was "successful in attracting several new pieces of runoff business" from a company that decided to get out of the auto warranty business, Mr. O'Halleran said. He expects IRISC to be profitable for the first time this year.

Mr. O'Halleran said he is "very bullish" about the formation of a

Continued on next page

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Minet Holdings P.L.C.

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	1990	1989
Premium volume	**$3.3 billion**	$3.1 billion
Gross revenues	**$318,000,000**	$288,100,000
Brokerage: Retail	**38%**	40%
Wholesale	**28%**	34%
Reinsurance	**12%**	9%
Personal lines	**1%**	1%
Services	**1%**	2%
Invest. income	**16%**	12%
Other	**4%**	2%
Employees	**3,645**	3,469
Rev./Employee	**$87,243**	$83,050
Offices	**140**	140

Fiscal year ends Sept. 30.

Minet Holdings P.L.C. is embarking on a major strategic and structural review to meet the demands of the 1990s following the appointment of a new high-level executive.

In May, Chairman and Chief Executive Officer Ray Pettitt appointed U.S.-based Peter Christie as managing director and chief operating officer. Mr. Christie, who joined Minet in Montreal in 1968, is moving to Britain from New York, where he has been a deputy group chairman heading up North American operations.

All operating units of Minet will report to Mr. Christie, who reports to Mr. Pettitt.

Mr. Christie could eventually become Minet's chairman, said Mr. Pettitt. The company's two other deputy chairmen, Brian Chapple and C.W. Keey, have told Mr. Pettitt they plan to retire in 1993.

Mr. Pettitt has no immediate plans to retire, but he is becoming more involved with his duties as executive vp of Minet's parent company, The St. Paul Cos. Inc., and will spend more time in the United States helping St. Paul with its international expansion plans.

Mr. Christie's promotion is "really a part of a planning process with long-term implications of succession," Mr. Pettitt said.

Together, Messrs. Pettitt and Christie are embarking on a major review of the company.

"Part of Ray's and my plan is to commence a pretty broad-based review of the strategy of the group," Mr. Christie said. "That is a process which is by no means completed. In fact, it's hardly started."

"We've been operating with essentially the same structure now for the last eight, nine years," added Mr. Pettitt. "With Peter here, it's a very opportune time to review our strategy and structure and get ourselves into an ideal position for the 1990s."

Mr. Christie says that the review will revolve mainly around the company's internal structure and new opportunities it can grasp.

Mr. Pettitt wouldn't comment on any changes that could result from the study, though he noted that Minet plans to focus on what it does well rather than trying to be all things to all people. "What we really want to focus on is what we're good at, where we can bring genuine added value to our customers," he said.

"We see increasing our focus on particular areas," added Mr. Christie, noting that Minet already is known for its expertise in brokering professional liability insurance as well as oil and gas, fine art and jewelers block insurance. "We've got four or five special areas already and we'll be looking for more of those. . . .We want to focus in the areas we are good in as opposed to being a one-stop shop."

During the restructuring, Mr. Christie also hopes to streamline the organization and raise the company's sophistication in other client services, like risk management and loss control services.

"We do have skills in those areas today, but I think we'll be able to enhance them," said Mr. Pettitt.

Minet's gross revenues increased 10.4% to $318 million for the year ending Sept. 30, 1990, from a restated $288.1 million in fiscal 1988-1989.

That compares with a 3% revenue decrease the previous year.

Minet retains the No. 9 spot in the *Business Insurance* ranking of the world's largest brokers.

Gross revenues include Minet's brokerage fees and commissions, which increased 7.6% to $266 million in 1989-1990 from $247.2 million the prior year, and investment and other income, which increased 27.1% to $52 million from a restated $40.9 million in 1989.

Revenues exclude profits from associated companies, in which Minet holds less than a 50% interest, and insurance companies, which increased 44.2% to $7.5 million in 1989-1990 from $5.2 million in 1988-1989.

Minet's operating expenses increased 12% last year to $288.5 million from $257.7 million, creating an operating loss of $22.5 million, double the 1988-1989 operating loss of $10.5 million.

However, taking into account investment income and profits from associated and insurance companies, pretax profits increased 13.5% to $37 million from $32.6 million in 1989.

Minet reported 3,645 employees in more than 140 offices worldwide at year-end, up 5.1% from 3,469 people in about the same number of offices a year earlier.

Minet states its revenues in dollars using an average year exchange rate to parallel St. Paul's financial reports and to comply with U.S. accounting principles. The St. Paul, Minn.-based insurer bought Minet in 1988.

Because Minet reports its results in dollars and is owned by a U.S. company, *BI*, for the first time, is including Minet in its list of the 100 largest U.S. brokers. Minet ranks No. 8. Also, half of Minet's revenues are generated by U.S.-based clients.

Minet's headquarters remain in London, where its major division executives are based. Next spring, Minet will consolidate staff from five locations near London into a new 36 million pound ($58.9 million) building adjacent to its headquarters.

The new building will include Minet's "backroom" administrative offices. While many brokers move these operations outside of London to reduce overhead, Minet is moving its backroom into London to increase contact between producers and administrative staff and to increase efficiency, said V.K. Desai, Minet's group finance director.

Minet's North American revenues produced 55% of overall revenues last year, or $146.9 million, compared with 57.3% of 1988-1989 revenues, or $142.7 million, in 1989.

Altogether Minet has about 1,400 employees in North America, with wholesaler Swett & Crawford Group the largest U.S. unit.

Mr. Christie hopes that Minet will soon create "a corporate image" for the Minet units in North America as part of the strategic review, though certain North American operations will keep their unique identity.

"We will always continue to have different name identifications where appropriate" said Mr. Christie. "I think we will be working to create more of a corporate image in North America subject to that caveat."

Its North American operations include:

- Swett & Crawford, North America's largest surplus lines broker, with 36 offices nationwide.

Swett & Crawford has performed well considering the excess/surplus lines market has been under "enormous pressure in the last three to four years," said Mr. Pettitt. "We're disappointed that the excess/surplus lines market hasn't turned."

- The North American offices of London-based Minet Professional Services, once known as Minet Professional Indemnity Ltd., headed by

Continued on next page



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largest U.S. broker based on 1988 annual revenues of $35.2 million, in December 1989 (*BI*, Dec. 18, 1989).

Since the merger, which was completed in May 1990, JIB Inc. has been consolidating offices and divesting itself of some of its smaller, less compatible operations, according to George W. Brown, president and chief executive officer of Jardine's U.S. operations.

"We sold Glanvill Special Risk (Brokers New York Inc.) to American Business Insurance Inc. of San Francisco because strategically it was a better fit for them than it was for us," Mr. Brown said.

Terms of the sale were not disclosed.

In addition, Jardine last year

from $100 million in 1989.

Approximately 68% of JIB Inc.'s revenues were attributable to commercial retail brokerage, while 3% came from wholesale brokerage, 5% from personal lines, 19% from services and 5% from investment income.

As JIB Inc. absorbs its latest large acquisition in the United States, Jardine's parent has made several additions of its own.

One purchase, that of Lloyd's members' agency Nelson Hurst & Marsh in April 1990, made Jardine the fifth-largest members' agency in the London market, according to Mr. Barton.

Jardine (Lloyd's Underwriting Agents) Ltd. handles the underwriting affairs of 750 Lloyd's members representing a premium

Continued on next page

Continued from previous page
Chairman and Chief Executive Officer Richard H. Murray.

Mr. Murray moved from New York to London last July and oversees MPS's operations in Australia, Canada, the Netherlands, the United Kingdom and the United States. It also has offices in New York, San Francisco and Paramus, N.J.

Minet Professional Services is considered the largest professional liability insurance brokerage in the world, excluding medical malpractice insurance, said Mr. Christie. It is known as the leading broker for accountants and lawyers professional liability coverage, he said.

Mr. Christie, who began his career in Minet's professional liability operation, says the U.S. savings and loan crisis has not increased Minet Professional Services' expenses, despite the huge increase in potential claims against accountants and lawyers with S&L clients.

The S&L crisis has confused insurers and made some think twice about entering this market, said Mr. Christie. "Insurers are trying to get a handle on the size of the problem, what it means from an underwriting point of view, and are trying to understand whether it's a one-time event or a systemic problem.

"The real fear is that if the federal government or society is going to look to professionals to underwrite the cost of a systemic jolt of that nature, what does that mean from an insurance point of view?"

• The U.S. reinsurance operations of London-based Minet Reinsurance Brokers International, headed by MinRe Chief Executive Officer Bryan J. Hayes.

The U.S. reinsurance operations include Intere Intermediaries Inc. of New York, and RFC Intermediaries Inc. and Tailored Awards Inc., both of Atlanta.

Minet Reinsurance Brokers, which operates in Britain and several other nations, "had a good year in 1990 and is doing well in 1991," according to Mr. Pettitt. The division is looking at two to three new acquisitions during this year, he said.

• The worldwide headquarters of Minet Risk Services, which changed its name from Prescot Management Ltd. earlier this year. This Bermuda-based division, which directly reports to Mr. Christie, offers alternative risk financing and risk management services from offices in Bermuda, Guernsey, Singapore and Barbados.

• J.H. Minet (Canada) Ltd., a retail brokerage with offices in Saskatchewan, Vancouver, Toronto and Montreal.

About 23% of Minet's revenue comes from the United Kingdom and Ireland. About 1,600 employees are based in the United Kingdom.

Based in London are the worldwide operations of subsidiaries like Minet Professional Services; Minet Reinsurance Brokers; Minet Europe (Holdings) Ltd.; and Minet International (Holdings) Ltd.

In addition, London is the headquarters for Lloyd's of London brokerage J.H. Minet & Co. Ltd., headed by Chief Executive Officer Jack T. Gore.

J.H. Minet is known for its expertise in the oil and energy field and in specialty areas like banks and financial institutions, crop insurance and high-value industrial facultative reinsurance.

J.H. Minet says its fine arts and jewelry division is the largest broker of its kind in London and can arrange more than $700 million of policy limits.

London is the home of retail broker Minet Insurance Brokers (U.K.) Ltd., which also is headed by Mr. Murray. MIB (U.K.), which has 16 offices in the England and Scotland, last year acquired AA & JG Denison's & Co. Ltd. in York and Duncan Insurance Brokers Ltd. in Glasgow.

Meanwhile, Minet Europe (Holdings) Ltd. and Minet International (Holdings) Ltd., also grew last year, according to Mr. Pettitt.

In continental Europe, which accounted for 4% of the company's revenues last year, Minet Europe opened a new office in Oslo, Norway, known as Minet Ness Insurance Brokers A.G. Minet Europe now has offices in Florence and Milan, Italy; Monte Carlo, Monaco; and Paris.

Minet would like to expand its French operations and establish offices in Germany, "but not at any price," said Mr. Pettitt.

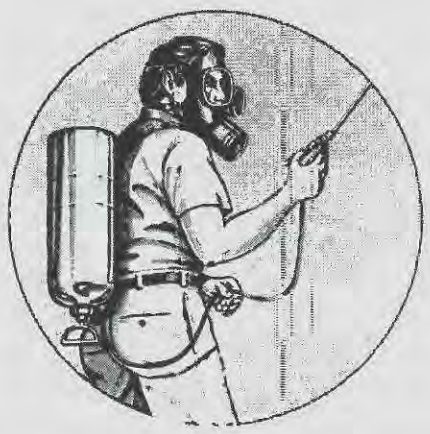
Minet International includes Minet's operations in Africa, the Middle East, Australia and the Far East, which together account for 18% of overall revenues.

Last year Minet International bought Archer Associates Ltd. in New Zealand and Essar International Insurance Brokers in Hong Kong.

Minet International has 28 offices in England, Australia, New Zealand, Japan, Hong Kong, Thailand, Taiwan, Ireland, Botswana, Kenya, Swaziland, Zimbabwe and Nigeria.

—By Stacy Shapiro

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10

C.E. Heath P.L.C.

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	1990*	1989*
Premium volume	NA	NA
Gross revenues	$269,526,000	$206,910,000
Brokerage: Retail	22%	21%
Wholesale	16%	19%
Reinsurance	11%	9%
Invest. income	8%	10%
Other	43%	41%
Employees	1,753	1,584
Rev./Employee	$153,751	$130,625
Offices	85	68

* Converted at applicable exchange rates; fiscal year ends March 31.

While one major question about the future course of C.E. Heath P.L.C. has been answered, several others remain.

Heath had been rumored for the past year as a possible new London brokerage partner for New York-based Johnson & Higgins, but that speculation ended earlier this month when J&H announced that it would form its own retail brokerage unit in the United Kingdom to replace longtime partner Willis Faber P.L.C., which merged with Corroon & Black Corp. last year to form Willis Corroon P.L.C. (see stories, pages 28 and 32).

Heath admits it talked merger with J&H (*BI*, June 17).

However, Heath remains in a dilemma over how to expand its retail operations in Europe without upsetting its wholesale brokerage partners there and over which route to take to expand its U.S. business, according to Heath's senior executives.

"It's been quite a tough year. Market conditions and currency rates have not been exactly helpful, but our results indicate that we have been pretty successful," said Peter Presland, Heath's chief executive.

Heath recorded a stellar performance. The brokerage's gross revenues increased 23.5% to 154.9 million pounds in the fiscal year ending March 31, 1991, compared with 125.4 million pounds in fiscal 1989-1990. And, in dollar terms, Heath's revenues climbed 30.3% to $269.5 million from $206.9 million.

However, Heath's revenue increase in dollars was reduced, compared to other British brokers, by the weakening of the pound in early 1991. Heath's revenues were converted at the March 31, 1991, exchange rate of $1.74 to the pound, while other British brokers' results were converted at the year-end rate of $1.93 to the pound.

Thanks to the creation of Willis Corroon, Heath moved up one place to No. 10 in *Business Insurance*'s ranking of the world's largest brokerages.

Heath's pretax profits increased 5.5% to 28.8 million pounds ($50.1 million) in fiscal 1990-1991 from 27.3 million pounds ($45 million) the previous year. However, unaudited aftertax profits fell 10.3% to 14 million pounds ($24.4 million) from 15.6 million pounds ($25.7 million) after a 3.2 million pound ($5.6 million) exceptional charge, which was mainly attributed to closing its offices in Germany and returning to an agency network.

Despite the decrease in net profits, it was still a good year given the current market conditions, said Chairman Richard Fielding.

"I remain cautiously optimistic about the group's prospects," he said in announcing Heath's fiscal 1990-1991 results last month.

Heath's results were announced on June 6, one week ahead of schedule, to coincide with a one-for-four rights offering to raise 45.7 million pounds ($74.7 million at current exchange rates). The rights offering gives existing shareholders the option to purchase one share of new stock for every four shares they now hold.

The cash injection will finance most of a fourfold plan, said Paul Hughes, Heath's finance director:

- 13 million pounds ($21.3 million) will finance deferred considerations stemming from past acquisitions.
- 19.5 million pounds ($31.9 million) will reduce debt.
- 4 million pounds ($6.5 million) will finance a move into new headquarters.
- 10 million pounds ($16.4 million) will be used to strengthen the group's balance sheet and finance future acquisitions.

Heath was aware that analysts might not favor the rights issue because much of the money will pay for past ventures rather than future expansion, but the decision was made to go ahead largely due to the company's problems in retrieving money from Australian authorities, Mr. Hughes said.

Heath owns an Australian insurer now in runoff, C.E. Heath Underwriting & Insurance, that wrote workers compensation coverage. While the company has net assets of $79.5 million Australian ($60.8 million U.S.), Heath is unable to recover those assets because of a dispute over the state takeover of the workers compensation system.

"When we went on the acquisition trail in 1986, we had every belief that the money would be released by now and would help pay for the companies we bought, but we have had problems retrieving the money from the Victoria statutory authorities," Mr. Hughes said.

Heath was one of the major workers compensation insurers in Australia until 1985, when the Victoria workers comp system was put under state control.

By law, a portion of certain types of claims had always been paid by the state authorities, though insurers first paid the entire claim and then sought reimbursement for the portion owed by the state.

Victoria is disputing the amount it has to pay. While a group of insurers, including C.E. Heath, has won a court decision, the case is still tied up in appeals.

"If we had had access to that money out of Australia, we would not have had to conduct a rights issue," Mr. Hughes affirmed.

The acquisitions that the rights issue will partially finance commenced when Heath bought Fielding Insurance Holdings Ltd. in November 1986.

However, problems soon followed, Mr. Hughes said.

"We had a weak management, we had lost some broking teams, the profits from our workers compensation business had dried up and profits generally were under pressure," he said.

In 1986, the brokerage began rebuilding through acquisitions.

"The group now is in extremely good shape. We have teams covering all of the major areas of business. There is considerable enthusiasm in the group and this year, ignoring acquisitions and adjusting for currency, brokerage has increased by 21%," Mr. Hughes asserted, referring to fiscal 1990-91.

And, despite expenses rising 13% in the fiscal year, profits increased 36%, he said.

C.E. Heath still will owe 25 million pounds ($40.9 million) in deferred payments for past buyouts. The bulk of this will be paid in 1996 and 1997, Mr. Hughes said.

Heath's new headquarters is located on Hounsditch Street in the City of London. The move will allow the company to move out of three separate and "increasingly cramped" London offices.

C.E. Heath's major acquisition over the past year year was BCIB U.K. Ltd., the retail insurance bro-

Continued on next page

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Continued from previous page
kering unit of British & Commonwealth Holdings P.L.C.

C.E. Heath paid 12 million pounds ($20.9 million a fiscal year-end exchange rates) for BCIB, which generates 14 million pounds ($24.4 million) in brokerage revenues, of which 12 million pounds was non-life business.

BCIB has 14 British offices in areas where Heath was not represented, Mr. Hughes said. C.E. Heath's office network is now extended to Wales and the southwest and south coast of England.

"It was a good deal for us and we only had to shut down three to four offices where we had duplications," Mr. Hughes added.

The company now has 37 offices in Britain.

C.E. Heath will make BCIB profitable by the end of 1991 through cost cutting, he said. This will include laying off 60 to 70 of BCIB's 350-member staff, Mr. Hughes added.

Companywide, Heath reported 1,753 employees at the end of the fiscal year, up 9% from 1,584 a year earlier.

Four months of BCIB business, representing a 400,000 pound ($696,000) loss, appears in C.E. Heath's 1991 profits.

Outside of Britain, Heath has established an energy insurance broker in Canada, C.E. Heath (Canada) Inc. The brokerage team operating the unit was hired from Sedgwick Group P.L.C., just like their counterparts in London, Mr. Presland said.

Heath also bought companies in Colombia and Venezuela, which are now known as Heath de Colombia and Heath de Venezuela.

Heath, however, is still taking a cautious stance concerning expansion in Europe.

"We don't want to rush into paying vast amounts of money without thinking about it, and anyway, there aren't that many companies for sale on the Continent," Mr. Presland said.

A lot of brokerages in Europe are privately owned by families who are reluctant to sell, he added.

Another reason behind C.E. Heath's caution is the large amount of European wholesale business it places in London, Mr. Presland said.

"We get a lot of wholesale business from Europe, so we have to tread very carefully because we do not want to upset our wholesale partners by competing with them for retail business," he said.

However, the announcement that Marsh & McLennan Cos. Inc. will sell its 30% stake in Dutch broker Hudig-Langeveldt Group bv has sparked some interest at C.E. Heath, which already operates a joint venture company in the Far East with Hudig-Langeveldt (see story, page 62).

"You would have to be naive to think that we weren't considering what we will do about it, but it is very early," Mr. Presland said.

The company continues to eye the United States with similar caution.

"We have been looking at the States and we might move in, but it is most likely to be in the surplus lines field." Mr. Presland said.

The company has strengths and weaknesses as far as U.S. operations are concerned, Mr. Hughes said. "We are not aligned to any major U.S. brokers, so we are an independent London house, but we don't have a large source of business out of North America," he said.

Of Heath's 1990-1991 gross revenues, 22% were produced by retail brokerage, compared with 21% in 1990.

Wholesale brokerage shrank to 16% from 19%, reinsurance brokerage increased to 11% from 9%, investment income dropped to 8% from 10%, and other revenues, which are largely produced by underwriting, increased to 43% from 41% in 1990.

The company has four underwriting operations: Bermuda-based Pinnacle Reinsurance Co., Ltd., which specializes in financial reinsurance; Prospect Insurance Ltd., which writes financial-type insurance products; C.E. Heath & Co. (Australia) Pty. Ltd., which writes property/casualty insurance in Australia; and C.E. Heath International Holdings Ltd., which is a holding company for its Australian underwriting operation, specializing in liability lines

C.E. Heath also owns several computer service companies: Peterborough Data Processing Services Ltd ; Peterborough Software (U.K.) Ltd., which also has offices in Australia and New Zealand; and Datasure Ltd. and Datasure (Lloyd's Underwriting Systems) Ltd.

—By Gavin Souter

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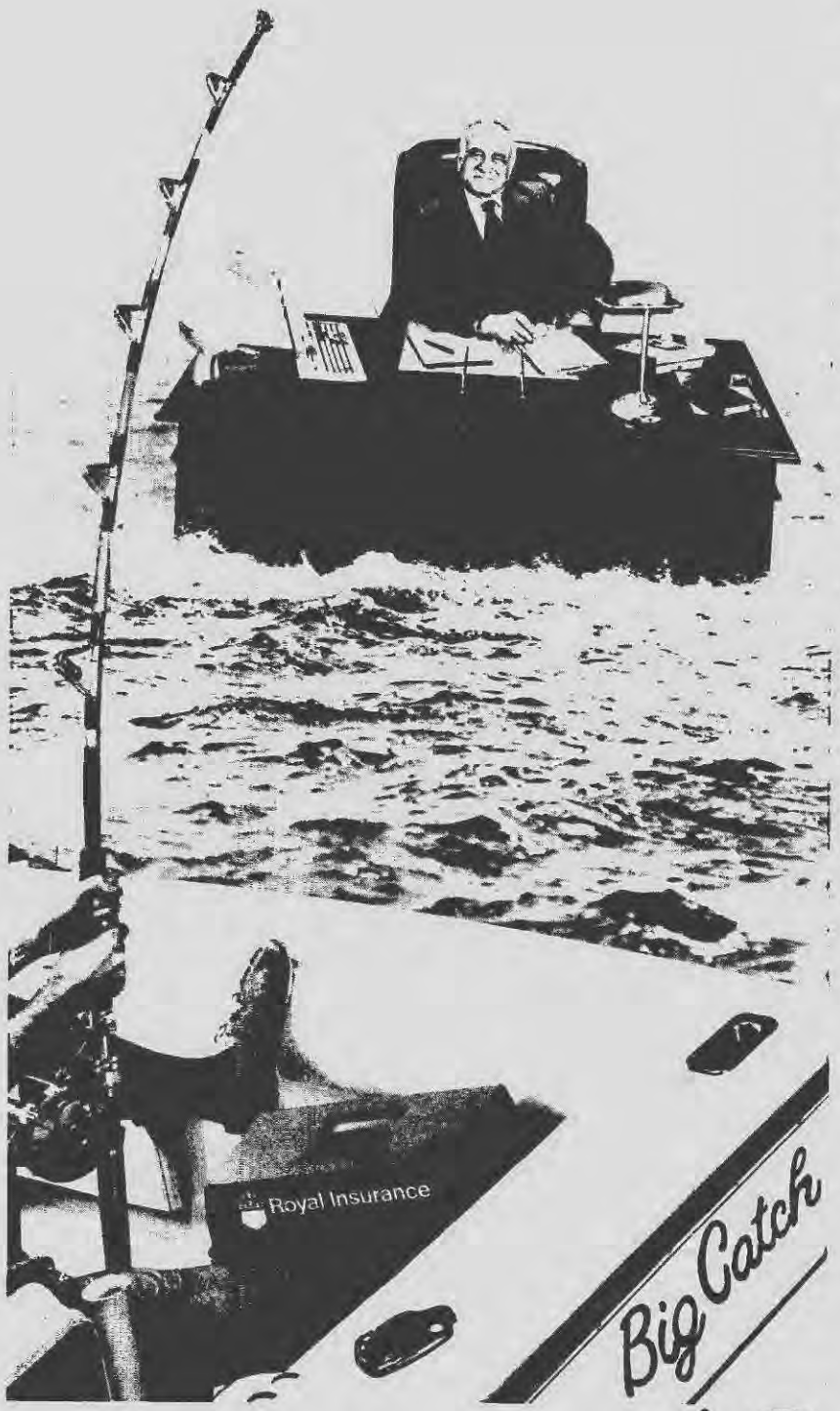
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11

Hogg Group P.L.C.

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	1990*	1989*
Premium volume	NA	NA
Gross revenues	$217,220,000	$164,500,000
Brokerage: Retail	53%	52%
Wholesale	13%	12%
Reinsurance	4%	4%
Personal lines	4%	4%
Services	16%	18%
Invest. income	8%	8%
Other	2%	2%
Employees	2,709	2,567
Rev./Employee	$80,185	$64,083
Offices	83	90

* Converted at applicable exchange rates.

Steady and cautious progress was the hallmark of 1990 for Hogg Group P.L.C., says Chairman James Vaughn.

The London brokerage—parent of Republic Hogg Robinson Inc. of Boston—continued to make small acquisitions, but remains content to be a medium-sized broker.

"There is a real place for the medium-sized broker. We have the spread and international network that gives us most of the benefits of a large broker, yet we also have many of the benefits of flexibility that small speciality brokers have," said Mr. Vaughn.

However, he said, Hogg will continue to buy companies in 1991 as long as they meet at least one of its takeover criteria: good geographic location, new products and a supply of key employees.

Helped by acquisitions and growth in specialty lines, Hogg's revenues increased 10.3% to 112.6 million pounds in 1990 from 102.1 million pounds in 1989. However, because of the strength of the British pound at year-end, revenues stated in U.S. dollars rose 32% to $217.2 million in 1990 from $164.5 million in 1989.

That performance lifted Hogg three notches to 11th place in the *Business Insurance* ranking of the world largest brokerages.

Hogg's major acquisition last year was I.I.B. Insurance Brokers Pty. Ltd. in Melbourne, Australia. With its three branches in Australia, I.I.B. "fits in well. . .and it has a good book of business and a strong management team," said Mr. Vaughn.

The purchase raised Hogg's Australian revenues by $2 million Australian ($1.5 million U.S.) to $10 million Australian ($7.7 million U.S.) in 1990, Mr. Vaughn said.

In Australia, Hogg also bought out the minority interest held by Pan-Pacific Underwriters in Gardner Mountain Reinsurance Pty. Ltd.

Australian operations accounted for a significant portion of Hogg's revenue gain, he said. "This is mainly because of our speciality business. We stayed out of the mainstream and concentrated on niche areas, such as agriculture, bloodstock and credit insurance."

In Britain, Hogg bought out the minority interests in its London market excess insurance brokerage companies, Tethercrest Ltd. and Vesselforward Ltd. And it bought a majority stake in Downes & Burke (Special Risks) Ltd., a fine arts and jewelers block broker.

About 60% of Hogg's jewelry business comes from the United States, Mr. Vaughn added.

In the United States, RHR purchased three regional agencies in 1990 and early 1991 as part of its ongoing quest to have a presence in all parts of the United States.

Charles E. Keller, RHR's chairman and chief executive, rejected suggestions he is on a shopping spree. "We won't do a merger just to build our revenue base."

In January 1990, RHR purchased Gerald Gura Inc., a small New York agency that specialized in coverage for printers. Gura's book of business was rolled into the New York office.

In July 1990, RHR acquired Powell Insurance Agency in Lubbock, Texas, and rolled that office into its Lubbock office, which serves mostly manufacturers.

In January of this year, RHR purchased Barry R. Milberg & Associates in Philadelphia, a pension consultant and actuarial firm that targets small employers with an average of about 150 employees, said Mr. Keller.

All told, last year's acquisitions contributed about a third of Hogg Group's total revenue growth and more than 1 million pounds ($1.63 million) in profits, said Mr. Vaughn.

"This is all part of our basic strategy of making small targeted acquisitions. We have made 35 of these acquisitions worldwide since our de-merger in 1987," he said, referring to the split from its travel agency affiliate (*BI*, June 18, 1990).

Pretax profits rose 25.7% to 17.1 million pounds ($33 million) in 1990 from 13.6 million pounds ($21.9 million) in 1989.

However, 1990 profits include an additional 850,000 pounds ($1.6 million) from a former associated company that was reclassified in 1990 as a subsidiary under a new British law. Without this addition, 1990 profits would have risen only 19.5%.

Lloyd's of London managing agency Janson Green Ltd. contributed 16.7% of Hogg's profits in 1990, down from 30% in 1989. Hogg was forced to sell Janson Green in 1987 to comply with Lloyd's of London regulations. However, under the terms of the sale, Hogg receives a portion of Janson Green's profit commissions until 1992.

Expenses rose 7.5%, while revenues were up 10%, Mr. Vaughn said.

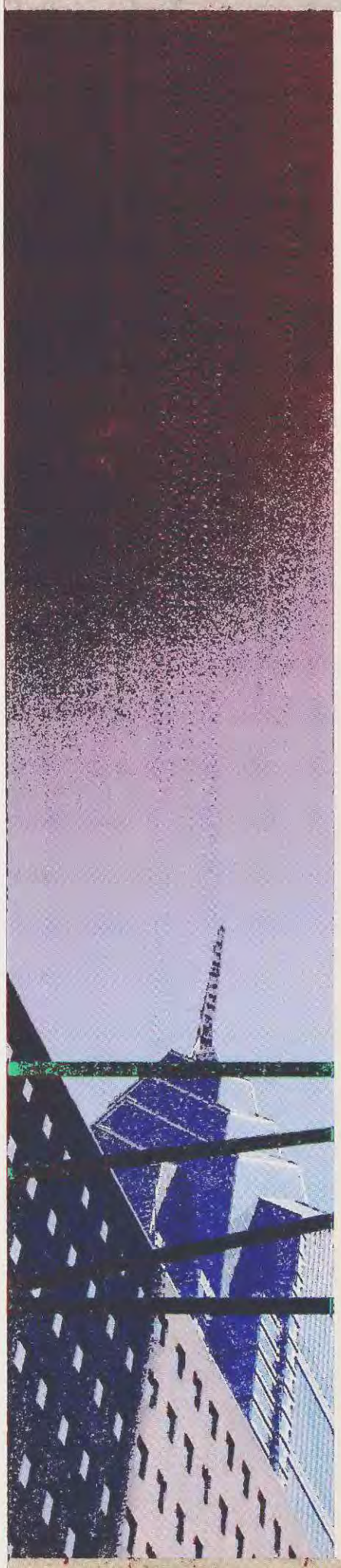
Expenses have been controlled by cutting staff, mainly through attrition, and replacing staff members who did not perform well with more productive employees, said Managing Director Anthony Howland Jackson.

Still, employee count worldwide rose 5.5% to 2,709 in 1990 from 2,567 in 1989, largely from acquisitions.

Hogg raised 14.8 million pounds ($28.6 million) through a rights issue last July.

"We used the money to strengthen

Continued on next page



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Continued from previous page
our balance sheet and reduce our (debt) and it will also be used to continue our acquisitions in this very difficult climate," Mr. Vaughn said.

Retail brokerage accounted for 53% of revenues, compared with 52% in 1989. Wholesale brokerage increased to 13% from 12%, while reinsurance brokerage and personal lines business each contributed 4% of revenues, the same as in 1989.

Service-based revenues dropped two points to 16%, while investment income remained the same at 8% and revenues from other sources held steady at 2%.

In Europe, Hogg continues to use the network of independent brokers that it set up in 1989 rather than buying European brokers. "We believe that flag follows trade so we will build up substantial business links before we enter into any equity negotiations," said Mr. Howland Jackson.

The network includes offices in Austria, Belgium, Ireland, France, Germany, Greece, Guernsey, Italy, Malta, The Netherlands, Spain, Sweden and Switzerland.

Though it did not produce significant revenues in 1990, the company says the network is expected to grow steadily each year.

Hogg thrived on specialties in 1990, particularly credit and political risk business, said Mr. Vaughn.

Revenues from credit business grew 5% last year and now account for 12% of total revenues, up from 10% last year, Mr. Howland Jackson said.

Increased wholesale business is largely due to higher London market excess-of-loss rates, Mr. Vaughn said. "All of our wholesale sectors apart from aviation were ahead last year."

Meanwhile, in the United States, Republic Hogg Robinson's revenues rose 6.1% in 1990 to $71.3 million from $67.2 million in 1989. That rise followed 16.1% growth in 1989.

RHR slipped a notch to No. 12 in the U.S. broker rankings for 1990.

Mr. Keller attributed RHR's 1990 growth to many of the same factors as in past years: Acquiring several regional agencies; attracting new business; and growth from existing accounts.

Two major factors limited growth, said Mr. Keller. A struggling U.S. economy combined with the soft market made premium-based commissions tougher to come by.

"The economy, like never before, really affected us last year, especially in the Northeast," he said. "It wasn't a matter of people buying less insurance at a lower price, it was that businesses completely shut down."

RHR executives said that while the company's approach to external business didn't change in 1990, it did embark on a major internal reorganization. RHR promoted Mr. Keller, who was president and chief executive officer, to chairman and hired Gary R. Griffith as president and chief operating officer. Mr. Griffith, who came to RHR last September, had been president of Corroon & Black of California Corp.

When Mr. Griffith arrived, his charge from Mr. Keller was to attract more large accounts and to oversee the 39 RHR offices.

"Last year was not a real exciting year as far as outward movement," said Mr. Keller. "Most of our significant changes occurred internally. With market conditions and the economy being what they were, we chose to focus on improving our internal structure. It's good managers that make our world."

Prior to last fall, RHR operated nationally through regional management offices. Now, the old regional management offices, which still function as production centers, are no longer responsible for the daily operation of other offices in that area.

Making Boston the company's management base is part of an overall business plan that Mr. Griffith called "Synergy for the '90s."

Mr. Keller described RHR as a large national broker with accounts ranging from general midsize accounts to larger ones that generate up to $500,000 in annual commissions.

"If you're only a niche player and you happen not to push all the hot buttons, then you go out of business. It's that simple. We feel that we need about 70% of our business to be regular types of property/casualty accounts," said Mr. Keller.

Hard work on retentions appears to have paid off: RHR retained 89% of its existing business last year. And new business grew 13% for the second straight year.

"Once you have had an account, you certainly want to keep it, especially with current conditions. But automatically you are going to lose some accounts. We lost a couple large accounting firms this past year and that stung a little bit," he said.

With the recession and the persistent soft market, RHR kept paying close attention to its fee-for-service claims administration business.

Its leading TPA unit, Penn General Services Corp., which specializes in processing health care and workers compensation claims for self-insurers with between 250 and 1,000 covered lives, boosted revenues 7% in 1990 to $12.2 million from $11.4 million in 1989.

Also, G.W. Anderson Inc., a Marshfield, Mass., agency in which RHR owns a 55% stake, owns and operates Group Insurance Services Center Inc., a TPA with revenues of $3.4 million, the same as in 1989.

"With the movement to self-insurance and the disasters associated with various workers compensation systems around the country, we see PGSC growing in the future. Employers are moving to alternative risk financing methods and cost-containment is very important to them," said Mr. Griffith.

The $15.6 million generated by PGSC and GISC accounted for 22% of RHR's gross revenues in 1990.

Other operations owned and operated by RHR include Atlanta-based Transatlantic Underwriters Inc., a managing general agent that writes excess and surplus lines insurance on behalf of London-based

Continued on next page

Continued from previous page
insurers.

RHR established Transatlantic in May 1990. It writes primarily marine and transport insurance.

Also, RHR operates two New York-based pension and benefits consulting offices, one of which recently broke off from its larger counterpart. Last year, Pension Planning Co. Inc. and newly formed Group Plan Consultants Inc. together generated about $2.8 million in revenues.

This year, operating as separate entities, PPC consults mostly on defined benefit and defined contribution pension plans for larger employers, while GPC specializes in travel and accident insurance as well as group health care plans.

RHR has credit insurance brokerage units in New York and San Jose, Calif. Credit Insurance Associates had about $1.55 million in revenues last year, said Mr. Keller.

RHR made no sales or divestitures last year. It currently operates 39 offices in 16 states and Bermuda.

RHR added 30 employees last year, bringing its total to 895.

Besides operating offices in Britain, the United States and Australia, Hogg has offices in New Zealand, the Far East, Africa and the Caribbean.

—By Gavin Souter and Michael Schachner

12

Bain Clarkson P.L.C.

15 Minories, London EC3N 1NJ;
071-481-3232; fax: 071-480-6137

	1990*	1989*
Premium volume	NA	NA
Gross revenues	$207,090,000	$165,830,000
Brokerage: Retail	51%	50%
Wholesale	11%	12%
Reinsurance	13%	12%
Personal lines	5%	5%
Services	10%	11%
Invest. income	10%	10%
Employees	2,876	2,733
Rev./Employee	$72,006	$60,377
Offices	51	57

* Converted at applicable exchange rates.

Brokers must work hard to increase their profits this year, and the going will not become much easier over the course of the next one, says Simon Arnold, chairman and chief executive officer of Bain Clarkson Ltd.

To boost its profits in 1990, Bain Clarkson had to market itself aggressively to attract new business and keep a tight rein on expenses, Mr. Arnold asserted.

Also, additional revenue was generated through a series of retail brokerage acquisitions in Britain.

New revenues from continental Europe are not flooding in, but with its network of European offices already in place, Bain Clarkson is ready to serve existing clients as they expand their operations to the continent, Mr. Arnold contends.

"I'm trying to run this business on the basis that retail insurance rates will not change over the next year. If anyone is relying on rate increases in the near future, they are living in cloud cuckoo land," Mr. Arnold said.

Insurers may privately say that rate increases are needed, but they have not publicly told brokers that rates will be increased, he added.

"They have plenty of opportunities to announce increases in rates, given the poor results that have been published recently, but they have decided not to. It all seems to indicate that they are not really convinced by their own arguments," Mr. Arnold said.

The threat of competition from continental European insurers may partially explain the reluctance of British insurers to increase rates, he added.

Consequently, "any improvements in (Bain Clarkson's) profits has been through new business growth and cost containment. Our expenses growth was zero in 1990. At the same time we increased new business activity and that has sustained us," Mr. Arnold said.

The only exceptions to the slump in rates are the marine insurance, energy insurance and some reinsurance markets, he added. But, in the case of non-marine reinsurance, any gains from rate hikes have been canceled by the sharp contraction in capacity, he said.

Bain Clarkson recorded gross revenues of 107.3 million pounds in 1990, up 4.1% from 103.1 million pounds in 1989. However, because of the strength of the British pound last year, its revenues increased 24.9% in U.S. dollars to $207.1 million in 1990 from $165.8 million in 1989.

That performance caused Bain Clarkson to climb one notch to 12th place in the *Business Insurance* ranking of the world's 20 largest commercial insurance brokers.

Retail brokerage accounted for 51% of revenues in 1990, up from 50% a year earlier, and reinsurance brokerage also gained slightly: to 13% of revenues from 12%. Both wholesale business and services fell a single percentage point, wholesale to 11% of revenues and services to 10%. Investment income again accounted for 10% of revenues and personal lines remained at 5% of revenues in 1990.

Pretax profits grew 29% to 14.5 million pounds ($28 million) in 1990 from 11.26 million pounds ($18.1 million) in 1989. Its workforce grew 5% to 2,870 at year-end 1990 from 2,733 a year earlier.

Bain Clarkson is divided into three principal divisions: the European division, which includes U.K. retail brokerage and financial services; the international division, which includes reinsurance, marine and energy, aviation, special risks like professional liability and North American business; and the overseas division, which includes operations in Asia and the rest of the world.

Every division contributed to the profit, which Mr. Arnold described as a good performance in a difficult year.

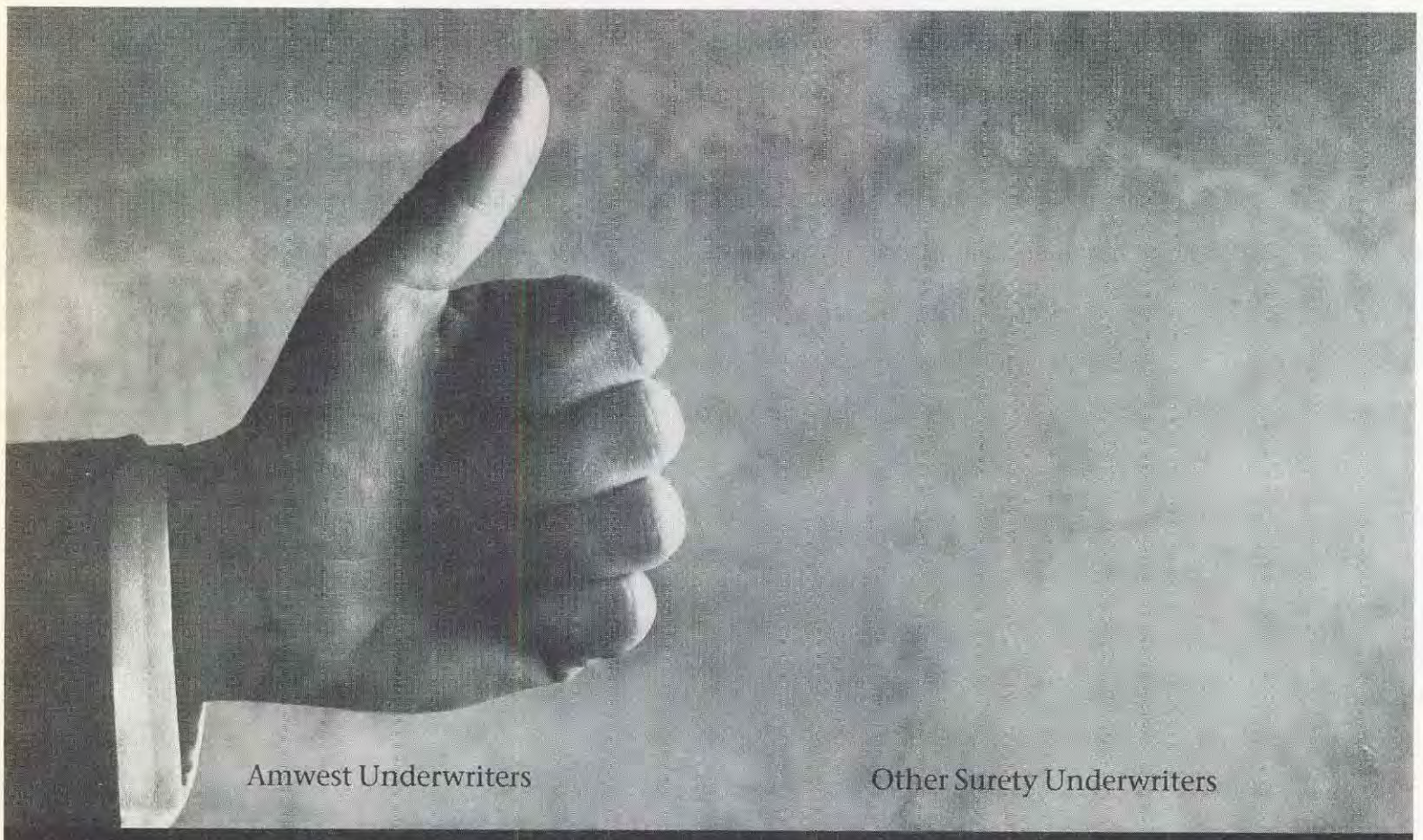
"We have managed to attract new business through our existing offices and through marketing our products aggressively," he said.

Much of the aggressive marketing has concentrated on heavy industrial business.

Bain Clarkson restructured its risk management services division during 1990 to give it an individual identity, he said.

"Before, it was much more fragmented with most of the major offices handling risk management services. Now it is much more controlled under one man," Mr. Ar-

Continued on page 52



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Continued from page 50
nold said.

The new managing director of the risk management division is Brian Lee, former associate director of the risk management department of Alexander Stenhouse Ltd., a U.K. unit of Alexander & Alexander Services Inc.

Bain Clarkson also has employed several other qualified people in the environmental and health and safety consulting areas, Mr. Arnold added.

To increase efficiency, Bain Clarkson also has combined its reinsurance and London market excess-of-loss—or LMX—divisions to form Bain Clarkson Reinsurance Brokers.

Efficiency also should increase in 1992 when a new computer system, which cost in excess of 20 million pounds ($33 million at current exchange rates), is fully in place in the 32 British offices, Mr. Arnold said.

And a new computer system now being installed in the international division will be fully compatible with the London Insurance Market Network or LIMNET, the automation system used by most London underwriters, "and any other market systems," he added.

Bain Clarkson's main acquisition in the past year was the February 1991 purchase of the insurance brokerage interests of Rutland Trust P.L.C., which include: Burlington Insurance Services Ltd.; Greville Baylis, Parry & Associates Ltd.; A.J. Lees (Insurance Brokers) Ltd.; Whitehouse Moorman & Partners Ltd.; and Atticus Financial Services Ltd.

The companies, which cost 9.6 million pounds ($15.6 million), brought Bain Clarkson 6 million pounds ($9.8 million) in brokerage revenues, five offices and 195 staff members, Mr. Arnold said. Bain Clarkson also bought Black Portch & Swain, a broker with offices in Leicester and King's Lynn, England.

Overseas, Bain Clarkson bought Haven Insurance Underwriters in Macau and Fernhill Corp. (Pte.) Ltd. in Singapore.

It also sold Bain Clarkson (New Zealand) Ltd. The New Zealand company did not fit in with the rest of the overseas network after the sale of the company's Australian interests in 1989, Mr. Arnold said.

The acquisitions continue Bain Clarkson's stated aim of expanding principally in Britain and Europe, Mr. Arnold said. "We are not intending to buy anything in North America, but we are looking at opportunities to develop a strong correspondent relationship either with one broker or with a number of regional brokers" in North America, he said.

Bain Clarkson wants some sort of relationship in place in North America by year-end, Mr. Arnold added. "We believe that it is a very attractive proposition for someone in the States in view of our retail clients who have business in the U.S."

Bain Clarkson did hold discussions with Johnson & Higgins regarding the possibility of stepping into the role vacated by Willis Faber P.L.C. after Willis Faber merged with Corroon & Black Corp. to form Willis Corroon P.L.C., Mr. Arnold said.

Johnson & Higgins announced last month that it would form its own retail brokerage unit in London to handle business formerly brokered by Willis Faber (see story, page 28).

The thrust of Bain Clarkson's expansion over the next few years will be into Europe, Mr. Arnold said. Its U.K. and European operations were combined into a single division in April.

"We don't have many expectations in terms of new business over the first few years because the main aim is build up a network of offices throughout Europe," he said.

The company currently has offices in Greece, Switzerland, France, Sweden, Ireland and Belgium.

No new European offices were opened in 1990, but Mr. Arnold hopes to make acquisitions there by the end of this year.

However, the size of the offices will depend on the insurance-buying habits of the people in each country, Mr. Arnold said. "In many countries, they still deal mainly with agents so there will be resistance to U.K. brokers setting up there."

To combat this resistance, the local managers of acquired brokerages will remain, "so that the French deal with the French and the Germans deal with the Germans," Mr. Arnold said.

While Bain Clarkson hopes to expand in Europe, it will not acquire small stakes in brokerages. "Our whole idea for Europe is to make certain that we have ownership of the offices. Owning minority shareholdings gets you nowhere in Europe because you must have control over the offices," Mr. Arnold said.

Over the past year Bain Clarkson has brought its European offices into harmony with its British operations, he added.

The process included exporting some of the specialized insurance products that Bain Clarkson already offers in Britain to the rest of the continent and showing European brokers how insurance brokerage is conducted in Britain, which is one of the most sophisticated brokerage markets, Mr. Arnold said.

Meanwhile, Bain Clarkson's operations in the Far East are coming off another successful year, and the company intends to expand in Asia through the related business of its parent company, Inchcape P.L.C., an international marketing and services company with shipping and trade interests, Mr. Arnold said.

Far East brokerage revenues increased 6.1% to 7 million pounds ($13.5 million) in 1990 from 6.6 million pounds ($10.6 million) in 1989.

Bain Clarkson operates subsidiaries in Hong Kong, Taiwan, Thailand and Singapore and owns an interest in a brokerage in Malaysia.

Bain Clarkson will also follow in Inchcape's wake in Eastern Europe, Mr. Arnold added.

"Inchcape has started operations in a number of countries there and we will use that as the platform for obtaining future business," Mr. Arnold said. So far, however, Bain Clarkson has produced no business from Eastern Europe.

Fee-based compensation continued to grow more popular in 1990, Mr. Arnold said. The combination of clients looking to reduce their expenses and the growing awareness of how much brokers are paid has fueled the shift.

—By Gavin Souter



Gerald D. Stephens, CPCU
President & CEO, RLI Corp.

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Arthur J. Gallagher & Co.

The Gallagher Center, 2 Pierce Place, Itasca, Ill. 60143-3141; 708-773-3800; fax: 708-285-4000

	1990	1989*
Premium volume	NA	NA
Gross revenues	$198,176,000	$177,296,000
Brokerage: Retail	54%	56%
Reinsurance	1%	1%
Personal lines	1%	1%
Services	37%	34%
Invest. income	7%	8%
Employees	2,044	1,936
Rev./Employee	$96,955	$91,579
Offices	102	91

* Restated.

Arthur J. Gallagher & Co. is entering the 1990s with a new management lineup, new headquarters and several new acquisitions.

One thing isn't new: The soft property/casualty market is continuing, nd that's been a disappointment, says J. Patrick Gallagher Jr., president of the Itasca, Ill.-based broker.

"Things are once again very difficult in terms of an operating environment, and we do not expect that environment to change," said Mr. Gallagher, who was named president last July. "So we are not expecting a year that is any more robust than last year."

Gallagher's gross revenues rose 11.8% in 1990 to $198.2 million from a restated $177.3 million in 1989.

Gallagher ranks as the 13th-largest broker in the world, down one spot, and the ninth-largest in the United States.

Gallagher's workforce grew by 5.6% in 1990 to 2,044 from 1,936 a year earlier, largely from mergers, all reported on a pooled basis. Revenues per employee also grew to $96,955 in 1990 from 91,579 in 1989, an increase of 5.9%.

Per-share earnings grew to $1.42 in 1990 compared with $1.41 in 1989. Its stock traded from a high of $25 to a low of $19.75 in 1990. On June 21, it closed at $23.13.

Revenue growth slowed even more during the first quarter of 1991, with Gallagher's revenues rising 4.9% to $49.1 million from $46.8 million during the comparable period of 1990.

"This is very low for us," said Robert E. Gallagher, chairman and chief executive officer. "We've grown —restated—in the last four years: 1987, 11%; 1988, 8%; 1989, 10% and 1990, 12%." Historically, growth has been considerably higher, averaging 15.3% per year from 1981 to 1990. Annual growth rate for 1981-1986 was 18.7%, hitting a high of 26% in 1985.

The slow growth in 1991 simply reflects depressed property/casualty insurance rates, he said.

The company is responding to the crunch in an obvious way, said J. Patrick Gallagher. "All areas of the company are under very, very intense expense scrutiny."

That oversight didn't stop expenses from rising 13.8% to nearly $171 million in 1990 from 1989's $150.2 million. Salaries and employee benefits costs grew 13.5% to $99 million in 1990 from $87.2 million.

Other operating expenses grew 14.6% to $69.9 million in 1990 from almost $61 million in 1989. This includes office costs, travel and professional insurances. However, interest expense actually dropped to just over $2 million from $2.1 million.

"Our planning process calls for us to plan on the basis of no market turn ever. And that caused us to look at the niches we're in and concentrate on the things that we're good at," said Patrick Gallagher.

Among its specialties are public entities, institutional risks and mid-sized to large commercial accounts, said Patrick Gallagher. Such accounts generate $100,000 and more in revenue for Gallagher.

Gallagher is emphasizing risk management services on both a bundled and unbundled basis and looking abroad for new opportunities, he added.

Patrick Gallagher said the company also is concentrating its efforts on serving the alternative market, which includes offering more services to self-insurers of group health care plans through its Gallagher Bassett Services Inc. unit.

Gallagher's services-oriented strategy is reflected in the growth rates of its fee vs. commission income sources.

Revenues from commissions rose 7.8% to $110.2 million in 1990 from 1989's $102.3 million. But revenues from fees rose almost 20.9% to $73.3 million from $60.6 million a year earlier.

The disparity continued into 1991. In fact, commission income dropped 2.5% to $25.2 million during the first three months of 1991 compared with $25.8 million registered during the same period in 1990.

Fee income, however, increased nearly 15.1% to $19.8 million during the first quarter of 1991 from $17.2 million during the same period of 1990.

Investment income, however, increased much more significantly during the first quarter of 1991 compared with the same period a year earlier, rising 9% to $4.1 million from $3.8 million. Investment income for the year remained virtually flat, rising a mere 2% to $14.7 million in 1990 from $14.4 million in 1989.

Expenses increased by nearly 6.5% during the first quarter of 1991 to $45.1 million from $42.3 million during the first quarter of 1990. Salaries and employee benefits made up the largest and fastest growing expense during the first three months of 1991, increasing 8.6% to $26.7 million from $24.6 million during the first quarter of 1990.

Other operating expenses incurred during the first quarter of 1991 increased 3.8% to $17.9 million compared with $17.2 million in 1990's first quarter.

Interest expense also rose during the first quarter, but by a nearly static 0.4% to $505,000 compared with $503,000 during the comparable period of 1990.

Gallagher's net earnings fell 9.7% to $2.6 million during the first quarter of 1991 from $2.9 million during the same period of 1990.

A slightly reorganized management team was put in place last summer to confront the unfriendly market. On July 17, Robert Gallagher assumed the vacant position of chairman of the board. He retained his position as chief executive officer, which, along with the company's presidency, he had held since 1963.

Patrick Gallagher, Robert Gallagher's nephew and his designated successor, continued his move up the corporate ladder by succeeding Robert as Gallagher's president. Patrick Gallagher, who had previously served as vp-operations, became chief operating officer at the same time.

John P. Gallagher, Patrick's father, became vice chairman of the board.

The company also moved its headquarters in February to a new office tower, Gallagher Centre, in the Chicago suburb of Itasca. Gallagher had been based in Rolling Meadows, Ill., another Chicago suburb.

Gallagher's strategy of growth through merger continued unabated in 1990 and through the first half of 1991. "Every time we attract someone into our family, it's a real highlight," said Patrick Gallagher.

Robert Gallagher pointed out that it took Gallagher 41 years from its founding in 1927 to 1968 to achieve annual revenues of $1 million.

Pointing to three acquisitions announced on June 6, Robert Gallagher said, "In one day,. . .we closed three mergers that account for 178 employees and approximately $20 million in revenue. That's progress."

"All of these mergers are young, compatible, vibrant and very, very professional," he added.

Continued on next page

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Broussard, Bush & Hurst, Inc., a Baton Rouge, La.-based brokerage with satellite offices in Louisiana, Mississippi and Texas, will do business as Arthur J. Gallagher of Louisiana.

Camden Insurance Brokers, a Los Angeles-based broker specializing in entertainment and manufacturing, will do business as Camden Insurance Agency, a division of Arthur J. Gallagher of California.

And the Leonard Newman Agency, a 43-year-old independent broker in White Plains, N.Y., will operate as Gallagher Newman.

Terms of the deals were not released.

Patrick Gallagher said compatibility rather than location is the prime rationale for mergers. "Our modus operandi is first and foremost to find people that we want to get together with. Secondly, it's important—but it is secondarily important—to be a new location for us."

All 1990 mergers involved West Coast operations. D.L. Phillips & Associates Inc., an Orange, Calif.-based broker, became part of Gallagher's Orange County office on May 31.

Gallagher acquired Burlingame, Calif.-based McNamara & Associates Insurance Brokers on Aug. 30. It is doing business as Gallagher McNamara.

The third merger of 1990, on Nov. 30, brought Insurance Underwriters Inc. of Bellevue, Wash., into the fold. It is doing business under the name Gallagher Insurance Underwriters.

The mergers involved stock transactions collectively worth about $10 million.

Gallagher in 1990 established sales offices in Oakland, Calif., and Schaumburg, Ill., and service offices in Birmingham, Ala.; Brownsville, Texas; Burr Ridge, Ill.; Earth City, Mo.; North Quincy, Mass.; Schodack Landing, N.Y.; Sunrise, Fla.; Trevose, Pa.; and Wheaton, Ill.

"Probably one of the most exciting things that we've done in the past year is to take Gallagher Bassett Services into a strong managed care environment as relates to workers compensation," said Patrick Gallagher. "In the past, we've looked at Gallagher Bassett and others as third-party administrators, claim payers." Now, "We have created a network of managed care capabilities that is virtually second to none. We have PPO, discount drug purchasing, fee scheduling state-by-state," he said.

Gallagher is using software from General Care Review, a unit of General Rehabilitation Services, and medical professionals to review workers compensation medical bills.

The managed care project was launched in late 1989 and came into being as Gallagher Basset Healthcare Network in January.

By the end of June, the PPO hospital network was in place in 25 states, and the fee schedule review was available in 24 states.

"We help at the plant level and begin the process of directing that person to a PPO," he said. "If you combine all that into our RISX-FACS system, you've now got an incredible opportunity to really manage down to just about the last penny of the actual expense of the claim."

RISX-FACS is an on-line risk management information system.

"You couple that with what I think is a much more holistic approach to the injured party with rehab and back-to-work," Patrick Gallagher said.

The new program has been "received very well, because the savings were apparent," he added.

Even without the addition of the health care network, Gallagher Bassett Services would have remained the the brokerage's largest subsidiary. The services unit posted a revenue growth of about 18% to roughly $52 million in 1990.

The unit's services—delivered by 890 people operating in 83 offices—include claims management, risk management consulting, information management, property appraisals and other services, on both a bundled and unbundled basis.

Gallagher Bassett's risk management consulting services division also is now using computer modeling to enhance its ergonomics services as well as a special unit to respond to the loss-control service needs of Lloyd's of London underwriters.

In addition, the subsidiary's Information Services division unbundled its information management product. The new product—called SYS-FACS—involves leasing Gallagher's existing RISX-FACS system to users who handle and process their own claims.

Gallagher Benefits Services, which provides employee benefit consulting and other services to insured and self-insured clients, grew 19% to about $10 million in 1990.

And Gallagher Bassett Benefit Administrators, the servicing arm of Gallagher Benefits Services, grew 27% to about $8 million in 1990.

Gallagher is placing heightened emphasis on its international operations, said Robert Gallagher. "We are positioning ourselves" for a bigger role in Europe, he said, probably through joint ventures.

Currently, only 10% of Gallagher's revenues are generated from clients based outside the United States.

Robert Gallagher noted that Gallagher Bassett International, a London-based subsidiary, is "in its embryo stages." The firm provides consulting, loss control, claims management information management and property valuations to foreign operations.

"We do see an ever-increasing opportunity to serve worldwide clients. It's off the Richter scale. The Common Market is a bigger market than all of the United States, and risk management and the alternative market is just beginning there," said Robert Gallagher.

Gallagher's other internationally oriented units include:

- Arthur J. Gallagher International Inc., a Rhode Island-based operation that spearheads global brokering activities for both U.S.-based multinational and foreign clients.
- London-based Gallagher Plummer Ltd., a Lloyd's of London broker specializing in marine, aviation and reinsurance placements.
- Arthur J. Gallagher & Co. (Bermuda) Ltd., which brokers insurance to Bermuda-based companies and forms and manages captive insurers.

Patrick Gallagher noted that although many of the developments of the past year have been pleasant ones, one in particular has not—an increasing exposure to errors and omissions lawsuits. Although he would not reveal the number and nature of suits brought against the company, Patrick Gallagher made no attempt to hide his belief that the situation is out of hand.

"I would say today, any time something is not covered, or there's an insolvency, or there's just something the insured or the insurer plain doesn't like, we have the potential for a lawsuit," he said.

"We're the deep pockets. Something for nothing is the law of the land," Robert Gallagher added.

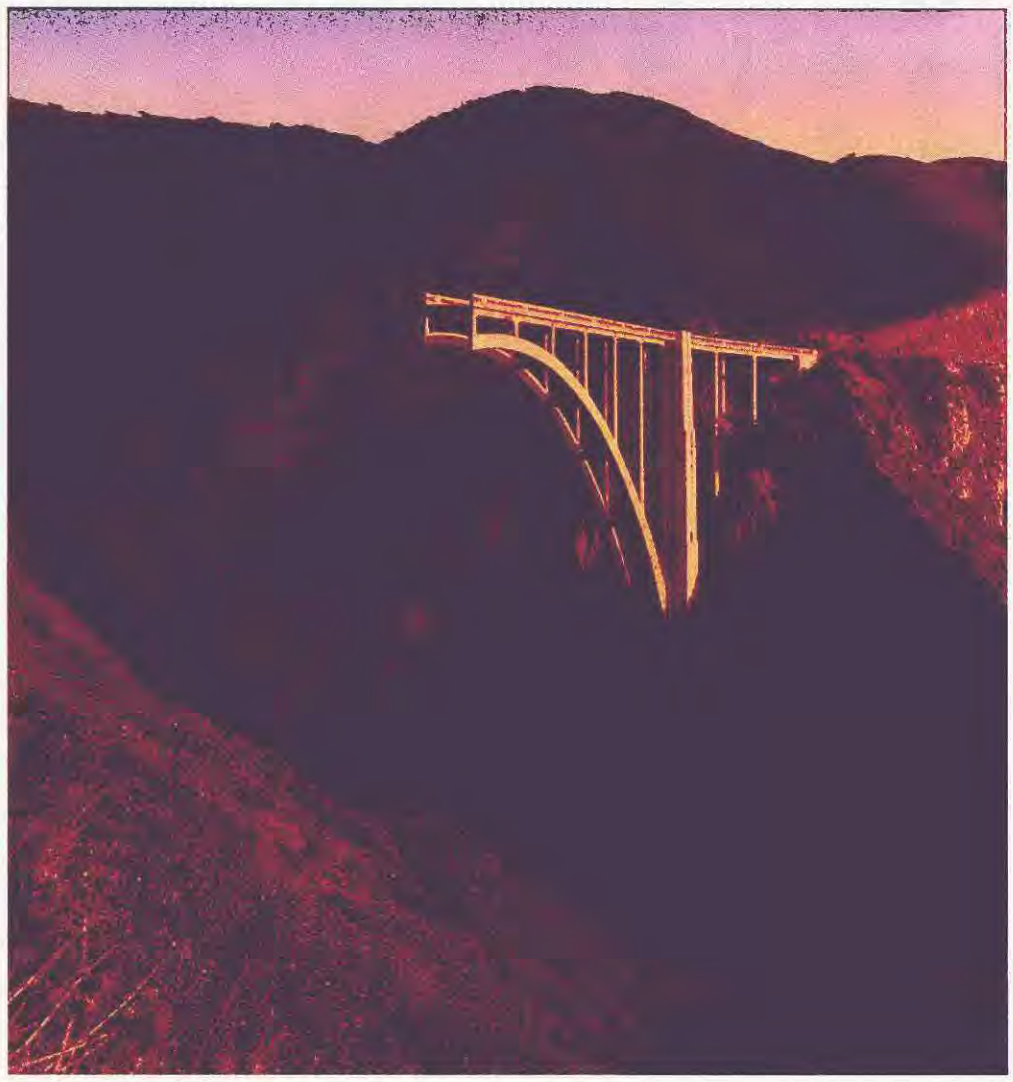
"It is a very scary arena," said Patrick Gallagher. To lessen the likelihood of being slapped with a successful E&O suit, "we take a leaf out of our own book," he said.

"I have an errors and omissions meeting where we review specific claims and then move directly into an E&O loss prevention meeting every month," said Patrick Gallagher.

According to Securities and Exchange Commission filings, the cash compensation, including bonuses, paid to Gallagher's five highest-paid executive officers was:

Robert E. Gallagher	$290,000
Michael J. Cloherty	$290,000
John P. Gallagher	$280,000
J. Patrick Gallagher Jr.	$255,000
Walter F. McClure	$230,000

—By Mark A. Hofmann



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Hudig-Langeveldt Group bv

Marconistraat 16, 3029 AK
Rotterdam, the Netherlands;
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	1990*	1989*
Premium volume	**$1.1 billion**	$660 million
Gross revenues	**$136,279,000**	$105,011,000
Brokerage: Retail	**88%**	85%
Wholesale	**1%**	0%
Reinsurance	**1%**	1%
Personal lines	**0%**	3%
Services	**5%**	5%
Invest. income	**5%**	6%
Employees	**1,504**	1,381
Rev./Employee	**$90,611**	$76,040
Offices	**51**	40

* Converted at applicable exchange rates.

It has been a year of change—and growth—at Dutch broker Hudig-Langeveldt Group bv.

The company has sold its insurance interests, changed its chairman, strengthened its presence in a unified Germany and, most recently, severed its 14-year relationship with the world's largest brokerage, Marsh & McLennan Cos. Inc.

As a result, the company is several steps closer to its stated ambition of becoming the No. 1 commercial and industrial retail broker in continental Europe, says Chairman Dirk Verbeek.

"We took many strategic decisions in 1990. Most importantly, we decided that our core business was broking," he said. "Both our insurance and our broking divisions were growing larger and larger and for both to continue to grow it would have taken more capital than could be raised internally, so it was decided to sell our insurance interests."

Consequently, on Jan. 1, 1990, Hudig-Langeveldt sold to AMEV Nederland nv the following interests: holding company Interlloyd Verzekeringen bv; insurance companies Interlloyd Insurance Co. nv and Interlloyd Life Insurance Co. nv; underwriting agents Tollenaar & Wegener cv and Bruns ten Brink Assuradeuren bv; and loss adjusters Alfred Schroder, De Vos & Zoon, Langeveldt Schroder and De Vos & Zoon (Belgium) nv.

The change in chairman occurred in May 1991, when J.G.A. ten Bokkel, who had served in that post since June 1986, retired. The new chairman, Mr. Verbeek, was already an executive board director of the company.

Mr. ten Bokkel's final act as chairman was to report the company's 1990 results, including a 16.5% increase in gross revenues to 233.6 million guilders from 200.5 million guilders. Converted to U.S. dollars at applicable exchange rates, the brokerage's revenues jumped 29.8% to $136.3 million from $105 million, ranking it as the world's 14th largest brokerage, up three notches since 1989.

Mr. Verbeek stressed that the change at the brokerage's helm will not affect the program of internal and international expansion that Mr. ten Bokkel instituted.

The most significant move in 1990 was the brokerage's purchase of German industrial broker Hanseatische Assekuranz-Vermittlungs-A.G. of Hamburg, Mr. Verbeek said.

That deal brought Hudig-Langeveldt an additional 300 million guilders ($175 million at 1989 exchange rates) in premiums and 170 new employees in 10 new offices, including three in eastern Germany, Mr. Verbeek said.

HAVAG also gives Hudig-Langeveldt an added presence in Eastern Europe, because the German brokerage has a 50% stake in Hungarian agent Havag-Erbe Assekuranz-Vermittlungs GmbH.

However, Eastern European ventures are seen primarily as investments for the future rather than money-making ventures for today, said Deputy Chairman Rolf van der Wal.

"There are a number of problems to be solved in Eastern Europe, such as environmental pollution, but in spite of the problems we believe that an opportunity like this comes perhaps once a century so we are prepared to wait," Mr. van der Wal said.

It could be three to five years before significant revenues come from Eastern Europe, he added.

Hudig-Langeveldt last year also completed domestic expansion plans with the purchase of marine broker bv Nask in Groningen, and the portfolio of Amsterdam-based Paribas Assurantien bv, a subsidiary of Banque Paribas.

The purchase of Nask boosts Hudig-Langeveldt's share of the Dutch marine market to 80% from 60%, according to Mr. Verbeek.

"We are now everywhere where we want to be in the Netherlands," he said.

And, earlier this year, Hudig Langeveldt continued its expansion outside of its domestic market with the acquisition of the Brussels, Belgium, subsidiary of French broker Groupe Le Blanc de Nicolay, Mr. Verbeek said.

The brokerage's international expansion will continue into next year as the group is still not satisfied with its presence in the French, Belgian, Spanish and Italian markets, he said.

And, with 125 million guilders ($62 million at current exchange rates) in reserves, mainly from the sale of its insurance interests, it is in a position to buy, Mr. Verbeek added.

The company hopes to make purchases in France and Italy during the year, Mr. Verbeek said.

"Our objective of being a major player throughout continental Europe would then be finished, but we will continue to buy other brokers because there will be more and more smaller brokers wanting to sell-up because they want an international link or they are finding that their costs are too high," he predicted.

Hudig-Langeveldt reports that it now has 51 offices, up from 40 offices in 1989. In 1990, 33% of its revenues came from outside the Netherlands, up sharply from 20% of revenues in 1989. The brokerage hopes to achieve its goal of obtaining 50% of its revenues from international business within two years, Mr. Verbeek said.

"There is no other continental broker with a portfolio spread or a network like ours," he said.

And the opportunities for its portfolio of clients to grow are increasing as more commercial and industrial clients seek professional advice from brokers, Mr. Verbeek said.

For example, he said, "we are seeing an increase in demand for brokers in France, despite the fact that there are still a number of insurance companies under state control.

"And in Germany, the market has become much more open to foreigners. Also in Germany, the relationship between industry and insurers is changing and clients are much more keen to involve professional brokers than they were previously," he said.

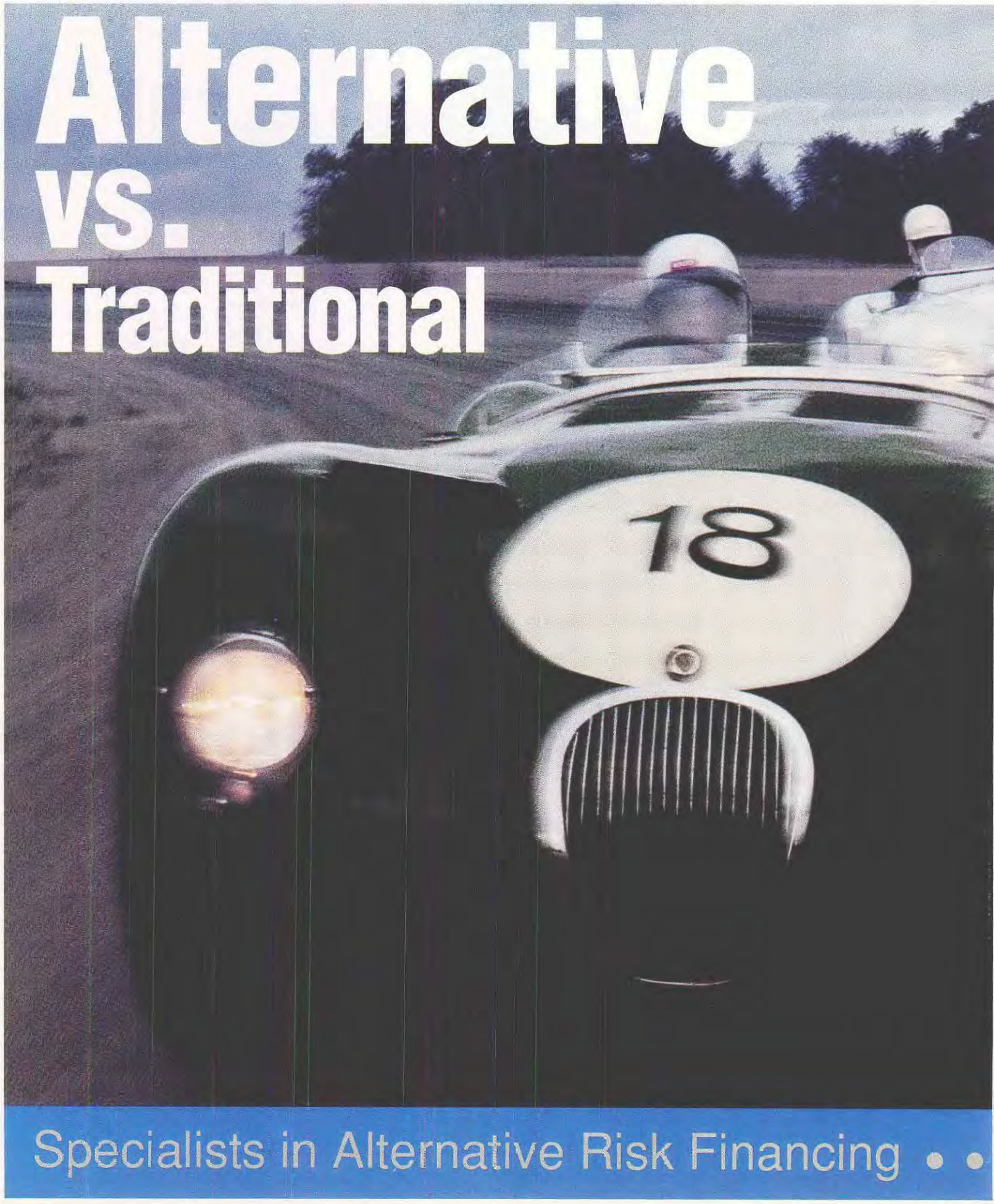
Hudig-Langeveldt has four offices in Spain and is currently hiring more people to handle the growing amount of business there, Mr. Verbeek said.

In addition to increasing its geographic presence, Hudig-Langeveldt sees several opportunities for increasing revenues.

For example, the brokerage is eager to develop its employee benefits operations, Mr. Verbeek said.

"We want to be a recognized employee benefits adviser. We have

Continued on next page



Continued from previous page
achieved that in the Netherlands and we now want to achieve that in the rest of Europe, so we are currently hiring people for our employee benefits division throughout Europe," he explained.

The opportunity for the expansion of employee benefits lies with the growing tendency of governments to encourage more people to rely on private health insurance rather than the state, he said. Another factor is the migration of employees throughout Europe, which demands more flexible pension products, Mr. van der Wal added.

Yet another area of opportunity is professional liability insurance, especially for the financial services sector, Mr. Verbeek said.

"There is a much heavier liability burden on accountants and lawyers. And, unlike most continental brokers, we have a special liability department to service professional indemnity clients."

One major task for the company in the coming year: selecting a new international brokerage partner, now that M&M has agreed to divest its 30% shareholding in Hudig-Langeveldt.

Hudig-Langeveldt formerly acted as an M&M correspondent and placed business for M&M from its Dutch and European offices. And Hudig-Langeveldt used M&M's expertise in areas where the Dutch broker did not have its own offices, like Latin America and the United States.

M&M had long made clear that it wanted to take a controlling interest in Hudig-Langeveldt, but the Dutch broker has always resisted.

The break was finally agreed to in May.

Former chairman Mr. ten Bokkel has been retained on a consulting basis to help decide which international broker should take up the 30% stake in Hudig-Langeveldt and act in M&M's stead.

Hudig-Langeveldt wants 'to be a recognized employee benefits adviser,' says Mr. Verbeek.

"Basically, M&M was looking for a branch in the Netherlands and because of our own expansion, it was difficult for Hudig-Langeveldt to fulfil that role," Mr. Verbeek explained.

Hudig-Langeveldt will meet with clients that were serviced through M&M to decide which broker will continue handling the business, he said.

Although Hudig-Langeveldt will look for a new partner to plug the M&M gaps, the company's own international network extends outside of continental Europe.

Hudig-Langeveldt has its own offices in Bermuda, Japan and the Netherlands Antilles. Also, it has offices in the Far East through a joint venture with C.E. Heath P.L.C. called Heath Hudig-Langeveldt.

During 1990, Hudig-Langeveldt set up a new employee evaluation system. "Under the system you describe every job and set goals for each employee, and if they achieve or exceed the goals they receive a bonus. Consequently, people are much more aware of what is expected of them," Mr. van der Wal explained.

The company also developed a new information processing and computer plan that will be implemented over the next five years, he added.

The majority of Hudig-Langeveldt's revenues in 1990—88%—came from commercial retail brokerage, compared with 85% in 1989.

Investment income accounted for 5% of revenues, down from 6% in 1989. And, 3% of 1989 revenues that came from personal lines business disappeared in 1990 with the sale of the company's insurance interests.

The company picked up 1% of revenues from wholesale business in 1990, where it had none the previous year. Reinsurance also generated 1% of revenues, unchanged from 1989, and services contributed 5%, also unchanged.

Slumping property and casualty insurance rates, which have still not turned, also hurt business, he added. "We have reached the bottom of the market, but rates throughout the world are still unchanged. However, there has been a little improvement in the marine market.

"U.S. property and casualty insurers cannot continue with 110% loss ratios for too much longer," Mr. Verbeek said.

Hudig-Langeveldt's profits increased to 26 million guilders ($15.2 million) in 1990 from 22 million guilders ($11.5 million) in 1989.

Expenses increased to 50 million guilders ($29.2 million) from 42 million guilders ($22 million). The figures exclude payroll and depreciation of fixed tangible assets.

Total operating expenses for 1990 stood at 204.2 million guilders ($119.1 million), up from 169.2 million guilders ($88.6 million) in 1989.

Now that the company has disposed of its insurance interests, Hudig-Langeveldt's principal domestic operating divisions aside from retail brokerage are:

- Algemeen Pensionbureau Hudig-Langeveldt, a life and pension consultant.
- Hudig-Langeveldt Reinsurance, a reinsurance intermediary.
- Computer Service Holland bv, a data processing firm.

In addition to Messrs. Verbeek and van der Wal, the principal officers include L.J. Langenbery, who is vice chairman.

—By Gavin Souter



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Faugere & Jutheau S.A.

13 Rue de la Ville-L'Eveque, B.P. 280-08, 75360 Paris, France; 4-268-1500; fax: 4-268-0671

	1990*	1989*
Premium volume	NA	NA
Gross revenues	$128,996,000	$111,961,000
Brokerage: Retail	90%	90%
Reinsurance	10%	10%
Employees	1,388	1,368
Rev./Employee	$92,937	$81,843
Offices	26	28

* Converted at applicable exchange rates.

France's largest brokerage, Faugere & Jutheau S.A., managed to emerge from a difficult year with modest growth.

A struggle for control of the family-run firm with the world's largest brokerage took its toll, as did the ongoing soft property/casualty insurance market.

At least in the presence of outsiders, Robert Husson, chairman of Faugere & Jutheau, remains good humored about his tussle with Marsh & McLennan Cos. Inc.

This is impressive because the battle cost Mr. Husson his house in the well-heeled Paris suburb of Neuilly and forced him to move to a houseboat on the Seine.

Mr. Husson cheerfully shows visitors to Faugere's offices in central Paris a postcard of the houseboat. With the Eiffel tower floodlit in the background, it appears rather glamorous. "It looks better at night," Mr. Husson quipped.

Last year, M&M had expressed interest in acquiring a block of Faugere shares that Mr. Husson's sister-in-law wanted to sell.

Faugere has been M&M's correspondent broker since 1969, and in 1974 Faugere traded one-third of its privately held shares for a minority interest in the world's largest brokerage.

The purchase of the additional shares would have given M&M control of the brokerage.

It took considerable personal sacrifice, but Mr. Husson managed to keep the shares within the family.

On June 6, M&M, which continues to hold a 33.4% stake in the French brokerage, and Faugere jointly issued a statement that they had fully resolved their differences. The statement says that there now are "finally no difference in our views on how to face the future. Both parties value the merit of the global firm concept, but also appreciate the eventual need for adjustment to take into account the peculiarities of certain countries like France."

Mr. Husson admitted that "sentimentally, we are attached to our history" as a family-owned firm, but denied that was the main reason he fought to keep control of the brokerage in French hands. "There is no doubt that certain clients attach importance to the fact that the people who supply them with services should remain French," he said.

Chairman Robert Husson remains good humored about his tussle with Marsh & McLennan Cos. Inc. The battle cost Mr. Husson his house in the well-heeled Paris suburb of Neuilly and forced him to move to a houseboat on the Seine.

One such client is the French government. Often a controlling shareholder in Faugere & Jutheau's client companies, the government remains a strong influence throughout the national economy. Civil servants who run the state-controlled companies share a "cultural affinity" with the heads of major private companies, explained Mr. Husson. "They have often had the same education and the same training."

Mr. Husson suggested that such attitudes were less common in Germany, where M&M in 1989 gained full control of its German correspondent broker, Gradmann & Holler (*BI*, Oct. 30, 1989).

Mr. Husson paid tribute to M&M as a "Rolls Royce organization" but argued that the U.S. brokerage has now seen the benefit of leaving Faugere with control of its own affairs. He flourished his copy of the Faugere-M&M statement in support of this argument.

The statement refers to a decision by the two brokerages to "reinforce their links and enhance their cooperation."

He stressed the spirit of cooperation that remains between the French broker and Marsh & McLennan outside of France. Faugere & Jutheau relies on the M&M network to place business in most European nations outside of France.

Mr. Husson contrasted this with Hudig-Langeveldt Group bv, a longstanding Dutch associate of M&M that has developed a strong presence in markets where M&M is already established, like Germany and Spain. M&M in May announced it is selling its 30% stake in Hudig (see stories, page 16 and 62).

The distraction of negotiating the brokerage's ownership, paired with the competitive property/casualty insurance market worldwide, slowed Faugere & Jutheau's revenue growth in 1990. Revenues climbed only 1.5% to 656.8 million French francs from 646.8 million French francs in 1989. That is down from 8.1% growth in 1989 (*BI*, June 18, 1990).

Because of the strength of the French franc, though, when converted to U.S. dollars at year-end applicable exchange rates, Faugere & Jutheau's revenues jumped 15.2% to $129 million in 1990 from $112 million in 1989. That makes Faugere the world's 15th-largest insurance brokerage, unchanged from 1989.

Faugere & Jutheau's African business struggled last year.

The brokerage retains a strong presence in French-speaking Africa, which provided 15% to 20% of the brokerage's revenues last year. The firm has 10 offices and 313 employees in Africa.

"The African continent is going through a very difficult period," Mr. Husson observed. "We are not in the red, but our bottom line is not very exciting."

However, he added, because Faugere & Jutheau is the leading broker in most of the 10 African countries in which it operates, it has "moral commitments; we cannot just drop operations in these countries that have put their faith in us."

He suggested that this sense of loyalty may be just as French a characteristic as the sentiments that kept the brokerage a French company last year.

Domestically, Faugere & Jutheau has been seeking to develop business in the provinces outside its historic power base of Paris. In 1989, for example, it purchased stakes in brokerages with offices in Lille, which is in Western France, and Marseilles, on the Mediterranean coast.

Faugere & Jutheau made no new

Continued on next page



Continued from previous page
acquisitions in 1990 and, in fact, saw its number of offices drop due to consolidation to 26 from 28 in 1989.

However, Mr. Husson said that "certain other initiatives" are under discussion.

He stressed Faugere & Jutheau's willingness to expand through purchasing minority stakes in provincial brokerages, which could later be expanded at the partners' leisure.

It is difficult, he said, to start up provincial offices from scratch, in the teeth of fierce opposition from local firms.

"We have always preferred a policy of working with (these companies). Then you always end up working with family businesses. So you have to be patient, you have to wait until the provincial broker feels the need to link up with a major firm to better serve his clientele," he said.

Mr. Husson acknowledged that France continues to be a highly centralized country, but pointed out that certain major industries that Faugere serves are not based in Paris.

"If you look at aviation and space risks, the capital (for these industries) in France is not Paris—it's Toulouse," Mr. Husson said.

Reinsurance and wholesale brokerage continue to represent a major part of Faugere & Jutheau's business, in contrast to its major French rival—Gras Savoye S.A.—where these activities are relatively minor (see story, page 67).

'We have always preferred a policy of working with' local provincial firms, says Mr. Husson.

Faugere & Jutheau does not break out the sources of its revenues, saying only that 90% is done in "direct" or wholesale/retail business, while 10% comes from reinsurance brokerage.

Reinsurance brokerage is the responsibility of Paris-based subsidiary Union Francaise de Reassurances. UFR's client base is diverse, Mr. Husson commented, perhaps more so than France's leading reinsurance broker, Le Blanc de Nicolay, which he said depends heavily on business from a few mutual insurers.

Herve Blumenthal, head of Faugere's international division, noted that wholesale brokering of nonmarine business into the French market "developed positively last year, while still remaining at a modest level."

Mr. Blumenthal said that the French market's reputation for underwriting highly technical risks, like insurance for banks or complex construction projects, is well established.

But, he added, marine and aviation insurance are the main attractions of the French insurance market to foreign brokers.

Managing Director Vianney Bollier pointed out, though, that "the distinction between wholesale and retail business is not applicable in marine and aviation business, where the placing of major business is international."

Faugere & Jutheau also derived some satisfaction from new business that it has won from Japanese corporations setting up in France, Mr. Blumenthal said.

This is a particularly promising source of business that rival Gras Savoye has also been targeting, he added.

Meanwhile, the size of Faugere & Jutheau's workforce grew slightly to 1,388 last year from 1,368.

—By William Pitt

16

Jauch & Huebener

Ruhr 1, Obere Saarlandstrasse 2, D4330 Mulheim, Germany; 208-3071; fax: 208-307430

	1990*	1989*
Premium volume	NA	NA
Gross revenues	$126,776,000	$108,336,000
Brokerage: Retail	45%	60%
Reinsurance	45%	30%
Services	10%	10%
Employees	950	850
Rev./Employee	$133,448	$127,454
Offices	18	12

BI estimate; converted at applicable exchange rates.

German insurance broker Jauch & Huebener is staking its claim as one of the leading independent brokerages in Europe.

Although 1990 was marked by sluggish growth in a competitive insurance market, a recent merger and developing expertise in Eastern Europe are expected to help maintain that position, the Hamburg-based brokerage says.

A merger with fellow broker Joost & Preuss, which should be completed this month, has resulted in a new limited partnership called Jauch & Huebener KGaA (*BI*, April 8). Before the merger, management was headed by six partners who were personally liable for any losses. The company has since added two new partners and has formed a limited partnership with a 17 million deutsche mark ($9.5 million at current exchange rates) capital base.

Not only will the merger increase Jauch & Huebener's presence in Europe, but it also will increase its revenues by 15% in 1991, estimated Christian Dahms, a partner in the brokerage's Mulheim office. That would be a sizable jump from 1990 levels, which he would only say had increased more than 2%.

Jauch & Huebener does not reveal its financial results, but *Business Insurance* estimates gross revenues increased 3.5% to 189.5 million deutsche marks in 1990 from 183.1 million deutsche marks in 1989. Converted to U.S. dollars at appropriate exchange rates, revenues jumped 17% to an estimated $126.8 million in 1990 from $108.3 million.

That increase kept Jauch & Huebener in the No. 16 spot it occupied last year.

An increase in manpower was a major incentive for the merger, Mr. Dahms said. Before the merger, Jauch & Huebener had increased the number of its employees by 11.8% to 950 at year-end 1990, from 850 at the end of 1989. Mr. Dahms admits this "massive" in-

Continued on next page

AVIATION PRODUCTS LIABILITY

SAILCLOTH SUBSIDIARY WEAVES EXPENSIVE COVERAGE TANGLE.



ONLY AFTER SEVERE CRASHES INVOLVING INJURIES DID A COMPANY LEARN THAT ITS SUBSIDIARY WAS SELLING SAILCLOTH TO A MAKER OF ULTRALIGHT AIRCRAFT FOR USE AS WING COVERING. THERE WERE NO DEFECTS IN THE PRODUCT, BUT THE FABRIC FAILED BECAUSE IT WAS NEVER INTENDED FOR SUCH USE AND THE SPECIFICATIONS MADE THAT ABSOLUTELY CLEAR. BUT THE DAMAGE WAS DONE, AND THE MANUFACTURER FACED SEVERAL SUBSTANTIAL CLAIMS. IT'S AN EXPENSIVE FALLACY TO THINK THAT BY BEING CONSCIENTIOUS, OR BY HAVING LITTLE-TO-NO INVOLVEMENT WITH AVIATION, OR BY HAVING NOTHING TO DO AT ALL WITH MANUFACTURING AIRCRAFT YOU WILL HAVE NO EXPOSURE TO AVIATION PRODUCTS LIABILITY CLAIMS. AAU KNOWS THE RISKS YOU FACE AND HOW TO PROTECT YOU BY EXPERT UNDERWRITING, LOSS PREVENTION PLANS, RESOURCEFUL LEGAL AND CLAIMS SUPPORT. IN SHORT, THE RIGHT INSURANCE WITH THE RIGHT PEOPLE. ASSOCIATED AVIATION UNDERWRITERS. YOU DON'T HAVE TO BUILD AIRPLANES TO NEED AVIATION PRODUCTS LIABILITY PROTECTION.

AAU *Raising Your Expectations*

Continued from previous page
vestment in staff hurt profits last year and slowed revenue growth.

Employees, he said, were busy familiarizing themselves with the brand-new market in the eastern provinces of Germany, but business was slow to develop.

"We had to expand very rapidly to meet new challenges," Mr. Dahms explained. "We trained staff at an accelerated rate to deal with an expanded market in Germany and strengthened expertise in dealing with other European markets. New offices were opened in Leipzig and elsewhere in Eastern Europe."

At year-end, it had 18 offices in Germany, Switzerland and Austria, up from 12 in 1989. And, after merging with Joost & Preuss, Jauch & Huebener now has 1,160 employees in 21 offices.

Mr. Dahms estimates that Jauch & Huebener now has a 10% share of the market in western Germany and a 15% share of the total premium volume in the eastern provinces. Areas of strong growth in eastern Germany, he said, include international construction insurance and employee benefits.

In addition to taking advantage of the market created by a reunified Germany, Jauch & Huebener is looking for revenue growth from Eastern Europe, Mr. Dahms says.

"Property and casualty business (in Eastern Europe) will help make 1991 a good year," he said. "Business we did last year hasn't had an effect on the company results yet, but let me tell you it's tremendous. This is a genuine growth area. It could soon make up 40% of our retail book."

Markets of particular interest are Austria, Hungary and Czechoslovakia, Mr. Dahms said.

The market in Southeast Europe is now served by the broker's Vienna office. Admitting there is little hope of short-term gains in Eastern Europe, Mr Dahms said the long term looks promising.

"We are in the process of training more people to deal with this market. Luckily, many of our new eastern German employees know the market well. Hungary is moving very fast to accommodate Western industry, which makes it an important market for us," Mr. Dahms said.

Jauch & Huebener's position in Eastern Europe also should benefit the UNISON brokerage network.

Jauch & Huebener is now the second-largest member in UNISON behind Johnson & Higgins. The group lost what had been its second-largest member last year when Willis Faber P.L.C. merged with Corroon & Black Corp. (see story, page 28).

Mr. Dahms said Willis Faber's decision surprised UNISON, but he claims the network remains strong.

The loss of Willis left a gap in England in the UNISON network but last month Johnson & Higgins announced that it would set up an independent subsidiary, Johnson & Higgins U.K. Ltd., to represent UNISON in the United Kingdom and Ireland (*BI*, June 17).

According to Mr. Dahms, UNISON is undergoing an overhaul.

In particular, two major changes have been made to strengthen the group, he said. "For one thing, we have decided a smaller member that wants to sell part of its equity must give the other members the first option to buy," he said. "We avoided this in the past but we've decided to alter our strategy and keep the group intact."

In addition, UNISON is raising its profile. "International clients can work directly with UNISON as a broker; that's new. UNISON has become tangible, not just a loose association."

'The trend is toward Europolicies and the client dictates the game,' says Christian Dahms.

"Clients want one international structure they can deal with. Corporations have one head office covering all of Europe and they want one policy that does the same. The trend is toward Europolicies and the client dictates the game," Mr Dahms said.

Jauch & Huebener provides services in retail brokerage, reinsurance brokerage, risk management and benefits consulting. Retail and reinsurance business each accounted for about 45% of its business in 1990, while services produced about 10% of revenues. The previous year, Jauch & Huebener derived 60% of revenues from retail brokerage, 30% from reinsurance and 10% from services.

And, about a quarter of its retail book—25%—was marine business last year, up from 15% in 1989.

Aside from marine business, Jauch & Huebener's strength is traditionally with larger chemical corporations.

In addition, the merger with Joost & Preuss "strengthens our home base," Mr. Dahms said. "J&H deals primarily will large industrial clients, while Joost & Preuss serves primarily middle-sized businesses. As we see it, we're balancing our retail book. In addition, we can share the task of securing clients in eastern Germany. Together we also have a larger share of the market in eastern Germany."

The brokerage is also making major strides in services.

"To facilitate our clients, we're planning a new European employee benefits consulting firm," Mr. Dahms said. "Our clients need some kind of overview of employee benefits in different countries and a policy that allows some kind of general cover. We've found corporations want one source of information when they want to know what to do in terms of employees."

In addition, he said, "we are investing heavily in a new information system that will allow an overview of European insurance conditions."

In risk management consulting, a difficult issue for Jauch & Huebener is how to help clients secure environmental impairment and product liability coverages, Mr. Dahms said.

"In eastern Germany, state-owned companies with serious environmental impairment problems are being privatized all the time. In many cases, a government trust that is responsible for selling these companies sells them devoid of any past liability for environmental impairment. But even then it is impossible for these companies to get coverage. Insurers won't write it. As a result, we have taken on the task of consulting on risk management. The idea is: If you can't get the insurance, at least limit the risk as much as possible."

According to Mr. Dahms the brokerage intends to enter a new phase of acquisitions and shareholdings in other companies. While fellow UNISON members are the main object of attention, he indicated that "buying in" to a non-network company could soon be a major option elsewhere, although he did not elaborate.

The brokerage will be increasing capital by 200 million deutsche marks ($111.7 million at current exchange rates) through a private placement to gain "more flexibility in mergers and expand on a larger scale," Mr. Dahms said.

—By Don Lewis Kirk



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Gras Savoye S.A.

115-123 Ave. Charles de Gaulle,
92200 Neuilly-sur-Seine, Paris,
France; 4-738-7117; fax: 4-738-7107

	1990*	1989*
Premium volume	NA	NA
Gross revenues	$125,165,000	$94,340,000
Brokerage: Retail	77.5%	76%
Reinsurance	2%	2%
Personal lines	14%	16%
Services	2%	2%
Invest. income	4%	4%
Other	0.5%	0%
Employees	1,253	1,215
Rev./Employee	$99,892	$77,646
Offices	46	41

* Converted at applicable exchange rates.

While expansion into Greece and Poland is making news at Gras Savoye S.A., Chairman and Chief Executive Officer Patrick Lucas notes that more than 90% of the broker's revenue growth stemmed from the French market.

The second-largest French broker's 1990 revenues rose almost 17% in French francs and 32.7% in U.S. dollars, because the franc was riding high at year-end. But the 16.9% real revenue growth, Mr. Lucas observed, "is already not bad."

Mr. Lucas distinguishes Gras Savoye's domestic strategy from that of its principal—and slightly larger—French rival, Faugere & Jutheau (see story, page 64). While both companies have been trumpeting the importance of strong regional representation outside of Paris, Mr. Lucas said Gras Savoye prefers to open its own offices, rather than buying stakes in local brokerages as Faugere & Jutheau prefers.

"The main thrust behind our regional network has been the creation of new Gras Savoye offices. In some towns, this has later been followed by the acquisition of a local firm, but not very often," he explained.

As in 1990, Gras Savoye has 23 regional brokerage offices throughout France. Mr. Lucas said he has modified his ambitions of two years ago of having 55 French offices by 1992. "I don't think we'll hit that target," he said. "Today, with the offices we have, we believe that we cover the country adequately. We do not have plans to develop our network further."

Overall, Gras Savoye reported gross revenues of 637.3 million francs in 1990, a 16.9% increase from 545 million francs the previous year. And in dollar terms, gross revenues climbed 32.7% to $125.2 million last year from $94.3 million in 1989.

Gras Savoye ranked as the 17th-largest broker in the world, up from 18th place a year ago.

While revenues increased sharply last year, employee count rose only 3.1% to 1,253 at year-end 1990 from 1,215 a year earlier.

Existing clients proved a rich source of new business in 1990. "Our strategy begins by exploiting the evident satisfaction of our clients in the work we have already done for them," Mr. Lucas said. He cited credit insurance, transport insurance and benefit consulting as three areas in which existing clients have increasingly produced new business.

Luc Malatre, director of Gras Savoye's international commercial lines department, noted that "we are particularly recognized as a leader in political risks." This skill has helped spur its export credit insurance business, he explained.

The French market has established something of a reputation as a source of political risk insurance capacity in recent years, largely through PARIS (Pool D'Assurance des Risques Internationaux & Speciaux), which is primarily supported by French insurers and reinsurers. But Gras Savoye has not exploited the French market's political risk capacity by offering wholesale brokerage services to brokers outside France.

Gras Savoye places very little wholesale business into the French market, Mr. Malatre said. "We have not made a political choice not to do it. It is just that, with the growth rate we have had, we have not had the time."

New clients have been the second component of Gras Savoye's domestic growth, according to Mr. Lucas. Business from new clients increased in 1990 compared with 1989, he said, attributing the increase to the "heavy investment we have made in recent years to develop our business internally."

Mr. Husson is reticent to identify clients, explaining that they are growing more sensitive to being identified publicly. He does admit, though, that Gras Savoye has lost "some contracts" from Credit Lyonnais, the large state-owned bank. Credit Lyonnais last year acquired a minority stake in another French brokerage, Cabinte Besse. Some of the bank's business was then shifted to that broker.

However, Gras Savoye's progress in other areas has overshadowed this loss. Mr. Lucas draws special satisfaction from the increasing number of commercial lines clients that entrust their auto fleet coverage to Gras Savoye.

The brokerage's reputation in this line of business was boosted in 1989 by winning the contract to place coverage for the 7,500-vehicle fleet in France owned by Hertz Corp., the auto rental agency (*BI*, June 18, 1990).

Mr. Lucas pointed out that of all of Gras Savoye's mainstream brokerage divisions, the motor fleet business has the largest risk management component. Revenues from risk management consulting services grew more quickly than brokerage revenues in 1990, he added.

Another growth market for Gras Savoye has been municipalities. Since 1983, French governmental units have been required to purchase liability insurance, and Gras Savoye has been happy to specialize in this area of business.

Internationally, Gras Savoye functions as a member of the UNISON network of retail brokers, and Mr. Lucas rarely refers to Gras Savoye's activities outside of France without invoking the UNISON name.

Thus, Gras Savoye's purchase of an 85% stake in the Greek UNISON member, Mercury Insurance Agencies, in November 1990 was both a service to Mercury's main shareholder, Dimitri Tharpozi, who wished to sell, and a means of ensuring that Mercury remained a member of UNISON. The former owner of Mercury still runs the brokerage and "clients get exactly the same service as before," Mr. Lucas said.

Gras Savoye in February 1991 purchased a 60% stake in the Polish brokerage member of UNISON, Polbrokers. Since the deal was not completed until this year, the acquisition had no impact on Gras Savoye's 1990 results.

With a population of close to 40 million, Poland is largest nation in Eastern Europe. Polbrokers, founded in 1986 by former executives from Polish government-owned Warta Insurance Co., is by far the nation's largest brokerage. Nearly 100 people are employed in its eight offices.

The investment in Polbrokers is part of a Eastern European strategy that was mapped out last year between Gras Savoye and the German UNISON member, Jauch & Huebener, Mr. Lucas said.

Continued on next page

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Continued from previous page

However, he denied suggestions that UNISON was becoming a "triumvirate" controlled by its U.S.-based founding member, Johnson & Higgins, Jauch & Huebener and Gras Savoye. Mr. Lucas nevertheless acknowledged that the three brokers have consolidated their position within the network over the past year.

Gras Savoye controls both the Greek UNISON member and the new Polish member. Jauch & Huebener represents the network in the fast-developing Hungarian market. And, in the aftermath of the merger of former member Willis Faber P.L.C. with Corroon & Black Corp. last year, Johnson & Higgins recently formed retail brokerage subsidiary Johnson & Higgins U.K. Ltd. in London to serve as the UNISON member for the United Kingdom and Ireland (see story, page 28).

J&H also recently acquired Dutch UNISON member R. Mees & Zoonen from the ABN/Amro banking group. Mr. Malatre likened J&H's purchase of Mees & Zoonen with Gras Savoye's purchase of Mercury in Greece. "Mees & Zoonen was for sale. Johnson & Higgins had to buy it, or otherwise someone else would have. In Greece it was the same way."

Both Mr. Lucas and Mr. Malatre insisted that such purchases were "strictly financial" and did not affect the service that clients receive from the acquired companies.

Gras Savoye reports that 77.5% of its revenues were derived from commercial retail brokerage in 1990, up from 76% the previous year.

Gras Savoye has longstanding expertise in captive management. More recently, it has added a range of loss control services through the creation in 1989 of SAGERI, a Paris-based risk management consulting subsidiary specializing in environmental liability consulting.

Revenues produced by loss control consulting and captive management are fee-based, an attractive form of remuneration for French brokers in the current soft commercial property/casualty insurance market.

Gras Savoye reports that only 2% of its retail brokerage revenues is derived from fees.

Personal lines business slipped slightly in 1990 as a percentage of Gras Savoye's overall revenues, accounting for 14% of Gras Savoye's business last year, compared with 16% in 1989. But personal lines "continued to be an important focus to us," says Mr. Lucas.

Gras Savoye sells personal lines insurance to the employees of its commercial clients and also through banks. Banks and insurers are increasingly teaming up in France to cross-sell one another's products, he noted. "As brokers, we are interested in helping these vectors."

He added the Gras Savoye has operated a separate division to serve as a liaison with banks for several years. "There are quite a few insurance products, which we have devised and which we managed, that are sold through banks," he said. Such products are marketed through "seven or eight banks, at least."

Besides the commercial and personal lines business, 2% of 1990 revenues came from reinsurance brokerage, 2% came from non-brokerage services and 4% came from investment income, all unchanged from 1989. Gras Savoye reported 0.5% of revenues last year came from miscellaneous activities, up from nothing the year before.

Besides Mr. Lucas and Mr. Malatre, other Gras Savoye executives include Daniel Naftalski, chief operating officer, and Emmanuel Gras and Claude Sautiere, deputy operating officers.

—By William Pitt

18

Hilb, Rogal & Hamilton Co.

4235 Innslake Drive, P.O. Box 1220, Glen Allen, Va. 23060-1220; 804-747-6500; 804-747-6046

	1990	1989*
Premium volume	**$650,000,000**	$600,000,000
Gross revenues	**$97,020,503**	$94,246,183
Brokerage: Retail	**70%**	66%
Personal lines	**19%**	24%
Services	**8%**	6.5%
Invest. income	**3%**	3.5%
Employees	**1,190**	1,160
Rev./Employee	**$81,530**	$81,247
Offices	**41**	35

* Restated.

With a record year of expansion and earnings under its belt, Hilb, Rogal & Hamilton Co. is reorganizing to lay the groundwork for even more growth.

Last year, the Glen Allen, Va.-based broker completed 28 acquisitions and mergers, easily topping its old record of 18 set in 1988.

The latest acquisitions—coming at a time of declining renewal premiums due to the soft commercial market and the recession—accounted for the lion's share of revenue growth.

Gross revenues moved ahead 2.9% to $97 million last year from a restated $94.2 million in 1989. That's down sharply from 1989 growth, which, using the restated figure, was up 35.9% from revenues of $69.4 million in 1988.

Hilb Rogal & Hamilton moved up two notches to become the 18th-largest broker in the world and is the 11th-largest in the United States.

Net income climbed 5.2% to $6.1 million last year from a restated $5.8 million in 1989. Net earnings last year equaled 65 cents per share, up from a restated 63 cents per share in 1989. Gross revenues, net income and earnings per share in 1989 are restated to reflect acquisitions Hilb, Rogal & Hamilton made last year, accounted for as a pooling of interests.

President Robert H. Hilb described 1990 as satisfying, but "difficult in the sense that the pricing of the product continued to be soft."

At the same time, the recession, especially in the Northeast, as well as tight lending policies by banks, has hurt some Hilb, Rogal & Hamilton clients, he said.

The production staff is working hard to keep renewal business and win new accounts and, in a number of geographic areas, the company has increased its market share, he said.

Still, with a soft market and a recession, an increased market share does not mean higher revenues.

"Yes, in many locations we gained market share. But that does not mean you gained more market dollars," Mr. Hilb said, referring to lower renewal premiums and the problems caused by the recession.

While the soft market and the business climate have caused a lot of stress, better times lie ahead.

Already, the company is putting in place what it describes as planks in its foundation to set the stage for a new wave of expansion.

One of those planks is a new corporate sales and marketing division to help local offices target prospects in a more scientific way, rather than hit-or-miss.

For example, the new unit, headed by Executive Vp Dennis Lofton, can supply special computer data bases—such as the expiration dates of workers compensation policies of employers in a certain geographic area—to local offices so their sales staff can time visits before policies expire.

Other steps taken during the past year also were made in preparation for future expansion. A new unit—HRH International—now serves the HRH agencies as a centralized placement facility for all business placed outside the United States.

Through the creation of the in-

Continued on next page

HOW HOBBS MINIMIZE YOUR COST OF RISK.

Continued from previous page
ternational unit, led by Executive Vp Andrew L. Rogal, "Benefits accrue to our agencies and the company as a whole by taking advantage of existing relationships in London, primarily, and elsewhere in the future," according to the annual report.

Mr. Hilb notes that more clients are venturing overseas and the company wants to help them with all their international insurance needs.

While the new international unit now has only a three-person staff, Mr. Hilb expects the unit to grow in the years ahead, a reflection of the increased globalization of business. The unit places insurance with non-U.S. underwriters and, on a small scale, for U.S. clients with foreign exposures.

In 1990, only 1% of revenues was generated by placing business for non-U.S. clients.

At the same time, to better manage a company that has doubled in size in just three years, Hilb, Rogal & Hamilton last year created two new divisions, each headed by an executive vp who has responsibility for agency operations producing about $50 million in revenues.

Division I, which covers operations in the South and Southeast, is headed by Executive Vp John C. Adams Jr., while Division II, which covers operations in other areas of the country, is directed by Mr. Rogal.

As the company expands, the number of divisions is likely to increase, Mr. Hilb said.

What hasn't changed is Hilb, Rogal & Hamilton's aggressive acquisition strategy. That strategy has helped quadruple both revenues and net income since 1985: Revenues are nearly $100 million up from $25 million, while net income has jumped to more than $6 million from about $1.5 million. Its 28 acquisitions last year were a record, easily topping 1988's 18 and last year's 17 acquisitions.

Hilb, Rogal & Hamilton's growth plan, as laid out in its annual report, is a boon to both the company and the agencies that are acquired.

"The HRH scenario, combining more competitive strength and clout with big underwriters, liquidity and tax advantages, plus support where and when needed without suffocating control, is a solution that is difficult for local independents to match. In return, HRH gains revenue and future profit potential through solid client and community relationships fostered over many years," the annual report claims.

Most of those acquisitions are small agencies—often with less than $500,000 in revenues—in areas where Hilb, Rogal & Hamilton already had an office.

Its 1990 acquisitions also brought the company into six new cities. Those acquisitions include: Ordway-Saunders Co. in Amarillo, Texas; W.L. Dinn & Co. Inc. in Corpus Christi, Texas; Employee Benefit Services Inc., a third-party benefit claims administrator in Charleston, S.C.; C.P. Brown & Associates Inc. in Memphis, Tenn.; The Arthur Noll Insurance Agency Inc. in Bloomfield, Conn.; and Vincent, Feldhausen & Piehl Inc. in Green Bay, Wis.

The acquisitions in South Carolina, Tennessee and Wisconsin are Hilb, Rogal & Hamilton's first in those states.

Unlike acquisitions in locations where Hilb, Rogal & Hamilton already has offices, the company generally only considers purchases in new locations in which agencies produce at least $1.5 million to $3 million in revenues, Mr. Hilb said.

Of the 28 acquisitions, seven were in Texas, a reflection of Hilb, Rogal & Hamilton's major presence in that state, which allows acquired firms to be easily merged into existing offices.

Aside from the new stand-alone acquisitions in Amarillo and Corpus Christi, other acquisitions last year in Texas include: MFS Agency Inc. and Richard Arnold Insurance Agency Inc., both in Dallas; North American Insurance Agency, Southwest General Insurance Agency and Alfred J. Pratka, all in Houston; and Ken Williams Insurance Agency in Edna.

The company also made four acquisitions in Florida, three in Georgia and two in Virginia and Maryland: Gainesville Insurance Agency in Gainesville, Fla.; Ben Few Insurance Agency Inc. in Fort Myers, Fla.; The Hutcheson Corp. Inc. in Orlando, Fla.; The Insurance Shop Inc. in Daytona Beach, Fla.; The Warwick Agency Inc. in Brunswick, Ga.; Bradley Insurance Agency Inc. in Atlanta; Dixon Sheehan Titus Inc. in Savannah, Ga.; The Beatson Corp. and Kroh, Miller, Knight & Shackelford Inc., both in Baltimore; The James River Financial Group Inc. in Richmond, Va.; and Cundiff Insurance Services Ltd. in Fredericksburg, Va.

Other acquisitions in 1990 included Dodder Mutual Insurance Agency & Co. in Washington, D.C.; Renneker & Co. Inc. in Birmingham, Ala.; Hager Associates Inc. in Pittsburgh; L.H. Edwards & Associates Inc. in Phoenix; and Sherar, Cook & Gardner Inc. in New Orleans.

And, so far this year, Hilb Rogal & Hamilton has completed another 13 acquisitions including: Davis & Loy Inc. and TMS Insurance Agency Inc. both in Atlanta; Euringer Insurance Agency Inc., Richard Wilcok Insurance Agency Inc. and Ross Lombard & Ballard Insurance Agency Inc., all in Fort Lauderdale, Fla.; Smithy-Braedon Insurance in Fairfax, Va.; Malloy-Bell Inc. in Voorhees, N.J.; Thos. Wellford & Sons Inc. in Memphis, Tenn.; Parsons & Associates in Corpus Christi, Texas; G.W. Flournoy Insurance Agency Inc. in Richmond, Va.; Morley Gann Agency in Hartford, Conn.; Syrett-Zeerip-Weidenfeller Inc. in Grand Rapids, Mich.; and Jarcik Insurance Agency in San Rafael, Calif.

Just as Hilb, Rogal & Hamilton's acquisition zeal is continuing unabated, its focus on small to medium-sized accounts—those generating between $50,000 and $250,000 in annual premiums—has not changed.

Seventy percent of the broker's business was generated by commercial retail business last year, up from 66% in 1989, while personal lines business fell to 19% from 24%. That reduction is simply the result of recent acquisitions having only a small amount of personal lines business, Mr. Hilb said.

Other revenue sources include services, which produced 8% of gross revenues, up from 6.5% in 1989; and investment income, which posted 3%, down from 3.5%.

Operating expenses rose just 2.7% during the year to $88.2 million from $85.9 million. According to Mr. Hilb, expenses are carefully watched by an operating group and are under control.

At year-end, Hilb, Rogal & Hamilton reported 1,190 employees, up from a restated 1,160 employees in 1989.

Hilb, Rogal & Hamilton increased its cash dividend on Dec. 31, 1990 to nine cents a share, up from seven cents. The shares traded over the counter from a low of $11.25 to a high of $18.63 in 1990. On June 21, the stock closed at $14.63 per share.

Aside from Messrs. Hilb, Rogal, Adams and Lofton, the brokerage's principal officers include: Timothy J. Korman, senior vp-finance and treasurer; Dianne F. Fox, senior vp-administration and secretary; David E. Peek, Thomas B. Leitch and Ronald Schexnaydre, vps; Carolyn Jones, vp and controller; Walter L. Smith, vp, general counsel and assistant secretary; Ann B. Davis, assistant vp-human resources; and Vincent P. Howley, assistant vp-audit.

The cash compensation received by the highest paid officers, according to documents filed with the Securities and Exchange Commission, follows:

Robert H. Hilb	$300,000
John C. Adams Jr.	$190,000
Andrew L. Rogal	$164,714
Dennis O. Lofton	$163,100
David E. Peek II	$132,500

—By Jerry Geisel

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Lowndes Lambert Group Holdings Ltd.

Lowndes Lambert House, 53 Eastcheap, London EC3P 3HL; 071-283-2000; fax: 071-283-1927

	1990*	1989*
Premium volume	**$1.7 billion**	$1.2 billion
Gross revenues	**$92,220,000**	$73,425,000
Brokerage: Retail	**56%**	58%
Wholesale	**13%**	14%
Reinsurance	**17%**	18%
Invest. income	**14%**	10%
Employees	**1,445**	1,209
Rev./Employee	**$63,820**	$60,732
Offices	**58**	51

* Converted at applicable exchange rates; fiscal year ends March 31.

Lowndes Lambert Group Holdings Ltd. has achieved so much since its management buy-out in 1988 that it has decided to obtain a listing on the London Stock Exchange to further its goals.

Since Lowndes Lambert was bought by management and institutional investors from Hill Samuel Group Ltd., the brokerage has restructured its operations, made several significant acquisitions and posted healthy growth in gross revenues.

In fact, last year's revenue growth helped propel the broker back into the ranks of the world's 20 largest brokerages.

Gross revenues excluding related companies increased 19.1% to an unaudited 53 million pounds as of March 31 this year, from 44.5 million pounds for the year ended March 31, 1990.

In dollar terms, Lowndes Lambert Group's gross revenues for fiscal 1990-91, excluding related companies, jumped 25.6% to $92.2 million as of March 31 from $73.4 million at March 31, 1990. That boost returns Lowndes to the *Business Insurance* ranking of the world's top 20 brokers at No. 19. It last appeared in the ranking in 1987.

The brokerage cited recent acquisitions as well as growth in oil and gas, hull and North American wholesale business for the increase.

Because of its rapid growth and restructuring, Lowndes Lambert Group is now set to make a public offering of less than 40% of its privately held stock on the London Stock Exchange this month, said Deputy Chairman and Chief Executive Richard J.G. Shaw.

The prospectus for the stock sale is expected to be released this week, added David J.G. Margrett, deputy chairman and managing director of one of the group's two main holding divisions, Lowndes Lambert Group Ltd.

Going public "will give us greater flexibility in growing our business; access to the capital markets, which will enable us to retire some of our debt; and raises our profile," said Mr. Margrett. "One of the things that we have been conscious about was that previously being part of Hill Samuel it was hard for us to get our name up front," he said. As a separate, publicly quoted company, it will get more recognition, he said.

As part of Hill Samuel 'it was hard for us to get our name upfront,' says David J.G. Margrett.

Lowndes Lambert also is going public because "obviously we need some of our management buy-out investors to realize some of their investment. The institutions in particular have a need to be able to put a value on what they hold and some of the management will be selling a small proportion of their holdings. But all of our investors I think are going to be remaining investors post-public floating," said Mr. Margrett.

Lowndes is choosing to go public now because "we have made better progress than even we had anticipated since our management buy-out," said Mr. Margrett. "We can't see any point in delaying. It's at the early end of our timetable as we thought we might go (public) sometime this year or more likely next. But in view of the progress we've made, we could see no real benefit in delaying."

The management buy-out gave the broker a "new charge" and a "lot of support from clients and the marketplace," Mr. Shaw said.

Neither Mr. Shaw nor Mr. Margrett would say how much the total value of the public offering will be.

Lowndes Lambert boasts that it has come a long way from its roots in Britain's Industrial Revolution, "in the coal which fueled it and in the ships which carried its products across the world."

Its founder was Francis Devereaux Lambert who came to London from the north of England in 1830 to work in the coal distribution trade rather than join the family printing business. Mr. Lambert set up his own firm in 1841, which eventually passed to his sons. Known as Lambert Brothers, it grew rapidly over the next 50 years, diversifying into shipping and marine insurance.

In 1914, the company acquired an established Lloyd's broker, R.W. Shepard & Co., and a new business known as Lambert Brothers (Insurance) Ltd. was incorporated.

That company was eventually bought in 1968 by Hill Samuel, which two year later merged Lambert Brothers with life insurance broker Noble Lowndes to create Lowndes Lambert Group Ltd.

In late 1987, the management of Lowndes Lambert proposed a management buy-out to Hill Samuel, but these discussions were briefly interrupted when financial conglomerate TSB Group P.L.C. bought Hill Samuel, according to Mr. Shaw. The negotiations between Lowndes Lambert management and Hill Samuel were allowed to continue after the acquisition, he said.

Negotiations were completed in April 1988, although the sale did not include Noble Lowndes. Investors include 55 senior managers of the Lowndes Lambert, including Mr. Shaw, who as the largest shareholder owns about 10% of the company; and institutional investors like venture capital firm Candover Partners Ltd., Equity Capital for Industry and Alain Patricoff Associates.

Costs have never been disclosed, but reports put the total near 15 million pounds ($24.5 million at current exchange rates).

Since the management-led buyout, the brokerage has been known as Lowndes Lambert Group Holdings Ltd. The company has 1,445 employees as of March 31—the end of fiscal 1990-91—up 19.5% from 1,209 the previous year. The number of offices also grew in the past year, rising to 58 from 51.

There are two main holding divisions of the brokerage, both reporting to Mr. Shaw. They are: Lowndes Lambert Group Ltd., whose deputy chairman and managing director is Mr. Margrett; and Lowndes Lambert Overseas (Holdings) Ltd., whose deputy chairman and managing director is Stewart R.D. Wilson, who also serves as finance director of Lowndes Lambert Group Holdings.

Following the buy-out, Lowndes Lambert went on the acquisition

Continued on next page

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Continued from previous page
trail. It bought for undisclosed sums:

- Lloyd's broker and bloodstock and agriculture specialist Chandler Hargreaves Ltd. in April 1989 from Harrisons & Crosfield P.L.C.
- The subsidiaries of Bain Clarkson Pacific Ltd. in October 1989, which tripled the size of Lowndes business in Australia.
- The brokerage subsidiaries of Midland Bank P.L.C., known as Midland Insurance Brokers.

The group's reinsurance unit, Kininmonth Lambert Ltd., also opened one of the first western brokerage offices in Yugoslavia in 1989.

Following these acquisitions, particularly that of Chandler Hargreaves, the group in 1990 announced that Lowndes Lambert Group Ltd. was being reorganized into five principal operating divisions (*BI*, Feb. 12, 1990). They are:

- Lowndes Lambert U.K. Ltd. headed by Mr. Margrett, which handles commercial insurance placement for U.K.-based companies and their overseas units.

The U.K. subsidiary also specializes in personal lines, credit insurance and captive management, and last year completed the purchase of S.E. Swift (Insurance Brokers) Ltd.

Lowndes Lambert U.K. also incorporates Chandler Hargreaves Ltd., which specializes in agricultural, livestock, bloodstock and aquacultural risks.

Lowndes Lambert U.K. accounts for 23.6% of group revenues and employs 450 in its 21 offices.

- Lowndes Lambert's marine division, which includes Lowndes Lambert Marine Ltd. for hull business, Lowndes Lambert Cargo Ltd., Lowndes Lambert Oil & Energy Ltd. and Lowndes Lambert Aviation Ltd.

The division is headed by Divisional Chairman Brian Blackshields. The division, which accounts for 17% of the group's revenues, has about 135 employees who are mainly based in London although they also have significant operations in Hong Kong and Greece. The marine division places business for clients from all over the world, including the United States, United Kingdom, South American countries and the Middle East.

- Lowndes Lambert international division, headed by Divisional Chairman Michael Caley, which includes Lowndes Lambert International Ltd., a specialist in non-marine insurance and facultative reinsurance worldwide, excluding U.S. business.

The international division also handles worldwide marine treaty reinsurance and non-marine treaty reinsurance brokerage, excluding North American risks, for reinsurance subsidiary Kininmonth Lambert Ltd.

It also includes Lowndes Lambert Construction Ltd. The group's construction triumphs include placing the coverage for the two tunnels beneath Sydney Harbor (*BI*, May 7, 1990) and the all-risks construction coverage for the Harbor tunnel in Boston.

The division accounts for 12.1% of the group's revenues and employs 87.

- Lowndes Lambert Professional Indemnity division, which specializes in all forms of professional liability coverages including directors and officers liability.

Headed by Divisional Chairman John Bartington, the Professional Indemnity division accounts for 7.3% of the group's revenues and employs 54 people.

The professional indemnity division includes Architects & Professional Indemnity Agencies Ltd., which is a leading broker in architects professional liability coverages and also offers policies to insurance brokers, accountants, engineers, and directors and officers. APIA's policy limits range from 50,000 pounds to 50 million pounds ($81,775 to $81.8 million).

APIA also manages RIBA Insurance Agency Ltd., the official professional liability insurance program for the Royal Institute of British Architects.

- Lowndes Lambert North America Ltd., including the North American reinsurance brokering operations of Kininmonth Lambert Ltd.

Divisional Chairman Michael Barnfield oversees the division, which employs 39 people and accounts for 5.8% of group revenues.

Mr. Shaw admits that Lowndes Lambert's domestic North American operations are small, but he says the group relies on the U.S. "alphabet" houses to feed Lowndes Lambert with wholesale and reinsurance placements. There are no plans to acquire or merge with a U.S. retail brokerage, he said.

'We think we are the largest broker in London handling U.S. coal mines,' says Richard J.G. Shaw.

Nevertheless, the group wants to increase its business from North America and continues to lead in certain classes of business.

"We think we are the largest broker in London handling U.S. coal mines," noted Mr. Shaw. The group also says it is one of the top five wholesale brokers in London for North American oil and gas placements.

The brokerage's other main holding division, Lowndes Lambert Overseas (Holdings) Ltd., oversees foreign operations that include Lowndes Lambert Australia Ltd., which considers itself the fifth-largest broker in Australia; and Lowndes Lambert Group Canada Ltd., with subsidiaries in Quebec and Ontario.

The overseas holding group also oversees the company's 45% shareholding in French broker La Security Nouvelle S.A.; a 44% stake in broker Amanah Lowndes Lambert Sdn Bhd of Malaysia; and subsidiaries or related companies in Hong Kong, Italy, Singapore, Greece, Yugoslavia, Spain, Norway, Papua New Guinea, Gibraltar and the Channel Islands. The overseas division also maintains an office in Dallas to support oil and gas business and operates a small office in New York.

Overseas business represents 34.2% of the group's revenues.

Lowndes Lambert Group Holdings' fiscal 1990/1991 results have not yet been released and are expected to be published at the time of the public stock flotation.

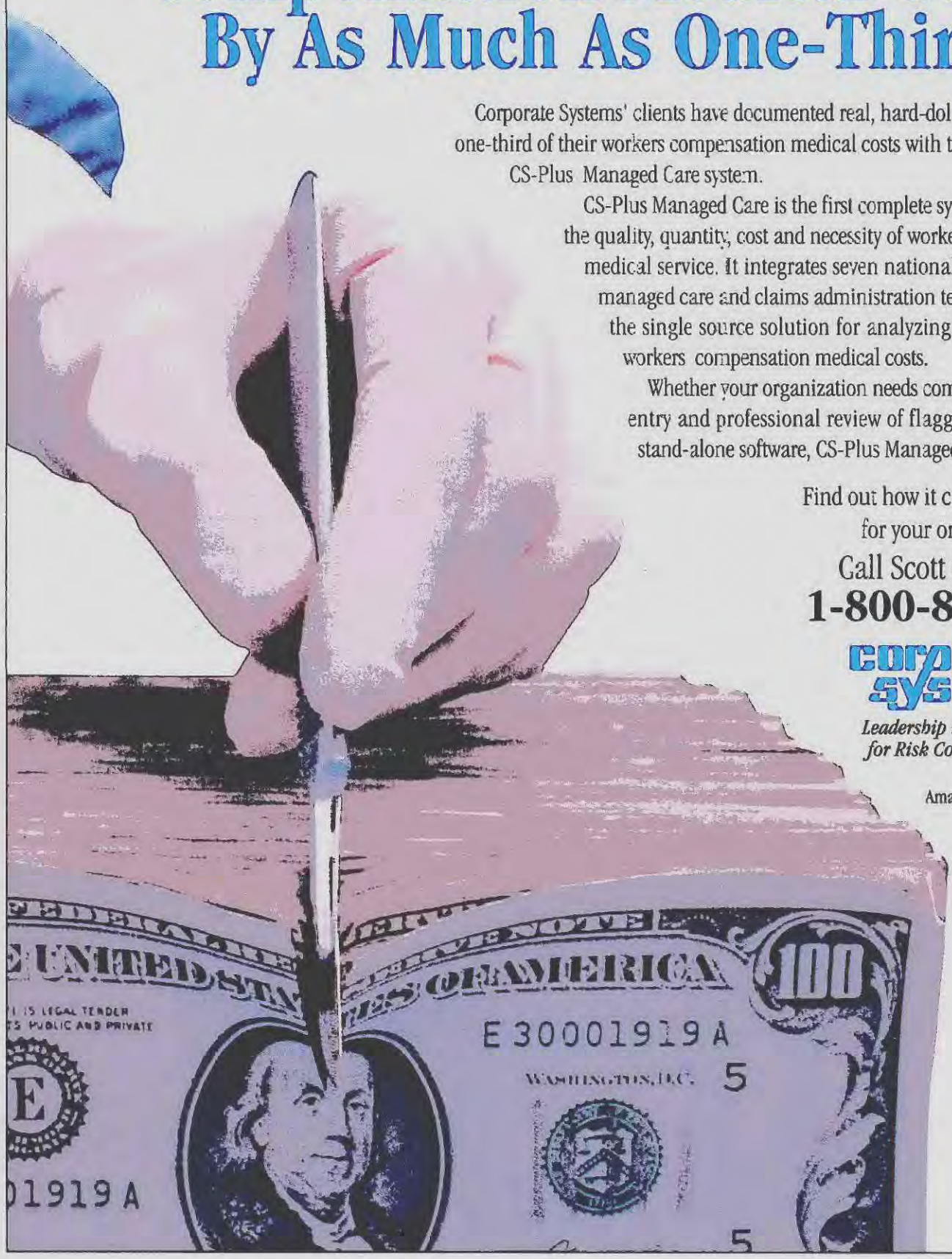
However, unaudited results show that revenues increased, including income from related companies and investment income, to around 64 million pounds ($111.4 million) as of March 31 from 53.2 million pounds ($87.8 million) at March 31, 1990.

Excluding related companies, Lowndes Lambert's gross revenues of 53 million pounds ($92.2 million) includes brokerage revenues totalling an estimated 45.5 million pounds ($79.2 million), up from 37.3 million pounds ($61.5 million) in 1989/1990; and investment income of 7.5 million pounds ($13.1 million), up from just under 7.1 million pounds ($11.7 million) in 1989/1990.

Pretax profits are expected to increase by at least one third, but Mr. Shaw will not give exact figures until the results are formally released.

—By Stacy Shapiro

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Sodarcan Inc.

1140 Maisonneuve Blvd. West, Suite 701, Montreal, Quebec H3A 1M8; 514-288-0100; fax: 514-282-1364

	1990*	1989**
Premium volume	$732,615,000	$734,145,000
Gross revenues	$88,669,000	$89,172,000
Brokerage: Retail	31.3%	34.2%
Reinsurance	11.9%	10.4%
Personal lines	13.4%	15.4%
Services	24.3%	18.5%
Invest. income	11.9%	13.9%
Other	7.2%	7.6%
Employees	1,178	1,275
Rev./Employee	$75,271	$69,939
Offices	40	50

* Converted at applicable exchange rates.

** Restated; converted at applicable exchange rates.

Sodarcan Inc. is riding out a storm in Canada, hoping to emerge stronger when the dust from the insurance rate wars finally settles.

In the past year, Montreal-based Sodarcan has continued its plan of concentrating on business in the heavily commercial area of Canada between Quebec City and Windsor, Ontario. Divestitures and expense controls have streamlined operations while past acquisitions have left the company where it feels it can benefit from an eventual market hardening.

Sodarcan also has opted out of international property/casualty reinsurance underwriting and the U.S. life reinsurance market.

The National Reinsurance Co. of Canada, Sodarcan's Montreal-based reinsurance unit, posted a $5.3 million Canadian ($4.6 million) loss on its international property/casualty business last year.

That loss, due primarily to claims from windstorms that lashed Europe in recent years, was the main reason Sodarcan posted a consolidated $4.9 million Canadian ($4.2 million) loss in 1990 after showing a $1.2 million Canadian ($1 million) profit in 1989. Because of the discontinued international reinsurance underwriting operations, Sodarcan has restated its 1989 figures.

The National Reinsurance Co. continues to underwrite reinsurance for Canadian insurers.

While its executives are optimistic that Sodarcan is positioned to take advantage of a market turn, they also are aware of some challenges ahead: namely, a pledge by Ontario's newly elected government to take over the automobile insurance system.

Such a move would have a considerable impact on insurers and brokers, executives contend, because the Ontario auto market represents 30% of the total business written by property/casualty insurers in Canada.

A government takeover would "have a major impact on the Canadian insurance scene," said Mario Myre, executive vp of insurance brokerage at Sodarcan.

"The question is not really will they nationalize or not, the questions are when will they nationalize, what will they nationalize and how will they do it," he added.

Mr. Myre said he suspects the nationalization will begin in 1992 or 1993, but noted that it is unclear whether it will be a total or partial nationalization.

While it appears brokers will continue to be a part of the distribution process of auto insurance in Ontario, commission revenues could be cut by as much as 40%, Mr. Myre speculated.

That would cost Sodarcan $1 million Canadian to $1.5 million Canadian ($876,000 to $1.3 million) in brokerage revenues, he said.

But the indirect impact could be even more substantial to the industry than the direct effects, said Mr. Myre. Conceding that a government takeover could stabilize auto rates in the long term, he argued that, in the short term, turmoil could result.

In fact, he noted, just the threat of a takeover has prolonged the soft market in Canada.

"Insurers are running to compensate for this possible loss by underwriting other types of business such as industrial and commercial risks," he explained, thereby keeping rates low.

Last year, Sodarcan saw revenues slip 0.3% to $102.9 million Canadian from a restated $103.2 million Canadian in 1989. Converted to U.S. dollars at appropriate exchange rates, that translates to a 0.6% decrease to $88.7 million last year from $89.2 million in 1989.

Based on gross revenues, Sodarcan is ranked No. 20 on the *Business Insurance* list of the world's largest brokers, down a notch since 1989.

The company's gross revenues as reported to *Business Insurance* include investment income from reinsurance underwriting operations but exclude net earned premiums from that activity.

Brokerage revenues, excluding investment income from reinsurance underwriting, rose slightly to $95.6 million Canadian ($82.4 million) in 1990 from $95.5 million Canadian ($82.5 million) the year before.

Commercial retail brokerage fell to 31.3% of revenues from 34.2% in 1989; actuarial and consulting services rose to 24.3% from 18.5% in 1989; 13.4% of revenues was from personal lines, down from 15.4%; 11.9% from reinsurance brokerage, up from 10.4%; 11.9% from investment income, down from 13.9%; and 7.2% from other services, down from 7.6%.

The possibility of nationalization of automobile coverage has influenced Sodarcan's strategic planning for its brokerage operations during the past year.

The company's focus on the Quebec City-Windsor corridor led it in the first half of 1990 to acquire Lamarre & Associates in Victoriaville, Quebec. But several other planned acquisitions were put on hold when the socialist New Democratic Party government was elected last fall, Mr. Myre explained.

Sodarcan continued to streamline in 1990. The divestiture of three offices in Calgary was completed and another six brokerage offices outside the Quebec City-Windsor corridor have been sold in the past year.

Although Sodarcan is emphasizing development within the corridor and shedding offices in other areas, it continues to maintain a presence in Halifax, Nova Scotia, and Vancouver, British Columbia.

At year-end 1990, Sodarcan had 40 offices with 1,178 employees, compared with 50 offices and 1,275 workers a year earlier.

When the Ontario automobile market is taken over by the provincial government, Mr. Myre said, he expects a wave of mergers and acquisitions among brokers in Canada. Some smaller brokers may not survive the turmoil, he predicted.

Sodarcan "will have a very good distribution network in place" in the Quebec City-Windsor corridor and should be positioned to take advantage of a less-crowded market.

Dale-Parizeau Inc., its retail brokerage arm, continues to concentrate on medium-sized risks that make up much of the commercialized corridor. While it does not define such a risk in dollar amounts, the brokerage targets such a risk as one that lies between a small account and a "mega-account."

MLH + A Inc., Sodarcan's Montreal-based actuarial and consulting services operation, continues to be the fastest growing segment of its operations. Revenues jumped 31% to $25 million Canadian ($21.5 million) in 1990 from $19.1 million Canadian ($16.5 million) in 1989.

The continuing growth of MLH + A is attributable to the reworking in recent years of several

Continued on next page

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Continued from previous page

Canadian laws regulating insurance and pension plans. Complex new regulations have increased demand for actuarial and consulting services.

"The demand for actuarial services continues to be very strong," confirmed Gilles P. Grenier, Sodarcan's senior vp of finance and treasurer.

He pointed out that through acquisitions in prior years, MLH + A has expanded throughout Canada. In 1990, though, the acquisition pace slowed. "There still are a few acquisition projects, but nothing to be announced," Mr. Grenier said.

For MLH + A, which reached the $25 million revenue milestone in the year of its 25th anniversary, "the outlook appears bright," Mr. Grenier remarked.

Sodarcan also is optimistic about the prospects for B E P International Inc., its reinsurance brokerage unit.

Revenues for the unit rose 15% to $12.3 million Canadian ($10.6 million) in 1990 from $10.7 million Canadian ($9.2 million) in 1989.

The increase reflects growth in the intermediary's client base during a time of soft insurance rates and comes after B E P recorded a 9.3% decline in 1989 from $11.8 million Canadian ($9.9 million) in 1988.

B E P expanded in the United States last year by opening a Seattle office after acquiring the Jersey City, N.J., office of insurance intermediary Nelson, Hurst & Bailey in 1989.

Raymond Gilbert, executive vp-reinsurance brokerage and president and chief executive officer of B E P, said the Seattle office has been "quite successful," performing better than anticipated.

B E P will continue to examine potential acquisitions throughout the United States, but none is planned for the near future, he said.

Rising revenues from new business are "very encouraging," said Mr. Gilbert. "We, like Dale-Parizeau, will be doing quite well when the rates harden."

B E P finds itself in an enviable position of late. It is increasing its client base while many of its competitors fight to hang on to their customers, said Mr. Gilbert.

But, he added, "as is the case with all broking entities, we are keeping a very tight rein on expenses. Our expenses are going to be flat and with our growth in income, we are certainly looking to 1991 being a much better year than 1990."

Mr. Gilbert said B E P has gained a reputation among its clients and other reinsurers as having "one of the better back rooms in the business. It is very important to the insurance industry in the United States and Canada that they don't have to wait forever for their money."

With its withdrawal from international property/casualty business, The National Reinsurance Co. is set to refocus on Canadian operations, said Sodarcan President Robert Parizeau.

And the reinsurer is looking for a partner to help with its new strategy. Reinsurance Co. is seeking a partner that can boost the reinsurer's capital base. "This is something we intend to do in 1991."

Given the current market conditions, he added, "we have to concentrate on a given territory where we can have a certain influence and a territory we know well."

In 1990, the reinsurer wrote gross premiums of $57.4 million Canadian ($49.5 million), a 19% increase over $48.2 million Canadian ($41.6 million) in 1989.

Sodarcan stock closed at $2.84 Canadian ($2.49) on June 21 on the Montreal stock exchange. The stock traded at a high of $3.10 Canadian ($2.69) on July 30, 1990, and the low was $2.75 Canadian ($2.37) on Nov. 26, 1990.

Consolidated first-quarter revenues this year fell 14% to $30.7 million Canadian ($26.5 million) from $35.8 million Canadian ($30.6 million) during the same period in 1990.

Sodarcan posted a $1.7 million Canadian ($1.45 million) loss in the first quarter of 1991 compared with a $1.5 million Canadian ($1.3 million) loss last year, after restating for discontinued operations.

Apart from the continuing rate war, another drag on Sodarcan's results is the new 7% Canadian tax on goods and services. Sodarcan has to pay that tax on all goods and services it buys, but national law prevents insurance services companies from passing that tax on to their customers.

The levy is expected to cost Sodarcan around $1.2 million ($1.1 million at current exchange rates) this year, according to Mr. Grenier.

In addition to Messrs. Myre, Grenier, Parizeau and Gilbert, principal officers at Sodarcan are: Marcel Le Houillier, executive vp-actuarial services and consulting and president and chief executive officer of MLH + A; and Harry Richardson, senior vp-systems.

—By Michael Bradford

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America's E & O Authority

20th annual directory of agents, brokers

A

T.J. Adams & Associates Inc.

2001 Spring Road, Oak Brook, Ill. 60521; 708-572-1550; fax: 708-574-3278

	1990	1989
Premium volume	**$33,651,431**	$31,779,548
Gross revenues	**$5,262,920**	$5,205,876
U.S. clients	**100%**	100%
Brokerage: Retail	**94%**	93%
Personal lines	**3%**	3%
Invstmt. income	**3%**	4%
Employees	**49**	49
Offices	**1**	1

Year founded: 1967.
Brokerage: 95% commissions, 5% fees.
Licensed excess/surplus broker in: Illinois.
Principal officers: T.J. Adams, chief executive officer; Dennis D. Gamache, president; Edward A. Schell, executive vp; Carl B. Olson and John A. Kegaly, vps.
Contact: Dennis D. Gamache.

How to use directory

The 1991 directory of agents and brokers is based on companies' responses to a *Business Insurance* questionnaire.

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

Listings begin with the address, telephone and facsimile machine numbers of the company.

Next is premium volume and gross revenues for both 1990 and 1989, and the percentage of gross revenues generated from U.S.-based clients vs. non-U.S.-based clients. Percent of gross revenues generated by commercial retail brokerage, wholesale brokerage, reinsurance brokerage, personal lines brokerage, fee-based services, investment income and other activities follows.

The number of employees and offices for 1990 and 1989 also are included.

Next, the **year founded**, **parent company** and the percent of commercial retail **brokerage** generated by commissions and by fees are given.

Acquisitions, locations of **retail brokerage branch offices** and **non-retail brokerage subsidiaries** and states in which companies are **licensed as excess/surplus** lines **brokers** are listed.

Principal officers and a **contact** for those seeking more information complete the listing. If the location and telephone number of the contact are different from those of the main office they are also provided.

If you wish to locate a company by state or country, refer to the geographic index following the directory listings. Locations of home offices as well as retail brokerage branch offices are included.

The information in each entry was compiled by *Business Insurance* based on data supplied by the agents and brokers. No public records are available to allow *Business Insurance* to verify the information supplied by privately held brokers.

Alburger Basso deGrosz Insurance Services Inc.

301 Island Parkway, Belmont, Calif. 94002-4110; 415-598-0900; fax: 415-598-0370

	1990	1989
Premium volume	**$130,000,000**	$50,000,000
Gross revenues	**$12,060,000**	$5,250,000
U.S. clients	**100%**	100%
Brokerage: Retail	**83%**	90%
Personal lines	**13%**	6%
Invstmt. income	**4%**	4%
Employees	**105**	46
Offices	**3**	1

Year founded: 1946.
Parent company: Alburger Basso deGrosz.
Brokerage: 99% commissions, 1% fees.
Acquisitions: Mario L. Basso & Co., San Francisco; Mason McDuffie Insurance Services, Pleasant Hill, Calif.; Rittenhouse Insurance Services Inc., Santa Cruz, Calif.
Retail brokerage branch offices: Belmont, Capitola and Costa Mesa, Calif.
Principal officers: Douglas Alburger, chairman; Bruce Basso, president; Fred deGrosz, chief executive officer; Andrew Sterngold and George Jaynes, executive vps-benefits Jay O'Brien, executive vp-association.
Contact: Steven F Auerbach, chief operating officer, 415-508-4377.

Alexander & Alexander Services Inc.

1211 Avenue of the Americas New York, N.Y. 10036; 212-840-8500; fax: 212-869-7535

See profile on page 18.

Alliance Insurance Group

3420 E. Shea Blvd., Phoenix, Ariz. 85028; 602-996-2281; fax: 602-494-1175

	1990	1989
Premium volume	**$12,000,000**	$13,000,000
Gross revenues	**$1,778,000**	$1,957,000
U.S. clients	**95%**	95%
Non-U.S. clients	**5%**	5%
Brokerage Retail	**56%**	57%
Wholesale	**1%**	0.5%
Personal lines	**23%**	20%
Services	**16%**	14%
Invstmt. income	**2.3%**	4%
Other	**1.7%**	4.5%
Employees	**32**	36
Offices	**2**	1

Year founded: 1976.
Brokerage: 84% commissions, 16% fees.
Retail brokerage branch offices: Phoenix; Ontario, Calif.
Licensed excess/surplus broker in: Arizona.
Principal officers: Guy LaBelle, president/chief executive officer; David Smith, secretary/treasurer; Elton Baker, executive vp.
Contact: Guy LaBelle.

Alper Agency Inc.

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

	1990	1989
Premium volume	**$24,000,000**	$22,000,000
Gross revenues	**$4,000,000**	$3,300,000
U.S. clients	**100%**	100%
Brokerage: Retail	**75%**	75%
Personal lines	**5%**	5%
Services	**12%**	12%
Invstmt. income	**3%**	3%
Other	**5%**	5%
Employees	**44**	42
Offices	**1**	1

Year founded: 1966.
Parent company: Alper Services Inc.
Brokerage: 95% commissions, 5% fees.
Licensed excess/surplus broker in: Illinois.
Principal officers: Howard C. Alper, president/chief executive officer; John F. Wheaton, executive vp/chief operat-

Continued on next page



Continued from previous page
ing officer; Russell M. Cortino and Herbert M. Singer, executive vps; John A. Hamilton, vp-marketing; Richard A. Swoik, vp-auditing; David R. Victoria, Craig A. Kanter and Bobette Puckett, vps.

Contact: Howard C. Alper.

Amalgamated Programs Corp.

85 John St., New York, N.Y. 10038; 212-312-9398; fax: 212-732-6139

	1990	1989
Premium volume	$124,000,000	$125,000,000
Gross revenues	$13,500,000	$14,000,000
U.S. clients	100%	100%
Brokerage: Retail	85%	85%
Personal lines	10%	10%
Services	2%	2%
Invstmt. income	3%	3%
Employees	120	130
Offices	1	1

Year founded: 1929.

Brokerage: 90% commissions, 10% fees.

Licensed excess/surplus broker in: New York.

Principal officers: Alexander Fisher, chairman; Richard Eisenberg, vice chairman; Jeffrey Rubin, president; Jay Levy, Arnold Melman, Sheldon Siskin and Edmund Dunst, vps.

Contact: Jeffrey Rubin, 212-312-9378.

American Brokerage Corp.

1 American Row, Hartford, Conn. 06115; 203-275-5206; fax: 203-275-5296

	1990	1989
Premium volume	$80,000,000	$75,000,000
Gross revenues	$10,264,000	$10,610,000
U.S. clients	100%	100%
Brokerage: Retail	76%	74%
Personal lines	21%	22%
Invstmt. income	3%	2%
Employees	136	144
Offices	6	6

Year founded: 1981.

Brokerage: 97% commissions, 3% fees.

Acquisitions: Irish Insurance Agency, Portland, Maine.

Retail brokerage branch offices: Kenney, Webber & Lowell Inc., Avon, Conn.; American Brokerage Corp. of Philadelphia/BCA, Ardmore, Pa.; Erickson-Swan-Rowley Inc., Jamestown, N.Y.; McDowell Insurance, Chambersburg, Pa.; Irish Insurance Agency/American Brokerage of Maine, Portland, Maine.

Licensed excess/surplus broker in: Pennsylvania.

Principal officers: Martin L. Vaughan, president; Linda D. Hopcraft, vp; William E. Ryan, vp/chief financial officer; Jane Ambrose, director-administration.

Contact: Martin L. Vaughan.

American Business Insurance Inc.

160 Spear St., Suite 1540, San Francisco, Calif. 94105; 415-541-0404; fax: 415-541-0525

	1990	1989
Premium volume	$655,000,000	$475,000,000
Gross revenues	$68,000,000	$57,000,000
U.S. clients	100%	100%
Brokerage: Retail	82%	83%
Wholesale	5%	4%
Personal lines	8%	7%
Services	1%	1%
Invstmt. income	4%	5%
Employees	733	616
Offices	26	21

Year founded: 1984.

Parent company: Great American Insurance Co.

Brokerage: 96% commissions, 4% fees.

Acquisitions: Corroon & Black Corp.'s Reno, Nev., office; The CPI Insurance Group Inc., Morristown, N.J.; Rodgers & Cummings Inc., Clearwater, Fla.; Steve Nourse Book of Business and Mike J. Flood Book of Business, Los Angeles; Skevington & Co. Ltd. Insurance Brokers, San Francisco; Delanoy & Kipp Inc., Morristown, N.J.

Retail brokerage branch offices: American Business Insurance Agency Inc., Minneapolis and Overland Park, Kan.; American Business Insurance Agency of Illinois Inc., Schaumburg, Ill.; American Business Insurance Brokers, San Francisco; Crowder Jacobs Fendig Insurance, Tampa, Fla.; Rodgers & Cummings Insurance Inc., Clearwater, Fla.; Frederick Rauh & Co., Cincinnati and Fort Mitchell, Ky.; Gold Cities Insurance, Grass Valley, Calif.; L.K. Lloyd & Associates, San Francisco and Los Angeles; The Reeves Co. Inc. Insurance Brokers, Lodi, Calif.; Wellington-Ross Insurance Services, Los Angeles; ABI International, San Francisco; Talbot Agency Inc., Albuquerque, Espanola, Las Cruces and Los Alamos, N.M.; Dallas; Seattle; Riverside, Calif.; Pittsburgh and Newtown, Pa.; The CPI Insurance Group Inc., Morristown, N.J.; American Business Insurance Brokers of Nevada Inc., Reno, Nev.

Non-retail brokerage subsidiaries: ABI Special Risk Inc., Chicago.

Licensed excess/surplus broker in: Minnesota, Kansas, Illinois, Ohio, Missouri, Florida, California, Texas, New Mexico.

Principal officers: Bernard H. Mizel, chairman/president; Vincent H. Trapani, executive vp/chief financial officer; J. Terry Griffith, senior vp/general counsel; Joseph J. Annotti, vp-marketing; Edward J. Bowler, vp/controller; Susan Reiswig, vp-human resources; James K. Thomas, vp/chief information officer.

Contact: Bernard H. Mizel.

Amos, Lovitt & Touche Inc.

7202 E. Rosewood, Tucson, Ariz. 85710; 602-722-3000; fax: 602-722-7245

	1990	1989
Premium volume	$40,929,950	$39,530,735
Gross revenues	$7,013,619	$6,573,290
U.S. clients	100%	100%
Brokerage: Retail	60.7%	69.7%
Personal lines	9.3%	10.5%
Services	10.38%	10.6%
Invstmt. income	3.4%	4.3%
Other	16.3%	4.9%
Employees	91	97
Offices	4	4

Year founded: 1911.

Brokerage: 92% commissions, 8% fees.

Retail brokerage branch offices: Show Low and Taylor, Ariz.; Amos, Lovitt, Touche & Seminoff in Phoenix.

Licensed excess/surplus broker in: Arizona.

Principal officers: Carlos G. Touche, chief executive officer; Charles A. Touche, president; James R. Spring, secretary; Steven D. Touche and Patrick A. Swingle, vps.

Contact: Carlos G. Touche.

Anco Corp.

16000 Barkers Point Lane, P.O. Box 218060, Houston, Texas 77218-8060; 713-496-3400; fax: 713-496-6729

	1990	1989
Premium volume	$60,517,572	$53,232,268
Gross revenues	$8,350,419	$8,218,085
U.S. clients	100%	100%
Brokerage: Retail	73.4%	74.7%
Personal lines	10.8%	12.3%
Services	12.1%	8.8%
Invstmt. income	3.4%	3.6%
Other	0.3%	0.6%
Employees	105	100
Offices	2	2

Year founded: 1873.

Brokerage: 99% commissions, 1% fees.

Retail brokerage branch offices: Anco Insurance of Houston, Houston; Anco Insurance of Dallas; Dallas.

Non-retail brokerage subsidiaries: Regional Insurance Management Services Inc., Anco Services Inc., Western Claim Services Inc., Regional Services Inc., Anderson Lloyds Insurance Co., all of Houston.

Licensed excess/surplus broker in: Texas.

Principal officers: John L. Van Osdall, chairman/president; Gerald M. Smith, senior vp/chief operating officer; Robert E. Holloway, John D. Collado, Randall F. Green and Glen Hefner, senior vps.

Contact: Gerald M. Smith.

Anco Insurance Managers Inc.

1733 Briarcrest Drive, Bryan, Texas 77802; 409-776-2626; fax: 409-776-1308

	1990	1989
Premium volume	$30,000,000	NA
Gross revenues	$5,450,437	$4,314,584
U.S. clients	100%	NA
Brokerage: Retail	50%	56%
Wholesale	1%	0%
Personal lines	42%	33%
Services	6%	10%
Invstmt. income	1%	1%
Employees	105	72
Offices	4	2

Year founded: 1988.

Brokerage: 99% commissions, 1% fees.

Acquisitions: Keifer Marshall Insurance Agency Inc., Temple, Texas.

Retail brokerage branch offices: Anco Insurance of Temple, Anco Insurance of Bryan/College Station, Anco Insurance of Belton, Anco Insurance of Conroe, Innovative Services of America, Temple; all in Texas.

Non-retail brokerage subsidiaries:

Continued on next page

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Continued from previous page
Common Sense Markets.

Principal officers: M.L. "Red" Cashion, chairman; Dick B. Haddox, president; Richard Pollard, chief operating officer; Adrian McDonald, senior vp.

Contact: Susan Flippen, general manager.

Anderson & Anderson Insurance Brokers Inc

.2495 Campus Drive, Irvine, Calif. 92715; 714-476-4300; fax: 714-752-7587

	1990	1989
Premium volume	**$92,000,000**	$88,000,000
Gross revenues	**$11,100,000**	$11,067,000
U.S. clients	**100%**	100%
Brokerage: Retail	**82%**	80%
Personal lines	**5%**	5%
Services	**7%**	8%
Invstmt. income	**6%**	7%
Employees	**105**	102
Offices	**NA**	3

Year founded: 1953.
Brokerage: 92% commissions, 8% fees.
Acquisitions: Osterloh & Durham, Van Nuys, Calif.

Retail brokerage branch offices: Anderson and Anderson of Orange County Insurance Brokers Inc. and Anderson and Anderson/Benefits Insurance Brokers Inc., Irvine, Calif.; Anderson and Anderson/D-K&S Insurance Brokers Inc., Stockton, Calif.; Anderson and Anderson/Osterloh Insurance Brokers Inc., Van Nuys, Calif.
Non-retail brokerage subsidiaries: Captive Assurance Partners, Irvine, Calif; CAP Managers Ltd., Hamilton, Bermuda.
Principal officers: Robert M. Anderson, president/chief executive officer; John W. Roblee, senior vp/secretary/treasurer; Gregory W. Springer, senior vp-special programs; Edward C. Shumaker, senior vp-manager of Orange County branch; A.F. Osterloh III, president-Anderson and Anderson/Osterloh.
Contact: Robert M. Anderson.

Andreini & Co.

220 W. 20th Ave., San Mateo, Calif. 94403; 415-573-1111; fax: 415-378-4361

	1990	1989
Gross revenues	**$16,504,648**	$16,034,576
Brokerage: Retail	**NA**	85%
Personal lines	**NA**	8%
Invstmt. income	**NA**	7%
Employees	**181**	186
Offices	**8**	9

Year founded: 1952.
Brokerage: 100% commissions.
Retail brokerage branch offices: Bakersfield, Coalinga, Fresno, Orange, San Mateo, Ventura, Calif.; Atlanta; Dallas.
Licensed excess/surplus broker in: California.
Principal officers: Andreini & Co.: John Andreini, chairman; George Andreini, vice-chairman/CFO; David Hoskins, president; Michael Colzani, secretary. Andreini & Co. of Southern California: William Holdren, president.
Contact: George Andreini.

A.N. Ansay & Associates Inc.

1329 W. Grand Ave., P.O. Box 180, Port Washington, Wis. 53074; 414-284-7174; fax: 414-284-7018

	1990	1989
Premium volume	**$11,000,000**	$9,000,000
Gross revenues	**$1,345,990**	$1,081,679
U.S. clients	**100%**	100%
Personal lines	**19.3%**	19.5%
Invstmt. income	**2%**	1.5%
Employees	**18**	16
Offices	**2**	2

Year founded: 1981.
Brokerage: 100% commissions.
Licensed excess/surplus broker in: Wisconsin.
Principal officers: Michael G. Ansay, president/treasurer; Adolph John Ansay, vp/secretary.
Contact: Adolph John Ansay.

Associated Agencies Inc.

651 W. Washington Blvd., Chicago, Ill. 60661-2193; 312-707-9000; fax: 312-559-3559

	1990	1989
Premium volume	**$140,000,000**	$164,500,000
Gross revenues	**$14,750,000**	$14,400,000
U.S. clients	**100%**	100%
Brokerage: Retail	**74%**	74%
Wholesale	**5%**	5%
Reinsurance	**1%**	1%
Personal lines	**9%**	9%
Services	**11%**	11%
Employees	**174**	196
Offices	**2**	2

Year founded: 1890.
Brokerage: 95% commissions, 5% fees.
Acquisitions: American Builders & Contractors Insurance Agency, Costa Mesa, Calif.
Retail brokerage branch offices: Associated Agencies Inc. of California, Santa Ana Heights, Calif.
Licensed excess/surplus broker in: Illinois.
Principal officers: Robert M. Schrayer, president; A.A. Freeman, chairman; Karen Z. Vacko, Irving E. Shainberg, executive vps; Robert B. Milum, president-Associated of California.
Contact: Jymette Seager, 312-559-3430.

Association Administrators & Consultants Inc.

19000 MacArthur Blvd., Suite 500, Irvine, Calif. 92715; 714-833-0673; fax: 714-752-1568

	1990	1989
Premium volume	**$53,380,610**	$52,785,633
Gross revenues	**$7,354,268**	$6,882,984
U.S. clients	**100%**	100%
Brokerage: Retail	**29.4%**	30.9%
Services	**67.1%**	65%
Other	**3.5%**	4.1%
Employees	**104**	101
Offices	**2**	2

Year founded: 1972.
Brokerage: 100% commissions.
Retail brokerage branch offices: San Francisco.
Non-retail brokerage subsidiaries: California Insurance Advisors, Irvine, Calif.; AA&C Investment Corp., Irvine, Calif.
Licensed excess/surplus broker in: California.
Principal officers: Wallace E. Jeffs, president; Egon A. Bartetzko, executive vp; Randall W. Jeffs, senior vp; Marla S. Pearce, vp-finance; Nancy K. Hudson, corporate secretary.
Contact: Nancy K. Hudson.

Austin & Co. Inc.

307 Washington Ave., Albany, N.Y. 12206; 518-465-3591; fax: 518-465-3968

	1990	1989
Premium volume	**$15,500,000**	$13,000,000
Gross revenues	**$2,100,000**	$1,900,000
U.S. clients	**100%**	100%
Brokerage: Retail	**77.5%**	79%
Personal lines	**16.5%**	17%
Invstmt. income	**6%**	4%
Employees	**29**	28
Offices	**2**	2

Year founded: 1853.
Brokerage: 100% commissions.
Retail brokerage branch offices: Stevenson Agency, Chestertown, N.Y.
Principal officers: Charles M. Liddle III, president; Helen K. Rack, Erwin F. Guetig, vps.

The Auten Group Inc.

1915 Southfield Road, Birmingham, Mich. 48009; 313-258-6500; fax: 313-258-5618

	1990	1989
Premium volume	**$6,000,000**	$6,000,000
Gross revenues	**$883,122**	$895,250
U.S. clients	**100%**	100%
Brokerage: Retail	**78.3%**	79.6%
Personal lines	**18.2%**	16.7%
Invstmt. income	**2.5%**	2.7%
Other	**1%**	1%
Employees	**13**	14
Offices	**1**	1

Year founded: 1984.
Brokerage: 97.4% commissions, 2.6% fees.
Licensed excess/surplus broker in: Michigan.
Principal officers: Bruce J. Auten, president; Matthew Lubaway, director-marketing; Jean Hall, director-operations.
Contact: Bruce J. Auten.

Averbeck Co.

1890 N. Garey Ave., Pomona, Calif. 91767; 714-623-6161; fax: 714-865-0317

	1990	1989
Premium volume	**$50,000,000**	$42,000,000
Gross revenues	**$5,400,000**	$4,600,000
U.S. clients	**100%**	100%
Brokerage: Retail	**75%**	75%
Personal lines	**8%**	8%
Services	**2%**	2%
Invstmt. income	**5%**	5%
Employees	**55**	45
Offices	**3**	2

Year founded: 1931.
Brokerage: 98% commissions, 2% fees.
Acquisitions: Pacific Benefits, Riverside, Calif.

Continued on next page

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Continued from previous page

Retail brokerage branch offices: Riverside and Pomona, Calif.

Non-retail brokerage subsidiaries: Ontario, Calif.

Licensed excess/surplus broker in: California

Principal officers: Robert J. Culp, president; Richard Cream, chief executive officer; Donald R. Des Combes, chairman; John Schack, vp/secretary; Robert Lancaster, Joy Ward, vps.

Contact: Robert J. Culp, Richard Cream.

Aviation Insurance Services Inc.

222 W. Sixth St., Suite 920, San Pedro, Calif. 90731; 213-521-0900; fax: 213-521-0910

	1990	1989
Premium volume	$18,000,000	$17,400,000
Gross revenues	$2,150,000	$2,042,364
U.S. clients	93%	95%
Non-U.S. clients	7%	5%
Brokerage: Retail	75%	74%
Wholesale	8%	9%
Reinsurance	8%	7%
Personal lines	4%	4%
Services	1%	1%
Invstmt. income	4%	5%
Employees	23	20
Offices	4	4

Year founded: 1977.

Parent company: Aviation Insurance Holdings Inc.

Brokerage: 98% commissions, 2% fees.

Retail brokerage subsidiaries: Houston; Las Vegas, Nev.; Seattle.

Licensed excess/surplus broker in: California, Nevada, Texas, Washington.

Principal officers: Ronald A. Hill, chairman/chief executive officer; Richard R. Gorsuch, vice chairman; Leslie C. DeWald, president-California; Linda M. Crosby, president-Texas; Elliott S. Tremaine, senior vp-Washington.

Contact: Richard R. Gorsuch.

B

BRI Coverage Corp.

156 William St., New York, N.Y. 10038; 212-233-7171; fax:212-513-1859

	1990	1989
Gross revenues	$35,205,000	$32,881,000
U.S. clients	75%	NA
Non-U.S. clients	25%	NA
Brokerage: Retail	85%	85%
Wholesale	2%	2%
Reinsurance	2%	2%
Personal lines	5%	5%
Services	4%	4%
Invstmt. income	2%	2%
Employees	212	244
Offices	1	1

Year founded: 1974.

Parent company: BRI Holding Co.

Brokerage: 80% commissions, 20% fees.

Licensed excess/surplus broker in: New York, New Jersey.

Principal officers: Donald P. Ferrarini, president; Howard Miller, director-production; Bruno Rumignani, executive vp; Fred Ghawi, director-ocean marine; James Sweitzer, director-commercial underwriting; Burton Matfus, treasurer; Mitchell May III, Clifford Miller, James J. O'Donnell, Harold K. Ross, Joseph Zweig, senior vps; Everett Vieira, Michael Colin, John Rapier, vps.

Contact: Howard Miller.

Bain Clarkson P.L.C.

15 Minories, London EC3N 1NJ, England; 071-481-3232; fax: 071-480-6137

See profile on page 50.

Adrian N. Baker & Co. Inc.

34 N. Meramec Ave., Clayton, Mo. 63105; 314-721-1372; fax: 314-721-2979

	1990	1989
Gross revenues	$3,186,000	$2,876,000
U.S. clients	100%	100%
Brokerage: Retail	69%	68%
Wholesale	2%	2%
Reinsurance	17%	17%
Personal lines	2%	2%
Services	7%	7%
Invstmt. income	3%	4%
Offices	1	1

Year founded: 1938.

Brokerage: 93% commissions, 7% fees.

Acquisitions: Security Insurance Agency, Joseph B. Kloecker Insurance Agency.

Licensed excess/surplus broker in: Missouri, Alaska.

Principal officers: Adrian N. Baker II, president; Roger W. Hittler, Anthony J. Sutcliffe, H. James Jost, Richard H. Chomeau, vps.

Bartlett Agency Inc.

P.O. Box 970, 2200 52nd Ave., Moline, Ill. 61265; 309-764-9666; fax: 309-764-8153

	1990	1989
Premium volume	$14,195,000	$13,444,000
Gross revenues	$2,165,000	$2,187,000
U.S. clients	100%	100%
Brokerage: Retail	93.1%	92.9%
Personal lines	9.5%	9.5%
Services	5.6%	5.4%
Invstmt. income	1.3%	1.7%
Employees	31	27
Offices	1	1

Year founded: 1942.

Brokerage: 94.4% commissions, 5.6% fees.

Acquisitions: Gordon Johnson Agency Ltd., Mid American Pension Services, Moline, Ill.

Licensed excess/surplus broker in: Illinois.

Principal officers: Richard J. Miles, president; Thomas K. Brake, executive vp; John J. Barrett, Bradley T. Boyle, vps; Dianne Mainey, treasurer.

Contact: Richard J. Miles.

Beal & Associates

5735 E. Thomas Road, Phoenix, Ariz. 85018; 602-990-1111; fax: 602-947-0454

	1990	1989
Premium volume	$9,000,000	$9,000,000
Gross revenues	$1,200,000	$1,200,000
U.S. clients	100%	100%
Brokerage: Retail	64%	60%
Personal lines	18%	22%
Services	18%	18%
Employees	26	28
Offices	1	1

Year founded: 1958.

Brokerage: 89% commissions, 11% fees.

Principal officers: William A. Beal, president; Thomas W. Beal, vp; Norman S. Beal, secretary/treasurer.

Contact: William A. Beal.

Beardsley, Brown & Bassett Inc.

1000 Lafayette Blvd., Bridgeport, Conn. 06605; 203-366-1815; fax: 203-366-8561

	1990	1989
Premium volume	$46,500,000	$45,000,000
Gross revenues	$6,620,000	$6,600,000
U.S. clients	100%	100%
Brokerage: Retail	62%	60%
Personal lines	18%	20%
Invstmt. income	1%	2%
Other	19%	18%
Employees	65	68
Offices	2	1

Year founded: 1884.

Brokerage: 99% commissions, 1% fees.

Acquisitions: W.J. Deverill Insurance Division, Darien, Conn.

Retail brokerage branch offices: Deverill Agency, division of Beardsley, Brown & Bassett Inc., Darien, Conn.

Licensed excess/surplus broker in: Connecticut.

Principal officers: James F. Tomchik, president; Brendan T. Shea, treasurer; Edward J. Cooke, Allan F. Tibbitts, vps; David B. Cole, secretary.

Contact: James F. Tomchik.

Becher & Carlson

21700 Oxnard St., Suite 1800, Woodland Hills, Calif. 91367; 818-715-0800; fax: 818-407-5555

	1990	1989
Premium volume	$130,000,000	NA
Gross revenues	$16,411,000	NA
U.S. clients	91%	NA
Non-U.S. clients	9%	NA
Brokerage: Retail	18.1%	NA
Reinsurance	63%	NA
Services	10%	NA
Invstmt. income	7.5%	NA
Other	1.4%	NA
Employees	102	NA
Offices	6	NA

Year founded: 1981.

Parent company: American Re-Insurance.

Brokerage: 25% commissions, 75% fees.

Retail brokerage branch offices: Marietta, Ga.

Non-retail brokerage subsidiaries: Becher & Carlson Management Ltd., Hamilton, Bermuda; Becher & Carlson Management (Vermont), Burlington, Vt.; Becher & Carlson Risk Management Inc., London.

Licensed excess/surplus broker in: California, Virginia.

Principal officers: William E. Becher Jr., chairman; David L. Carlson, president; Robert L. Glicksteen, Robert W. Hessel, James J. Kofmehl Jr.,

Continued on next page

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Continued from previous page
senior vps.
Contact: James J. Kofmehl Jr.

Berwanger Overmyer Associates

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

	1990	1989
Premium volume	$56,600,000	$52,000,000
Gross revenues	$8,489,659	$7,806,720
U.S. clients	100%	100%
Brokerage: Retail	74.2%	75.8%
Wholesale	1.5%	1.7%
Personal lines	5.6%	5.16%
Services	13.7%	12.8%
Invstmt. income	3.5%	3.2%
Other	1.5%	1.5%
Employees	113	93
Offices	1	1

Year founded: 1973.
Brokerage: 88% commissions, 12% fees.
Acquisitions: Thomas W. Curry, Columbus, Ohio.
Licensed excess/surplus broker in: Ohio.
Principal officers: Edwin L. Overmyer, president/chief executive officer; Joseph M. Berwanger, executive vp/secretary; Richard H. Moore, executive vp; Jerry L. Esselstein, chief operating officer/treasurer.
Contact: Edwin L. Overmyer.

Blumencranz, Klepper & Wilkins Ltd.

3000 Marcus Ave., Lake Success, N.Y. 11042; 516-328-8300; fax: 516-328-8109

	1990	1989
Premium volume	$88,000,000	$85,000,000
Gross revenues	$7,750,000	$7,450,000
U.S. clients	100%	100%
Brokerage: Retail	78%	85%
Wholesale	10%	3%
Personal lines	8%	8%
Services	2%	2%
Invstmt. income	2%	2%
Employees	70	71
Offices	1	1

Year founded: 1929.
Brokerage: 90% commissions, 10% fees.
Principal officers: Roger A. Blumencranz, president; Aaron A. Wilkins, vp/secretary; Stuart B. Wilkins, Marc J. Blumencranz and Barry Bloomgarden, vps.
Contact: Roger A. Blumencranz.

Boger, Reid & Flournoy

1355 Peachtree St. N.E., Suite 500, Atlanta, Ga. 30309-0600; 404-353-2600; fax: 404-853-2601

	1990	1989
Gross revenues	$4,534,612	$3,843,034
U.S. clients	97%	97%
Non-U.S. clients	3%	3%
Brokerage: Retail	89.6%	89.6%
Wholesale	3.3%	3.3%
Personal lines	2.9%	2.9%
Invstmt. income	3.7%	3.7%
Other	0.5%	0.5%
Employees	52	43
Offices	2	1

Year founded: 1982.
Parent company: Sale T. Laey P.L.C. (80%).
Brokerage: 87% commissions, 13% fees.
Acquisitions: Coastal Plains Insurance, Hilton Head, S.C.
Retail brokerage branch offices: Coastal Plains Insurance, Hilton Head, S.C.
Licensed excess/surplus broker in: Georgia, South Carolina.
Principal officers: Robert D. Reid, chairman; J. Wesley Mills, president; James O. Dorsett, executive vp.
Contact: J. Wesley Mills.

Bolton & Co.

1100 El Centro St., South Pasadena, Calif. 91030; 818-799-7000; fax: 818-441-3233

	1990	1989
Premium volume	$51,800,000	$49,300,000
Gross revenues	$7,683,000	$7,125,000
U.S. clients	96%	98%
Non-U.S. clients	4%	2%
Brokerage: Retail	86.9%	87%
Personal lines	9.5%	9%
Invstmt income	3.6%	4%
Employees	85	81
Offices	3	2

Year founded: 1931.
Brokerage: 100% commissions.
Retail brokerage branch offices: Camarillo, Palm Springs, Calif.
Principal officers: William D. Bolton, chairman/chief executive officer; James A. Bolton, president; William T. Redell, senior vp; Charles S. Swan, executive vp; Jill A. Pizozzi, secretary/treasurer.
Contact: Bill Bolton.

Boockford & Co.

1 Oakbrook Terrace, Ill. 60181-4796; 708-932-4000; fax: 708-932-7315

	1990	1989
Premium volume	$42,000,000	$40,000,000
Gross revenues	$4,900,000	$4,800,000
U.S. clients	100%	100%
Brokerage: Retail	91.7%	92%
Personal lines	2%	2%
Invstmt. income	6.3%	7%
Employees	51	51
Offices	1	1

Year founded: 1950.
Brokerage: 89% commissions, 11% fees.
Licensed excess/surplus broker in: Illinois.
Principal officers: William D. Boockford Jr., chairman; Charles J. Bretz, president; James F. Schuster, vp/secretary; Mario Remegi, Richard A. McGrath, vps.
Contact: Charles J. Bretz.

Roger Bouchard Insurance Inc.

101 Starcrest Drive, P.O. Box 6090, Clearwater, Fla. 34618-6090; 813-447-6481; fax: 813-449-1267

	1990	1989
Premium volume	$39,000,000	$35,000,000
Gross revenues	$3,400,000	$3,500,000
U.S. clients	99%	99%
Non-U.S. clients	1%	1%
Brokerage: Retail	69%	69%
Wholesale	4%	4%
Personal lines	16%	16%
Services	1%	1%
Invstmt. income	1%	1%
Other	9%	9%
Employees	54	60
Offices	1	1

Year founded: 1948.
Parent company: Roger Bouchard Insurance Inc.
Brokerage: 95% commissions, 5% fees.
Licensed excess/surplus broker in: Florida.
Principal officers: Roger Bouchard, chief executive officer; Richard Bouchard, president; Michael Hamby, executive vp; Timothy Bouchard, Ray Bouchard, vps.
Contact: Ray Bouchard.

Bowers Schumann & Welch

Route 31 N., Washington, N.J. 07882; 908-689-1092; fax: 908-689-8825

	1990	1989
Premium volume	$40,700,000	$38,000,000
Gross revenues	$6,663,974	$6,077,389
U.S. clients	100%	100%
Brokerage: Retail	82%	80%
Wholesale	0%	2%
Personal lines	11%	13%
Invstmt. income	2%	2%
Other	4%	3%
Employees	88	91
Offices	2	3

Year founded: 1967.
Brokerage: 100% commissions.
Retail brokerage branch offices: Bowers Schumann & Welch, Bethlehem, Pa.
Principal officers: Scott F. Welch, president; Glen R. Welch, Todd A. Welch, John Z. Witbeck, vps; Michael J. Azar, vp-finance.
Contact: Jim Lawless, manager-marketing.

Braishfield Associates Inc.

1373 Broad St., Clifton, N.J. 07013, 201-777-4747; fax: 201-777-1196

	1990	1989
Premium volume	$19,563,050	$22,000,000
Gross revenues	$2,000,750	$2,231,000
Brokerage: Retail	80.3%	77%
Wholesale	3%	1%
Personal lines	6.5%	5.5%
Services	1.5%	0%
Invstmt. income	8.7%	6.5%
Employees	32	39
Offices	4	4

Year founded: 1984.
Brokerage: 90% commissions, 10% fees.
Retail brokerage branch offices: Philadelphia, Boston.
Licensed excess/surplus broker in: New York, New Jersey, Massachusetts.
Principal officers: James J. McCahill, president/chief operating officer; Patric Brugna, senior vp; Rosemary Rich, Dennis Tabita, Mark Blake, vps.
Contact: James J. McCahill.

Breckles Insurance Brokers Ltd.

100 Cowdray Court, Second Floor, Scarborough, Ontario, M1S5C8; 416-292-2020; fax: 416-292-8523

Continued on next page

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Continued from previous page

	1990*	1989*
Premium volume	$16,749,637	$15,121,668
Non-U.S. clients	100%	100%
Gross revenues	$2,553,855	$2,314,494
Brokerage: Retail	34%	33%
Personal lines	60%	61%
Invstmt. income	4%	3%
Other	2%	3%
Employees	60	54
Offices	1	2

* Converted at applicable exchange rates.

Year founded: 1950.
Brokerage: 100% commissions.
Non-retail brokerage subsidiaries: Breckles Life & Financial Services Agency Inc.
Principal officers: T.M. Hannan, president; S.A. Marsh, general manager; B.M. Hamerston, commercial manager; K. Kiely, manager-marketing.
Contact: Terence Hannan.

Brooks & Stafford Co.

75 Public Square, Cleveland, Ohio 44113; 216-696-3000; fax: 216-621-7336

	1990	1989
Premium volume	$13,600,000	$12,750,000
Gross revenues	$2,315,000	$2,150,000
U.S. clients	100%	100%
Brokerage: Retail	60%	60%
Personal lines	40%	40%
Employees	19	18
Offices	1	1

Year founded: 1849.
Brokerage: 99% commissions, 1% fees.
Principal officers: Robert E. Hutchinson, president; Ralph E. Kunze, first vp; W.J. Coming, treasurer/vp; J.E. McCollom. secretary/vp.
Contact: R.E. Hutchinson.

Brown & Brown Inc.

220 S. Ridgewood Ave., Daytona Beach, Fla. 32114, 904-252-9601; fax: 904-239-5729

	1990	1989
Premium volume	$302,000,000	$259,000,000
Gross revenues	$32,225,157	$28,880,193
U.S. clients	100%	100%
Brokerage: Retail	59%	56%
Wholesale	9%	9%
Personal lines	15%	14%
Services	14%	18%
Invstmt. income	2%	3%
Other	1%	0%
Employees	458	422
Offices	16	17

Year founded: 1939.
Brokerage: 95% commissions, 5% fees.
Acquisitions: Ernest Smith Insurance Agency, Sarasota, Fla.
Retail brokerage branch offices: Daytona Beach, Orlando, Delray Beach, Boynton Beach, Fort Myers, Sarasota, Eustis, Kissimmee, St. Cloud, Hollywood, Brooksville, Port Charlotte, Sanibel Island, Fla.
Non-retail brokerage subsidiaries: MacDuff Underwriters, Daytona Beach, Fla.; Halcyon Underwriters, United Self Insured Services, Orlando, Fla.
Licensed excess/surplus broker in: Florida, Georgia, Alabama, Texas, Illinois, North Carolina.
Principal officers: J. Hyatt Brown, chairman/president; Kenneth E. Hill, executive vp; H. Van Massey, senior executive vp; Jim Henderson, senior vp; Greg Brewer, senior vp; Linda Downs, senior vp, Pete Thomas, senior vp.
Contact: Tom E. Riley, chief financial officer.

Brown-Hiller-Clark & Associates

5500 Euper Lane, P.O. Box 3529, Fort Smith, Arkansas 72903; 501-452-4000; fax: 501-484-5185

	1990	1989
Premium volume	$10,302,208	$14,841,168
Gross revenues	$2,097,220	$2,329,682
U.S. clients	100%	100%
Brokerage: Retail	63%	80%
Personal lines	16%	17%
Invstmt. income	2%	2%
Other	19%	1%
Employees	33	55
Offices	5	7

Year founded: 1915.
Brokerage: 100% commissions.
Retail brokerage branch offices: BHC of Eureka Springs, Eureka Springs, Ark.; BHC of Oklahoma Inc., Sallisaw, Okla.
Licensed excess/surplus broker in: Arkansas.
Principal officers: Sam B. Hiller, president/treasurer; Larry R. Clark, executive vp; Thomas L. Cooley, vp; William Stan Miller, president-BHC Life & Group Specialists Inc.; Gary Winton, president-BHC of Oklahoma.
Contact: Janice A. Butler, vp-administration.

P. Brunet Assurance Inc.

1100 Cremazie Blvd. E., Suite 500, Montreal, Quebec, H2P 2X2; 514-725-1500; fax: 514-729-4057

	1990*	1989*
Premium volume	$31,114,590	$30,338,880
Gross revenues	$6,593,535	$6,291,870
Non-U.S. clients	100%	100%
Brokerage: Retail	80.1%	79.2%
Personal lines	14.7%	15.7%
Invstmt. income	5.2%	5.1%
Employees	117	117
Offices	1	1

* Converted at applicable exchange rates.

Year founded: 1962.
Brokerage: 94.4% commissions, 5.6% fees.
Principal officers: Pierre Brunet, chairman; Bernard Bleau, president/chief executive officer; Michel Langlois, senior vp; Jules Brunet, vice chairman; Jacques Bouchard, senior vp.
Contact: Bernard Bleau, Dianne Ayotte.

John Burnham & Co.

610 W. Ash Suite 1800, San Diego, Calif. 92101; 619-231-1010; fax: 619-236-9134

	1990	1989
Premium volume	$150,000,000	$115,000,000
Gross revenues	$12,700,000	$11,000,000
U.S. clients	85%	NA
Non-U.S. clients	15%	NA
Employees	149	142
Offices	3	3

Year founded: 1891.
Brokerage: 90% commissions, 10% fees.
Retail brokerage branch offices: Irvine, Calif.; Trumbull, Conn.
Licensed excess/surplus broker in: California.
Principal officers: Robert E. Dow, William Pope, Jack Lupien, senior vps; Randy Williams, Steve Beck, vps.
Contact: Robert E. Dow.

Byrne, Byrne & Co.

20 N. Wacker Drive, Chicago, Ill. 60606; 312-346-2150; fax: 312-346-4637

	1990	1989
Premium volume	$19,100,000	$17,000,000
Gross revenues	$1,750,000	$1,500,000
U.S. clients	100%	100%
Brokerage: Retail	80%	80%
Wholesale	1%	1%
Personal lines	10%	10%
Services	9%	9%
Employees	17	16
Offices	1	1

Year founded: 1898.
Brokerage: 91% commissions, 9% fees.
Principal officers: Stephen J. Byrne, president; Richard D. Byrne chairman; William Reif, John O'Hara, Daniel Byrne, vps.
Contact: Stephen J. Byrne.

C

Cal-Central Insurance & Management Services Inc.

2455 W. Shaw Ave., Suite 101, Fresno, Calif. 93711; 209-222-4471; fax: 209-225-5041

	1990	1989
Gross revenues	$1,704,000	$1,493,000
U.S. clients	100%	100%
Brokerage: Retail	50%	49%
Wholesale	34%	32%
Personal lines	1%	1%
Services	3%	5%
Invstmt. income	4%	4%
Other	8%	9%
Employees	11	10
Offices	1	2

Year founded: 1983.
Brokerage: 94% commissions, 6% fees.
Principal officers: Ronald J. Stewart, president; James E. Williams, executive vp; Daniel B. Frainer, vp; Catherine A. Adams and Sophia E. Keppler, assistant vps.
Contact: Ronald J. Stewart.

Calco Insurance-Brokers & Agents

1900 Alameda de las Pulgas, San Mateo, Calif. 94403-1298; 415-574-0773; fax: 415-572-4622

	1990	1989
Premium volume	$169,000,000	$159,000,000
Gross revenues	$9,582,000	$9,624,000
U.S. clients	95%	95%
Non-U.S. clients	5%	5%
Brokerage: Retail	96%	96%
Personal lines	2%	2%
Invstmt. income	2%	2%
Employees	125	125
Offices	5	5

Year founded: 1914.
Parent company: California Casualty Management Co.
Brokerage: 99% commissions, 1%

Continued on next page



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Continued from previous page
fees.

Retail brokerage branch offices: San Mateo, San Francisco, Orange, Glendale and Fresno, Calif.

Licensed excess/surplus broker in: California.

Principal officers: Stephen Horn II, Charles W. Gross, vps/managers.

The Cal-Surance Cos.

333 City Blvd. W., Suite 1000, Orange, Calif. 92668; 714-939-0800; fax: 714-939-1641

	1990	1989
Premium volume	**$135,689,000**	$125,805,000
Gross revenues	**$20,291,000**	$21,122,000
U.S. clients	**100%**	100%
Brokerage: Retail	**73.5%**	72.4%
Reinsurance	**1%**	0.6%
Services	**18.1%**	19.4%
Invstmt. income	**5.7%**	5.4%
Other	**1.7%**	2.2%
Employees	**161**	160
Offices	**2**	2

Year founded: 1962.

Parent company: Chartered Financial Services Corp.

Brokerage: 100% commissions.

Retail brokerage branch offices: Cal-Surance Associates Inc., Orange, Calif.; Cal-Surance Benefit Plans, Torrance, Calif.

Non-retail brokerage subsidiaries: Lancer Claims Services Inc., United Network of Insurance Services, Sterling Reinsurance Intermediaries Inc., Orange, Calif.; Sterling Insurance Co. Ltd., Hamilton, Bermuda.

Licensed excess/surplus broker in: California.

Principal officers: Donald E. Martin, chief executive officer; Daniel P. Kuzio, president-brokerage operations; Donald H. Mehlig, chief executive officer (Cal-Surance Benefit Plans); Jim Hall, president (Cal-Surance Benefit Plans-group benefits division).

Contact: Lynn Kimmel Johnson, vp/chief financial officer.

Cambridge Underwriters Ltd.

15415 Middlebelt, Livonia, Mich. 48154; 313-525-0927; fax: 313-525-0612

	1990	1989
Premium volume	**$24,000,000**	$20,000,000
Gross revenues	**$3,706,000**	$3,017,294
U.S. clients	**100%**	100%
Brokerage: Retail	**94.5%**	94.5%
Personal lines	**5%**	5%
Invstmt. income	**0.5%**	0.5%
Employees	**43**	42
Offices	**3**	3

Year founded: 1980.

Brokerage: 92.5% commissions, 7.5% fees.

Retail brokerage branch offices: Lansing and Livonia, Mich.

Non-retail brokerage subsidiaries: Association Administration Inc. and Family Legal Services plan, Livonia, Mich.

Licensed excess/surplus broker in: Michigan.

Principal officers: Kenneth R. Hale, president; Robert Stein, Denise McHenry and Jonathan D. Anibal, vps; James Kaufman, controller.

Contact: Ken Hale, P.O. Box 9226, Livonia, Mich. 48151.

Carlin Insurance Agency Inc.

233 W. Central St., Natick, Mass. 01760; 508-655-0522; fax: 508-655-8853

	1990	1989
Premium volume	**$27,000,000**	$26,000,000
Gross revenues	**$3,300,000**	$3,300,000
Brokerage: Retail	**80%**	80%
Personal lines	**20%**	20%
Employees	**40**	43
Offices	**1**	1

Year founded: 1967.

Brokerage: 99% commissions, 1% fees.

Licensed excess/surplus broker in: Massachusetts.

Principal officers: Samuel W. Wakeman, president; Frank J. Smith, vp-surety; Rosemary W. Fulham, vp-risk management; Hazel E. Kara, vp-marketing.

Contact: Samuel W. Wakeman.

Cashan & Co.

11 S. Third St., Hammonton, N.J. 08037-0436; 609-561-2600; fax: 609-561-3503

	1990	1989
Gross revenues	**$3,000,000**	$2,800,000
U.S. clients	**100%**	100%
Brokerage: Retail	**58%**	62%
Personal lines	**19%**	20%
Services	**10%**	8%
Invstmt. income	**1%**	1%
Other	**12%**	9%
Employees	**44**	48
Offices	**2**	2

Year founded: 1946.

Brokerage: 95% commissions, 5% fees.

Principal officers: Nicholas Cashan III, president/treasurer; Calvin J. Cashan, vp/secretary; Paul J. Miola, vp.

Contact: Calvin J. Cashan.

Century Financial Services

Century Financial Plaza, 185 N.W. Spanish River Blvd., Suite 170, Boca Raton, Fla. 33431; 407-362-0111; fax: 407-362-0133

	1990	1989
Premium volume	**$16,000,000**	$11,000,000
Gross revenues	**$2,300,000**	$2,000,000
U.S. clients	**97%**	100%
Non-U.S. clients	**3%**	0%
Brokerage: Retail	**48%**	49%
Wholesale	**5%**	5%
Personal lines	**20%**	20%
Services	**25%**	25%
Invstmt. income	**2%**	1%
Employees	**23**	23
Offices	**2**	2

Year founded: 1983.

Brokerage: 90% commissions, 10% fees.

Retail brokerage branch offices: Pembroke Pines, Fla.

Licensed excess/surplus broker in: Florida.

Principal officers: Ronald Reshefsky, president; Richard J. Leonard, vp-employee benefit consulting; Gary Morris, vp-risk management services; Ellen R. Segal, secretary/marketing manager.

Contact: Ronald Reshefsky.

Chamberlaine & Flowers Inc.

128 S. Second St., Clarksburg, W. Va. 26301; 304-623-3721; fax: 304-622-0743

	1990	1989
Premium volume	**$10,000,000**	$10,000,000
Gross revenues	**$2,500,000**	$2,400,000
U.S. clients	**100%**	100%
Brokerage: Retail	**62%**	63%
Personal lines	**28%**	29%
Invstmt. income	**1%**	1%
Other	**9%**	7%
Employees	**32**	31
Offices	**3**	3

Year founded: 1930.

Brokerage: 100% commissions.

Retail brokerage branch offices: Buckhannon, W.Va.; Chamberlaine & Flowers of Morgantown, Morgantown, W.Va.

Licensed excess/surplus broker in: West Virginia.

Principal officers: Earl N. Flowers, president; Richard B. Urda, Wade Dotson and John S. Wilson, vps; Steven Thompson, secretary/treasurer.

Contact: Earl N. Flowers.

Clair Odell Group

120 W. Germantown Pike, Plymouth Meeting, Pa. 19462; 215-825-5555; fax: 215-828-3349

	1990	1989
Premium volume	**$71,500,000**	$69,000,000
Gross revenues	**$9,543,209**	$9,004,949
U.S. clients	**100%**	100%
Brokerage: Retail	**89.7%**	85.7%
Personal lines	**6.3%**	8.9%
Invstmt. income	**4%**	5.4%
Employees	**104**	110
Offices	**1**	1

Year founded: 1932.

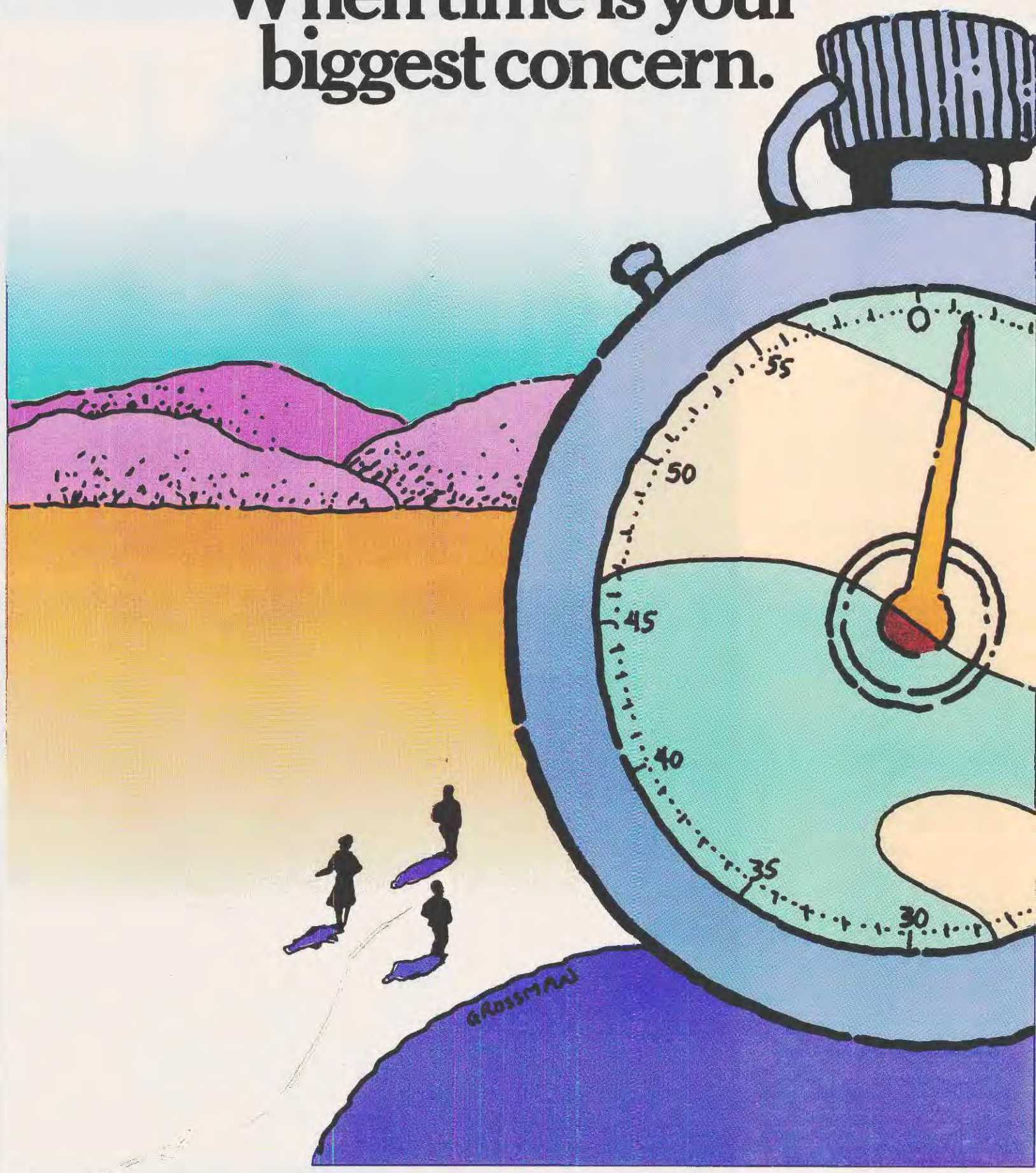
Brokerage: 95% commissions, 5% fees.

Licensed excess/surplus broker in: Pennsylvania.

Principal officers: Robert A. Clair, chief executive officer; Jerry A. Odell, president; David A. Collins Jr., Frank

Continued on next page

When time is your biggest concern.



Continued from previous page
D. Svitek and Michael S. Studner, executive vps.
Contact: Robert A. Clair.

Compro Insurance Services Inc.

550 S. Winchester Blvd., Fifth Floor, San Jose, Calif. 95128; 408-236-3000; fax: 408-246-8266

	1990	1989
Premium volume	**$61,000,000**	$49,000,000
Gross revenues	**$6,700,000**	$5,600,000
U.S. clients	**100%**	100%
Brokerage: Retail	**83%**	83%
Personal lines	**12%**	12%
Invstmt. income	**5%**	5%
Employees	**55**	53
Offices	**1**	1

Year founded: 1987.
Brokerage: 90% commissions, 10% fees.
Non-retail brokerage subsidiaries: Insgroup International Insurance Services Inc., San Jose, Calif.
Licensed excess/surplus broker in: California.
Principal officers: Philip R. Barry, president; Thomas Stone, chief financial officer; Clayton Brunt, secretary; Janice Kellogg and Kevin Quinn, executive vps.
Contact: Philip R. Barry.

Conover & Associates

931 Penn Ave., Pittsburgh, Pa. 15222; 412-281-2339; fax: 412-281-7279

	1990	1989
Premium volume	**$13,000,000**	$13,000,000
Gross revenues	**$1,400,000**	$1,500,000
U.S. clients	**100%**	100%
Brokerage: Retail	**83%**	82%
Personal lines	**10%**	11%
Invstmt. income	**7%**	7%
Employees	**18**	19
Offices	**1**	1

Year founded: 1969.
Parent company: Conover Corp.
Brokerage: 100% commissions.
Licensed excess/surplus broker in: Pennsylvania.
Principal officers: William S. Conover, president/owner; Jane M. Dolan, vp-finance/secretary; Philip T. Coffin III and William D. Schneider, vps.
Contact: William S. Conover.

Crosby & Henry Inc.

590 Cascade West Parkway, Grand Rapids, Mich. 49546; 616-942-5480; fax: 616-942-0346

	1990	1989
Premium volume	**$20,000,000**	$20,000,000
Gross revenues	**$2,200,000**	$2,100,000
U.S. clients	**100%**	100%
Brokerage: Retail	**83%**	84%
Personal lines	**10%**	10%
Services	**3%**	1%
Invstmt. income	**4%**	5%
Employees	**25**	25
Offices	**1**	1

Year founded: 1858.
Brokerage: 97% commissions, 3% fees.
Licensed excess/surplus broker in: Michigan.
Principal officers: James M. Crosby, president; Larry Christian, vp-technical services; Ted Niemeyer, vp-marketing; David Mullen, controller.
Contact: James M. Crosby.

Frank Crystal & Co. Inc.

40 Broad St., New York, N.Y. 10004; 212-344-2444; 212-509-1292

	1990	1989
Gross revenues	**$28,271,000**	$26,925,000
U.S. clients	**100%**	100%
Brokerage: Retail	**86%**	86%
Personal lines	**10%**	10%
Services	**4%**	4%
Employees	**186**	160
Offices	**4**	4

Year founded: 1936.
Brokerage: 98% commissions, 2% fees.
Retail brokerage offices: Frank Crystal & Co. Inc. (Texas), Houston; Frank Crystal & Co. of Florida Inc., Fort Lauderdale, Fla.; Frank Crystal & Co. Inc. (Midwest), Kansas City, Kan.
Licensed excess/surplus broker in: Florida, New York, Texas.
Principal officers: James W. Crystal, chairman/chief executive officer; Andrew Potash, president; Arthur H. Littmann, executive vp/chief financial officer; Kenneth W. Liebman, executive vp; William Mann, senior vp.

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Northeast (401) 275-3000 **South** (404) 955-2700
West (818) 704-1133, (213) 873-1722
Affiliated FM Insurance Company
Canada (416) 494-7111, (514) 485-1520



D

DSI Insurance Services

1 California St., Suite 2700, San Francisco, Calif. 94111; 415-772-7033; fax: 415-772-7099

	1990	1989
Premium volume	**$47,000,000**	$40,000,000
Gross revenues	**$5,550,000**	$5,000,000
Brokerage: Retail	**88%**	90.5%
Wholesale	**2%**	2%
Personal lines	**3%**	2%
Services	**1%**	1%
Invstmt. income	**5%**	3.5%
Other	**1%**	1%
Employees	**48**	48
Offices	**2**	2

Year founded: 1985.
Brokerage: 90% commissions, 10% fees.
Retail brokerage branch offices: San Jose, Calif.
Non-retail brokerage subsidiaries: San Francisco.
Licensed excess/surplus broker in: California.
Principal officers: Douglas W. Shorenstein, chairman; Scott R. Heldfond, president/chief executive officer; Barbara A. Reynolds, executive vp/chief operating officer; Ritch E. Gingrich, senior vp.
Contact: Scott R. Heldfond.

R.G. Dalton & Associates Insurance Brokers Inc.

550 King St. E., Kitchener, Ontario N2H 6K8; 519-576-2510; fax: 519-576-7390

	1990*	1989*
Premium volume	**$17,238,000**	$15,546,600
Gross revenues	**$3,016,650**	$2,591,100
U.S. clients	**1%**	1%
Non-U.S. clients	**99%**	99%
Brokerage: Retail	**66%**	64%
Wholesale	**1%**	1%
Personal lines	**28%**	30%
Services	**1%**	1%
Invstmt. income	**4%**	4%
Employees	**45**	43
Offices	**1**	1

* Converted at applicable exchange rates.
Year founded: 1946.
Brokerage: 99.5% commissions, 0.5% fees.
Principal officers: Ronald A. Dalton, president/general manager; Gregory G. Dalton, account executive; R. Scot Dalton, account executive; Rhonda L. Dalton, director-human resources; Tracey P. Dalton, director-marine division.
Contact: Ronald G. Dalton.

The Daniel & Henry Co.

2350 Market St., Suite 400, St. Louis, Mo. 63103; 314-421-1525; fax: 314-444-1990

	1990	1989
Premium volume	**$69,745,000**	$65,472,000
Gross revenues	**$11,965,000**	$11,212,000
U.S. clients	**100%**	100%
Brokerage: Retail	**72.8%**	70.8%
Personal lines	**15.8%**	15.5%
Services	**6.6%**	5.8%
Invstmt. income	**3.5%**	3.8%
Other	**1.3%**	4.1%
Employees	**182**	197
Offices	**2**	2

Year founded: 1921.
Continued on next page

Continued from previous page

Brokerage: 99% commissions, 1% fees.

Principal officers: C. Peyton Daniel, president/chief executive officer; Charles S. Drew Jr., chairman; John A. Harrison, senior vp; John S. Childress, executive vp; M. Henry Johnson Jr., vp.

Contact: C. Peyton Daniel

The Daniels Agency Inc.

Route 22, Pawling, N.Y. 12564;
914-855-3300;
fax: 914-855-1860

	1990	1989
Gross revenues	$4,600,000	$4,520,000
U.S. clients	100%	100%
Brokerage: Retail	55%	55%
Personal lines	35%	35%
Invstmt. income	2%	2%
Other	8%	8%
Employees	55	56
Offices	4	4

Year founded: 1926.

Brokerage: 100% commissions.

Retail brokerage branch offices: Brewster, Poughkeepsie, N.Y.; Settle Agency, Danbury, Conn.

Licensed excess/surplus broker in: New York.

Principal officers: C. Ross Daniels Jr., chairman; Charles R. Daniels III, president.

Dann Brothers Inc.

650 Dundee Road, Northbrook, Ill. 60062; 708-564-8700;
fax: 708-564-8760

	1990	1989
Gross revenues	$8,744,000	$8,134,000
U.S. clients	100%	100%
Brokerage: Retail	85%	85%
Personal lines	5%	5%
Services	1%	NA
Invstmt. income	4%	4%
Other	5%	6%
Employees	72	75
Offices	2	2

Year founded: 1929.

Brokerage: 99% commissions, 1% fees.

Retail brokerage branch offices: Chicago.

Licensed excess/surplus broker in: Illinois.

Principal officers: Charles Dann, Donald Dann, co-chairmen; Scott Dann, president; Armand L. Dann and Russell Dann, executive vps, Julie Dann, vp.

Contact: Scott Dann.

Curtis Day & Co.

50 Fremont St., Suite 300, San Francisco, Calif. 94105;
415-543-3140; fax: 415-543-2940

	1990	1989
Premium volume	$88,039,902	$71,613,304
Gross revenues	$10,092,940	$8,649,922
U.S. clients	100%	100%
Brokerage: Retail	92%	90%
Wholesale	1%	1.5%
Personal lines	1.5%	1.8%
Services	0.5%	0.2%
Invstmt. income	5%	6.5%
Employees	90	78
Offices	1	1

Year founded: 1966.

Brokerage: 97% commissions, 3% fees.

Licensed excess/surplus broker in: California.

Principal officers: Phillip J. Buchanan, president; Julie Ferro executive vp; Harry F. Clifford III, senior vp; Edward Ferro and Phyllis Bascomb, vps.

Contact: Phillip J. Buchanan.

The Dentists Co. Insurance Services

1201 K St. Mall, Suite 1600, Sacramento, Calif. 95814;
916-443-4565; fax: 916-325-2566

	1990	1989
Premium volume	$50,577,076	$45,644,596
Gross revenues	$3,671,643	$3,239,708
U.S. clients	100%	100%
Brokerage: Retail	87.5%	86.8%
Invstmt. income	10.9%	11.3%
Other	1.6%	1.9%

Year founded: 1982.

Parent company: California Dental Assn.

Brokerage: 100% commissions.

Principal officers: Herbert H. Hooper, chairman; J. Thomas Chess, secretary/treasurer; J. David Gaynor, president/chief executive officer; Roger R. Kittredge, chief financial officer.

DeSibour Association Inc.

4350 East West Highway, Suite 912, Bethesda, Md. 20814;
301-657-1885; fax: 301-657-3046

	1990	1989
Premium volume	$6,300,000	$6,090,000
Gross revenues	$1,050,000	$968,000
U.S. clients	100%	100%
Brokerage: Retail	80%	80%
Wholesale	0.5%	0.5%
Personal lines	15.8%	16.3%
Invstmt. income	3.7%	3.2%
Employees	10	10
Offices	1	1

Year founded: 1926.

Brokerage: 100% commissions.

Principal officers: Franklyn H. Klahre, president/co-owner; Marsha S. McLaurin, executive vp/co-owner.

Contact: Marsha S. McLaurin.

Diversified Insurance Brokers

136 E. South Temple, Suite 2300, Salt Lake City, Utah 48111;
801-532-6387; fax: 801-521-5945

	1990	1989
Premium volume	$14,000,000	$10,000,000
Gross revenues	$2,700,000	$2,200,000
U.S. clients	100%	100%
Brokerage: Retail	40%	43%
Wholesale	4%	2%
Personal lines	2%	4%
Services	53%	50%
Invstmt. income	1%	1%
Employees	36	36
Offices	7	5

Year founded: 1963.

Brokerage: 90% commissions, 10% fees.

Retail brokerage branch offices: St. George, Utah.

Non-retail brokerage subsidiaries: Phoenix, Ariz.; Boise, Idaho; Albuquerque, N.M.; Portland, Ore.

Licensed excess/surplus broker in: Utah.

Principal officers: Kenneth F. Palmer Jr., president; Timothey P. Foley Sr., senior vp; Kenneth F. Palmer, vp; Jack D. Barrett, vp; Cynthia L. Rodriguez, secretary/treasurer.

Contact: Kenneth F. Palmer Jr.

Robert F. Driver Co. Inc.

1620 Fifth Ave., San Diego, Calif. 92118; 619-238-1828;
fax: 619-699-1323

	1990	1989
Premium volume	$203,725,000	$195,000,000
Gross revenues	$20,300,000	$17,600,000
U.S. clients	99%	100%
Non-U.S. clients	1%	0%
Brokerage: Retail	91%	95%
Personal lines	3%	2%
Services	2%	1%
Invstmt. income	3%	2%
Other	1%	0%
Employees	220	217
Offices	3	3

Year founded: 1925.

Brokerage: 97% commissions, 3% fees.

Acquisitions: Fletcher-Hillard Agency, San Diego, Calif.

Retail brokerage branch offices: Newport Beach and Escondido, Calif.

Licensed excess/surplus broker in: California.

Principal officers: Richard B. Gulley, chief executive officer; Irwin S. Sklar, president; Thomas W. Corbett, executive vp/president-Robert F. Driver Associates; George F. Driver, senior vp/chief operating officer; John T. Freeman, vp/chief financial officer.

Contact: Richard B. Gulley, John T. Freeman.

E

Eastman & Co. Insurance Brokers

2550 N. Hollywood Way, Suite 110, Burbank, Calif. 91505;
818-841-2400; fax: 213-849-3243

	1990	1989
Premium volume	$10,760,000	12,600,000
Gross revenues	$1,292,000	$1,452,000
U.S. clients	100%	100%
Brokerage: Retail	82%	87%
Wholesale	1%	0%
Personal lines	13%	11%
Invstmt. income	4%	2%
Employees	14	16
Offices	2	2

Year founded: 1970.

Brokerage: 99% commissions, 1% fees.

Retail brokerage branch offices: Brea, Calif.

Principal officers: Robert Eastman, president; Linda Davidson, vp/secretary; James Waldorf, Rick Sottile, vps; Kathleen Sage, vp/treasurer.

Contact: Robert Eastman.

James Econn & Co.

3055 Wilshire Blvd., Suite 800, Los Angeles, Calif. 90010;
213-386-3131; fax: 213-389-9460

	1990	1989
Premium volume	$57,711,577	$54,724,721
Gross revenues	$6,881,844	$7,201,484
U.S. clients	100%	100%
Brokerage: Retail	91.6%	92.1%
Personal lines	3.2%	2.7%
Invstmt. income	5.2%	5.2%
Employees	50	48
Offices	2	2

Year founded: 1919.

Brokerage: 100% commissions.

Retail brokerage branch offices: Irvine, Calif.

Principal officers: James Econn, CEO/chairman; B.F. Grier, vice chairman; Donald Killian, managing director; Gregory W. Econn, Richard C. Econn, Richard A. Ficco, directors.

Contact: James Econn.

Elliott, McKiever & Stowe Inc.

2828 W. Flagler St., Miami, Fla. 33135; 305-642-7170;
fax: 305-642-1038

	1990	1989
Premium volume	$12,500,000	$11,500,000
Gross revenues	$1,231,324	$1,271,128
U.S. clients	100%	100%
Brokerage: Retail	80%	80%
Personal lines	20%	20%
Employees	20	21
Offices	1	1

Year founded: 1937.

Brokerage: 100% commissions.

Licensed excess/surplus broker in: Florida.

Principal officers: Larry B. Stowe, president.

Contact: Larry B. Stowe.

Euclid Insurance Agencies Inc.

977 Oaklawn Ave., Suite 300, Elmhurst, Ill. 60126; 708-833-1000;
fax: 708-833-1747

	1990	1989
Premium volume	$35,500,000	$35,003,200
Gross revenues	$5,764,017	$5,600,553
U.S. clients	100%	100%
Brokerage: Retail	91.5%	90.3%
Personal lines	3.7%	3.9%
Invstmt. income	4.8%	5.8%
Employees	60	60
Offices	1	1

Year founded: 1963.

Brokerage: 100% commissions.

Licensed excess/surplus broker in: Illinois.

Principal officers: Peter G. Colis, president; William F. Loeb, vp.

F

Fairlane Associates Inc.

15350 Commerce Drive N., Dearborn, Mich. 48120;
313-271-8200; fax: 313-271-1255

	1990	1989
Premium volume	$14,136,000	$18,941,000
Gross revenues	$2,756,000	$2,708,000
U.S. clients	100%	100%
Brokerage: Retail	60%	60%
Wholesale	3%	1%
Personal lines	33%	35%
Services	1%	1%
Invstmt. income	2%	2%
Other	1%	1%
Employees	35	33
Offices	1	1

Year founded: 1926.

Brokerage: 99% commissions, 1% fees.

Acquisitions: Sheets Agency, Livonia, Mich.

Retail brokerage branch offices: Dearborn, Mich.

Licensed excess/surplus broker in: Michigan.

Principal officers: Michael J. Maldegen, president: Carl Fricke, executive vp; Robert Charette, vp .

Contact: Carl Fricke.

Falconar Insurance Associates Ltd.

501-5241 Calgary Trail Southbound, Edmonton, Alberta T6H5G8; 403-435-3632;
fax: 403-438-7121

	1990*	1989*
Gross revenues	$1,077,375	$863,700
Non-U.S. clients	100%	100%
Brokerage: Retail	79%	79%
Personal lines	1%	1%
Services	20%	20%
Employees	3	3
Offices	1	1

* Converted at applicable exchange rates.

Year founded: 1980.

Brokerage: 100% commissions.

Principal officers: W. Hugh Falconar, Jean P. Lepine.

Falkins Insurance Group Ltd.

911 Baker St., Cranbrook, British Columbia V1C 1A4; 604-426-2205;
fax: 604-426-7499

	1990*	1989*
Premium volume	$7,757,100	$7,686,930
Gross revenues	$1,063,434	$987,293
Non-U.S. clients	100%	100%
Brokerage: Retail	40%	40%
Personal lines	57%	57%
Invstmt. income	3%	3%
Employees	20	19
Offices	5	5

Year founded: 1943.

Brokerage: 100% commissions.

Acquisitions: Lowe's Agencies, Fernie, British Columbia.

Retail brokerage branch offices: Coles Insurance Service, Fernie, Sparwood and Elkford, British Columbia.

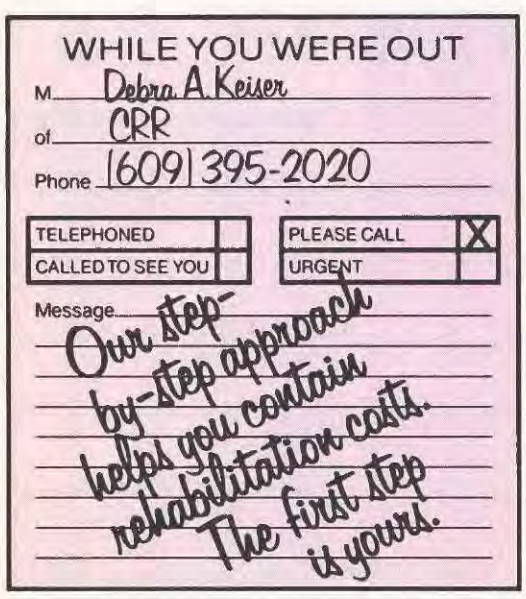
Non-retail brokerage subsidiaries: Century 21 Falkins Realty Ltd., Cranbrook, British Columbia.

Licensed excess/surplus broker in: Canada.

Principal officers: D.H. Smith, president; Sandy Westover, treasurer; Simon Murphy, vp; Pat Conray, secretary.

Contact: Simon Murphy or Sandy Westover.

Continued on next page



CRR professionals know both rehabilitation and the claims process. Here's how our personal touch expedites that process and helps you contain costs:

We acknowledge your referral within 3 days and personally contact you. Within 5 days we start the Initial Rehabilitation Survey, getting input from all involved parties. We then create a plan, review cost estimates and reserves with you and update you every 30 days. From the time of referral, cost-effective physical and vocational rehabilitation begins, ending if possible with a job placement and follow-up.

You're involved at every step, armed with full information. All parties benefit from the best, most cost-effective rehabilitation, applied promptly.

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CRRx℠ Continental Rehabilitation Resources, Inc.

There when it counts.

Continued from previous page

Faugere & Jutheau S.A.

13 Rue de la Ville-L'Eveque, B.P.280-08, 75360 Paris, France; 4-268-1500; fax: 4-268-0671

See profile on page 64.

Fickling & Clement Insurance

P.O. Box 1626, Greenville, N.C. 27835; 919-756-8300; fax: 919-756-9026

	1990	1989
Premium volume	$5,623,135	$4,987,487
Gross revenues	$940,479	$827,861
U.S. clients	100%	100%
Brokerage: Retail	85%	86.5%
Personal lines	10%	9%
Services	1%	1%
Invstmt. income	4%	3.5%
Employees	17	18
Offices	1	1

Year founded: 1979.
Brokerage: 100% commissions.
Licensed excess/surplus broker in: North Carolina.
Principal officers: W. Kurt Fickling, president/chief executive officer; J.E. Clement Jr., vp-sales; Sandra W. Sawyer, vp-commercial lines service; Sherry B. Edwards, vp-personal lines.
Contact: W. Kurt Fickling.

Financial Guardian of Texas Inc.

13101 N.W. Freeway, Houston, Texas 77040; 713-621-2727; fax: 713-961-2614

	1990	1989
Premium volume	$27,000,000	$25,000,000
Gross revenues	$2,700,000	$2,500,000
U.S. clients	100%	100%
Brokerage: Retail	95%	95%
Personal lines	5%	5%
Employees	24	29

Year founded: 1978.
Brokerage: 100% commissions.
Licensed excess/surplus broker in: Texas.
Principal officers: Robert G. Cox, president; T.W. Tracey, vice chairman.
Contact: Robert G. Cox.

Fitzgerald, Clayton, James & Kasten Inc.

757 N. Broadway, Milwaukee, Wis. 53202; 414-271-3717; fax: 414-271-2935

	1990	1989
Premium volume	$11,000,000	$10,500,000
Gross revenues	$1,550,000	$1,600,000
U.S. clients	100%	100%
Brokerage: Retail	77%	72%
Wholesale	4%	12%
Personal lines	13%	11%
Services	1%	0%
Invstmt. income	5%	5%
Employees	24	24
Offices	1	1

Year founded: 1850.
Brokerage: 99% commissions, 1% fees.
Licensed excess/surplus broker in: Wisconsin.
Principal officers: Charles V. James, president/treasurer; Jeffrey A. Thiel, senior vp; Karen A. Rechlicz, vp/secretary; William D. Hoppenjan, vp.
Contact: Charles V. James.

Forrest Sherer Inc.

24 N. Sixth St., Terre Haute, Ind. 47808-0900; 812-232-0441; fax: 812-232-1783

	1990	1989
Premium volume	$34,566,000	$32,135,000
Gross revenues	$4,676,000	$4,511,000
U.S. clients	100%	100%
Brokerage: Retail	84%	82.84%
Wholesale	3%	4.1%
Personal lines	8.6%	8.3%
Services	0.1%	0.1%
Invstmt. income	4.3%	4.6%
Other	0%	.06%
Employees	65	63
Offices	3	3

Year founded: 1920.
Brokerage: 99% commissions, 1% fees.
Retail brokerage branch offices: Indianapolis; German American/Forrest Sherer Agency, Jasper, Ind.
Licensed excess/surplus broker in: Indiana.
Principal officers: Arthur Lukens, president/treasurer; John Dinkel, executive vp/general manager; John Lukens, vp-sales/marketing; Dennis Michael, vp-administration; Malcolm Wright, vp-customer services.
Contact: John Dinkel.

Frenkel & Co. Inc.

123 William St., New York, N.Y. 10038; 212-267-2200; fax: 212-693-0298

	1990	1989
Gross revenues	$23,569,000	$21,280,000
Brokerage: Retail	90%	89%
Personal lines	5%	5%
Invstmt. income	5%	6%
Employees	203	206
Offices	1	1

Year founded: 1878.
Brokerage: 99% commissions, 1% fees.
Licensed excess/surplus broker in: New York.
Principal officers: Charles W. Pachner, chairman; Alan S. Samuels, president/chief executive officer; Robert E. Shunk, senior executive vp; Harold D. Goldsmith, executive vp/treasurer; Martin L. Elkinson, executive vp.
Contact: Alan S. Samuels.

Fritz International Insurance Brokers

142 Sansome St., Suite 500, San Francisco, Calif. 94104; 415-541-8440; fax: 415-296-7134

	1990	1989
Premium volume	$4,100,000	$3,600,000
Gross revenues	$1,100,000	$980,000
U.S. clients	100%	100%
Brokerage: Retail	90%	90%
Personal lines	3%	3%
Services	1%	1%
Invstmt. income	6%	6%
Employees	11	11
Offices	1	1

Year founded: 1933.
Parent company: Fritz Cos. Inc.
Brokerage: 99% commissions, 1% fees.
Licensed excess/surplus broker in: California.
Principal officers: Lynn C. Fritz, president/chairman; Ronald M. Marcillac, executive director; Neill Stroth, director; John E. Sequeira, managing broker.
Contact: John E. Sequeira.

G

Arthur J. Gallagher & Co.

The Gallagher Center, 2 Pierce Place, Itasca, Ill. 60143-3141; 708-773-3800; fax: 708-285-4000

See profile on page 59.

Gersten-Hillman Agency Inc.

P.O. Box 209, Monticello, N.Y. 12701; 914-794-5544; fax: 914-794-0430

William Gallagher Associates

40 Broad St., Boston, Mass. 02109; 617-542-1610; fax: 617-542-3156

	1990	1989
Premium volume	$18,000,000	$13,500,000
Gross revenues	$2,750,000	$1,800,000
U.S. clients	99%	99%
Non-U.S. clients	1%	1%
Brokerage: Retail	93%	92%
Personal lines	1%	1%
Invstmt. income	6%	7%
Employees	28	24
Offices	1	1

Year founded: 1983.
Brokerage: 97% commissions, 3% fees.
Licensed excess/surplus broker in: Massachusetts.
Principal officers: William W. Gallagher, president; Phillip J. Edmundson, executive vp.
Contact: William W. Gallagher.

	1990	1989
Premium volume	$6,525,000	$6,393,000
Gross revenues	$990,000	$940,000
U.S. clients	100%	100%
Brokerage: Retail	58%	58%
Wholesale	1%	1%
Personal lines	38%	38%
Invstmt. income	1%	1%
Other	2%	2%
Employees	16	17
Offices	2	2

Year founded: 1932.
Brokerage: 100% commissions.
Principal officers: Joyce A. Salimeno, secretary/treasurer/chief operating officer; Julius Cohen, president.
Contact: Joyce A. Salimeno.

The Gleason Agency Inc.

BT Financial Plaza, Suite 204, Johnstown, Pa. 15901; 814-535-8411; fax: 814-536-7266

	1990	1989
Premium volume	$33,639,413	$30,617,821
Gross revenues	$4,025,000	$3,948,879
U.S. clients	100%	100%
Brokerage: Retail	86%	89%
Personal lines	4%	3%
Services	6%	5%
Invstmt. income	4%	3%
Employees	49	48
Offices	5	5

Continued on next page

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Answer: c) All of the above

Crawford
CRAWFORD & COMPANY
CLAIMS SERVICES

Continued from previous page

Year founded: 1924.
Brokerage: 86% commissions, 6% fees.
Retail brokerage branch offices: Pittsburgh, Harrisburg, Philadelphia, Altoona, Pa.
Licensed excess/surplus broker in: Pennsylvania.
Principal officers: Robert A. Gleason Jr., president; Christopher K. Gleason, executive vp; Carolyn Zierer, secretary.
Contact: Robert A. Gleason Jr.

Richard N. Goedman & Co.

1 Bush St., Ninth Floor, San Francisco, Calif. 94104; 415-981-1144; fax: 415-398-4986

	1990	1989
Gross revenues	**$7,700,000**	$7,100,000
U.S. clients	**100%**	100%
Brokerage: Retail	**86%**	86%
Personal lines	**10%**	10%
Invstmt. income	**6%**	4%
Employees	**71**	72
Offices	**1**	1

Year founded: 1947.
Brokerage: 95% commissions, 5% fees.
Licensed excess/surplus broker in: California.
Principal officers: Richard N. Goldman, chairman/chief executive officer; Stuart W. Seiler, president; John D. Goldman, Laurence A. Colton, Keith G. Avery, senior vps.
Contact: H.A. Castro.

S.H. Gow & Co. Inc.

344 Delaware Ave., Buffalo, N.Y. 14202; 716-856-1100; fax: 716-856-6179

	1990	1989
Premium volume	**$42,000,000**	$41,000,000
Gross revenues	**$6,205,000**	$6,206,000
U.S. clients	**97%**	NA
Non-U.S. clients	**3%**	NA
Brokerage: Retail	**82.6%**	86.4%
Wholesale	**0.5%**	0.5%
Personal lines	**2.8%**	2.8%
Services	**5.5%**	4.8%
Invstmt. income	**2%**	2.5%
Other	**3%**	3%
Employees	**94**	94
Offices	**4**	4

Year founded: 1951.
Brokerage: 91% commissions, 9% fees.
Retail brokerage branch offices: Rochester, Syracuse, Albany, N.Y.
Non-retail brokerage subsidiaries: Gow Management Services Inc., Buffalo, N.Y.
Licensed excess/surplus broker in: New York.
Principal officers: Jeffrey J. Gow, president; Michael S. Gow, executive vp; Richard K. Mason, senior vp; Stephen H. Gow, chairman.
Contact: Jeffrey J. Gow, president.

Gow & Hanna Inc.

100 Maiden Lane, New York, N.Y. 10038; 212-509-6100; fax: 212-509-9291

	1990	1989
Premium volume	**$89,100,000**	$88,800,000
Gross revenues	**$9,047,700**	$9,155,360
U.S. clients	**100%**	100%
Brokerage: Retail	**57%**	53%
Wholesale	**32%**	34%
Services	**7.5%**	9%
Invstmt. income	**3.5%**	4%
Employees	**71**	70
Offices	**5**	5

Year founded: 1986.
Parent company: Gow & Hanna Group Inc.
Retail brokerage branch offices: Cleveland; Houston; Hartford, Conn.; Irvine, Calif.; Buffalo, N.Y.
Licensed excess/surplus broker in: New York.
Principal officers: Timothy Gow, president; Anthony Mastrolia, executive vp; Thomas E. Lyng, secretary/treasurer.
Contact: Thomas E. Lyng.

The Graham Co.

1 Penn Square W., Philadelphia, Pa. 19102; 215-567-6300; fax: 215-569-3025

	1990	1989
Premium volume	**$55,000,000**	$57,200,000
Gross revenues	**$9,405,830**	$9,800,000
U.S. clients	**100%**	100%
Brokerage: Retail	**90%**	90.5%
Personal lines	**2%**	2%
Services	**0%**	0.5%
Invstmt. income	**8%**	7%
Employees	**78**	78
Offices	**1**	1

Year founded: 1950.
Brokerage: 68% commissions, 32% fees.
Licensed excess/surplus broker in: Pennsylvania, New Jersey.
Principal officers: William A. Graham IV, president/chief executive officer; Judith A. Dooling, executive vp; John B. McCormick, treasurer; Harry R. Johnson, vp.
Contact: Margaret Carbine Jones.

Gras Savoye S.A.

115-123 Ave. Charles de Gaulle, 92200 Neuilly-sur-Seine, Paris, France; 4-738-7117; fax: 4-738-7107

See profile on page 67.

Gundermann & Gundermann Inc.

175 W. Carver St., Huntington, N.Y. 11743; 516-271-0600; fax: 516-271-0610

	1990	1989
Premium volume	**$17,600,000**	$17,100,000
Gross revenues	**$2,852,000**	$2,846,000
U.S. clients	**100%**	100%
Brokerage: Retail	**53.9%**	53.8%
Personal lines	**38.6%**	38.4%
Invstmt. income	**1.9%**	2.5%
Other	**5.6%**	5.3%
Employees	**43**	42
Offices	**2**	2

Year founded: 1937.
Brokerage: 99% commissions, 1% fees.
Retail brokerage branch offices: Nesconset, N.Y.
Principal officers: Joseph A. Gundermann Jr., president; Donald E. Gundermann, secretary/treasurer; Joseph A. Gundermann III, vp.
Contact: Donald Gundermann.

H

HED Leipsic

4 Fort St., Winnipeg, ManitobaR3C 1C4; 204-943-0331; fax: 04-943-9597

	1990*	1989*
Premium volume	**$31,028,400**	$22,456,200
Gross revenues	**$6,895,200**	$5,354,940
U.S. clients	**3%**	NA
Non-U.S. clients	**97%**	NA
Brokerage: Retail	**68%**	66%
Personal lines	**6%**	4%
Services	**5%**	6%
Invstmt. income	**7%**	8%
Other	**14%**	16%
Employees	**100**	72
Offices	**4**	2

* Converted at applicable exchange rates.
Year founded: 1982.
Brokerage: 85% commissions, 15% fees.
Acquisitions: Leipsic Insurance Brokers, Winnipeg, Manitoba.
Retail brokerage branch offices: Brandon, Manitoba; Toronto; Arcand Hayhurst Associates Inc., Montreal.
Principal officers: Brian D. Hayhurst, chairman; Art G. Elias, president; Michael Leipsic, vp-brokerage operations; Jean Fontaine, vp-group operations; Chun K. Hao, vp-finance/administration.
Contact: Art G. Elias.

Haas & Wilkerson Inc.

4300 Shawnee Mission Parkway, Shawnee Mission, Kan. 66205; 913-432-4400; fax: 913-432-6259

	1990	1989
Premium volume	**$62,000,000**	$50,000,000
Gross revenues	**$10,100,000**	$6,000,000
U.S. clients	**98%**	NA
Non-U.S. clients	**2%**	NA
Brokerage: Retail	**94%**	83%
Wholesale	**1%**	3%
Personal lines	**3%**	3%
Services	**1%**	3%
Invstmt. income	**NA**	8%
Other	**1%**	0%
Employees	**100**	115
Offices	**6**	5

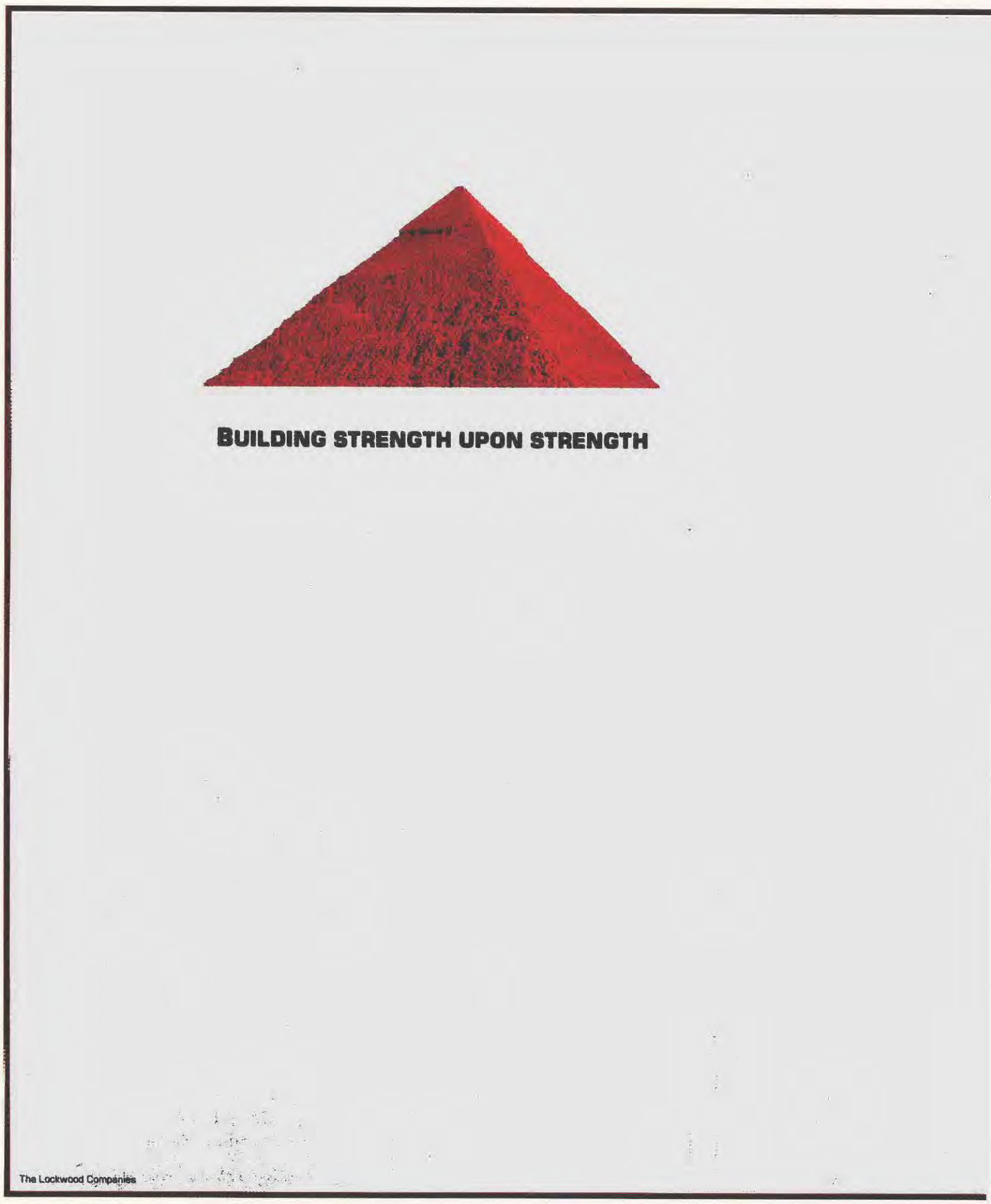
Year founded: 1939.
Brokerage: 99% commissions, 1% fees.
Retail brokerage branch offices: New York; Conshohocken, Pa.; St. Louis; St. Petersburg, Fla.; Philadelphia; Kansas City, Kan.
Licensed excess/surplus broker in: Various states.
Principal officers: W. Ralph Wilkerson Jr., chairman emeritus; William R. Wilkerson III, chairman/chief executive officer; J. Philip Coulson, president; Frederick P. Dunn, executive vp-administration; George A. Lucas, vp.
Contact: Frederick P. Dunn.

Hackett, Valine & MacDonald Inc.

140 Kennedy Drive, P.O. Box 2127, South Burlington, Vt. 05407-2127; 802-658-1100; fax: 802-658-9419

	1990	1989
Premium volume	**$25,783,028**	$24,802,708
Gross revenues	**$3,970,833**	$3,934,330
U.S. clients	**100%**	100%
Brokerage: Retail	**87.5%**	87.6%
Personal lines	**7.8%**	7%
Invstmt. income	**4.7%**	5.4%
Employees	**45**	45
Offices	**1**	1

Continued on next page



Continued from previous page

Year founded: 1970.
Parent company: HVM Corp.
Brokerage: 100% commissions.
Licensed excess/surplus broker in: Vermont.
Principal officers: Luther F. Hackett, president/chief executive officer; Duane A. Valine, executive vp/treasurer; Donald R. MacDonald, senior vp/secretary.
Contact: Duane A. Valine.

Frank B. Hall & Co. Inc.

261 Madison Ave., New York, N.Y. 10016; 212-922-1300; fax: 212-972-8163

See profile on page 36.

Hamilton Dorsey Alston Co.

Riverwood, 100 Cumberland Circle, Suite 100, Atlanta, Ga. 30339; 404-850-0050; fax: 404-850-9375

	1990	1989
Premium volume	$62,000,000	$57,000,000
Gross revenues	$5,943,000	$5,490,000
U.S. clients	98%	98%
Non-U.S. clients	2%	2%
Brokerage: Retail	56.7%	58.9%
Personal lines	24%	24%
Invstmt. income	4.3%	4.7%
Other	15%	12.4%
Employees	80	62
Offices	1	1

Year founded: 1972.
Brokerage: 90% commissions, 10% fees.
Licensed excess/surplus broker in: Georgia.
Principal officers: Joseph W. Hamilton Jr., chairman/chief executive officer/president; Robert S. Necessary and Mark C. Hamrick, executive vps; J. Vernon O'Neal and W.H. Rauschenberg, senior vps.
Contact: Mark C. Hamrick.

Cameron M. Harris & Co.

6400 Fairview Road, Suite 300, Charlotte, N.C. 28210; 704-366-8834; fax: 704-365-8407

	1990	1989
Premium volume	$56,215,445	$50,990,567
Gross revenues	$7,632,918	$7,185,985
U.S. clients	100%	100%
Brokerage: Retail	66.2%	62.8%
Personal lines	22.0%	22.1%
Invstmt. income	2.1%	3.2%
Other	9.7%	12.1%
Employees	118	103
Offices	4	4

Year founded: 1979.
Parent company: C.M. Harris Holding Co.
Brokerage: 95.4% commissions, 4.2% fees.
Retail brokerage branch offices: Boone, Morganton and Lenoir, N.C.
Licensed excess/surplus broker in: North Carolina.
Principal officers: Cameron M. Harris, president/chief executive officer; M. Eugene Link, executive vp/chief operating officer; William A. Richard Jr., chief financial officer/secretary/treasurer; James F. Walker, executive vp; Harold J. Wilkerson, commercial sales manager.
Contact: William A. Richard Jr.

Harris & Harris Group Inc.

620 Fifth Ave., Suite 201, New York, N.Y. 10020; 212-307-4380; fax: 212-307-4384

	1990	1989
Premium volume	$39,500,000	$36,200,000
Gross revenues	$10,444,000	$9,853,000
U.S. clients	100%	100%
Brokerage: Retail	44%	42%
Personal lines	1%	1%
Invstmt. income	1%	3%
Other	54%	54%
Employees	100	96
Offices	4	4

Year founded: 1983.
Brokerage: 99% commissions, 1% fees.
Acquisitions: Ag Services of America Inc.
Retail brokerage branch offices: Harris & Harris of Kentucky Inc., Louisville, Ky.; Harris & Harris of Georgia Inc., Atlanta.
Licensed excess/surplus broker in: most states.
Principal officers: Charles E. Harris, chairman/president/chief executive officer; C. Richard Childress, vp/chief financial officer; Lawrence M. Brown Jr., vp/controller; Happy R. Perkins, secretary; Barbara Page Buri, assistant vp/assistant secretary.
Contact: Charles E. Harris.

Hastings-Tapley Insurance Agency Inc.

271 Cambridge St., Cambridge, Mass. 02141; 617-876-7510; fax: 617-876-7155

	1990	1989
Premium volume	$85,100,000	$85,100,000
Gross revenues	$12,528,612	$11,806,527
U.S. clients	100%	100%
Brokerage: Retail	52.1%	52%
Personal lines	30%	34.5%
Services	16.9%	12.8%
Invstmt. income	1%	0.7%
Employees	172	172
Offices	10	10

Year founded: 1866.
Brokerage: 94.3% commissions, 5.7% fees.
Retail brokerage branch offices: Danvers, Gloucester, Ipswich, North Reading, Quincy, Saugus, Watertown and Woburn, Mass.; Fairfield, Conn.; New York.
Non-retail brokerage subsidiaries: Lane England Associates Inc. and Hastings-Taley Services Inc., Cambridge, Mass.
Licensed excess/surplus broker in: Massachusetts.
Principal officers: David J. Lane, chairman; Frederick J. England Jr., president; E. Donald Lewis, executive vp/treasurer; Marsha K. Burridge, executive vp.
Contact: David J. Lane.

Healthcare Insurance Services Inc.

820 Gessner, Suite 1000, Houston, Texas 77024; 713-461-4000; fax: 713-461-4334

	1990	1989
Premium volume	$105,200,000	$80,000,000
Gross revenues	$12,663,641	$8,833,366
U.S. clients	100%	100%
Brokerage: Retail	55.5%	82.5%
Wholesale	9.5%	10%
Reinsurance	0.3%	1.3%
Services	28.6%	0%
Invstmt. income	6.1%	6.2%
Employees	84	34
Offices	3	3

Year founded: 1983.
Parent company: The Galtney Group Inc.
Brokerage: 86.6% commissions, 13.4% fees.
Acquisitions: Professional Risk Management Services Inc., Washington D.C.
Retail brokerage branch offices: Fort Lauderdale, Fla.; Professional Risk Management Services Inc., Washington D.C.
Licensed excess/surplus broker in: Iowa, Texas, Virginia, Washington D.C.
Principal officers: William F. Galtney Jr., chairman; Michael S. Mullen, president (The Galtney Group Inc.); Beverly Patrick, president (Professional Risk Management Services Inc.); William J. Reese Jr., executive vp; Melissa G. Nunnelee, vp.
Contact: Steven R. Smith.

C.E. Heath P.L.C.

150 Minories, London EC3N 1NR, England; 071-488-2488; fax: 071-488-4001

See profile on page 46.

Joseph Held Co. Inc.

127 John St., New York, N.Y. 10038; 212-962-3122 (N.Y.)/800-221-9940; fax: 212-797-5413

	1990	1989
Premium volume	$16,500,000	$15,750,000
Gross revenues	$2,150,000	$1,925,000
U.S. clients	98%	98%
Non-U.S. clients	2%	2%
Brokerage: Retail	77.5%	75%
Wholesale	15%	17.5%
Personal lines	2.5%	2.5%
Services	2.5%	2.5%
Invstmt. income	2.5%	2.5%
Employees	8	8
Offices	1	1

Year founded: 1897.
Brokerage: 95% commissions, 5% fees.
Retail brokerage branch offices: Standard Insurance Management Co. Inc./SIMCO, Boca Raton, Fla.
Licensed excess/surplus broker in: Florida, New York.
Principal officers: Kenneth S. Held, president/chief executive officer; Renee Held, executive vp/treasurer; Dana Michael Sanders, president (Standard Insurance Management Co. Inc./SIMCO).
Contact: Kenneth S. Held.

Paul Hertel & Co. Inc.

Third & Chestnut Streets, Philadelphia, Pa. 19106; 215-925-7656; fax: 215-923-0342

Continued on next page

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Continued from previous page

	1990	1989
Premium volume	$37,500,000	$40,000,000
Gross revenues	$4,571,000	$5,082,000
U.S. clients	100%	100%
Brokerage: Retail	72%	69%
Personal lines	23%	26%
Services	2%	2%
Invstmt. income	2%	2%
Other	1%	1%
Employees	67	72
Offices	3	4

Year founded: 1908.
Brokerage: 98% commissions, 2% fees.
Retail brokerage branch offices: Feasterville and Media, Pa.
Licensed excess/surplus broker in: Pennsylvania.
Principal officers: Paul R. Hertel Jr., chairman; James J. McLaughlin, president; Jeremiah A. Caron, executive vp; Robert J. Bush, senior vp; George E. Mansfield, vp/secretary.
Contact: George E. Mansfield.

Hilb, Rogal & Hamilton Co.

4235 Innslake Drive, P.O. Box 1220, Glen Allen, Va. 23060-1220; 804-747-6500; fax: 804-747-6046

See profile on page 68.

The Hirshorn Co.

14 E. Highland Ave., Philadelphia, Pa. 19118; 215-242-8200; fax: 215-247-6366

	1990	1989
Gross revenues	$1,400,000	$1,500,000
U.S. clients	95%	NA
Non-U.S. clients	5%	NA
Brokerage: Retail	72%	74%
Personal lines	13%	11%
Services	5%	5%
Invstmt. income	7%	8%
Other	3%	2%
Employees	18	18
Offices	1	1

Year founded: 1934.
Licensed excess/surplus broker in: Pennsylvania.
Principal officers: Ralph S. Hirshorn; B. Graeme Frazier III, president.
Contact: B. Graeme Frazier III.

Hobbs Group Inc.

225 Wyman St., Waltham, Mass. 02254; 617-890-1455; fax: 617-890-8617

	1990	1989
Premium volume	$208,000,000	$164,000,000
Gross revenues	$19,200,000	$17,300,000
Brokerage: Retail	93%	93%
Personal lines	2%	2%
Invstmt. income	5%	5%

Year founded: 1954.
Parent company: Arkwright Mutual Insurance Co.
Brokerage: 85% commissions, 15% fees.
Retail brokerage branch offices: Atlanta; Boston; Chicago; Cleveland; Columbia, Md.; Dallas; Fairfax, Va.; Greenwich, Conn.; Houston; Los Angeles; Philadelphia; San Francisco; Seattle; Toronto, Ontario; Weehawken, N.J.
Licensed excess/surplus broker in: Alaska, California, Connecticut, Massachusetts, Michigan, New York, Pennsylvania, Texas, Virginia.
Principal officers: W. Glenn Yancey, president/chief executive officer; Thomas A. Golub and Richard R. Wood, senior vps; Charles E. Darrigrand, vp/staff officer; Allard Beutel, vp.
Contact: Charles E. Darrigrand, vp/staff officer.

Hogg Group P.L.C.

1 Portsoken St., London E1 8DF, England; 071-480-4000; fax: 071-480-4007

See profile on page 48.

Holman Insurance Brokers Ltd.

165 E. Beaver Creek Road, Suite 18, Richmond Hill, Ontario, L4B 2N2; 416-886-5630; fax: 416-886-5622

	1990*	1989*
Premium volume	$6,895,200	$4,746,500
Gross revenues	$1,275,612	$870,610
Brokerage: Retail	47%	57%
Personal lines	37%	28%
Services	1%	1%
Invstmt. income	13%	12%
Other	2%	4%
Employees	35	19
Offices	1	1

* Converted at applicable exchange rates.
Year founded: 1981.
Brokerage: 98% commissions, 2% fees.
Acquisitions: Arnott Insurance Brokers, Concord, Ontario.
Retail brokerage branch offices: Burlington, Ontario.
Principal officers: Frank Holman, president; Paul Holman and Christopher Holman, vps; Mark Holman, assistant vp; Sylvia Holman, secretary.
Contact: Jean Kidd, controller.

Holmes Murphy & Associates Inc.

420 Keo Way, Des Moines, Iowa 50309; 515-286-4400; fax: 515-286-4491

	1990	1989
Premium volume	$82,000,000	$80,000,000
Gross revenues	$12,700,000	$12,500,000
Brokerage: Retail	92.5%	93.1%
Personal lines	3.6%	3.0%
Services	1.9%	1.4%
Invstmt. income	2.0%	2.5%
Employees	127	111
Offices	2	2

Year founded: 1932.
Parent company: HMA Inc.
Brokerage: 95% commissions, 5% fees.
Acquisitions: Gottlieb & Son, Des Moines, Iowa.
Retail brokerage branch offices: West Des Moines, Iowa; Holmes Murphy & Associates of Texas Inc., Dallas; Coughlin Agency Inc., Des Moines, Iowa.
Licensed excess/surplus broker in: Iowa.
Principal officers: Robert A. Dee, chairman/chief executive officer; Douglas Reichardt, president; Nickolas Henderson, chief executive officer/vp; James Swift, vp/sales manager; Basil Dawson, vp.
Contact: Cynthia S. Adams.

Holtemann, Ord & Smith Inc.

400 Bel Marin Keys Blvd., Novato, Calif. 94949; 415-883-7007; fax: 415-382-1851

	1990	1989
Premium volume	$27,000,000	$20,800,000
Gross revenues	$3,788,300	$2,858,400
U.S. clients	100%	100%
Brokerage: Retail	79%	84%
Personal lines	5%	3%
Invstmt. income	16%	13%
Employees	40	36
Offices	2	1

Year founded: 1946.
Brokerage: 98% commissions, 2% fees.
Acquisitions: J.J. King Insurance Agency Inc., Petaluma, Calif.
Retail brokerage branch offices: Petaluma, Calif.
Principal officers: Frank G. Holtemann, general manager/executive vp; John R. Holtemann.
Contact: Frank G. Holtemann.

Hudig-Langevedlt Group bv

Marconistraat 16, 3029 AK Rotterdam, the Netherlands; 010-4488911; fax: 010-4253032

See profile on page 62.

Charles E. Hyde Agency Inc.

5 Channel Drive, P.O. Box 751, Port Washington, N.Y. 11050; 516-883-6300; fax: 516-883-6357

	1990	1989
Premium volume	$13,675,000	$12,177,993
Gross revenues	$2,134,839	$1,895,691
U.S. clients	100%	100%
Brokerage: Retail	60%	60%
Personal lines	35%	35%
Invstmt. income	2%	2%
Other	3%	3%
Employees	22	29
Offices	2	2

Year founded: 1906.
Brokerage: 100% commissions.
Retail brokerage branch offices: Smithtown, N.Y.
Principal officers: John E. Hardy, president; James A. Kerin, vp; Charles H. Walker Jr., secretary.
Contact: John E. Hardy.

Hylant-MacLean Inc.

1505 Jefferson Ave., Toledo, Ohio 43624; 419-255-1020; fax: 419-255-7557

	1990	1989
Premium volume	$105,000,000	$75,000,000
Gross revenues	$8,200,000	$7,250,000
U.S. clients	95%	98%
Non-U.S. clients	5%	2%
Brokerage: Retail	98%	96%
Personal lines	1%	2%
Invstmt. income	1%	2%
Employees	85	77
Offices	3	3

Year founded: 1935.
Brokerage: 50% commissions, 50% fees.
Retail brokerage branch offices: Troy, Mich.; Independence, Ohio.
Licensed excess/surplus broker in: Michigan, Ohio.
Principal officers: Partrick R. Hylant, president; William F. Buckley, vp/chief operating officer; J. Scott Stewart, Kyle R. Latham, Stephen T. Hylant and Michael M. Hylant, vps.

ISU/Beauchamp & McSpadden Inc.

231 W. Canal St., P.O. Box 687, Wabash, Ind. 46992; 219-563-8821

	1990	1989
Premium volume	$21,600,000	$20,600,000
Gross revenues	$2,960,000	$2,840,000
Brokerage: Retail	69%	70%
Personal lines	26.5%	27%
Invest. income	4.5%	3%
Employees	47	49
Offices	4	4

Year founded: 1927.
Brokerage: 100% commissions.
Retail brokerage branch offices: North Manchester and Warsaw, Ind.; ISU/Morrison Galliher, Muncie, Ind.
Principal officers: Robert W. Beauchamp, president; Joseph W. McSpadden, Larry D. McSpadden and Frederick H. Squires, vps; Michael J. Beauchamp, treasurer.
Contact: Robert W. Beauchamp.

ISU/Blackwood Agencies

1503 Eighth Ave., P.O. Box 300, Beaver Falls, Pa. 15010; 412-846-1550; fax: 412-846-0845

	1990	1989
Premium volume	$9,500,000	$9,500,000
Gross revenues	$1,600,000	$1,500,000
Brokerage: Retail	71%	70%
Personal lines	12%	16%
Invest. income	8%	8%
Other	9%	6%
Employees	22	22
Offices	3	3

Year founded: 1943.
Brokerage: 99% commissions, 1% fees.
Retail brokerage branch offices: Beaver, Pa.
Non-retail brokerage subsidiaries: Beaver Falls, Pa.
Licensed excess/surplus broker in: Pennsylvania.
Principal officers: W. Richard Blackwood, president; Richard J. Andrus, vp; D. Irene Ridenour, secretary/treasurer.
Contact: D. Irene Ridenour.

ISU/Cassady Neeser & Brasseur Inc.

340 Columbia Place, P.O. Box 778, South Bend, Ind. 46624; 219-233-9443; fax: 219-289-9504

	1990	1989
Premium volume	$21,500,000	$19,600,000
Gross revenues	$3,469,000	$3,135,500
Brokerage: Retail	80%	80%
Personal lines	15%	15%
Invest. income	4%	4%
Other	1%	1%
Employees	40	37
Offices	2	2

Year founded: 1926.
Brokerage: 100% commissions.
Retail brokerage branch offices: Oakbrook, Ill.
Licensed excess/surplus broker in: Indiana.
Principal officers: Thomas R. Cassady, president; Robert O. Neeser, executive vp/treasurer; Gregg L. Brasseur, David P. Fegley, vp/secretary.
Contact: Thomas R. Cassady.

ISU/Clark Brokerage Services Inc.

277 Indian Head Road, Kings Park, N.Y. 11754; 516-269-4747

	1990	1989
Premium volume	$15,000,000	$17,000,000
Gross revenues	$2,220,000	$2,516,000
Brokerage: Retail	60%	70%
Personal lines	40%	30%
Employees	21	22
Offices	2	2

Year founded: 1947.
Brokerage: 100% commissions.
Acquisitions: Country Brokerage Services.
Licensed excess/surplus broker in: New York.
Principal officers: Gerald Levy, president; Joseph Raab, executive vp; Marty Waldman, Kenneth Clark, vps.
Contact: Joseph Raab.

ISU/Corporate Insurance Management Inc.

1 Insurance Center Plaza, St. Louis, Mo. 63141; 314-434-3000; fax: 314-434-2917

	1990	1989
Premium volume	$9,776,964	$9,619,293
Gross revenues	$1,408,122	$1,495,263
Brokerage: Retail	75%	80%
Personal lines	22%	17%
Invest. income	3%	3%
Employees	16	15
Offices	2	2

Year founded: 1932.
Parent company: William H. Finke Insurance Agency Inc.
Brokerage: 100% commissions.
Retail brokerage branch offices: Columbia, Mo.
Licensed excess/surplus broker in: Missouri.
Principal officers: W. Dale Finke, chairman/chief executive officer; J.C. Timothy Carolan, president; James F. Yager, secretary/treasurer; Gerald M. Rogers and H.F. James, vps.
Contact: W. Dale Finke.

ISU/Davis & Graeber Insurance Services Inc.

P.O. Box 750, Redlands, Calif. 92373; 714-793-2373; fax: 714-798-6983

	1990	1989
Premium volume	$13,000,000	$11,500,000
Gross revenues	$2,333,752	$2,000,000
Brokerage: Retail	73%	60%
Wholesale	0%	1%
Personal lines	25%	30%
Invest. income	2%	4%
Employees	36	33
Offices	2	2

Year founded: 1949.
Brokerage: 100% commissions.
Retail brokerage branch offices: Pomona, Calif.
Principal officers: Peter Davis, chief executive officer; Martin Davis, chief financial officer; Beth Davis, corporate secretary.
Contact: Peter M. Davis.

ISU/The Faley Corp.

2116 Central Park Ave., Yonkers, N.Y. 10710; 914-337-5201; fax: 914-337-5029

	1990	1989
Premium volume	$3,750,000	$3,500,000
Gross revenues	$625,000	$590,000
Brokerage: Retail	64%	64%
Personal lines	35%	35%
Services	1%	1%
Employees	8	9
Offices	1	1

Year founded: 1940.
Brokerage: 99% commissions, 1% fees.
Principal officers: John J. Faley, president; Michael G. Faley, vp.
Contact: John J. Faley.

ISU/Feingold & Feingold Insurance Agency Inc.

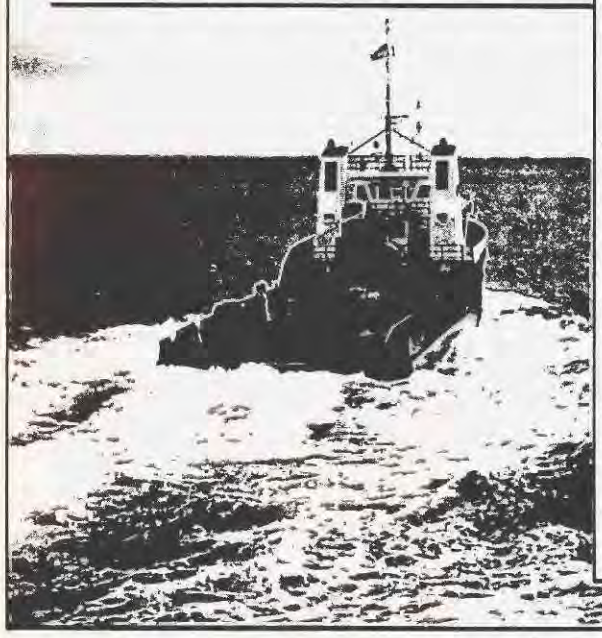
22 Elm St., Worcester, Mass. 01608; 508-831-9500; fax: 508-797-4030

	1990	1989
Premium volume	$8,000,000	$7,800,000
Gross revenues	$1,200,000	$1,170,000
Brokerage: Retail	80%	80%
Personal lines	18%	18%
Services	1%	1%
Other	1%	1%
Employees	16	16
Offices	1	1

Year founded: 1939.
Brokerage: 99% commissions, 1% fees.
Principal officers: David I. Feingold, president; Saul F. Feingold, chief executive officer; Lisa Murray, vp.
Contact: Lisa Murray.

Continued on next page

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ISU/Fenderson Insurance

74 Gilman Road, Bangor, Maine 04401; 207-947-6751; fax: 207-947-5920

	1990	1989
Premium volume	$15,000,000	$13,900,000
Gross revenues	$2,400,000	$2,224,000
Brokerage: Retail	70%	70%
Personal lines	29%	29%
Services	1%	1%
Employees	20	19
Offices	1	1

Year founded: 1836.
Brokerage: 99% commissions, 1% fees.
Licensed excess/surplus broker in: Maine.
Principal officers: David M. Fenderson, president; Robert L. Norman, vp; Dale Mower, treasurer.
Contact: David M. Fenderson.

ISU/Glendale Insurance Brokers

650 S. Cherry St., Denver, Colo. 80222; 303-320-1717; fax: 303-320-0551

	1990	1989
Premium volume	$11,000,000	$10,000,000
Gross revenues	$1,100,000	$1,008,000
Brokerage: Retail	95%	95%
Invstmt. income	5%	5%
Employees	16	17
Offices	1	1

Year founded: 1973.
Brokerage: 97% commissions, 3% fees.
Licensed excess/surplus broker in: Colorado.
Principal officers: Lynn Willcockson, director; Louis H. Wiersma, president; Anthony P. Stimac, executive vp; Brad Jeffness, vp.
Contact: Louis H. Wiersma.

ISU/Goggins & Whalen

71 King St., Northampton, Mass. 01060; 413-586-1000; fax: 413-585-0401

	1990	1989
Premium volume	$5,500,000	$4,700,000
Gross Revenues	$700,000	NA

Year founded: 1961.
Brokerage: 100% commissions.
Licensed excess/surplus broker in: Massachusetts.
Principal officers: Peter J. Whalen, president; Patrick M. Goggins, treasurer.
Contact: Peter Whalen.

ISU/Insurance Services of San Francisco Inc.

100 Pine St., San Francisco, Calif. 94111; 415-788-9810; fax: 415-397-5530

	1990	1989
Premium volume	$12,500,000	$6,641,842
Gross revenues	$1,255,758	$648,799
U.S. clients	100%	100%
Brokerage: Retail	88%	90%
Personal lines	7%	7%
Invstmt. income	4%	2%
Employees	20	18
Offices	1	1

Year founded: 1989.
Brokerage: 99% commissions, 1% fees.
Principal officers: Thomas J. Ryan, president; Grace Ryan, executive vp; T.J. Ryan III, vp.
Contact: Grace Ryan.

ISU/L. Calvin Jones & Co.

565 N. Broad St., P.O. Box 159; Canfield, Ohio 44406; 216-533-1195; fax: 216-533-7583

	1990	1989
Premium volume	$6,000,000	$6,000,000
Gross revenues	$1,370,000	$1,330,000
Brokerage: Retail	69%	71%
Personal lines	30%	28%
Invstmt. income	1%	1%
Employees	18	18
Offices	1	1

Year founded: 1911.
Brokerage: 100% commissions.
Principal officers: Edward L. Gluck, president; Wendell L. Jones, senior vp/treasurer; Alvin A. Miller Jr., vp; R. Scott Edmiston, secretary; James S. Mitolo, assistant secretary.
Contact: Edward L. Gluck.

ISU/H.W. Jordon & Associates

P.O. Box 139, Long Beach, Calif. 90801; 213-597-6463

	1990	1989
Premium volume	$7,000,000	NA
Gross revenues	$900,000	NA
Brokerage: Retail	80%	NA
Personal lines	18%	NA
Invstmt. income	2%	NA
Employees	9	NA
Offices	1	NA

Year founded: 1946.
Brokerage: 97% commissions, 3% fees.
Principal officers: Richard Jordon, president; Steven Knowles, vp.
Contact: Richard Jordon.

ISU/Stephen B. Marvin Agency Inc.

44517 N. Sierra, Lancaster, Calif. 93534; 805-942-1101; fax: 805-948-0233

	1990	1989
Premium volume	$7,500,000	$6,750,000
Gross revenues	$1,000,000	900,000
Brokerage: Retail	66%	66%
Wholesale	3%	3%
Personal lines	25%	25%
Invstmt. income	4%	4%
Other	2%	2%
Employees	13	12
Offices	1	1

Year founded: 1912.
Brokerage: 98% commissions, 2% fees.
Principal officers: Henry B. Marvin, president; Karen Holt, vp; Danielle Lewis, secretary/treasurer; Marilyn Mifflin, manager-bond/accounting; Hank Humfreville, personal lines manager.
Contact: Henry B. Marvin.

ISU/The May Agency Inc.

1327 N. Walnut St., Bloomington, Ind. 47404; 812-334-2400; fax: 812-332-3646

	1990	1989
Premium volume	$5,631,223	$5,248,731
Gross revenues	$1,095,246	$1,042,973
Brokerage: Retail	80%	78%
Personal lines	17%	18%
Invstmt. income	3%	4%
Employees	14	12
Offices	1	1

Year founded: 1947.
Brokerage: 100% commissions.
Licensed excess/surplus broker in: Indiana.
Principal officers: Paul B. May, president; Ralph C. May, secretary/treasurer.
Contact: Paul B. May.

ISU/Oliver Insurance Agency

Box 2199, 6920 W. 79th, Overland Park, Kan. 66204; 913-341-1900; fax: 913-649-4624

	1990	1989
Premium volume	$5,520,000	$5,300,000
Gross revenues	$760,000	$739,000
Brokerage: Retail	70%	71%
Personal lines	29%	28%
Invstmt. income	1.4%	0.6%
Employees	14	14

Year founded: 1967.
Brokerage: 100% commissions.
Licensed excess/surplus broker in: Kansas, Missouri.
Principal officers: Keith L. Oliver, president; Keith C. Oliver, vp; Bill Adams, account executive; Ken Voorhes, account executive-transportation.
Contact: Keith C. Oliver.

ISU/Purdy Insurance Agency

136 Market St., P.O. Box 747, Sunbury, Pa. 17801; 717-286-5855; fax: 717-286-0219

	1990	1989
Premium volume	$13,284,000	$13,911,371
Gross revenues	$2,003,000	$2,047,000
Brokerage: Retail	60%	58.7%
Wholesale	5.1%	5%
Personal lines	19.9%	21.2%
Invstmt. income	4.5%	5.2%
Other	10.5%	9.9%
Employees	24	24
Offices	1	1

Year founded: 1926.
Brokerage: 99% commissions, 1% fees.
Principal officers: Truman H. Purdy, chief executive officer; T. Chris Purdy, president; J. Craig Purdy, vp; William H. Purdy, treasurer; Kay S. Purdy, secretary.
Contact: William H. Purdy.

ISU/J. Frank Raley Insurance Inc.

9 Shangri-La Drive, Lexington Park, Md. 20653; 301-863-6625; fax: 301-863-6807

	1990	1989
Premium volume	$5,100,000	$4,800,000
Gross revenues	$866,182	$872,279
Brokerage: Retail	70%	69%
Personal lines	28%	29%
Other	1%	1%
Employees	14	14
Offices	2	2

Year founded: 1954.
Retail brokerage branch offices: Waldorf, Md.

Continued on next page



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Continued from previous page

Licensed excess/surplus broker in: Maryland.

Principal officers: Thomas B. Watts, president; Trudy Raley, vp.

ISU/Stewart Brimner Group

P.O. Box 5577, Fort Wayne, Ind. 46895; 219-482-6900

	1990	1989
Gross revenues	$1,316,900	$1,160,000
Brokerage: Retail	78%	82%
Wholesale	6%	4%
Personal lines	14%	12%
Invstmt. income	2%	2%
Offices	4	4

Year founded: 1985.

Brokerage: 100% commissions.

Retail brokerage branch offices: Stewart, Brimner & Co. Inc., and Stewart, Brimner, Boose, Fort Wayne, Ind.; Stewart, Brimner, Carteaux, Kendallville, Ind.; Stewart, Brimner, Steffey, Greenwood, Ind.; Steward, Brimner, Murphy, New Haven, Ind.

Licensed excess/surplus broker in: Indiana.

Principal officers: Stephen E. Stewart, chairman/chief executive officer; John H. Brimner, president/chief operating officer; Ralph L. Imler, vp; Kathryn L. Beauchot, secretary.

Contact: Stephen E. Stewart.

ISU/Taurus Insurance Agency Inc.

16561 Bolsa Chica Road, Suite 201, Huntington Beach, Calif. 92649; 714-846-3323; fax: 714-846-0591

	1990	1989
Premium volume	$3,000,000	$2,895,000
Gross revenues	$625,000	$641,454
Brokerage: Retail	80%	80%
Personal lines	15%	15%
Invstmt. income	2%	2%
Other	3%	3%
Employees	9	NA
Offices	1	NA

Year founded: 1978.

Brokerage: 100% commissions.

Principal officers: Carl Lawrence, president; Ira Lee Lawrence, secretary/treasurer.

Contact: Carl Lawrence.

ISU/United California Insurance Agency

6180 Laurel Canyon Blvd., North Hollywood, Calif. 91606; 818-984-1122; fax: 818-506-0657

	1990	1989
Premium volume	$16,750,000	$16,477,157
Gross revenues	$2,100,000	$2,265,659
Employees	17	21
Offices	1	1

Year founded: 1948.

Licensed excess/surplus broker in: California.

Principal officers: C. Jack Rosemark, chairman/chief executive officer; James J. Buttitta, vice chairman; Ron F. Carlson, president.

Contact: Ron F. Carlson.

ISU/Wagner Insurance Associates Inc.

919 State St., Suite 202, Erie, Pa. 16501; 814-456-6631; fax: 814-456-1016

	1990	1989
Premium volume	$5,000,000	$4,800,000
Gross revenues	$750,000	$650,000
Brokerage: Retail	70%	72%
Personal lines	20%	20%
Services	4%	2%
Invest. income	1%	1%
Other	5%	5%
Employees	13	12
Offices	2	2

Year founded: 1986.

Brokerage: 93% commissions, 7% fees.

Retail brokerage branch offices: Meadville, Pa.

Principal officers: Robert A. Wagner, president; David A. Wagner, vp; Sally A. Wagner, secretary/treasurer.

Contact: David A. Wagner.

ISU/Todd Whinnery Allen

4051 Erie St., Willoughby, Ohio 44094; 216-951-6100; fax: 216-951-1859

	1990	1989
Premium volume	$8,500,000	$7,200,000
Gross revenues	$1,801,696	$1,681,494
Brokerage: Retail	70%	72%
Personal lines	20%	22%
Invstmt. income	7%	5%
Other	3%	1%
Employees	28	29
Offices	2	2

Year founded: 1932.

Brokerage: 100% commissions.

Retail brokerage branch offices: Mentor, Ohio.

Principal officers: Edgar J. Allen Jr., president; Roger Bultman, vp; Richard Tramte, secretary.

Industrial Insurance Agency

2500 W. Higgins Road, Suite 550, Hoffman Estates, Ill. 60195; 708-884-6100; fax: 708-884-8019

	1990	1989
Premium volume	$19,000,000	$17,000,000
Gross revenues	$1,945,971	$1,728,976
Brokerage: Retail	92%	91%
Personal lines	6%	7%
Services	2%	2%
Employees	18	23
Offices	1	1

Year founded: 1960.

Brokerage: 98% commissions, 2% fees.

Licensed excess/surplus broker in: Illinois.

Principal officers: Mel Rodney, chief executive officer; Bob Rezzuto, chief operating officer.

Contact: Mel Rodney.

Insurance Benefit Consultants Ltd.

1000 Skokie Blvd., Suite 370, Wilmette, Ill. 60091; 708-256-8100; fax: 708-256-8155

	1990	1989
Premium volume	$55,775,000	$36,500,000
Gross revenues	$2,838,750	$2,190,000
U.S. clients	100%	100%
Brokerage: Retail	80%	79%
Wholesale	0%	0%
Reinsurance	2%	1%
Personal lines	10%	15%
Services	5%	2%
Invstmt. Income	3%	3%
Employees	28	23
Offices	1	1

Year founded: 1984.

Brokerage: 95% commissions, 5% fees.

Principal officers: Helene C. Migala, president; David N. Schwimmer, vp-sales/marketing; Steven B. Foreman, vp-operations.

Contact: David N. Schwimmer.

Insurance Management Associates Inc.

250 N. Water, Suite 600, Wichita, Kan. 67202; 316-267-9221; fax: 316-266-6254

	1990	1989
Premium volume	$106,000,000	$101,115,160
Gross revenues	$11,377,502	$10,942,907
Brokerage: Retail	85%	82.6%
Personal lines	6.4%	5.9%
Services	4.8%	5.5%
Invstmt. income	3.1%	5.3%
Other	0.7%	0.7%
Employees	155	152
Offices	3	3

Year founded: 1974.

Brokerage: 85% commissions, 15% fees.

Retail brokerage branch offices: Topeka, Kan.; Denver.

Licensed excess/surplus broker in: Kansas, Colorado.

Principal officers: Joe Moddrell, chairman; W.C. Cohen Jr., chief executive officer; Joseph C. Lukens II, president; R. Kay Barrett and Jim Sloan, division vps; Robert Cohen, manager-Denver; Velma Pollack, manager-Topeka.

Contact: William C. Cohen Jr.

Insurance Management Co.

123 W. Ninth St., Erie, Pa. 16512-1133; 814-452-3200; fax: 814-454-5598

	1990	1989
Premium volume	$21,500,000	$22,500,000
Gross revenues	$1,400,000	$1,500,000
Brokerage: Retail	94.2%	95.2%
Personal lines	0.8%	0.8%
Services	1%	1%
Invstmt. income	4%	3%
Employees	20	19
Offices	1	1

Year founded: 1933.

Parent company: R.C. Bloomstine Inc.

Brokerage: 99% commissions, 1% fees.

Principal officers: John C. Bloomstine, president; Chris W. Bloomstine, vp; Beth A. Dubik, vp.

Contact: John C. Bloomstine.

Insurance Marketing Agencies Inc.

306 Main St., Worcester, Mass. 01608; 508-753-7233; fax: 508-754-0487

	1990	1989
Premium volume	$23,572,000	$22,211,000
Gross revenues	$3,333,533	$3,063,357
Brokerage: Retail	80%	79%
Personal lines	17%	17%
Invstmt. income	3%	3%
Other	0%	1%
Employees	45	43
Offices	2	2

Year founded: 1924.

Brokerage: 99% commissions, 1% fees.

Retail brokerage branch offices: Boston.

Licensed excess/surplus broker in: Massachusetts.

Principal officers: Sumner W. Herman, president/treasurer; Arnold J. Horowitz, executive vp; John J. Kelly, vp.

Contact: Sumner W. Herman.

Insurance One

12300 Twinbrook Parkway, Suite 550, Rockville, Md. 20852; 301-984-5900; fax: 301-770-5639

	1990	1989
Premium volume	$36,000,000	$33,000,000
Gross revenues	$6,400,000	$5,900,000
Brokerage: Retail	83%	80%
Personal lines	17%	20%
Employees	75	75
Offices	1	1

Year founded: 1909.

Brokerage: 100% commissions.

Principal officers: Richard Young, president; Steve Holtzman, vp; Robert Lachin, vp/treasurer; Marvin Kay, vp/secretary.

Insurance Professionals Inc.

15 Prospect St., P.O. Box 292, Paramus, N.J. 07652; 201-265-7110; fax: 201-843-4514

	1990	1989
Premium volume	$8,100,000	$7,600,000
Gross revenues	$1,275,000	$1,800,000
Brokerage: Retail	78%	78%
Personal lines	20%	18%
Invstmt. income	2%	4%
Employees	10	10
Offices	1	1

Year founded: 1965.

Brokerage: 98% commissions, 2% fees.

Principal officers: John Jones, president; James Dooley, vp; Pat Sheehan, treasurer.

Contact: John Jones.

Insurance & Risk Management

3811 Illinois Road, P.O. Box 1705, Fort Wayne, Ind. 46801-1705; 219-436-1616; fax: 219-432-4083

	1990	1989
Premium volume	$80,000,000	$78,000,000
Gross revenues	$11,509,000	$11,498,000
U.S. clients	100%	100%
Brokerage: Retail	77%	66%
Personal lines	15%	15%
Services	5%	15%
Invstmt. income	3%	4%
Employees	168	184
Offices	5	5

Year founded: 1963.

Brokerage: 89% commissions, 11% fees.

Acquisitions: Best-Madden, Indianapolis.

Retail brokerage branch offices: Fort Wayne, Muncie, Indianapolis, Ind.; Insurance & Risk Management Agencies of Ohio Inc., Sylvania, Defiance, Ohio.

Licensed excess/surplus broker in: Indiana.

Principal officers: Leonard B. Koeller, chairman; Bart E. Bircheff, chief operating officer; Dan Van Treese, secretary; John A. Hettwer, TPA manager; James E. Van Dyck, chairman-Insurance & Risk Management Agencies of Ohio.

Contact: Mark Bienz.

J

Daniel James Insurance Agency Inc.

360 Three Meadows Drive, Perrysburg, Ohio 43551; 419-874-1974; fax: 419-874-3583

	1990	1989
Premium volume	$50,000,000	$35,000,000
Gross revenues	$7,174,855	$4,726,080
Brokerage: Retail	83.8%	84%
Personal lines	13.1%	12.8%
Invstmt. income	1.7%	2.5%
Other	1.4%	0.7%
Employees	99	59
Offices	5	5

Year founded: 1975.

Brokerage: 100% commissions.

Acquisitions: Trimpe Gilbert Insurance Agency, Indianapolis.

Retail brokerage branch offices: Indianapolis; Columbus, Fremont, Ohio.

Licensed excess/surplus broker in: Ohio.

Principal officers: Daniel E. Dumbauld, president; James K. McWhinnie, executive vp; Jack N. Conley, secretary/vp-operations; Tom Arnold, controller.

Contact: Jack N. Conley.

Herbert L. Jamison & Co.

345 Park Ave. South, New York, N.Y. 10010; 212-686-2233; fax: 212-686-9106

	1990	1989
Premium volume	$196,000,000	$195,000,000
Gross revenues	$16,255,000	$16,172,000
U.S. clients	100%	100%
Brokerage: Retail	65.5%	67.5%
Personal lines	2%	2%
Invstmt. income	6.6%	8.3%
Other	25.9%	22.2%
Employees	121	117
Offices	2	2

Year founded: 1938.

Brokerage: 85% commissions, 15% fees.

Retail brokerage branch offices: West Orange, N.J.

Licensed excess/surplus broker in: Florida, New Jersey, New York.

Principal officers: Herbert L. Jamison Jr., senior partner; William A. McManus III, managing partner; Jesse J. Watkins, John G. Scranton and Frank M. Bolen, general partners.

Contact: William A. McManus III.

Jardine Insurance Brokers Inc.

333 Bush St., Suite 500, San Francisco, Calif. 94104; 415-391-2600; fax: 415-773-4475

	1990	1989
Premium volume	NA	NA
Gross revenues	$127,000,000	$100,000,000
Brokerage: Retail	68%	66%
Wholesale	3%	3%
Personal lines	5%	3%
Services	19%	22%
Invstmt. income	5%	6%
Employees	1,364	1,030
Offices	49	46

Year founded: 1832.

Parent company: Jardine Insurance Brokers Group Ltd.

Acquisitions: Perfetti, Mang Agency, Leef & Jones, Financial Guardian Group Inc. Kansas City, Innovative Insurance, Pearson.

Retail brokerage branch offices: Jardine Insurance Brokers New England Inc., Boston; Jardine Insurance Brokers Illinois Inc., Chicago; Jardine Insurance Brokers Orange County Inc., Garden Grove, Calif.; Jardine Insurance Brokers Hawaii Inc., Honolulu; Jardine Insurance Services Texas Inc., Houston; Jardine Insurance Brokers Kansas City Inc., Kansas City, Mo., and Topeka, Kan.; Motor Truck Owner's Conference Inc., Kansas City, Mo.; Jardine Insurance Brokers Los Angeles Inc., Los Angeles; Jardine Insurance Brokers New York Inc., New York; Jardine Insurance Brokers Pennsylvania Inc., Philadelphia and Glastonbury, Conn.; Jardine Insurance Brokers Arizona Inc., Phoenix; Jardine Insurance Services Portland Inc., Portland; Jardine Insurance Brokers San Diego, San Diego; Jardine Insurance Brokers San Francisco Inc., San Francisco; Jardine Insurance Brokers San Jose Inc., San Jose, Calif.; Jardine Insurance Brokers Upstate New York Inc., Schenectady and Syracuse, N.Y.; Jardine Insurance Brokers Stockton Inc., Stockton, Calif.; Jardine Insurance Agency Michigan Inc., Troy, Mich.; Jardine Insurance Brokers Kansas Inc., Wichita and Hutchinson, Kan.

Non-retail brokerage subsidiaries: Jardine Group Services Corp., Schenectady, N.Y., Chicago, Denver, Los Angeles, New York, San Francisco, Washington D.C.; Jardine Risk Management Inc., Honolulu, Los Angeles; Pinehurst Management Co. Ltd., Hamilton, Bermuda.

Principal officers: R.J.O. Barton, chief executive officer, Jardine Insurance Broking Group, London; Richard Archer, chairman; George Brown, president/chief executive officer; Don Weber, chief operating officer; E. Paul Hansen, chief financial officer.

Contact: Stephanie Davis, vp-corporate communications, 415-773-4488.

Jardine Insurance Broking Group Ltd.

Jardine House, 6 Crutched Friars, London EC3N 2HT; 071-528-4444; fax: 071-528-4185

See profile on page 42.

Continued on next page



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Continued from previous page

Jardine Rolfe Ltd.

1055 W. Georgia St., 20th Floor, Vancouver, British Columbia V6E 4G2; 604-682-4211; fax: 604-682-3520

	1990	1989
Premium volume	$24,500,000	$28,300,000
Gross revenues	$6,300,000	$5,800,000
Brokerage: Retail	78.3%	71.7%
Personal lines	6.5%	7%
Services	10.5%	17.1%
Invstmt. income	4.7%	4.2%
Employees	98	97
Offices	6	6

* Converted at applicable exchange rates.

Year founded: 1900.

Parent company: Jardine Insurance Brokers Group Ltd.

Brokerage: 89.5% commissions, 10.5% fees.

Acquisitions: Miller Watson & Co. Ltd., Vancouver, British Columbia.

Retail brokerage branch offices: Victoria and Kamloops, British Columbia; Calgary and Edmonton, Alberta.

Non-retail brokerage subsidiaries: PLI Claims Management Inc. and LWR Risk Management Services Inc., both Vancouver, British Columbia.

Principal officers: B. John L. Rolfe, chairman; Horace W.R. Harrison, president; M. Havelock Rolfe and A.E. le Nobel, executive vps.

Contact: Horace W.R. Harrison.

Jauch & Huebener

Ruhr 1, Obere Saarlandstrasse 2, D4330 Mulheim, Germany; 208-3071; fax: 208-307430

See profile on page 65.

Johnson & Higgins

125 Broad St., New York, N.Y. 10004; 212-574-7000; fax: 212-574-7039

See profile on page 32.

K

Walter Kaye Associates Inc.

122 E. 42nd St., New York, N.Y. 10168; 212-210-9200; fax: 212-986-2808

	1990	1989
Premium volume	$650,000,000	$600,000,000
Gross revenues	$41,623,000	$39,350,000
U.S. clients	100%	100%
Brokerage: Retail	83%	82%
Wholesale	9%	9%
Reinsurance	3%	2%
Personal lines	1%	1%
Services	1%	2%
Invstmt. income	3%	4%
Employees	367	360
Offices	7	7

Year founded: 1952.

Parent company: The Kaye Group of Companies.

Brokerage: 98% commissions, 2% fees.

Retail brokerage branch offices: American Administrators Corp., Chicago; Walter Kaye Corp. of New Jersey, Newark, N.J.; Walter Kaye Corp. of California, Beverly Hills, Calif.; Walter Kaye Corp. of Connecticut, Southport, Conn.; Walter Kaye Corp. of Rhode Island, Warwick, R.I.; Walter Kaye Corp. of Pennsylvania, Philadelphia.

Non-retail brokerage subsidiaries: Claims Administration Corp., New York; United Administrators Inc., Warwick, R.I.

Licensed excess/surplus broker in: California, Connecticut, New Jersey, New York, Rhode Island.

Principal officers: Walter Kaye, chairman; Howard Kaye, president; Lawrence Greenfield, president; Marc Silverman, executive vp; Frank Shechter, first vp-administration; Stanley Feinberg, president-Walter Kaye Corp. of California; Richard Bass and Roger Levy, senior vps; Bruce Guthart, executive vp; Edward Berliner, first vp.

Contact: Marc Silverman, 212-210-9292.

Keenan & Associates

2355 Crenshaw Blvd., Suite 200, Torrance, Calif. 90501/P.O. Box 4328, Torrance, Calif. 90510; 213-212-3344; fax: 213-328-6793

	1990	1989
Premium volume	NA	NA
Gross revenues	$21,000,000	$18,000,000
U.S. clients	100%	100%
Brokerage: Retail	56%	59%
Services	43%	40%
Invstmt. income	1%	1%
Employees	282	258
Offices	10	10

Year founded: 1972.

Brokerage: 50% commissions, 50% fees.

Retail brokerage branch offices: Chico, Sacramento, Emeryville, Campbell, Fresno, Westlake Village, Riverside, Santa Ana and San Diego, Calif.

Licensed excess/surplus broker in: California.

Principal officers: John R. Keenan, chief executive officer; Frederick A. Johnson, president; Harwood J. Bren, David J. De Wenter and David Balak, executive vps; Murton L. Munson, senior vp.

Contact: Frederick A. Johnson.

Kelter-Thorner Inc.

24600 Northwestern Highway, Southfield, Mich. 48075; 313-353-2200; fax: 313-353-7456

	1990	1989
Premium volume	$71,500,000	$65,000,000
Gross revenues	$8,973,771	$8,163,984
U.S. clients	100%	100%
Brokerage: Retail	83.2%	83.2%
Wholesale	0.5%	0.6%
Personal lines	9.1%	8.5%
Services	2.2%	1.8%
Invstmt. income	4.6%	5.4%
Other	0.4%	0.5%
Employees	78	69
Offices	6	6

Year founded: 1952.

Brokerage: 100% commissions.

Acquisitions: Lampert-Hayes Insurance Agency, Redwood City, Calif.

Retail brokerage branch offices: Kelter-Thorner Inc. of Michigan, Southfield, Mich.; Kelter-Thorner Inc. of New Jersey, Fords, N.J.; Kelter-Thorner Inc. of Southern California, Costa Mesa, Calif.; Kelter-Thorner Insurance Agency of Ohio, Middleburg Heights, Ohio.

Non-retail brokerage subsidiaries: Atlantic Underwriters Inc., Southfield, Mich.

Licensed excess/surplus broker in: Michigan.

Principal officers: Theodore R. Kelter, chairman; Marilyn Chernoff, president; Lisa Arthur, secretary/treasurer; John Washburn and Ronald A. Young, executive vp.

Contact: Lisa Arthur.

Sander A. Kessler & Associates Inc.

9570 W. Pico Blvd., Los Angeles, Calif. 90035; 213-278-8740; fax: 213-278-3136

	1990	1989
Premium volume	$55,000,000	$50,000,000
Gross revenues	$7,662,261	$6,918,849
U.S. clients	100%	100%
Brokerage: Retail	80.3%	78.7%
Personal lines	3.6%	4.7%
Invstmt. income	6.5%	6.5%
Other	9.6%	10.1%
Employees	69	61
Offices	1	1

Year founded: 1956.

Brokerage: 95% commissions, 5% fees.

Licensed excess/surplus broker in: California.

Principal officers: Sander A. Kessler, chairman; Ronald A. Bloom, president; Kenneth L. Kessler, executive vp; Melvin M. Moss, senior vp; Steven K. Kessler, secretary/treasurer.

Contact: Ronald A. Bloom.

R.C. Knox & Co. Inc.

300 Pearl St., Hartford, Conn. 06103; 203-524-7600; fax: 203-524-5098

	1990	1989
Premium volume	$80,000,000	$67,000,000
Gross revenues	$10,454,000	$9,448,000
U.S. clients	100%	100%
Brokerage: Retail	75%	76%
Personal lines	17%	18%
Invstmt. income	8%	6%
Employees	98	90
Offices	7	7

Year founded: 1893.

Brokerage: 97% commissions, 3% fees.

Retail brokerage branch offices: Middletown and Windsor, Conn.; Simsbury Insurance Agency, Simsbury, Conn.

Licensed excess/surplus broker in: Connecticut.

Principal officers: Norman C. Kayser, president; John F. Byrnes and E. Merritt McDonough, senior vps; Timothy H. Coppage and Robert T. Crowley, vps.

Contact: Norman C. Kayser, 203-524-7601.

Kornreich Insurance Services

919 Third Ave., New York, N.Y. 10022-3970; 212-688-9700; fax: 212-319-7509

	1990	1989
Gross revenues	$21,600,000	$19,800,000
Brokerage: Retail	74.6%	78.6%
Wholesale	17.1%	13.4%
Personal lines	5.5%	5.4%
Services	1.5%	1.2%
Invstmt. income	1.2%	1.3%
Other	0.1%	0.1%
Employees	155	151
Offices	4	4

Year founded: 1917.

Brokerage: 93% commissions, 7% fees.

Retail brokerage branch offices: Kornreich Insurance Services (Florida) Inc., West Palm Beach, Fla.; Singer-Kornreich Inc. and Kornreich Insurance Brokerage Services of N.J. Inc., both of Teaneck, N.J.

Non-retail brokerage subsidiaries: Associated Programs Inc., New York.

Licensed excess/surplus broker in: New Jersey, New York.

Principal officers: Matthew R. Kornreich and Morton A. Kornreich, co-chairmen; Steven L. Grossberg, executive vp/chief operating officer; Sanford H. Hersh, vp/chief financial officer; Phillip J. Miller, senior vp-marketing; Thomas A. Kornreich, James D. Kornreich and William D. Kornreich, executive vps; Lawrence W. Schott, senior vp; Alan R. Rovin, senior vp-casualty; George R. Klink, senior vp-property; Thomas Bonhag, senior vp-life; Philip Ruggieri, vp-benefits; Anthony Trapazzano, vp-marketing.

Contact: Steven L. Grossberg, James D. Kornreich, Thomas A. Kornreich or William D. Kornreich.

L

LaGere & Walkingstick

1008 Manuel, Chandler, Okla. 74830; 405-258-0804; fax: 405-258-0525

	1990	1989
Premium volume	$188,644,105	$123,232,662
Gross revenues	$18,244,344	$13,830,449
U.S. clients	100%	100%
Brokerage: Retail	24%	24%
Wholesale	71%	69%
Personal lines	3%	5%
Services	1%	1%
Invstmt. income	1%	1%
Employees	139	116
Offices	1	1

Year founded: 1964.

Parent company: Chandler (USA).

Brokerage: 94% commissions, 6% fees.

Non-retail brokerage subsidiaries: Walkingstick LaGere & Pair Underwriting Managers, Chandler, Okla.

Licensed excess/surplus broker in: Oklahoma.

Principal officers: Brent LaGere, chairman/chief executive officer; Ben T. Walkingstick, president; Brenda Pair and Ernie Pierce, vps; Robert Crum, secretary.

Contact: Ben T. Walkingstick.

Lamb, Little & Co.

5301 Keystone Court, Rolling Meadows, Ill. 60008; 708-398-7060; fax: 708-398-7077

	1990	1989
Premium volume	$32,800,000	$31,500,000
Gross revenues	$5,492,000	$5,350,000
U.S. clients	100%	100%
Brokerage: Retail	85%	85%
Personal lines	12%	13%
Invstmt. income	3%	2%
Employees	62	59
Offices	2	2

Year founded: 1947.

Brokerage: 97% commissions, 3% fees.

Licensed excess/surplus broker in: Illinois.

Principal officers: Raymond Clancy, chairman; Roy Holle, president; David B. Peck III, senior vp; Bruce Wahlborg, vp/treasurer; Frank Hoffeller, executive vp.

Contact: Robert J. Power, office manager.

J. Smith Lanier & Co. Inc.

300 W. 10th St., P.O. Box 70, West Point, Ga. 31833; 404-645-2211; fax: 404-643-0606

	1990	1989
Premium volume	$80,702,377	$79,643,282
Gross revenues	$14,146,193	$13,735,117
U.S. clients	100%	100%
Brokerage: Retail	55%	59.4%
Personal lines	22.6%	22.2%
Invstmt. income	2.6%	3.6%
Other	19.8%	14.8%
Employees	195	190
Offices	11	11

Year founded: 1868.

Brokerage: 99% commissions, 1% fees.

Retail brokerage branch offices: Atlanta, Carrollton, Columbus, Fayetteville, Manchester, Newnan, Villa Rica and West Point, Ga.; LaFayette, Huntsville, Opelika, Ala.

Non-retail brokerage subsidiaries: JSL Loss Control, Greensburg, Ky.

Licensed excess/surplus broker in: Georgia.

Principal officers: J. Smith Lanier II, chairman/chief executive officer; William T. Parr, vice chairman; D. Gaines Lanier, president/chief operating officer; Thomas M. Botsford, secretary-treasurer/chief financial officer; Gary Ivey and Thomas Yearian, vps.

Contact: D. Gaines Lanier.

Lawley Service Inc.

120 Delaware Ave., Buffalo, N.Y. 14202; 716-849-8618; fax: 716-849-0360

	1990	1989
Premium volume	$50,000,000	$46,000,000
Gross revenues	$8,031,613	$7,734,629
U.S. clients	100%	100%
Brokerage: Retail	78%	77%
Wholesale	1%	1%
Personal lines	17%	18%
Services	1%	1%
Invstmt. income	3%	3%
Employees	115	112
Offices	1	1

Year founded: 1955.

Brokerage: 99% commissions, 1% fees.

Principal officers: William J. Lawley, president; Alfred Kroll, secretary/vp; William J. Lawley Jr. and Raymond J. Mashiotta, vps; Christopher D. Ross, treasurer.

Contact: Alfred Kroll.

Lawrence Agency Corp.

108 Union St., Schenectady, N.Y. 12305; 518-370-1720; fax: 518-370-4426

	1990	1989
Premium volume	$300,000,000	$280,000,000
Gross revenues	$40,048,485	$33,360,615
U.S. clients	100%	100%
Brokerage: Retail	54.9%	54.2%
Wholesale	10.9%	13.4%
Personal lines	14.3%	13.6%
Services	16.7%	15.3%
Invstmt. income	2.5%	2.9%
Other	0.7%	0.6%
Employees	595	500
Offices	48	34

Year founded: 1954.

Brokerage: 97% commissions, 3% fees.

Acquisitions: Diversified Insurance Services, Greensboro, N.C.; Pro Insurance Services, San Diego; Ronald James & Associates, Jamestown, N.Y.; Hackney Hood Insurance, Bakersfield, Calif.; Eldridge Insurance, Old Forge, N.Y.; Carr Insurance Group, Mesa, Ariz.; Bell Group, Pittsburgh.

Retail brokerage branch offices: A.W. Lawrence & Co., Mesa, Ariz.; San Diego; Washington D.C.; Clearwater, Jupiter, Fort Lauderdale and West Palm Beach, Fla.; Atlanta; Indianapolis; Louisville, Ky.; Baton Rouge, La.; Waltham, Mass.; Cadillac, Mich.; Albany, Buffalo, Glens Falls, Lake Placid, New York, Schenectady and Westbury, N.Y.; Harrisburg, Pittsburg, Freeport and Philadelphia, Pa.; Newport, R.I.; Austin, Texas. ADAPT Inc., San Diego, Fresno, Bakersfield, Dinuba and Sanger, Calif. Lawrence United Corp., Greensboro, N.C.; Latham, Cortland, Rochester, Old Forge and Troy, N.Y.; Mesa, Ariz. Lawrence Healthcare, Latham, Syracuse, Jamestown, Poughkeepsie and Utica, N.Y.

Non-retail brokerage subsidiaries: Lawrence Healthcare Administrative Services Inc., Syracuse, Latham and Jamestown, N.Y.; Lawrence Risk Management Corp., Schenectady, N.Y.

Licensed excess/surplus broker in: New York.

Principal officers: Albert W. Lawrence, chairman; William Mather, president; Jon Harper, Greg Gordon, Brian Gorham, Gary Keehfus, Tony Spataro and Gerald Pedinotti, division presidents.

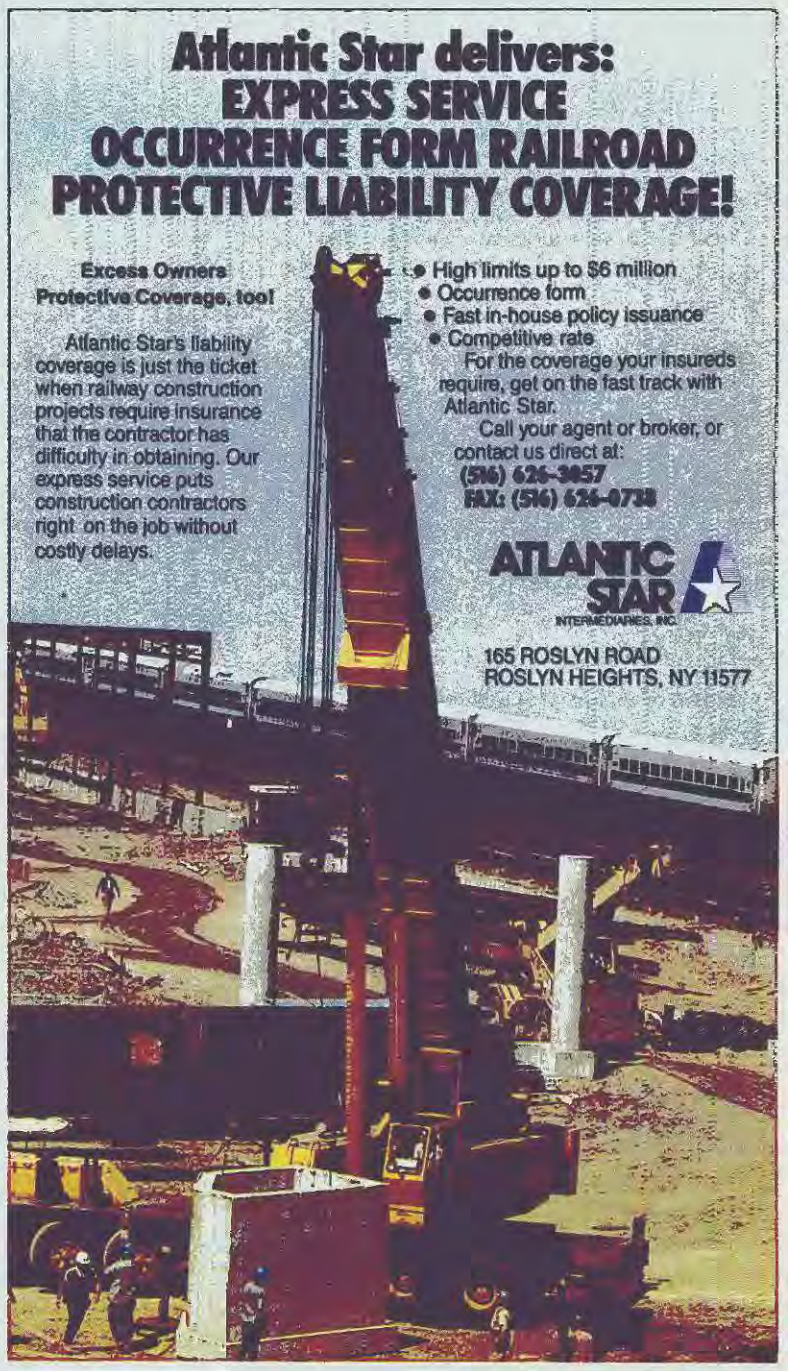
Contact: William Mather.

The Leavitt Group

1358 S. Main St., Salt Lake City, Utah 84115; 801-486-7602; fax: 801-486-7606

	1990	1989
Premium volume	$87,100,000	$83,107,000
Gross revenues	$13,150,000	$11,634,000
U.S. clients	100%	100%
Brokerage: Retail	51%	48%
Wholesale	15%	14%
Personal lines	20%	30%
Invstmt. income	6%	3%
Other	8%	5%
Employees	171	152
Offices	32	28

Continued on next page



Continued from previous page

Year founded: 1952.

Parent company: Security Enterprises Ltd.

Brokerage: 97% commissions, 3% fees.

Acquisitions: Nehring, Solot, Walker, Tucson, Ariz.; Winter Insurance Agency, Phoenix; AGCOM Agency, Buckeye, Ariz.

Retail brokerage branch offices: Interwest-Leavitt, Cottonwood, Ariz.; Massey-Leavitt, Mesa, Ariz.; Koty-Leavitt, Tucson, Ariz.; Powers-Leavitt, Buckeye, Ariz.; Winter/Barrett-Leavitt, Scottsdale, Ariz.; Clark Leavitt, Leavitt Insurance Agency, Parus-Leavitt, Summerfield-Leavitt and Wegener-Leavitt, Las Vegas, Nev.; Long-Leavitt, Overton, Nev.; Atkinson-Leavitt, Provo, Utah; Bed & Breakfast Insurance Specialists, Leavitt Group of Salt Lake Inc., Platt-Leavitt and Seaman-Leavitt, Salt Lake City; Blonquist-Leavitt, Coalville, Utah; Bowen-Leavitt, Orem, Utah; Briggs-Leavitt, Salina, Utah; Bringhurst-Leavitt, Hurricane, Utah; Day-Leavitt, Delta, Utah; Dixie Leavitt Agency, Cedar City, Utah; Leavitt Group of Heber City, Heber City, Utah; Leavitt Group of Northern Utah, Brigham City, Utah; Leavitt Group of St. George, St. George, Utah; Leavitt Group of Spanish Fork, Spanish Fork, Utah; Nebo-Leavitt, Nephi, Utah; Okerlund-Leavitt, Richfield, Utah; Wilkinson-Leavitt, Orem, Utah; Worthington-Leavitt, Ephraim, Utah.

Licensed excess/surplus broker in: Arizona, Nevada, Utah.

Principal officers: Michael O. Leavitt, president/chief executive officer; Dane O. Leavitt, executive vp/chief operations officer; Kelly Russell, secretary/treasurer.

Contact: B.J. Fuchs, P.O. Box 2249, Salt Lake City, Utah 84110, 801-486-7602.

Lee & Uhrik Credit Insurance

180 Maiden Lane, New York, N.Y. 10038; 212-440-7050; fax: 212-440-7031

	1990	1989
Premium volume	$5,000,000	NA
Gross revenues	$1,250,000	NA
U.S. clients	90%	NA
Non-U.S. clients	10%	NA
Brokerage: Retail	85%	NA
Wholesale	10%	NA
Reinsurance	5%	NA
Employees	19	NA
Offices	4	NA

Year founded: 1969.

Parent company: Continental Insurance Co.

Brokerage: 100% commissions.

Retail brokerage branch offices: Syracuse, N.Y.; Toronto; Montreal.

Principal officers: Kenneth C. Lee and Igor Uhrik, general agents; Pete Hiatrides, associate general agent.

Contact: Kenneth C. Lee.

Levinson Bros. Inc.

101 California St., San Francisco, Calif. 94111; 415-434-3200; fax: 415-398-3453

	1990	1989
Premium volume	$26,780,000	$26,281,000
Gross revenues	$3,120,000	$3,001,000
U.S. clients	100%	100%
Brokerage: Retail	87%	86%
Personal lines	8%	9%
Invstmt. income	5%	5%
Employees	25	25
Offices	1	1

Year founded: 1956.

Brokerage: 95% commissions, 5% fees.

Licensed excess/surplus broker in: California.

Principal officers: Fred Levinson, president; Mort Levinson, David J. Levinson and Hans Adler, vps.

Contact: Fred Levinson.

Lockton Insurance Agency Inc.

7400 State Line Road, Prairie Village, Kan. 66208; 913-676-9000; fax: 913-676-9180

	1990	1989
Premium volume	$365,000,000	NA
Gross revenues	$32,650,000	$28,125,000
U.S. clients	98%	99%
Non-U.S. clients	2%	1%
Brokerage: Retail	89%	87%
Personal lines	2%	3%
Services	5%	5%
Invstmt. income	4%	5%
Employees	375	355
Offices	5	5

Year founded: 1967.

Parent company: The Lockton Cos. Inc.

Brokerage: 85% commissions, 15% fees.

Retail brokerage branch offices: Topeka, Kan.; The Lockton Insurance Agency of St. Louis Inc., St. Louis; Lockton Silversmith Inc., Denver; Lockton Insurance Agency of Houston Inc., Houston; The Lockton Benefit Corp., Prairie Village, Kan.

Non-retail brokerage subsidiaries: Lockton Risk Services Inc., Prairie Village, Kan.; Lockton Risk Services of Colorado, Denver.

Licensed excess/surplus broker in: Colorado, Kansas, Missouri.

Principal officers: John T. Lockton III, president/ chief executive officer; Michael D. Frost, managing vp/chief operating officer Dave Lockton, executive vp; Gary Hambright and Jim Pateidl, senior vps.

Contact: Michael C. Frost.

The Lofberg Cos.

363 Cedar Lane, P.O. Box 308, Teaneck, N.J. 07666; 201-836-2100 fax: 201-836-7822

	1990	1989
Premium volume	$10,500,000	$11,000,000
Gross revenues	$1,387,000	$1,309,000
U.S. clients	100%	100%
Brokerage: Retail	57%	59%
Personal lines	30%	30%
Services	12%	10%
Invstmt. income	1%	1%
Employees	23	23
Offices	1	1

Year founded: 1926.

Parent company: Clarence Lofberg Inc.

Retail branch offices: Letz-Lofberg Associates and Van Houten-Lofberg Agency, Teaneck, N.J.

Licensed excess/surplus broker in: New Jersey.

Principal officers: Richard C. Lofberg, chairman; Paul W. Lofberg, president; David Holmgren, senior vp; Ralph Ortega, vp; Philip Carlton, treasurer.

Contact: Paul W. Lofberg.

Lon Worth Crow Insurance Agency

3399 Ponce de Leon Blvd., Coral Gables, Fla. 33134; 305-443-1506; fax: 305-444-5410

	1990	1989
Premium volume	$18,200,000	$19,600,000
Gross revenues	$2,340,000	$2,128,000
U.S. clients	100%	100%
Brokerage: Retail	78%	76%
Personal lines	22%	24%
Invstmt. income	3%	2.5%
Employees	35	37
Offices	1	1

Year founded: 1935.

Licensed excess/surplus broker in: Florida.

Principal officers: Gary M. Gregory, president; Barry W. MacEwan, executive vp; Jeffrey J. Haynes, vp.

Contact: Barry W. MacEwan.

The Loomis Co.

625 Spring St., P.O. Box 7011, Wyomissing, Pa. 19610; 215-374-4040; fax: 215-374-6578

	1990	1989
Premium volume	$85,000,000	$81,100,000
Gross revenues	$9,200,000	$8,920,000
U.S. clients	99.5%	99.5%
Non-U.S. clients	0.5%	0.5%
Brokerage: Retail	68%	69.1%
Wholesale	1%	0.5%
Personal lines	13%	13.5%
Services	15%	14.9%
Invstmt. income	2%	1.8%
Other	1%	0.2%
Employees	110	106
Offices	4	4

Year founded: 1990.

Brokerage: 100% commissions.

Retail brokerage branch offices: Lancaster, Pa.; Annapolis, Md.; Fort Lauderdale, Fla.

Licensed excess/surplus lines broker in: Florida, Maryland, Pennsylvania.

Principal officers: James R. Loomis, president/chief executive officer; Robert A. Mason, vp/chief financial officer; H. Edmond Smith and Edward J. Cavanaugh, vps; Kathy E. Schlegel, treasurer.

Contact: James R. Loomis.

Love, Douglas & Pope Inc.

P.O. Box 80250, Atlanta, Ga. 30366; 404-454-3570; fax: 404-454-3598

	1990	1989
Premium volume	$10,500,000	$9,700,000
Gross revenues	$1,745,000	$1,660,000
U.S. clients	100%	100%
Brokerage: Retail	41%	40%
Wholesale	3%	3%
Personal lines	35%	33%
Invstmt. income	3%	1%
Other	18%	23%
Employees	26	24
Offices	1	1

Year founded: 1969.

Brokerage: 100% commissions.

Principal officers: Charles L. Douglas Jr., chief executive officer; James J. Bryan, president; J. Stephen Hurst and Alan J. Pope, vps.

Contact: J. Stephen Hurst.

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Continued from previous page

Lowndes Lambert Group Holdings Ltd.

Lowndes Lambert House, 53 Eastcheap, London EC3P 3HL, England; 071-283-2000; fax: 071-283-1927

See profile on page 70.

M

MBAH Insurance

P.O. Box 5609, Lafayette, Ind. 47905; 317-423-5421; fax: 317-742-7693

	1990	1989
Premium volume	$17,715,000	$13,000,000
Gross revenues	$3,277,655	$3,030,870
U.S. clients	100%	100%
Brokerage: Retail	55%	64%
Personal lines	20%	16%
Invstmt. income	13%	10%
Other	12%	10%
Employees	50	47
Offices	3	4

Year founded: 1980.

Parent company: Mayerstein-Burnell Co. Inc.

Brokerage: 99% commissions, 1% fees.

Acquisitions: AIM, Lafayette, Ind.

Licensed excess/surplus broker in: Indiana.

Principal officers: R.E. Mayerstein, president; Steven K. Horner, vp; James S. Bain, secretary/treasurer.

Contact: Miriam H. Osborn, director-agency operations.

MDM Associates

5730 Uplander Way, Culver City, Calif. 90231; 213-670-0172; fax: 213-338-1471

	1990	1989
Premium volume	NA	NA
Gross revenues	$4,710,517	$4,427,574
U.S. clients	100%	100%
Brokerage: Retail	63%	65%
Personal lines	18%	21%
Services	7%	8%
Other	12%	6%
Employees	47	47
Offices	1	1

Year founded: 1970.

Parent company: MDM Insurance Associates Inc.

Brokerage: 93% commissions, 7% fees.

Principal officers: Morton A. Firestone, president/chief executive officer.

MLW Services Inc.

100 William St., New York, N.Y. 10038; 212-797-9600; fax: 212-425-0719

	1990	1989
Premium volume	$62,000,000	$59,000,000
Gross revenues	$7,000,000	$5,400,000
U.S. clients	95%	98%
Non-U.S. clients	5%	2%
Brokerage: Retail	72%	81.5%
Wholesale	22%	10%
Personal lines	3%	5%
Services	1%	1%
Invstmt. income	2%	2.5%
Employees	53	49
Offices	1	1

Year founded: 1986.

Brokerage: 95% commissions, 5% fees.

Retail brokerage branch offices: French American Risk Advisors, New York.

Non-retail brokerage subsidiaries: Barkly Coverage Corp., New York.

Licensed excess/surplus broker in: New York.

Principal officers: Andrew H. Marks, president/chief executive officer; Charles J. Weisblum, chairman; Bert W. Linder, executive vp/chief operating officer; Silvana Vlacich, senior vp; Bruce Tindal.

Contact: Bert Linder.

Mack & Parker Inc.

55 E. Jackson Blvd., Chicago, Ill. 60604-4187; 312-922-5000; fax: 312-922-5358

	1990	1989
Premium volume	NA	NA
Gross revenues	$8,348,213	$8,405,485
U.S. clients	100%	NA
Employees	83	75
Offices	1	1

Year founded: 1935.

Brokerage: 90% commissions, 10% fees.

Licensed excess/surplus broker in: Illinois.

Principal officers: Edward E. Mack III, president; Martin P. Hughes, executive vp; Veronica E. Campbell, vp/treasurer; Robert J. Jonak and James F. Kelly, vps/client service managers.

Contact: Veronica E. Campbell, vp/treasurer.

Mahoney & Wright Insurance Agency Inc.

141 Tremont St., Boston, Mass. 02111; 617-482-4086; fax: 617-423-7937

	1990	1989
Premium volume	$82,000,000	$89,000,000
Gross revenues	$13,224,000	$14,353,000
U.S. clients	100%	100%
Brokerage: Retail	55%	53%
Personal lines	45%	47%
Employees	167	204
Offices	22	25

Year founded: 1927.

Brokerage: 99% commissions, 1% fees.

Retail brokerage branch offices: Cohasset, Dedham, Fitchburg, Gardner, Haverhill, Middleboro, Natick, Newton, North Attleboro, Peabody, Plymouth, Reading, Rockland, Rockport, Scituate, Tewksbury, Wakefield, Weymouth, Wrentham and Yarmouth, Mass.

Licensed excess/surplus broker in: Massachusetts.

Principal officers: Norman R. Wright, president; Richard D. Forrest, executive vp; Donald F. Beale, senior vp; Richard A. Grant, vp.

Contact: Norman R. Wright or Richard D. Forrest.

Mammel Schropp Swartzbaugh Engler & Jones Inc.

175 Embassy Plaza, 9110 W. Dodge Road, Omaha, Neb. 68114; 402-397-7000; fax: 402-398-2458

	1990	1989
Premium volume	$60,632,000	$54,000,000
Gross revenues	$6,898,106	$6,376,583
U.S. clients	100%	100%
Brokerage: Retail	55%	53%
Services	44%	43%
Invstmt. income	1%	4%
Employees	107	108
Offices	1	1

Year founded: 1959.

Brokerage: 55% commissions, 45% fees.

Acquisitions: The Redland Group, Council Bluffs, Iowa.

Non-retail brokerage subsidiaries: Midwest Benefit Administrators Inc.

Licensed excess/surplus broker in: Nebraska.

Principal officers: Robert F. Swartzbaugh, president; Omer C. Trout, executive vp/secretary; Gary L. Hurley, vice chairman; Joseph G. Smith, treasurer; Donn B. Jones, senior vp; Carl G. Mammel, chairman; John P. Nelson.

Contact: Bailie Johnson.

G.F. Mann Agency Ltd.

300 E. Fifth Ave., Naperville, Ill. 60563; 708-420-7700; fax: 708-420-7187

	1990	1989
Premium volume	$11,300,000	$10,600,000
Gross revenues	$1,450,000	$1,070,000
U.S. clients	99%	100%
Non-U.S. clients	1%	0%
Brokerage: Retail	92%	93.5%
Wholesale	1%	0%
Personal lines	5%	5%
Invstmt. income	2%	1.5%
Employees	13	13
Offices	1	1

Year founded: 1976.

Brokerage: 94% commissions, 6% fees.

Licensed excess/surplus broker in: Illinois.

Principal officers: G.F. Mann, president; Doniece Mann, secretary/treasuere; George Mann III, vp-sales.

Contact: George Mann III.

Marsh & McLennan Cos. Inc.

1166 Ave. of the Americas, New York, N.Y. 10036; 212-345-5000

See profile on page 16.

Marshall & Sterling Inc.

110 Main St., Poughkeepsie, N.Y. 12601; 914-454-0800; fax: 914-454-0880

	1990	1989
Premium volume	$110,000,000	$75,000,000
U.S. clients	99%	99%
Non-U.S. clients	1%	1%
Gross revenues	$20,433,363	$15,646,697
Brokerage: Retail	62%	67%
Wholesale	2%	2%
Personal lines	27%	20%
Invstmt. income	4%	5%
Other	5%	6%
Employees	250	175
Offices	12	6

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Continued from previous page

Year founded: 1864.
Brokerage: 99% commissions, 1% fees.
Acquisitions: R.G. Hill Agency Inc., Poughkeepsie, N.Y.; Grossmann Agency Inc., Catskill, N.Y.; George T. Whalen Agency Inc., Millbrook, N.Y.
Retail brokerage branch offices: Kingston, Middletown, Newburgh and Wappingers Falls, N.Y.; St. Croix and St. Thomas, U.S. Virgin Islands; Grossmann Insurance Agency, Cairo, Catskill, Coxsackie and Greenville, N.Y.; George T. Whalen Insurance Agency, Millbrook, N.Y.
Licensed excess/surplus broker in: New York, U.S. Virgin Islands.
Principal officers: John P. O'Shea, president; Peter T. Bennett, Edward F. Mirabile, James E. Townsend and James D. Tunick, vps.
Contact: John P. O'Shea.

The Mathog & Moniello Cos. Inc.

Mariner's Point, 100 South Shore Drive, P.O. Box 650, East Haven, Conn. 06512; 203-468-3400; fax: 203-468-3494

	1990	1989
Premium volume	$57,000,000	$48,000,000
Gross revenues	$7,392,000	$6,213,000
U.S. clients	100%	100%
Brokerage: Retail	62%	68%
Personal lines	6%	7%
Services	29%	21%
Invstmt. income	3%	4%
Employees	61	57
Offices	3	3

Year founded: 1934.
Brokerage: 71% commissions, 29% fees.
Retail brokerage branch offices: Stamford and Niantic, Conn.
Licensed excess/surplus broker in: Connecticut.
Principal officers: James J. Moniello, president/chairman; Alan D. Mathog, managing principal; Michael I. Silverberg, managing principal-benefits; Keith C. Meaney, managing principal-insurance services; Frank E. Hall, managing principal-administrative services.
Contact: Alan D. Mathog.

May-Davis Inc.

P.O. Box 11589, Spokane, Wash. 99211; 509-535-8783; fax: 509-534-0318

	1990	1989
Premium volume	$6,000,000	$6,000,000
Gross revenues	$750,000	$750,000
U.S. clients	100%	100%
Brokerage: Retail	98%	98%
Personal lines	2%	2%
Employees	5	5
Offices	1	1

Year founded: 1974.
Brokerage: 100% commissions.
Principal officers: William H. Davis, president; William A. May, president.

McConachie Insurance Agency Inc.

1420 Renaissance Drive, P.O. Box 777, Park Ridge, Ill. 60068; 708-297-3640; fax: 708-297-5674

	1990	1989
Premium volume	$7,900,000	$7,600,000
Gross revenues	$1,674,000	$1,540,000
U.S. clients	100%	100%
Brokerage: Retail	66%	72%
Wholesale	5%	3%
Personal lines	6%	8%
Services	20%	13%
Invstmt. income	3%	4%
Employees	24	22
Offices	2	1

Year founded: 1950.
Brokerage: 98% commissions, 2% fees.
Retail brokerage branch offices: IBC/McConachie Associates, Wilmette, Ill.
Principal officers: A. Scot McConachie, president/treasurer; John P. Coleman, vp/secretary; Dennis R. Klocke, assistant treasurer; Kenneth P. Aspan, assistant secretary.
Contact: John P. Coleman.

McDonough Caperton Insurance Group Inc.

1 Hillcrest Drive, Charleston, W.Va. 25311; 304-346-0611; fax: 304-347-0697

	1990*	1989*
Premium volume	NA	NA
Gross revenues	$37,200,000	$34,800,000
U.S. clients	100%	NA
Brokerage: Retail	60%	60%
Wholesale	4%	4%
Personal lines	3.5%	3%
Services	27%	27%
Invstmt. income	6%	3%
Employees	557	550
Offices	19	19

* Fiscal years ended April 30, 1990 for 1989; and Dec. 31, 1990 for 1990 figures.
Year founded: 1936.
Acquisitions: Bressler/A&A, Atlanta; Reliance Insurance Agency Inc., Wheeling, W.Va.; Groth Employee Benefits Group, Tampa, Fla.; Coordinated Group of Cos., Pittsburgh.
Retail brokerage branch offices: Beckley, Huntington, Morgantown, Parkersburg and Wheeling, W.Va.; Atlanta and Savannah, Ga.; Cleveland and Columbus, Ohio; Lexington, Ky.; Miami; Pittsburgh; Big Stone Gap and Roanoke, Va.; Dallas.
Non-retail brokerage subsidiaries: McDonough Caperton Benefit Services, Charleston, W.Va.; Caperton Special Risks, Atlanta; McDonough Caperton International, Hamilton, Bermuda.
Licensed excess/surplus broker in: Several states.
Principal officers: W Marston Becker, president; Claudia F. Lindsey, chief financial officer; Robert Ludwig, Andrew Paterno, Charles Morton, Ken Juskowich, Skip Vogelsberger and Paul McCarthy, managing partners.
Contact: Claudia F. Lindsey.

The McElroy-Minister Co.

141 E. Town St., Columbus, Ohio 43215; 614-228-5565; fax: 614-228-6985

	1990	1989
Premium volume	$53,498,362	$57,428,532
Gross revenues	$10,469,996	$10,842,371
Brokerage: Retail	61%	59%
Personal lines	6%	6%
Services	29%	30%
Invstmt. income	3%	4%
Other	1%	1%
Employees	165	167
Offices	7	6

Year founded: 1875.
Brokerage: 54% commissions, 46% fees.
Retail brokerage branch offices: Dayton, Ohio; Corporate Claims Services Inc., Columbus, Ohio; Davis & Associates, Columbus, Cincinnati and Canton, Ohio.
Licensed excess/surplus broker in: Ohio.
Principal officers: H. Thorp Minister Jr., chairman; John C. Glandon, vice chairman; Keith A. Pierce, president/treasurer; James R. Creek and William R. Gillam, executive vps.
Contact: Keith A. Pierce.

McGriff, Seibels & Williams Inc.

2211 Seventh Ave. S., Birmingham, Ala. 35233; P.O. Box 10265, Birmingham, Ala. 35202; 205-252-9871; fax: 205-581-9293

	1990	1989
Premium volume	$267,356,328	$246,834,261
Gross revenues	$31,026,466	$28,417,912
U.S. clients	100%	100%
Brokerage: Retail	73.3%	75.1%
Wholesale	7.4%	7.1%
Personal lines	2%	1.9%
Services	8.6%	7.5%
Invstmt. income	5.8%	6%
Other	2.9%	2.4%
Employees	330	321
Offices	8	8

Year founded: 1886.
Brokerage: 97.8% commissions, 2.2% fees.
Acquisitions: R.B. Colvin Co. Inc., Houston.
Retail brokerage branch offices: Florence and Mobile, Ala.; Pensacola and Orlando, Fla.; Atlanta; New Orleans.
Non-retail brokerage subsidiaries: Wood & Co., Atlanta.
Licensed excess/surplus broker in: Alabama, Florida, Georgia.
Principal officers: Bruce C. Dunbar Jr., president/chief executive officer; Gary M. Cooney, vice chairman; W. Michael Whitten and Charles O. Holladay, senior vps; Thomas A. Lambert III, vp/chief financial officer.
Contact: Bruce C. Dunbar Jr.

McInturff, Milligan & Brooks/Bennett & Edwards

P.O. Box 1600, Greeneville, Tenn. 37744; 615-639-5171; fax: 615-639-7129

	1990	1989
Premium volume	$21,855,453	$22,124,623
Gross revenues	$3,305,142	$3,439,138
U.S. clients	100%	100%
Brokerage: Retail	75%	74%
Personal lines	20%	21%
Services	4%	4%
Invstmt. income	1%	1%
Employees	48	52
Offices	2	2

Year founded: 1910.
Brokerage: 90% commissions, 10% fees.
Retail brokerage branch offices: Kingsport, Tenn.
Licensed excess/surplus broker in: Tennessee.
Principal officers: Charles S. Brooks, president/chief executive officer; S. Wylie Milligan, chairman; John W. McInturff Jr., Tom D. Cotten and Dan C. Jackson, vps; Barbara Peavler, executive vp.
Contact: Charles S. Brooks.

Meadowbrook Insurance Group

26600 Telegraph Road, Southfield, Mich. 48034; 313-358-1100; fax: 313-358-1614

	1990	1989
Premium volume	$75,000,000	$70,000,000
Gross revenues	$13,600,000	$13,300,000
U.S. clients	100%	100%
Brokerage: Retail	57%	55%
Reinsurance	3%	3%
Personal lines	3%	3%
Services	31%	36%
Invstmt. income	6%	3%
Employees	185	170
Offices	7	6

Year founded: 1955.
Brokerage: 69% commissions, 31% fees.
Retail brokerage branch offices: Bloomington, Minn.; Grand Rapids, Mich.; Kansas City, Kan.; Lincoln, Neb.; Montgomery, Ala.; New York; Hamilton, Bermuda.
Non-retail brokerage subsidiaries: Meadowbrook Intermediaries Inc. and Meadowbrook Risk Management Inc., New York; Meadowbrook Risk Management Ltd., Hamilton, Bermuda; Corporate Risk Consultants, Southfield, Mich., and Boca Raton, Fla.
Licensed excess/surplus lines broker in: Michigan.
Principal officers: Merton J. Segal, chairman; Robert A. Engle, president; Lee F. Kelly, vp/treasurer; Robert Cubbin, vp/general counsel; Cheryl L. Reno, vp/secretary.
Contact: Robert A. Engle.

Meeker-Magner Co.

2360 E. Devon Ave., Suite 3010, Des Plaines, Ill. 60018; 708-699-1400; fax: 708-699-6383

	1990	1989
Premium volume	$17,500,000	$15,000,000
Gross revenues	2,315,000	2,173,000
U.S. clients	100%	100%
Brokerage: Retail	73%	69%
Wholesale	5%	6%
Personal lines	15%	16%
Services	4%	4%
Invstmt. income	3%	3%
Other	0%	2%
Employees	22	22
Offices	1	1

Year founded: 1902.
Acquisitions: Gianes Insurance Agency and Fraser Insurance Agency, both in Park Ridge, Ill.
Licensed excess/surplus broker in: Illinois.
Principal officers: T. Gerald Magner Jr., president; Silvio DeSerto, executive vp; Jacqueline Klager and Gregory Disparte, vps; Marcia Romano, secretary.
Contact: T. Gerald Magner Jr.

Meeker Sharkey Financial Group Inc.

21 Commerce Drive, Cranford, N.J. 07016; 908-272-8100; fax: 908-272-9059

	1990	1989
Premium volume	$80,261,000	$77,900,000
Gross revenues	$18,528,414	$17,418,745
U.S. clients	100%	100%
Brokerage: Retail	74%	74%
Personal lines	9%	9%
Services	12%	12%
Invstmt. income	2%	2%
Other	3%	3%
Employees	233	263
Offices	9	10

Year founded: 1864.
Brokerage: 98% commissions, 2% fees.
Retail brokerage branch offices: Cranford Agency/Provident Mutual Life Insurance Co. and Meeker Sharkey & MacBean, Cranford, N.J.; Meeker Sharkey & DiLeo, Piscataway, N.J.; Meeker Sharkey & Lane, Mount Laurel, N.J.; Meeker Sharkey Gervasio & Seeger, Trenton, N.J.; Edward F.C. McLaughlin, Rye Brook, N.Y.; Meeker Sharkey & Moffatt, Wall Township, N.J.
Non-retail brokerage subsidiaries: Meeker Sharkey Consultants, Meeker Sharkey Realtors, Meeker Sharkey Benefits, Cranford, N.J.
Principal officers: Thomas J. Sharkey, chairman; Brian P. Leddy, Raymond B. Vaughn, William Dittmann, Robert A. Schieni and Thomas J. Sharkey Jr.
Contact: Robert A. Schieni.

Merit Insurance

1000 LaFayette Blvd., Bridgeport, Conn. 06604; 203-367-5328; 203-367-8466

	1990	1989
Premium volume	$12,000,000	$11,500,000
Gross revenues	$1,950,000	$1,800,000
U.S. clients	100%	100%
Brokerage: Retail	70%	72%
Wholesale	2%	2%
Personal lines	23%	20%
Invstmt. income	5%	6%
Employees	18	20
Offices	1	1

Year founded: 1951.
Brokerage: 100% commissions.
Principal officers: William J. Carroll, president; Brian J. Dunne, vp; James Benson, secretary/treasurer.

Mesirow Insurance Services Inc.

350 N. Clark St., Chicago, Ill. 60610; 312-670-6000; fax: 312-670-6278

	1990	1989
Premium volume	$105,000,000	$100,000,000
Gross revenues	$10,022,000	$9,411,998
U.S. clients	100%	100%
Brokerage: Retail	90%	90%
Personal lines	4%	4%
Services	3%	3%
Invstmt. income	3%	3%
Employees	91	93
Offices	1	1

Year founded: 1972.
Parent company: Mesirow Financial.
Brokerage: 90% commissions, 10% fees.
Licensed excess/surplus broker in: Illinois.
Principal officers: Richard S. Price, chief operating officer; Howard Engel, Arnold Pritsker, Jim Styer and Stephen J. Ware, executive vps.

Midwest Commerce Insurance

107 W. Franklin St., P.O. Box 1724, Elkhart, Ind. 46515; 219-293-4565; fax: 219-293-2496

	1990	1989
Premium volume	$31,200,000	$30,000,000
Gross revenues	$5,136,000	$4,825,000
U.S. clients	100%	100%
Brokerage: Retail	74.8%	74%
Personal lines	9%	11%
Services	8.7%	7.7%
Invstmt. income	3.9%	4.5%
Other	3.6%	2.8%
Employees	63	61
Offices	2	3

Year founded: 1910.
Parent company: Midwest Commerce Corp.
Non-retail brokerage subsidiaries: Pyramid Benefit Services, South Bend, Ind.
Licensed excess/surplus broker in: Indiana.
Principal officers: Ward J. Merchant, president; Donald R. Anderson, executive vp; G.L. Russell, vp-administration; Farrel J. Zehr, vp-underwriting & marketing.
Contact: G.L. Russell.

Minet Holdings P.L.C.

100 Leman St., London E1 8HG, England; 071-481-0707; fax: 071-488-9786

See profile on page 44.

Minuteman Services Inc.

90 Main St., P.O. Box 487, Nashua, N.H. 03061; 603-883-1776; fax: 603-883-1843

	1990	1989
Premium volume	$16,500,000	$18,000,000
Gross revenues	$2,200,000	$2,500,000
U.S. clients	100%	100%
Brokerage: Retail	65%	60%
Wholesale	20%	25%
Personal lines	10%	10%
Services	1%	1%
Invstmt. income	4%	4%
Employees	35	45
Offices	1	3

Year founded: 1985.
Brokerage: 99% commissions, 1% fees.
Acquisitions: Robinson Insurance Agency, Goffstown, N.H.
Retail brokerage branch offices: Slawsby Insurance Agency Inc. and State Insurance Agency, Nashua, N.H.; Robinson Insurance Agency, Goffstown, N.H.
Non-retail brokerage subsidiaries: Surplus Line Managers Inc., Nashua, N.H.
Licensed excess/surplus broker in: Maine, Massachusetts, New Hampshire, Vermont.
Principal officers: Carl P. Barton, chairman; Jon C. Barton, president; Arthur A. Molderez, executive vp.
Contact: Arthur A. Molderez.

Continued on next page

1991 GUIDE TO OWNER AND PRODUCER COMPENSATION



Industry Statistics On:

$ **Producer performance standards based on commissions handled**

$ **Average commissions paid on new and renewal business**

$ **Criteria determining owners' compensation**

$ **Sources for new producers**

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Continued from previous page

Julius Moll & Son Inc.

6160 N. Cicero Ave., Chicago, Ill. 60646; 312-286-7737

	1990	1989
Premium volume	$27,000,000	$26,000,000
Gross revenues	$3,500,000	$3,400,000
U.S. clients	100%	100%
Brokerage: Retail	84%	83%
Personal lines	6%	5%
Services	5%	4%
Invstmt. income	2%	3%
Other	3%	5%
Employees	44	41
Offices	1	1

Year founded: 1901.
Brokerage: 95% commissions, 5% fees.
Licensed excess/surplus broker in: Illinois.
Principal officers: Theodore S. Ross, president; Richard M. Moll, chairman.
Contact: Theodore S. Ross.

Morency, Weible & Sapa Inc.

1717 Naper Road, Naperville Ill. 60563; 708-955-0090; fax: 708-955-0150

	1990	1989
Premium volume	$45,000,000	$39,000,000
Gross revenues	$6,723,037	$5,950,000
U.S. Clients	100%	100%
Brokerage: Retail	90%	92%
Personal lines	5%	5%
Invstmt. income	5%	3%
Employees	58	52
Offices	1	1

Year founded: 1960.
Brokerage: 99% commissions, 1% fees.
Licensed excess/surplus broker in: Illinois.
Principal officers: G.A. Morency, chairman; W.P. Weible, president; Glenn P. Sapa, executive vp; Richard T. Morency and William C. Cahill, vps.
Contact: W.P. Weible.

Fred A. Moreton & Co.

649 E. South Temple, Salt Lake City, Utah 84102; 801-531-1234; fax: 801-531-6117

	1990	1989
Premium volume	$44,300,000	$40,835,000
Gross revenues	$6,407,000	$6,062,000
U.S. clients	100%	100%
Brokerage: Retail	82%	82%
Wholesale	3%	3%
Personal lines	6%	6%
Services	1%	1%
Invstmt. income	8%	8%
Employees	76	72
Offices	1	1

Year founded: 1910.
Brokerage: 99% commissions, 1% fees.
Non-retail brokerage subsidiaries: Moreton General Agency, Salt Lake City.
Licensed excess/surplus broker in: Utah, Idaho.
Principal officers: Edward B. Moreton, president; Craig Smith, executive vp; Jonathan Jepsen and Edward F. Folland, senior vps; William R. Moreton, treasurer.
Contact: Craig Smith.

Morris & Mackenzie Inc.

1130 Sherbrooke St. W., Montreal, Quebec H3A 3K4; 514-499-0999; fax: 514-499-9188

	1990*	1989*
Premium volume	NA	NA
Gross revenues*	$12,325,000	$12,091,800
Brokerage: Retail	80%	80%
Personal lines	20%	20%
Employees	160	161
Offices	4	4

* Converted at applicable exchange rates.
Year founded: 1939.
Parent company: Mackmor Ltd.
Brokerage: 85% commissions, 15% fees.
Retail brokerage branch offices: Toronto; Calgary, Alberta; Vancouver, British Columbia.
Principal officers: Frank Dougan, president/chief executive officer; Maurice Sauve, senior vp/director; Alfred Parke, Victor M. Allen and Bruce Owen-Hicks, vps/directors.
Contact: Frank Dougan, 595 Bay St., Toronto, Ontario M5G 2C2, 416-595-9899.

N

NIA Ltd./The NIA Group

66 Route 17, Paramus, N.J. 07652; 201-845-6600; fax: 201-845-3011

	1990	1989
Gross revenues	$14,097,000	$14,030,000
U.S. clients	100%	100%
Brokerage: Retail	71%	67%
Wholesale	11%	7%
Personal lines	12%	19%
Services	2%	4%
Invstmt. income	3%	3%
Other	1%	0%
Employees	179	176

Year founded: 1926.
Parent company: The NIA Group.
Brokerage: 94% commissions, 6% fees.
Acquisitions: Ambassador, Parsippany, N.J.; Weinberg Agency, Paramus, N.J.
Retail brokerage branch offices: Freehold, Long Valley and Paterson, N.J.; New City, N.Y.
Licensed excess/surplus broker in: New Jersey, New York.
Principal officers: Paul L. Gross, president; William F. Meade, executive vp; Howard P. Cantor, vp-finance; David Arthur, Chris Bandy, Gregory A. Gross, vps.
Contact: Howard P. Cantor.

National Coverage Corp.

2174 Jackson Ave., P.O. Box 40, Seaford, N.Y. 11783; 516-826-8000; fax: 516-826-8005

	1990	1989
Premium volume	$25,289,920	$22,968,711
Gross revenues	$4,353,738	$4,157,661
Brokerage: Retail	86.3%	86%
Personal lines	11%	10%
Invstmt. income	2.7%	4%
Employees	56	58
Offices	2	2

Year founded: 1964.
Retail brokerage branch offices: National Coverage Corp. of Connecticut, Greenwich, Conn.
Principal officers: William A. Kulesh, chairman; John F. Betz, president; Russell J. Tillman, Ronald P. D'Alessandro and David E. Kimball Jr., vps.
Contact: William A. Kulesh.

National Insurance Agency

P.O. Box 6750, Corpus Christi, Texas 78466; 512-993-6700; fax: 512-993-0870

	1990	1989
Premium volume	$8,196,202	$7,805,448
Gross revenues	$1,064,917	$1,091,618
U.S. clients	100%	100%
Brokerage: Retail	69%	68%
Personal lines	31%	32%
Employees	22	23
Offices	1	1

Year founded: 1965.
Brokerage: 100% commissions.
Principal officers: Robert E. Harris, president; Scot Oshman, Claude Watts and John McFall, vps.
Contact: Robert E. Harris.

Near North Insurance Brokerage Inc.

875 N. Michigan Ave., 20th Floor, Chicago, Ill. 60611; 312-280-5600; fax: 312-280-5602

	1990	1989
Premium volume	$291,000,000	$223,000,000
Gross revenues	$31,400,000	$24,700,000
U.S. clients	99.5%	100%
Non-U.S. clients	0.5%	0%
Brokerage: Retail	92%	93%
Personal lines	4%	4%
Invstmt. income	4%	3%
Employees	277	221
Offices	5	5

Year founded: 1962.
Parent company: Near North National Group.
Acquisitions: Sentry Fire Extinguisher Service Corp., Chicago; International Film Guarantors Inc., Los Angeles; Western Fire Protection Inc.
Retail brokerage branch offices: New York, Los Angeles, Chicago.
Licensed excess/surplus broker in: Illinois, New York.
Principal officers: Michael Segal, president-Near North Insurance Brokerage Inc./chairman-Near North National Group; William C. Bartholomay, president-Near North National Group; Steve Coleman, Patrician Flando, Bill Hines, executive vps.
Contact: Beth Valente, 312-280-2445.

Norwest Insurance Inc.

Norwest Center, Sixth and Marquette, Minneapolis, Minn. 55479-2050; 612-667-2071; fax: 612-667-0645

	1990	1989
Premium volume	$400,000,000	$120,000,000
Gross revenues	$61,100,000	$16,500,000
U.S. clients	100%	100%
Brokerage: Retail	30%	29%
Wholesale	29%	2%
Personal lines	40%	67%
Invstmt. income	1%	2%
Employees	535	230
Offices	90	54

Year founded: 1930.
Parent company: Norwest Corp.
Brokerage: 98% commissions, 2% fees.
Acquisitions: Crop Hail Management, Kalispell, Mont.; First Interstate Insurance Agency, Sheboygan, Wis.; Gilbert-Loring Agency, Omaha, Neb.; Simons and Gregoire Agency Inc., Marshall, Minn.; Wheatland Insurance Agency, Wheatland, Wyo.
Retail brokerage branch offices: More than 70 locations nationwide.
Non-retail brokerage subsidiaries: Crop Hail Management: Kalispell, Great Falls, Mont.; Dothan, Ala.; Fresno, Calif.; Golden, Colo.; Omaha, Neb.; Fargo N.D.; San Antonio, Texas; Spokane, Wash.; Mount Horeb, Wis.; Norwest Commercial Insurance Services, Minneapolis.
Principal officers: Stephen L. Byrnes, president; Timothy A. Verbrugge, senior vp; William H. Nord, president-Community Insurance Group; James Schneider, president-Norwest Commercial Insurance Services; Michael Fahey, president-ATI Title Co.; Donald Fraley, president-Crop Hail Management; Donald Michie, chief financial officer-Crop Hail Management.
Contact: Stephen L. Byrnes.

O

R.P. O'Brien & Co. Inc.

411 Theodore Fremd Ave., Rye, N.Y. 10580; 914-921-0005; fax: 914-921-1078

	1990	1989
Gross revenues	$1,175,000	$1,100,000
U.S. clients	98%	NA
Non-U.S. clients	2%	NA
Brokerage: Retail	90%	91%
Personal lines	1%	1%
Services	4%	0%
Invstmt. income	5%	8%
Employees	8	6
Offices	1	1

Year founded: 1988.
Brokerage: 95% commissions, 5% fees.
Licensed excess/surplus broker in: New York.
Principal officers: Rory P. O'Brien, president; Michael F. Power, vp.
Contact: Rory P. O'Brien.

O'Gorman & Young Inc.

159 Main St., Chatham, N.J. 07928; 201-635-1800; 201-635-7744

	1990	1989
Premium volume	NA	NA
Gross revenues	$5,500,454	$5,488,871
Brokerage: Retail	87%	86%
Personal lines	13%	14%
Employees	53	53
Offices	2	2

Year founded: 1894.
Brokerage: 100% commissions.
Retail brokerage branch offices: G.R. Murray Insurance, Princeton, N.J.
Principal officers: Simeon H. Rollinson III, president; Eugene V. Tracey, executive vp/treasurer; Richard Farnow, financial vp; Ernest J. Lawton III, Robert Laudati, Peter J. Redfern, Michael J. Regan.
Contact: E.V. Traley.

The James B. Oswald Co.

1 Erieview Plaza, Suite 600, Cleveland, Ohio 44114; 216-241-0468; fax: 216-241-4520

	1990	1989
Premium volume	$60,000,000	$59,000,000
Gross revenues	$8,300,000	$7,500,000
U.S. clients	100%	100%
Brokerage: Retail	65%	56%
Personal lines	10%	14%
Services	11%	9%
Invstmt. income	2%	2%
Other	12%	19%
Employees	130	127
Offices	2	2

Year founded: 1893.
Brokerage: 90% commissions, 10% fees.
Retail brokerage branch offices: Oswald, Trippe & Co. Inc., Fort Myers, Fla.
Non-retail brokerage subsidiaries: Oswald Risk Management Services Co., Cleveland; Oswald-Newman Consulting Group Inc., Fort Myers, Fla.
Licensed excess/surplus broker in: Ohio.
Principal officers: James R. Pender, chairman; John E. Warfel, president; Robert A. Bracci, executive vp; Raymond J. Malone, senior vp; Gary V. Trippe, president-Oswald Trippe & Co.
Contact: Robert A. Bracci.

P

PRIMAC Insurance

8 S. Nevada Ave., Suite 101, Colorado Springs, Colo. 80903; 719-475-8222; fax: 719-475-2144

	1990	1989
Premium volume	$27,065,814	$20,000,000
Gross revenues	$3,891,575	$3,700,000
U.S. clients	100%	100%
Brokerage: Retail	66.9%	66%
Personal lines	5%	7%
Services	20.5%	19%
Invstmt. income	6.6%	8%
Other	1%	0%
Employees	54	50
Offices	3	6

Year founded: 1910.
Parent company: Price & MacDonald Inc.
Brokerage: 99% commissions, 1% fees.
Retail brokerage branch offices: Colorado Springs, Cortez, Montrose, Colo.
Non-retail brokerage subsidiaries: National Benefit Administrators Inc., PRIMAC Travel Services Inc.
Licensed excess/surplus broker in: Colorado.
Principal officers: Dennis A. Weber, president; Richard C. Anderson, executive vp; Larry P. Burckhardt, vp; Ryan L. Hettich, chief financial officer.
Contact: Dennis A. Weber.

Paige-Ruane Inc.

983 Old Eagle School Road, Suite 616, Wayne, Pa. 19087; 215-254-9890; fax: 215-254-9893

	1990	1989
Premium volume	$11,121,507	$12,813,509
Gross revenues	$1,188,245	$1,334,643
U.S. clients	100%	100%
Brokerage: Retail	43%	43%
Wholesale	57%	57%
Employees	8	8
Offices	1	1

Continued on next page



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demographic section: Insurer Topics: Lobbying/Government Relations

issue: July 22
closing: July 9
editorial feature: Risk Management Mid-Year Market Report

issue: July 29 — Reader Service
closing: July 16
editorial feature: Risk Management Systems & Analysis — Directory: Risk Management Info Systems

issue: August 5
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demographic section: Agent/Broker Topics: New Selling Opportunities

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Business Insurance
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Continued from previous page

Year founded: 1979.
Brokerage: 100% commissions.
Licensed excess/surplus broker in: Pennsylvania.
Principal officers: Ronald R. Ruane Sr., president; Frederick Paige, secretary/treasurer; Lisa Shaffran, resident vp; Ronald Ruane Jr., assistant vp.
Contact: Lisa Shaffran.

Palley Simon Associates Inc.

Rydal Executive Plaza, Suite 300, Jenkintown, Pa. 19046; 215-884-2100; fax: 215-572-1417

	1990	1989
Premium volume	**$18,844,000**	$18,872,000
Gross revenues	**$3,295,000**	$3,141,000
U.S. clients	**100%**	100%
Brokerage: Retail	**81.5%**	79.2%
Personal lines	**12.4%**	13.9%
Invstmt. income	**6.1%**	6.9%
Employees	**38**	37
Offices	**1**	1

Year founded: 1974.
Brokerage: 86.8% commissions, 13.2% fees.
Principal officers: Mahlon B. Simon Jr., president; Samuel M. Palley, vp; Reid B. Sandner, assistant vp.
Contact: Mahlon B. Simon Jr.

Palmer & Cay/Carswell Inc.

25 Bull St., P.O. Box 847, Savannah, Ga. 31401; 912-234-6621; fax: 912-234-5427

	1990	1989
Premium volume	**$147,248,335**	$127,973,650
Gross revenues	**$16,577,133**	$14,407,200
U.S. clients	**100%**	100%
Brokerage: Retail	**81%**	79%
Personal lines	**8%**	12%
Services	**5%**	4%
Invstmt. income	**4%**	4%
Other	**2%**	1%
Employees	**176**	167
Offices	**7**	7

Year founded: 1868.
Brokerage: 83% commissions, 17% fees.
Retail brokerage branch offices: Savannah, Atlanta, Augusta and Vidalia, Ga.; Charlotte, N.C.; Shelander-Cowden Inc., Brunswick, Ga.; Almours-Carswell Inc., Jacksonville, Fla.
Licensed excess/surplus broker in: Georgia, Virginia.
Principal officers: John E. Cay III, president; Lewis H. Oden III, executive vp; William H. Brown, G. David Reid, senior vps; Angela Bemiss, treasurer.
Contact: Tim Kiene.

Palmer Goodell Insurance Agency Inc.

2077 Roosevelt Ave., P.O. Box 9040, Springfield, Mass. 01102-9040; 413-781-5940; fax: 413-733-7722

	1990	1989
Premium volume	**$32,500,000**	$34,595,300
Gross revenues	**$4,310,000**	$4,547,834
U.S. clients	**100%**	100%
Brokerage: Retail	**55%**	43.4%
Personal lines	**32%**	29.1%
Services	**8%**	5.6%
Invstmt. income	**0%**	1.1%
Other	**5%**	20.8%
Employees	**58**	76
Offices	**1**	1

Year founded: 1955.
Brokerage: 100% commissions.
Licensed excess/surplus broker in: Massachusetts.
Principal officers: Robert H. Carnevale, president; Jacob E. Stone, H. Russell Preston Jr., executive vps; K. Kevin Saremi, vp.
Contact: Robert H. Carnevale.

Parker, Smith & Feek Inc.

1700 First Interstate Center, 999 Third Ave., Seattle, Wash. 98121; 206-382-7900; fax: 206-382-1135

	1990	1989
Premium volume	**$80,000,000**	$70,000,000
Gross revenues	**$10,300,000**	$9,700,000
U.S. clients	**100%**	100%
Brokerage: Retail	**81%**	79%
Personal lines	**5%**	5%
Services	**1%**	0%
Invstmt. income	**3%**	2%
Other	**10%**	13%
Employees	**126**	114
Offices	**2**	2

Year founded: 1937.
Brokerage: 97% commissions, 3% fees.
Retail brokerage branch offices: Anchorage, Alaska.
Licensed excess/surplus broker in: Washington, Alaska.
Principal officers: John Zefkeles, chairman; Vic Parker, chief executive officer; Dennis Westover, senior vp; John Tracey, senior vp/secretary; Steve Wolf, vp/assistant secretary.
Contact: Steve Wolf.

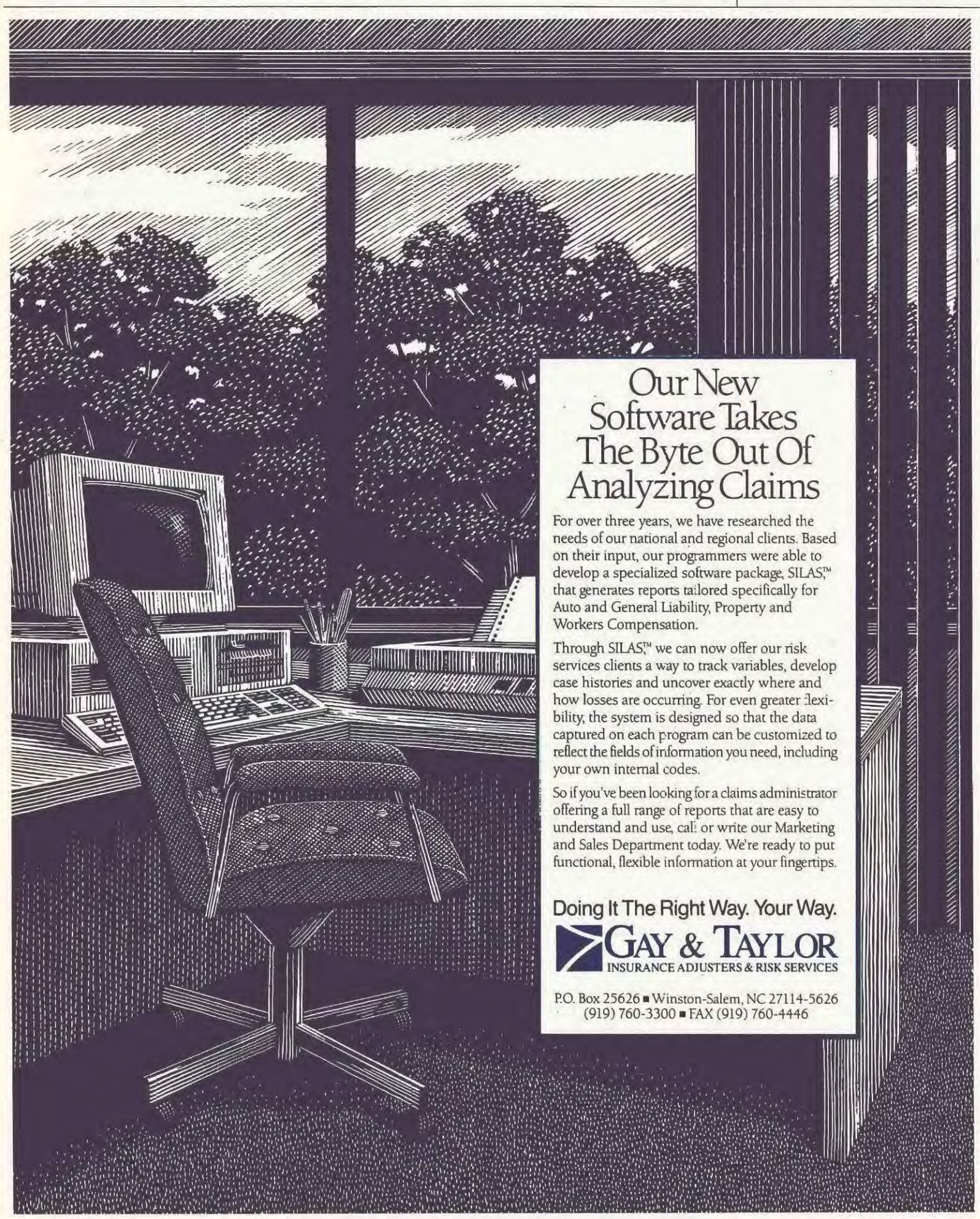
Pavenstedt & Pauli (U.S.A.) Inc.

302 W. High St., P.O. Box 968, Lexington, Ky. 40588; 606-254-5383; fax: 606-252-8658

	1990	1989
Premium volume	**$21,350,000**	$21,000,000
Gross revenues	**$2,032,000**	$2,120,000
U.S. clients	**40%**	NA
Non-U.S. clients	**60%**	NA
Brokerage: Retail	**40%**	36%
Wholesale	**34%**	35%
Reinsurance	**2%**	2%
Personal lines	**15%**	15%
Invstmt. income	**1.5%**	5%
Other	**7.5%**	7%
Employees	**34**	34
Offices	**6**	6

Year founded: 1989.
Brokerage: 100% commissions.
Acquisitions: Yearsley & Pavenstedt Lexington Ltd., Lexington, Ky.
Retail brokerage branch offices: London; Zurich, Switzerland; Paris; Pavenstedt & Pauli, Bremen, Germany; Yearsley & Pavenstedt Lexington Ltd., Lexington, Ky.
Parent company: Pavenstedt & Pauli.
Principal officers: Johann Th. Pavenstedt, chairman/chief executive offi-

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cer; James C. Falkenstine and Mary C. Payne, vps; Rebecca B. Lewis, secretary/treasurer.
Contact: Johann Th. Pavenstedt or Rebecca B. Lewis.

Pembroke Insurance Agency Inc.

4668 Pembroke Blvd., Suite 117, Virginia Beach, Va. 23455; 804-497-9611; fax: 804-497-4162

	1990	1989
Premium volume	$14,801,000	$14,655,106
Gross revenues	$1,880,000	$1,978,439
U.S. clients	100%	100%
Brokerage: Retail	80%	80%
Personal lines	13%	15%
Invstmt. income	3%	5%
Other	4%	2%
Employees	22	30
Offices	1	1

Year founded: 1969.
Brokerage: 100% commissions.
Principal officers: W.K. Hammaker, president; Brenda H. Hammaker and Dennis P. Browne, senior vps; F. Karl Hammaker and James B. Carver, vps.
Contact: W.K. Hammaker.

The Pilgrim Organization

518 Stuyvesant Ave., P.O. Box 615, Lyndhurst, N.J. 07071; 201-460-8400; fax: 201-461-9258

	1990	1989
Premium volume	$49,786,989	$42,691,000
Gross revenues	$7,905,456	$6,927,837
U.S. clients	100%	100%
Brokerage: Retail	51%	50%
Personal lines	7%	6%
Services	42%	42%
Invstmt. income	2%	2%
Employees	77	70
Offices	4	5

Year founded: 1972.
Parent company: Pilgrim Enterprises Inc.
Brokerage: 58% commissions, 42% fees.
Retail brokerage branch offices: Pilgrim Insurance Agency, Lyndhurst, N.J.; Kennedy Insurance Agency, Eatontown, N.J.; Larsen Insurance Agency, Montclair, N.J.; Pilgrim West Insurance Agency, San Diego.
Non-retail brokerage subsidiaries: MRM Management Corp., Lyndhurst, N.J.
Licensed excess/surplus broker in: New Jersey.
Principal officers: Robert A. Nicosia, chairman/chief executive officer; Margaret A. Nicosia, president.
Contact: Robert A. Nicosia.

Poe & Associates Inc.

702 N. Franklin St., Tampa, Fla. 33602; 813-222-4100; fax: 813-223-5874

	1990	1989
Premium volume	$410,000,000	$360,000,000
Gross revenues	$46,728,000	$41,674,000
U.S. clients	100%	100%
Brokerage: Retail	47%	44%
Wholesale	38%	41%
Personal lines	8%	6%
Services	5%	4%
Invstmt. income	2%	4%
Other	0%	1%
Employees	608	564
Offices	20	19

Year founded: 1956.
Brokerage: 93% commissions, 7% fees.
Acquisitions: Bynum, Beck & Drew, Houston; Browne & Browne, Fort Lauderdale, Fla.; Physicians Plan Inc., Hartford, Conn.; Neil Wiley Insurance Services Inc., Atlanta; Golden Eagle Group Inc., Lakeland, Fla.; Western Express Insurance Inc., Colorado Springs, Colo.; Farr Insurance Inc., Palm Beach, Fla.
Retail brokerage branch offices: Tampa, Fort Lauderdale, Fort Myers, Jacksonville, Lakeland, Miami, Orlando, Palm Beach, Sarasota, Tallahassee and Winter Haven, Fla.; Bynum, Beck & Poe, Houston; Dean S. Davidson, Phoenix and Westlake Village, Calif.; Insurance Administration Center Inc., Tampa; Neil Wiley Insurance Services Inc., Atlanta; O'Connell & Salisbury, Somerset, N.J.; Poe & Associates of Georgia Inc., Atlanta; Poe & Associates of North Carolina Inc., Charlotte, N.C.
Non-retail brokerage subsidiaries: Insurance Administration Center Inc., Jordan, Roberts & Co. and W.F. Poe & Associates, Tampa, Fla.; Physicians Plan Inc., Hartford, Conn.
Licensed excess/surplus broker in: Florida.
Principal officers: William F. Poe, chairman/chief executive officer; V.C. Jordan Jr., president; Bruce G. Geer and Joseph E. Brown, executive vps; Donald E. Howery, vp/treasurer/secretary; Kenneth M. Sumner, vp.
Contact: Donald E. Howery.

Pomerleau Agency Inc.

184 S. Winooski Ave., Burlington, Vt. 05401; 802-863-2841; fax: 802-863-8209

	1990	1989
Premium volume	$32,100,000	$31,500,000
Gross revenues	$3,900,000	$3,600,000
Brokerage: Retail	53.5%	41.4%
Wholesale	30.5%	19.8%
Personal lines	9%	3.9%
Services	0%	34.9%
Invstmt. income	4.7%	0%
Other	2.3%	0%
Employees	35	32
Offices	2	1

Year founded: 1953.
Brokerage: 97.7% commissions, 2.3% fees.
Acquisitions: County Insurance, Bristol, Vt.
Non-retail brokerage subsidiaries: Pomerleau Program Administrators, Burlington, Vt.
Licensed excess/surplus broker in: Vermont.
Principal officers: Antonio B. Pomerleau, chairman; Charles S. Lord, president; Thomas L. Mays, executive vp; Jeffrey H. Seaver and Brian L. Courcy, vps.
Contact: Thomas L. Mays.

Popkin Lebson Bergstein Inc.

25 Rockwood Place, P.O. Box 5599, Englewood, N.J. 07631; 201-569-8090; 212-928-2473; fax: 201-569-9893

	1990	1989
Premium volume	$20,261,922	$20,704,145
Gross revenues	$3,178,628	$3,064,441
U.S. clients	100%	100%
Brokerage: Retail	69%	69%
Wholesale	1%	1%
Personal lines	28%	28%
Services	1%	1%
Invstmt. income	1%	1%
Employees	46	48
Offices	2	2

Year founded: 1974.
Brokerage: 99% commissions, 1% fees.
Retail brokerage branch offices: Schneiderman Agency, Bayonne, N.J.
Licensed excess/surplus broker in: New Jersey.
Principal officers: Leo J. Popkin, president; Martin A. Lebson, vp/treasurer; Bruce A. Bergstein, vp/secretary; Michael Bergstein, Ron Bergstein, Jay Bergstein and Ted Kadison, vps.
Contact: Martin A. Lebson.

Cecil W. Powell & Co.

219 Newnan St., P.O. Drawer 41490, Jacksonville, Fla. 32203; 904-353-3181; fax: 904-353-5722

	1990	1989
Premium volume	$40,000,000	$32,000,000
Gross revenues	$3,587,812	$3,478,159
U.S. clients	100%	100%
Brokerage: Retail	92.2%	92.5%
Personal lines	5%	5%
Invstmt. income	2.8%	2.5%
Employees	37	35
Offices	1	1

Year founded: 1935.
Brokerage: 92% commissions, 8% fees.
Licensed excess/surplus broker in: Florida.
Principal officers: Fitzhugh K. Powell, chairman; Lon B. Bryan, president; Thomas Powell, secretary/treasurer; Stanley L. Storey, executive vp; Connie A. Morrill, assistant treasurer.
Contact: Fitzhugh K. Powell.

R

ReagerHarris Inc.

P.O. Box 24008, Louisville, Ky. 40224; 502-425-9444; fax: 502-429-5465

	1990	1989
Premium volume	$26,000,000	$27,000,000
Gross revenues	$4,207,991	$4,412,407
U.S. clients	100%	100%
Brokerage: Retail	86%	84%
Personal lines	10%	10%
Invstmt. income	4%	6%

Year founded: 1904.
Brokerage: 95% commissions, 5% fees.
Retail brokerage branch offices: Lexington, Ky.
Licensed excess/surplus broker in: Kentucky.
Principal officers: Richard L. Martin, president; John L. English, senior vp; James E. Carrico, vp; Larry P. Westmoreland, secretary; Joseph M. Carrico, treasurer.
Contact: Richard L. Martin.

Rebsamen Insurance Inc.

1500 Riverfront Drive, P.O. Box 3198, Little Rock, Ark. 72203; 501-661-4800; fax: 501-666-9592

	1990	1989
Premium volume	$113,720,349	$112,045,692
Gross revenues	$15,205,824	$15,012,729
U.S. clients	100%	100%
Brokerage: Retail	59.02%	60.84%
Wholesale	22.88%	22.64%
Personal lines	3.49%	3.54%
Services	7.54%	5.9%
Invstmt. income	7.7%	7.08%
Employees	155	160
Offices	4	4

Year founded: 1929.
Brokerage: 99% commissions, 1% fees.
Retail brokerage branch offices: Rebsamen Insurance/Fort Smith, Fort Smith, Ark.; Rebsamen Insurance/Springdale, Springdale, Ark.; Rebsamen Insurance of Mississippi Inc., Ridgeland, Miss.
Non-retail brokerage subsidiaries: Insurisk Excess & Surplus Lines, Little Rock, Ark.
Licensed excess/surplus broker in: Arkansas, Kansas, Missouri, Mississippi, Oklahoma.
Principal officers: Charles H. Harper, president; Charles C. Campbell, executive vp; Joe H. Stafford, William L. Grace and Jack L. Garrison, senior vps.
Contact: William L. Grace.

The Redland Group Inc.

535 W. Broadway, Council Bluffs, Iowa 51503; 712-325-1010; fax: 712-325-5722

	1990	1989
Premium volume	$224,574,485	$153,326,000
Gross revenues	$58,984,454	$49,085,000
U.S. clients	100%	100%
Brokerage: Retail	14%	4%
Wholesale	76%	88%
Personal lines	5%	1%
Services	2%	3%
Invstmt. income	2%	3%
Other	1%	1%
Employees	407	300
Offices	6	5

Year founded: 1945.
Brokerage: 91% commissions, 9% fees.
Acquisitions: Mammel Schropp.
Retail brokerage branch offices: Insurance Agents Inc., Council Bluffs, Iowa; Mammel Schropp, Omaha, Neb.
Non-retail brokerage subsidiaries: American Agrisurance Inc., Council Bluffs, Iowa; Midwest Benefit Administrators, Omaha, Neb.
Licensed excess/surplus broker in: Nebraska.
Principal officers: H.H. Nelson, chairman; John P. Nelson, president; Richard Gibson and Gary Hurley, vps; Omer Trout, executive vp/secretary; Joseph G. Smith, vp-finance/treasurer.
Contact: Mark L. Vandivort.

Republic Hogg Robinson Inc.

20 Custom House St., Boston, Mass. 02110; 617-330-5100; fax: 617-330-6940

	1990	1989
Premium volume	NA	NA
Gross revenues	$71,300,000	$67,200,000
Brokerage: Retail	66%	66%
Personal lines	10%	10%
Services	22%	22%
Invstmt. income	2%	2%
Employees	895	865
Offices	39	36

Year founded: 1970.
Brokerage: 95% commissions, 5% fees.
Acquisitions: Gerald Gura Inc., New York; Powell Insurance Agency, Lubbock, Texas; Barry R. Milberg & Associates, Philadelphia.
Retail brokerage branch offices: 36 locations nationwide.
Non-retail brokerage subsidiaries: Transatlantic Underwriters Inc., Atlanta.
Licensed excess/surplus broker in: California, Florida, Georgia, Hawaii, Massachusetts, Michigan, New Hampshire, North Carolina, New York, Ohio, Pennsylvania, Texas, Virginia, Bermuda, New Mexico, Illinois.
Parent company: Hogg Group P.L.C.
Principal officers: Charles E. Keller, chairman/chief executive officer; Gary R. Griffith, president/chief operating officer; Arnold Bergson, honorary chairman; Donald A. Benyas, Donald F. Bercu, Louis S. Kohn, William J. Nietschmann, Eugene Oberdorfer II, Louis Kohn, senior vps.
Contact: M. Renwick Severance.

Ricci Associates Inc.

1910 Pine St., St. Louis, Mo. 63103; 314-231-2277; fax: 314-231-1641

	1990	1989
Premium volume	$15,000,000	$15,000,000
Gross revenues	$1,875,000	$1,800,000
U.S. clients	100%	100%
Brokerage: Retail	85%	85%
Personal lines	5%	5%
Services	2%	2%
Invstmt. income	8%	8%
Employees	25	28
Offices	2	2

Year founded: 1985.
Brokerage: 90% commissions, 10% fees.
Retail brokerage branch offices: Public Entity Risk Managers.
Principal officers: Thomas C. Ricci Jr., chairman; Stephen E. Ricci, president; John D. Wittenberg, executive vp.

Richards, Melling Ltd.

1130 Sherbrooke St. W., Suite 800, Montreal, Quebec H3A 2M8; 514-842-8921; fax: 514-844-8022

	1990	1989
Premium volume	$105,151,800	$86,370,000
Gross revenues	$14,566,110	$13,689,645
Non-U.S. clients	100%	100%
Brokerage: Retail	72%	72%
Personal lines	24%	25%
Invstmt. income	4%	3%
Employees	260	246
Offices	13	13

* Converted at applicable exchange rates.
Year founded: 1929.
Brokerage: 98.5% commissions, 1.5% fees.
Retail brokerage branch offices: RMI Consultants Group Inc., Montreal, Quebec; Guay, Blouin & Associates, Quebec City, Quebec; Lajoie, Meunier, Lemieux Inc, Chicoutimi, Quebec; Gravel & Levesque Inc., Jonquiere; Richards, Melling Insurance Brokers Inc., Toronto, Ottawa; Neil Campbell Ltd., Arnprior, Ontario; Richards Melling Ltd., Alberta, Edmonton, Vancouver, Cloverdale, White Rock, Langley, British Columbia.
Principal officers: A. Frederick Melling, president/chief executive officer; Dennis M. Oldham, senior vp/chief financial officer; Gilles Gauvreau, Donald A. Whitemore, Peter D. Watson, vps.
Contact: Dennis M. Oldham.

Roanoke Agency Inc.

1930 Thoreau Drive, Suite 101, Schaumburg, Ill. 60173; 708-490-9540/800-762-6653; fax: 708-885-8710

	1990	1989
Premium volume	NA	NA
Gross revenues	$15,200,000	$14,750,000
U.S. clients	100%	100%
Brokerage: Retail	80%	81%
Wholesale	9%	8%
Personal lines	3%	3%
Services	2%	3%
Invstmt. income	6%	5%
Employees	202	204
Offices	10	10

Year founded: 1935.
Brokerage: 96% commissions, 4% fees.
Retail brokerage branch offices: Roanoke International Insurance Agency Inc.: Boston; New York; Timonium, Md.; Miami; Houston; San Francisco, Los Angeles and Costa Mesa, Calif.; Charleston, S.C.; Schaumburg, Ill.
Non-retail brokerage subsidiaries: Anduril Cargo Insurance Specialists, Costa Mesa, Calif.
Licensed excess/surplus broker in: Illinois, Massachusetts, Maryland, New York, California, Texas, Florida, Virginia, Washington, South Carolina.
Principal officers: William D. Sterrett, president/chairman; Robert P. Froese, vp-operations; Lewis M. Moeller, vp-finance/administration.
Contact: Robert P. Froese.

Continued on next page

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Continued from previous page

Robertson-Ryan & Associates Inc.

660 E. Mason St., Milwaukee, Wis. 53202; 414-271-3575; fax: 414-271-0196

	1990	1989
Premium volume	**$40,095,545**	$34,512,926
Gross revenues	**$7,219,764**	$6,293,160
U.S. clients	**100%**	100%
Brokerage: Retail	**82%**	80%
Personal lines	**14%**	14%
Invstmt. income	**4%**	6%
Employees	**75**	69
Offices	**1**	1

Year founded: 1960.
Brokerage: 99% commissions, 1% fees.
Licensed excess/surplus broker in: All states.
Principal officers: Jack T. Ryan, chairman; Charles V. Johnson, executive vp; A.D. Robertson, Jay H. Robertson and John S. Borges, vps.
Contact: Charles V. Johnson.

Robinson-Conner Inc.

3230 W. Lake Road, Erie, Pa. 16505; 814-838-5900; fax: 814-838-5935

	1990	1989
Premium volume	**NA**	NA
Gross revenues	**$34,066,000**	$30,838,923
U.S. clients	**100%**	100%
Brokerage: Retail	**62%**	62%
Wholesale	**8%**	3%
Personal lines	**18%**	20%
Services	**11%**	11%
Invstmt. income	**1%**	1%
Other	**0%**	3%
Employees	**452**	478
Offices	**15**	18

Year founded: 1938.
Brokerage: 91% commissions, 9% fees.
Licensed excess/surplus broker in: Most states.
Principal officers: William B. Conner, president; Frank C. Witthun, executive vp; Patrick J. Quirk, treasurer.

Rollins Burdick Hunter Group Inc.

123 N. Wacker Drive, Chicago, Ill. 60606; 312-701-4000; fax: 312-701-4143

See profile on page 40.

Rothschild, Bell & Walseth Inc.

P.O. Box 7128, St. Paul, Minn. 55107-0128; 612-221-0205; fax: 612-221-0921

	1990	1989
Premium volume	**$13,000,000**	$10,000,000
Gross revenues	**$1,800,000**	$1,700,000
U.S. clients	**100%**	100%
Brokerage: Retail	**75%**	75%
Wholesale	**10%**	10%
Personal lines	**10%**	10%
Invstmt. income	**5%**	5%
Employees	**26**	24
Offices	**1**	1

Year founded: 1981.
Brokerage: 100% commissions.
Licensed excess/surplus broker in: Minnesota.
Principal officers: Bruce B. Walseth, president; Lowell N. Faa, vp.
Contact: Bruce B. Walseth.

S

SIR Insurance Agency Inc.

12222 Merit Drive, Suite 1200, Dallas, Texas 75251; 214-770-4660; fax: 214-770-4659

	1990	1989
Premium volume	**$46,550,000**	$37,370,000
Gross revenues	**$5,214,000**	$3,573,000
U.S. clients	**100%**	100%
Brokerage: Retail	**25%**	26%
Wholesale	**40%**	43%
Reinsurance	**6%**	4%
Services	**25%**	25%
Invstmt. income	**2%**	1%
Other	**2%**	1%
Employees	**39**	32
Offices	**1**	1

Year founded: 1984.
Brokerage: 75% commissions, 25% fees.
Licensed excess/surplus broker in: Texas.
Principal officers: Keith C. Kakacek, president; Gerald P. Brunker, John R. Catanzano, Tom Miller, vps; Paul J. McVearry, senior vp.
Contact: Paul J. McVearry.

Saldana & Associates Inc.

701-Ponce de Leon Ave., Centro de Seguros Building, Suite 303, Santurce, Puerto Rico 00907; 809-721-2600; fax: 809-721-1093

	1990	1989
Premium volume	**$98,000,000**	$80,000,000
Gross revenues	**$9,082,000**	$8,329,000
U.S. clients	**100%**	100%
Brokerage: Retail	**95.5%**	95.5%
Personal lines	**3%**	3%
Invstmt. income	**1.5%**	1.5%
Employees	**107**	99
Offices	**3**	2

Year founded: 1972.
Brokerage: 100% commissions.
Acquisitions: Baco Insurance, Ponce, Puerto Rico.
Retail brokerage branch offices: Wayne, N.J.; Ponce, Puerto Rico.
Licensed excess/surplus broker in: Puerto Rico.
Principal officers: Jorge Y. Saldana, chairman; Ralph G. Christiansen Jr., president; Eduardo R. Emanuelli, executive vp; Ruben A. Jordan, treasurer/senior vp; Manuel J. Mendez, secretary/senior vp; Jose E. Vazquez, senior vp.
Contact: Ralph G. Christiansen Jr.

San Diego Associates Inc.

2515 Camino del Rio S., Suite 226, San Diego, Calif. 92108; 619-293-3388; fax: 619-297-6370

	1990	1989
Premium volume	**$16,700,000**	$15,000,000
Gross revenues	**$835,000**	$750,000
U.S. clients	**100%**	100%
Brokerage: Retail	**60%**	60%
Services	**40%**	40%
Employees	**6**	5
Offices	**1**	1

Year founded: 1984.
Brokerage: 90% commissions, 10% fees.
Principal officers: David N. Peterson, president; Bruce N. Kesler, director.
Contact: Bruce N. Kesler.

The Schaefer Agency Inc.

201 E. Main St., Smithtown, N.Y. 11787; 516-979-7474; fax: 516-979-7485

	1990	1989
Premium volume	**NA**	NA
Gross revenues	**$2,750,000**	$2,500,000
U.S. clients	**100%**	100%
Brokerage: Retail	**70%**	70%
Personal lines	**30%**	30%
Employees	**38**	40
Offices	**3**	3

Year founded: 1975.
Retail brokerage branch offices: Crafts Smith Nowick & Goodwin, Smithtown, N.Y.; Three Village Agency, Seatauket, N.Y.
Principal officers: Charles Schaefer, president; Peter Nowick, Chris Schaefer, vps.
Contact: Charles Schaefer.

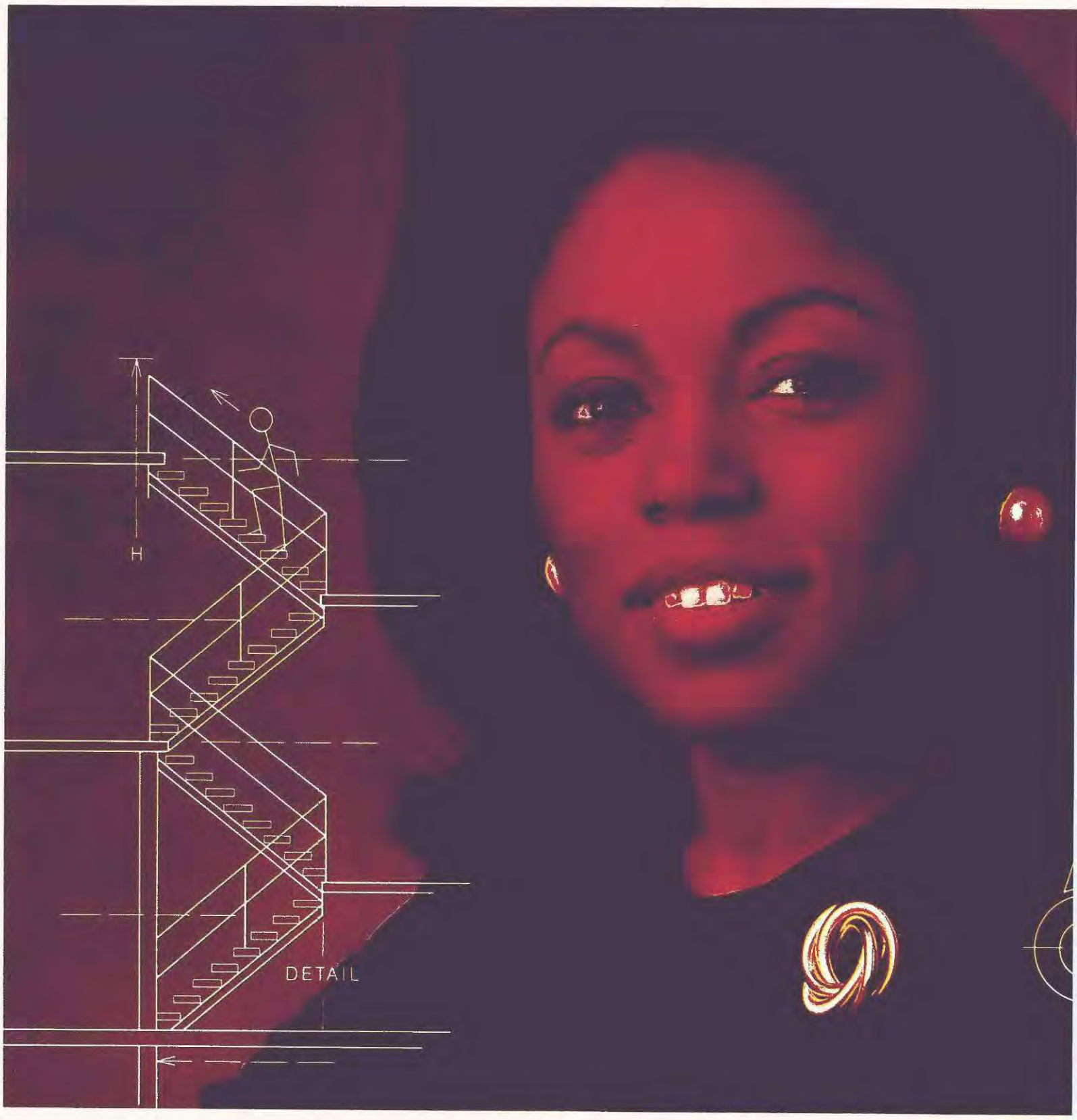
Schwartz Brothers Insurance Agency Inc.

135 S. LaSalle St., Suite 2035, Chicago, Ill. 60603; 312-630-0800; fax: 312-630-0833

	1990	1989
Premium volume	**$49,000,000**	$49,164,000
Gross revenues	**$7,500,000**	$8,163,000
U.S. clients	**100%**	100%
Brokerage: Retail	**89%**	90%
Personal lines	**5%**	4%
Invstmt. income	**6%**	6%
Employees	**63**	63
Offices	**1**	1

Continued on next page

THE HOM



OLD PROS ON

Continued from previous page

Year founded: 1919.
Brokerage: 99% commissions, 1% fees.
Licensed excess/surplus broker in: Illinois.
Principal officers: Edward H. Schwartz, president; Robert I. Schwartz and Raymond L. Miller, vps; David Kunkel, J. Spencer Miller, assistant secretaries.
Contact: Edward H. Schwartz.

Seaboard Financial Group Inc.

235 E. Plume St., Norfolk, Va. 23510; 804-625-1800; fax: 804-625-4849

	1990	1989
Premium volume	$95,000,000	$100,000,000
Gross revenues	$14,527,387	$13,728,535
U.S. clients	100%	100%
Brokerage: Retail	59.6%	60%
Wholesale	15.4%	14.4%
Reinsurance	1.2%	1.4%
Personal lines	15.3%	17.1%
Services	2.6%	2.7%
Invstmt. income	2.6%	3.5%
Other	3.3%	0.9%
Employees	172	209
Offices	9	11

Year founded: 1896.
Brokerage: 94.9% commissions, 5.1% fees.
Acquisitions: The Allen Agency Inc., Norfolk, Va.
Retail brokerage branch offices: Henderson & Phillips Inc., Norfolk, Va.; Commercial Insurance Agency, Portsmouth, Va.; Savage Insurance Agency, Williamsburg, Va.; Firestone Insurance Services/Colonial Premium Finance Co., Carpenter Brothers Insurance Agency, Newport News, Va.; Self Insurance Services, Richmond, Va.; Miller-Carneal Insurance, Richmond, Va.
Non-retail brokerage subsidiaries: Overstreet & Newell, Atlanta.
Licensed excess/surplus broker in: Virginia and Georgia.
Principal officers: George C. Phillips Jr., chairman/chief executive officer; F. Dudley Fulton, president/chief operating officer; Jeffrey A. Snyder, treasurer; Eleanor V. Rathbun, secretary.
Contact: F. Dudley Fulton.

Seaman Ross & Wiener Inc.

6851 Jericho Turnpike, Syosset, N.Y. 11791; 516-921-9100

	1990	1989
Premium volume	$12,500,000	$12,000,000
Gross revenues	$2,877,489	$2,750,000
Brokerage: Retail	72%	72%
Personal lines	10%	10%
Services	1%	1%
Invstmt. income	2%	2%
Other	15%	15%
Employees	18	18
Offices	1	1

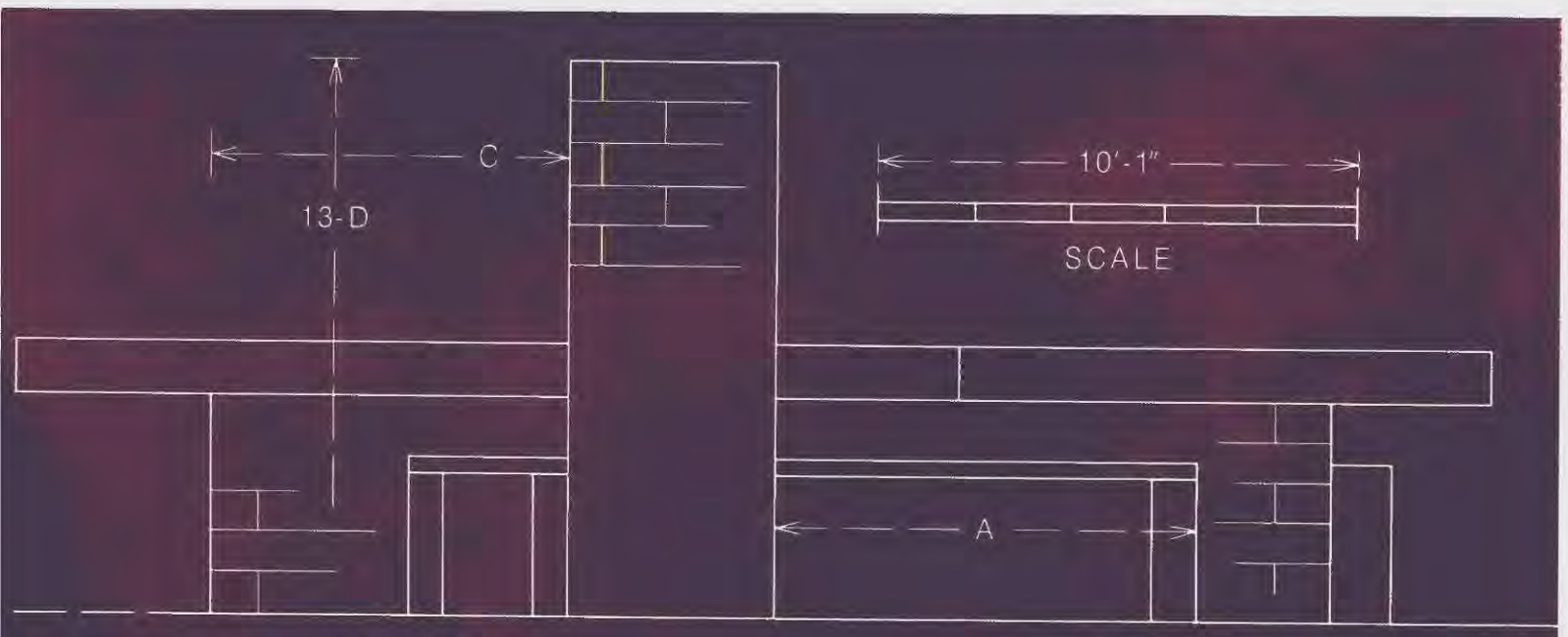
Year founded: 1955.
Brokerage: 99% commissions, 1% fees.
Principal officers: Douglas Schenendorf, secretary; Alex Seaman, president; Burton Seaman, John J. Ross, vps.
Contact: Douglas Schenendorf.

Sedgwick Group P.L.C.

Sedgwick House, Sedgwick Centre, London E18DX; 071-377-3456; fax: 071-377-3199

See profile on page 21.

E TODAY



Asst. VP for Big Thinking

Maybe it was something she learned from her father, a popular New Orleans jazz musician.

Or from having worked in a convent during college, helping disadvantaged young girls.

Wherever she learned it, Assistant Vice President Eileen Frank has an *uncanny* ability to motivate people, and spur them on to fresh, new thinking.

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Home Insurance

A NEW TEAM

Seitlin & Co.

8125 N.W. 53rd St., Miami, Fla. 33166; 305-591-0090; fax: 305-503-6993

	1990	1989
Premium volume	$46,724,092	$48,138,113
Gross revenues	$6,429,325	$6,311,000
Brokerage: Retail	83.8%	85%
Personal lines	13.5%	12.5%
Invstmt. income	2.7%	2.5%
Employees	78	89
Offices	2	2

Year founded: 1945.
Brokerage: 99% commissions, 1% fees.
Retail brokerage branch offices: Seitlin & Co. of Broward Inc., Fort Lauderdale, Fla.
Licensed excess/surplus broker in: Florida.
Principal officers: Sam Seitlin, chairman; M. Stephen Jackman, president; Lynn Tsucalas, manager-marketing/vp; Richard R. Johnson, Frank Wheeler, vps.
Contact: M. Stephen Jackman.

Shelton Insurance Agency Inc.

1227 Third St., P.O. Box 2727, Corpus Christi, Texas 78404; 512-882-5586; fax: 512-882-7935

	1990	1989
Premium volume	$10,484,889	$9,460,342
Gross revenues	$1,220,001	$1,237,191
U.S. clients	100%	100%
Brokerage: Retail	90%	89%
Personal lines	8%	9%
Invstmt. income	2%	2%
Employees	15	17
Offices	1	1

Year founded: 1941.
Brokerage: 100% commissions.
Licensed excess/surplus broker in: Texas.
Principal officers: W.J. Shelton, chairman; Michael G. Morgan, vp/secretary/treasurer.

The Simkiss Cos.

150 Radnor-Chester Road, St. Davids, Pa. 19087; 215-254-5000; fax: 215-254-5016

	1990	1989
Premium volume	$55,105,000	$52,180,000
Gross revenues	$7,514,000	$7,190,000
U.S. clients	100%	100%
Brokerage: Retail	91%	91%
Personal lines	3%	4%
Services	1%	1%
Invstmt. income	5%	4%
Employees	58	56
Offices	1	1

Year founded: 1965.
Brokerage: 84% commissions, 16% fees.
Licensed excess/surplus broker in: Pennsylvania.
Principal officers: John A. Simkiss Jr., president; Richard J. Decker, William F. Simkiss, William F. O'Brien, executive vps.
Contact: Daniel B. Norris, vp.

The Sklover Organization

400 Post Ave., Westbury, N.Y. 11590; 516-333-6011; fax: 516-333-6608

	1990	1989
Premium volume	$15,000,000	$14,000,000
Gross revenues	$1,700,000	$1,550,000
U.S. clients	90%	90%
Non-U.S. clients	10%	10%
Brokerage: Retail	80%	80%
Personal lines	10%	10%
Services	8%	8%
Invstmt. income	2%	2%
Employees	9	9
Offices	2	2

Year founded: 1964.
Brokerage: 90% commissions, 10% fees.
Retail brokerage branch offices: New York.
Principal officers: Richard Sklover, president; Dominic Repetto, vp; Richard Ward, vp-sales.
Contact: Richard Sklover.

Dan Smith Insurance Agency Inc.

14950 Circle Drive, Victorville, Calif. 92392; 619-245-5344; fax: 619-241-3567

	1990	1989
Premium volume	$7,000,000	$6,100,000
Gross revenues	$1,250,000	$1,175,000
U.S. clients	100%	100%
Brokerage: Retail	42%	55%
Personal lines	48.5%	35%
Services	2%	5%
Invstmt. income	1.5%	8%
Other	6%	4%
Employees	21	23
Offices	2	2

Year founded: 1917.

Continued on next page

Continued from previous page

Brokerage: 100% commissions.
Principal officers: Daniel E. Smith, president; Gisela Saparitti, vp; Susanne Escobedo, treasurer.
Contact: Susanne Escobedo.

Smith, Bell & Thompson Inc.

102 S. Winooski Ave., P.O. Box 730, Burlington, Vt. 05401; 802-658-4600; fax: 802-658-6191

	1990	1989
Premium volume	$38,504,723	$32,801,141
Gross revenues	$6,625,204	$5,867,013
U.S. clients	100%	100%
Brokerage: Retail	17.1%	26.9%
Wholesale	67%	53.6%
Personal lines	6%	8.6%
Services	1.5%	1.6%
Invest. income	7.1%	5.8%
Other	1.3%	3.5%
Employees	61	51
Offices	1	1

Year founded: 1928.
Brokerage: 100% commissions.
Non-retail brokerage subsidiaries: Vermont Specialty Underwriters, Burlington, Vt.
Licensed excess/surplus broker in: All states.
Principal officers: Warren L. Thompson/chief executive officer, president; Roger D. Teuse, senior vp; Bradley D. Matulonis, chief financial officer; Carolyn S. Kovac and William D. Thompson, vps.
Contact: Bradley D. Matulonis.

Smith-Field Insurance Agency Inc.

415 N. Alfred St., P.O. Box 1269, Alexandria, Va. 22313; 703-548-1551; fax: 703-836-6956

	1990	1989
Premium volume	$19,000,000	$18,000,000
Gross revenues	$3,158,571	$3,042,355
U.S. clients	100%	100%
Brokerage: Retail	91%	91%
Personal lines	8%	8%
Invest. income	1%	1%
Employees	42	43
Offices	1	1

Year founded: 1960.
Brokerage: 100% commissions.
Licensed excess/surplus broker in: Virginia.
Principal officers: Thomas S. Field, chairman; Philip A. Colclough, president; Karl R. Nelson, vp/treasurer.
Contact: Philip A. Colclough.

Sodarcan Inc.

1140 Maisonneuve Blvd. W., Suite 701, Montreal, Quebec H3A 1M8; 514-288-0100; fax: 514-282-1364

See profile on page 72.

Starkweather & Shepley Inc.

155 S. Main St., Providence, R.I. 02903; 401-421-6900; fax: 401-272-0180

	1990	1989
Premium volume	$62,797,000	$44,300,000
Gross revenues	$7,537,000	$6,415,000
Non-U.S. clients	100%	NA
Brokerage: Retail	73%	NA
Wholesale	10%	NA
Personal lines	14%	NA
Invest. income	3%	NA
Employees	80	68
Offices	3	2

Year founded: 1879.
Brokerage: 97% commissions, 3% fees.
Acquisitions: C.A. Morgan, Westerly, R.I.
Retail brokerage branch offices: Westerly, R.I.
Non-retail brokerage subsidiaries: Providence, R.I.
Licensed excess/surplus broker in: Maine, New Hampshire, Massachusetts, Vermont, Rhode Island.
Principal officers: Richard A. Bentfield, president/chief executive officer; Fred R. Ripp, executive vp; Natale P. Calamis, vp; William P. McGillivray, treasurer.
Contact: Richard A. Bentfield.

Dewitt Stern, Gutmann & Co. Inc.

420 Lexington Ave., New York, N.Y. 10170; 212-867-3550

	1990	1989
Premium volume	NA	NA
Gross revenues	$5,615,000	$5,280,000
U.S. clients	89%	NA
Non-U.S. clients	11%	NA
Brokerage: Retail	78%	79%
Wholesale	1%	1%
Personal lines	21%	20%
Services	1%	0%
Employees	75	67
Offices	3	2

Year founded: 1899.
Brokerage: 96% commissions, 4% fees.
Retail brokerage branch offices: DeWitt Stern of California, Studio City, Calif.; DeWitt Stern/Fisher, Norwalk, Conn.; DeWitt Stern/Imperatore, North Bergen, N.J.
Licensed excess/surplus broker in: New York.
Principal officers: DeWitt A. Stern, chairman; Jolyon F. Stern, president/chief executive officer; Gilbert Andrus, executive vp; James Lippe, senior vp; Bertram B. Fisher, Arthur Abrams and Jerry Vande Sande, vps; Constance F. Gray, secretary.

Sullivan Co. Inc.

1 Shelter Place, 14th Floor, P.O. Box 2860, Greenville, S.C. 29602; 803-239-1401; fax: 803-239-1435

	1990	1989
Premium volume	$26,000,000	$26,000,000
Gross revenues	$3,400,000	$3,400,000
Brokerage: Retail	80%	78%
Personal lines	20%	22%

Year founded: 1974.
Brokerage: 99% commissions, 1% fees.
Retail brokerage branch offices: Greenville, S.C.; Sylva, Robbinsville, Andrews, Hayesville and Murphy, N.C.
Licensed excess/surplus broker in: North Carolina, South Carolina, nonresident in all states.
Principal officers: Joseph F. Sullivan, president; Alex J. Edmonds, Charles D. Welch, executive vps; Albert Y. Hyndshaw, secretary/treasurer.
Contact: Joseph F. Sullivan, 803-239-1404.

Swantner & Gordon Insurance Agency

101 N. Shoreline, P.O. Box 870, Corpus Christi, Texas 78403; 512-883-1711; fax: 512-883-3902

	1990	1989
Premium volume	$24,000,000	$24,000,000
Gross revenues	$2,600,000	$2,600,000
Brokerage: Retail	74%	74%
Personal lines	16%	16%
Services	6%	6%
Invest. income	3%	3%
Other	1%	1%
Employees	36	36
Offices	1	1

Year founded: 1936.
Brokerage: 94% commissions, 6% fees.
Principal officers: Blois Bridges, managing partner; Jerry Hunt, Randy Lee and Michael Swantner, partners.
Contact: Jerry Hunt or Randy Lee.

T

Tanenbaum-Harber Co. Inc.

320 W. 57th St., New York, N.Y. 10019; 212-603-0210; fax: 212-262-9570

	1990	1989
Premium volume	$170,000,000	$170,000,000
Gross revenues	$18,500,000	$13,500,000
U.S. clients	99%	99%
Non-U.S. clients	1%	1%
Brokerage: Retail	83.5%	84%
Wholesale	4.5%	4%
Reinsurance	2%	2%
Personal lines	5%	5%
Services	3%	3%
Invstmt. income	2%	2%
Employees	143	142
Offices	5	5

Year founded: 1860.
Brokerage: 92% commissions, 8% fees.
Retail brokerage branch offices: Miami; Boston; San Diego; D.R. Reiff & Associates, New York.
Non-retail brokerage subsidiaries: Hartan Brokerage Inc. and Tanenbaum-Harber Reinsurance Intermediaries Inc., New York; Common Market Agency Inc., New York and London; Thesco Consulting-Actuaries, Comprehensive Benefits Services Inc.
Licensed excess/surplus broker in: New York.
Principal officers: Robert K. Harris, chairman; Walter L. Harris, president; Richard J. Fleder, executive vp/president-benefits; Walter Bronston, Robert V. Donovan, Ronald S. Hanstein, Harold Pray and Robert J. Pulver, James Mannino, senior vps; Ronnie E. Raymond, executive vp-reinsurance; Edward Pray, president-E&S; Fred Jove, Frank Culver and Alan Lux, resident vps.
Contact: Robert K. Harris.

Texas Insurance Agency Inc.

5368 Fredericksburg Road, Suite 300, San Antonio, Texas 78229; 512-366-0671; fax: 512-524-2087

	1990	1989
Premium volume	$30,000,000	$28,000,000
Gross revenues	$4,200,000	$4,000,000
U.S. clients	100%	100%
Brokerage: Retail	76%	75.2
Personal lines	21%	19%
Services	0.2%	0.3%
Invstmt. income	2.8%	2.8%
Employees	75	60
Offices	2	2

Year founded: 1971.
Brokerage: 100% commissions.
Retail brokerage branch offices: Austin, Dallas and Houston, Texas.
Licensed excess/surplus broker in: Texas.
Principal officers: W.W. McAllister III, secretary/treasurer; Joe E. Minihan, president; Greg Stevens, vp/chief financial officer; Bill Wade, vp/chief operating officer; James K. Ruble, director.
Contact: Joe E. Minihan.

Thilman & Filippini

1 E. Wacker Drive, Suite 1800, Chicago, Ill. 60601; 312-527-9500; fax: 312-527-9509

	1990	1989
Premium volume	$35,000,000	$32,000,000
Gross revenues	$4,500,000	$4,125,000
U.S. clients	100%	100%
Brokerage: Retail	85%	83%
Personal lines	8%	10%
Services	5%	4%
Invstmt. income	2%	2%
Employees	57	56
Offices	1	1

Year founded: 1980.
Brokerage: 95% commissions, 5% fees.
Principal officers: E. Thomas Thilman and Thomas W. Filippini, partners.
Contact: E. Thomas Thilman.

Thoits Insurance Service Inc.

250 Cambridge Ave., Palo Alto, Calif. 94306-0190; 415-324-0606; fax: 415-853-3882

	1990	1989
Premium volume	$36,000,000	$24,736,000
Gross revenues	$4,570,000	$3,590,000
U.S. clients	100%	100%
Brokerage: Retail	78%	73%
Personal lines	15%	17%
Services	2%	2%
Invstmt. income	5%	5%
Other	0%	3%
Employees	49	53
Offices	1	1

Year founded: 1891.
Brokerage: 97% commissions, 3% fees.
Principal officers: Donald A. Way, chairman/chief executive officer; Herb Hill, president/chief financial officer; Kenneth K. Peterson, senior vp/chief operating officer.
Contact: Donald A. Way.

The Thomson Group

521 Fellowship Road, Suite 130, Mount Laurel, N.J. 08054; 609-866-8712; fax: 609-866-7482

	1990	1989
Premium volume	$69,000,000	$61,000,000
Gross revenues	$8,300,000	$7,950,000
U.S. clients	100%	100%
Brokerage: Retail	70%	70%
Wholesale	2%	2%
Personal lines	20%	20%
Services	5%	5%
Invstmt. income	3%	3%
Employees	105	101
Offices	6	8

Year founded: 1934.
Brokerage: 95% commissions, 5% fees.
Acquisitions: Protection Services Co., Bridgeton, N.J.
Retail brokerage branch offices: The Dilks Agency Inc., Mount Laurel, N.J.; H.A. Thomson Co. and Bailey Insurance Management, Exton, Pa.; Colson Agency, Woodstown, N.J.; Thomson Financial Services, Rosemont, Pa.; Protection Service Co., Bridgeton, N.J.
Licensed excess/surplus broker in: New Jersey, Pennsylvania.
Principal officers: Robert N. Langner, Stephen Lishnoff, Thomas P. Giangiulio, B.J. Giangiulio and Otto Grupp III, principals.

John P. Tilden Ltd.

10 Platt St., New York, N.Y. 10038; 212-635-2200; fax: 212-635-4230

	1990	1989
Premium volume	NA	NA
Gross revenues	$5,600,911	$5,715,570
U.S. clients	98%	100%
Non-U.S. clients	2%	0%
Brokerage: Retail	72%	71.7%
Wholesale	5%	5%
Reinsurance	1%	1%
Personal lines	8.2%	9%
Services	6.6%	8%
Invstmt. income	7%	5%
Other	0.2%	0.3%
Employees	63	74
Offices	2	2

Year founded: 1962.
Brokerage: 93% commissions, 7% fees.
Retail brokerage branch offices: Bay Shore, N.Y.
Licensed excess/surplus broker in: New York.
Principal officers: J. Robert Wilson, chairman; John J. McGowan, president; Gerald I. Benson, vice chairman/chief executive officer; Vincent Curatolo, senior vp; Gary Ferrazzano, secretary; Nancy Torres, treasurer.
Contact: Gerald I. Benson, 212-504-9720.

Tower-Chisholm Ferguson Ltd.

2 Lansing Square, Suite 901, Willowdale, Ontario M2J 4P8; 416-495-0463; fax: 416-495-7274

	1990 *	1989 *
Premium volume	$9,911,850	$9,068,850
Gross revenues	$1,572,509	$1,501,335
U.S. clients	2%	2%
Non-U.S. clients	98%	98%
Brokerage: Retail	64%	68%
Personal lines	30%	28%
Invstmt. income	6%	4%
Employees	25	28
Offices	1	1

* Converted at applicable exchange rates.
Year founded: 1928.
Brokerage: 98% commissions, 2% fees.
Principal officers: Herbert Schwartze, chairman; Darryl D. Ticknor, president; Ronald Bennett, vp-sales/marketing; Deborah Massa, vp/secretary/treasurer.
Contact: Darryl D. Ticknor.

Transignal Insurance Brokerage

9483 Haven Ave., Suite 100, Rancho Cucamonga, Calif. 91730; 714-944-6977; fax: 714-941-8389

	1990	1989
Premium volume	$32,000,000	$21,500,000
Gross revenues	$2,957,000	$1,805,000
U.S. clients	100%	100%
Brokerage: Retail	100%	100%
Employees	43	22
Offices	4	4

Year founded: 1984.
Brokerage: 100% commissions.
Acquisitions: ATIS, Irvine, Calif.
Retail brokerage branch offices: Fresno, El Centro, Irvine, Calif.
Principal officers: Michael S. Oliver, president; Judy L. Busam, executive vp; Patricia Flannery, controller, Stepahn Plotzker, vp.
Contact: Judy L. Busam.

Transportation Insurance Managers

11300 N. Central Expressway, Suite 207, Dallas, Texas 75243; 214-373-4566; fax: 214-373-4572

	1990	1989
Premium volume	$10,000,000	$9,000,000
Gross revenues	$708,620	$587,940
U.S. clients	100%	100%
Brokerage: Retail	95.9%	96.1%
Services	0.5%	0.5%
Invstmt. income	3.6%	3.4%
Employees	7	6
Offices	2	1

Year founded: 1983.
Brokerage: 99.5% commissions; 0.5% fees.
Retail brokerage branch offices: Houston.
Principal officers: Dale Weatheread, president; Robert D. Hunt, vp/secretary; Don Pridgin, vp.
Contact: Robert D. Hunt.

U

Ulrich, Voorhees, Warner Associates

100 Davidson Ave., Somerset, N.J. 08875; 201-469-3000

	1990	1989
Premium volume	NA	NA
Gross revenues	$7,310,000	$6,780,000
U.S. clients	97%	96%
Non-U.S. clients	3%	4%
Brokerage: Retail	69%	64%
Personal lines	6%	5%
Services	12%	9%
Invstmt. income	3%	3%
Other	10%	19%
Employees	51	52
Offices	1	1

Year founded: 1973.
Parent company: Ulrich, Voorhees, Warner Associates.
Brokerage: 85% commissions, 15% fees.
Non-retail brokerage subsidiaries: UVW Financial Services Inc., Somerset, N.J.
Licensed excess/surplus broker in: New Jersey.
Principal officers: John N. Voorhees III, president; Stephen A. Warner, executive vp; William Cilente, senior vp; T. Wade Byrum, vp-employee benefits; Allen Preville, vp.
Contact: Stephen A. Warner.

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BOTHELL, WA (206) 485-4279

Continued from previous page

United International Brokers

135 Wood Road, Braintree, Mass. 02184; 617-848-8946; fax: 617-849-0327

	1990	1989
Premium volume	$23,000,000	$19,200,000
Gross revenues	$2,270,000	$2,150,000
U.S. clients	99%	100%
Non-U.S. clients	1%	0%
Brokerage: Retail	90%	80%
Wholesale	0%	2%
Personal lines	5%	12
Services	4%	4%
Invstmt. income	0.5%	2%
Other	0.5%	0%
Employees	28	32
Offices	3	2

Year founded: 1986.
Parent company: MBA Group of Cos.
Brokerage: 96% commissions, 4% fees.
Retail brokerage branch offices: Portland, Maine.
Licensed excess/surplus broker in: New England states.
Principal officers: Richard L. Wellner, president; Lawrence W. Sullivan, Alan M. Alexis, senior vps; Peter McCann, Burt M. Pinney, vps.
Contact: Richard L. Wellner.

V

Van Beurden Insurance Services Inc.

1600 Draper St., Kingsburg, Calif. 93631; 209-897-2975; fax: 209-897-4070

	1990	1989
Premium volume	$81,204,312	$80,425,332
Gross revenues	$10,256,311	$10,073,462
U.S. clients	100%	100%
Brokerage: Retail	84%	85%
Personal lines	8%	7%
Invstmt. income	8%	8%
Employees	112	125
Offices	12	11

Year founded: 1934.
Brokerage: 100% commissions.
Retail brokerage branch offices: San Francisco, Woodland, Modesto, Fresno, Caruthers, Visalia, Paso Robles, Los Osos and Bakersfield, San Bernardino, Calif.; Bellevue, Wash; Van Beurden Insurance Services Inc., San Bernardino, Calif.
Licensed excess/surplus broker in: California.
Principal officers: William J. Van Beurden, president; Mark F. Matthews, executive vp; Steven C. Wigh, senior vp; J. Robert Lankford, chief financial officer.
Contact: Steven C. Wigh.

Truman Van Dyke Co.

6255 Sunset Blvd., Suite 1220, Hollywood, Calif. 90028; 213-462-3300; fax: 213-462-4857

	1990	1989
Premium volume	$10,579,097	$10,269,586
Gross revenues	$1,240,991	$1,180,613
U.S. clients	97%	100%
Non-U.S. clients	3%	0%
Brokerage: Retail	89%	90%
Wholesale	11%	10%
Employees	17	16
Offices	1	1

Year founded: 1953.
Brokerage: 100% commissions.
Licensed excess/surplus broker in: California.
Principal officers: Truman Van Dyke Jr., president; Rose Van Dyke, chairman.
Contact: Truman Van Dyke Jr.

Van Gilder Insurance Corp.

700 Broadway, Denver, Colo. 80203; 303-837-8500; fax: 303-831-5295

	1990	1989
Premium volume	$59,000,000	$53,000,000
Gross revenues	$9,291,000	$8,410,000
U.S. clients	100%	100%
Brokerage: Retail	69%	68%
Personal lines	11%	12%
Invstmt. income	7%	8%
Other	13%	12%
Employees	115	115
Offices	4	4

Year founded: 1905.
Brokerage: 100% commissions.
Retail brokerage branch offices: Casper, Wyo.; Sterling, Colo.; Kansas City, Kan.
Licensed excess/surplus broker in: All states.
Principal officers: Dell Van Gilder, Henry Higginbottom, Ned Steel, Rollo Jacobs and Karl Parker.
Contact: Dell Van Gilder.

W

Wallace Welch & Willingham Inc.

3810 16th St. N., St. Petersburg, Fla. 33703; 813-522-7777; fax: 813-521-2902

	1990	1989
Premium volume	$30,000,000	$30,000,000
Gross revenues	$3,500,000	$3,500,000
U.S. clients	98%	98%
Non-U.S. clients	2%	2%
Brokerage: Retail	67%	66%
Personal lines	30%	30%
Invstmt. income	2%	3%
Other	1%	1%
Employees	50	52
Offices	1	1

Year founded: 1925.
Brokerage: 99% commissions, 1% fees.
Licensed excess/surplus broker in: Florida.
Principal officers: William P. Wallace, deputy chairman; John I. Welch, chairman; Weyman Willingham Jr., president; Robert J. Stambaugh, executive vp.
Contact: Stanley B. Shreve, vp.

Arthur A. Watson & Co. Inc.

225 Spring St., Wethersfield, Conn. 06109; 203-563-8111; fax: 203-563-5201

	1990	1989
Premium volume	$65,000,000	$94,000,000
Gross revenues	$8,599,000	$12,655,000
U.S. clients	100%	100%
Brokerage: Retail	47%	45%
Wholesale	0%	19%
Personal lines	24%	15%
Invstmt. income	3%	5%
Other	26%	16%
Employees	105	145
Offices	3	5

Year founded: 1929.
Brokerage: 100% commissions.
Retail brokerage branch offices: Waterbury, Conn.; Sponsored Markets Division, Wethersfield, Conn.
Licensed excess/surplus broker in: Connecticut.
Principal officers: Thomas A. Willsey, president; Elliot H. Levine, Peter E. Peterson, Stephen R. Gass, Thomas Watson, senior vps; Alan S. Currie, senior vp/chief financial officer.
Contact: Thomas A. Willsey.

Welsh, Flatness & Lutz Inc.

701 Market St., Suite 600, St. Louis, Mo. 63101; 314-436-2399; fax: 314-342-7170

	1990	1989
Premium volume	$36,000,000	$34,000,000
Gross revenues	$4,000,000	$3,900,000
U.S. clients	100%	100%
Brokerage: Retail	85%	80%
Wholesale	1%	1%
Personal lines	6%	10%
Invstmt. income	1.8%	1.7%
Employees	50	50
Offices	1	1

Year founded: 1979.
Parent company: Welsh, Flatness & Lutz Inc.
Brokerage: 95% commissions, 5% fees.
Licensed excess/surplus broker in: Missouri, Illinois.
Principal officers: Dennis D. Flatness, chairman; Thomas R. Welsch, president/treasurer; Dennis W. Lutz, executive secretary; Thomas H. Etling, executive vp/chief operating officer.

Wharton/Lyon & Lyon

101 S. Livingston Ave., Livingston, N.J. 07039; 201-992-5775; fax: 201-992-6660

	1990	1989
Premium volume	NA	NA
Gross revenues	$8,008,000	$8,172,500
U.S. clients	100%	100%
Brokerage: Retail	87%	87%
Personal lines	12%	12%
Invstmt. income	1.3%	1%
Employees	98	97
Offices	3	3

Year founded: 1912.
Brokerage: 95% commissions, 5% fees.
Acquisitions: R.A. Kelly & Co. Inc., Mountain Lakes, N.J.
Retail brokerage branch offices: Wharton Financial, Livingston, N.J.; Wharton/Atlantic, Ocean Township, N.J.
Principal officers: Albert L. Klein, chairman/chief executive officer; Richard T. Hebert, president/chief operating officer.
Contact: Albert L. Klein.

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panoply (păn'ə-plē) *n.* A full array of armor; any kind of complete defense; covering.

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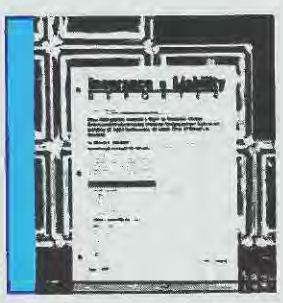
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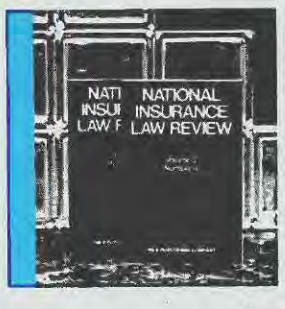


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Willis Corroon P.L.C.

10 Trinity Square, London EC3P3AX, England; 071-488-8111; fax: 071-488-8223

See profile on page 28.

Wisconsin Insurance Management Inc.

300 Wisconsin Ave., P.O. Box 1630, Waukesha, Wis. 53187; 414-542-8822; fax: 414-542-9750

	1990	1989
Premium volume	$98,000,000	$88,000,000
Gross revenues	$7,337,486	$6,851,397
U.S. clients	100%	100%
Brokerage: Retail	52%	36%
Wholesale	2%	4%
Reinsurance	1%	1%
Personal lines	21%	43%
Services	2%	5%
Other	22%	11%
Employees	70	66
Offices	2	2

Year founded: 1978.
Parent company: First Financial Corp.
Brokerage: 98% commissions, 2% fees.
Licensed excess/surplus broker in: Wisconsin.
Principal officers: Robert Toerpe, president; Jeff Ashley, senior vp-personal lines sales; David J. Petersen, vp-commercial lines; Darwin Matter, vp-personal lines; Lawrence Koth, treasurer.
Contact: Robert Toerpe, David Petersen or Lawrence Koth.

Wisenberg Insurance & Risk Management

4828 Loop Central Drive, Ninth Floor, Houston, Texas 77081; 713-666-5200; fax: 713-669-4724

	1990	1989
Premium volume	$39,700,000	$36,600,000
Gross revenues	$4,960,000	$4,200,000
U.S. clients	100%	100%
Brokerage: Retail	68%	72%
Personal lines	14%	17%
Services	14%	7%
Invstmt. income	4%	4%
Employees	55	58
Offices	1	1

Year founded: 1934.
Brokerage: 85% commissions, 15% fees.
Non-retail brokerage subsidiaries: Risk Analysts Inc. and Compu-Rate, Houston.
Licensed excess/surplus broker in: Texas.
Principal officers: Irving Pozmantier, chairman; Joe L. Williams, president; Jay Williams, vp-marketing; Thomas C. Frances, Jeff Pozmantier, vps.
Contact: Joe L. Williams.

Wittner Cos.

5999 Central Ave., Suite 400, St. Petersburg, Fla. 33710; 813-384-3000; fax: 813-345-3482

	1990	1989
Premium volume	$126,000,000	$101,513,000
Gross revenues	$2,374,000	$2,079,000
U.S. clients	100%	100%
Brokerage: Retail	46%	40%
Wholesale	52%	55%
Reinsurance	0%	1%
Personal lines	0.5%	1%
Services	0.5%	1%
Invstmt. income	1%	2%
Employees	27	23
Offices	4	4

Year founded: 1955.
Brokerage: 95% commissions, 5% fees.
Retail brokerage branch offices: St. Petersburg, Orlando, Fla.
Non-retail brokerage subsidiaries: St. Petersburgh, Orlando, Fla.
Principal officers: Ted P. Wittner, chairman; Jean G. Wittner, president; John W. Fraser, Katherine A. Woodward, vps.
Contact: John W. Fraser.

Jack Wolfe Insurance Inc.

146 Hekili St., Suite 102, Kailua, Hawaii 96724; 808-261-7922; fax: 808-262-2030

	1990	1989
Premium volume	$11,000,000	$11,000,000
Gross revenues	$1,300,000	$1,100,000
U.S. clients	100%	100%
Brokerage: Retail	95%	90%
Personal lines	5%	10%
Employees	24	21
Offices	1	1

Year founded: 1971.
Brokerage: 100% commissions.
Licensed excess/surplus broker in: Hawaii.
Principal officers: C. Jack Wolfe, president; Ron A. Wolfe, senior vp; Larry Stubblefield, vp; Gary L. Wolfe, secretary/treasurer; John Junk, assistant vp.
Contact: C. Jack Wolfe.

The Wood Insurance Group Inc.

1430 E. Missouri, Suite 225, Phoenix, Ariz. 85014; 602-230-8200; fax: 602-230-8207

	1990	1989
Premium volume	$8,700,000	$6,900,000
Gross revenues	$1,484,808	$941,000
U.S. clients	100%	100%
Brokerage: Retail	86%	90%
Personal lines	3%	3%
Services	7%	3%
Invstmt. income	4%	4%
Employees	9	7
Offices	1	1

Year founded: 1986.
Brokerage: 93% commissions, 7% fees.
Licensed excess/surplus broker in: Arizona.
Principal officers: David A. Wood, president; Robert Gano, executive vp; Jeanette Haude, vp.
Contact: David A. Wood.

Thomas E. Wood Inc.

1500 Carew Tower, Cincinnati, Ohio 45202; 513-852-6300; fax: 513-852-6428

	1990	1989
Premium volume	NA	NA
Gross revenues	$10,061,000	$10,400,000
U.S. clients	100%	100%
Brokerage: Retail	78%	79%
Wholesale	1%	1%
Personal lines	15%	15%
Invstmt. income	6%	5%
Employees	120	121
Offices	1	2

Year founded: 1895.
Brokerage: 99% commissions, 1% fees.
Retail brokerage branch offices: Wood Underwriters Agency Inc., Edgewood, Ky.
Principal officers: Thomas J. Klinedinst Sr., chairman/chief executive officer; Thomas J. Klinedinst Jr., president/chief operating officer; Edward R. Bowmann, Paul R. Swanson, Marjorie A. Dunn and John K. Ashmore, senior vps.
Contact: Thomas J. Klinedinst Jr.

Wood-Mahan Insurance Brokers

3100 Bristol St., Suite 390 Costa Mesa, Calif. 92626; 714-557-0800; fax: 714-557-4132

	1990	1989
Premium volume	$14,196,610	$11,338,863
Gross revenues	$1,950,000	$1,600,000
U.S. clients	100%	100%
Brokerage: Retail	95%	95%
Personal lines	5%	5%
Employees	18	18
Offices	1	1

Year founded: 1985.
Brokerage: 100% commissions.
Principal officers: Robert G. Mahan and Donald L. Wood, president of partners; James E. Gutmann, partner.

The Woodsmall Cos.

5 Crown Center, Kansas City, Mo. 64108; 816-421-7788; fax: 816-472-5517

	1990	1989
Premium volume	$84,100,000	$65,100,000
Gross revenues	$8,579,000	$7,883,000
U.S. clients	100%	100%
Brokerage: Retail	46%	45%
Reinsurance	4%	1%
Personal lines	1%	1%
Services	46%	47%
Invstmt. income	3%	3%
Employees	124	110
Offices	2	2

Year founded: 1974.
Brokerage: 93% commissions, 7% fees.
Retail brokerage branch offices: Des Moines, Iowa.
Licensed excess/surplus broker in: Missouri, Kansas.
Principal officers: Warren O. Woodsmall, chairman; Peter L. Woodsmall, president; Thomas E. Klug, J. Michael Brewer, executive vps; Richard W. Stilwell, senior vp/chief operating officer.
Contact: Richard W. Stilwell.

John L. Wortham & Son

2727 Allen Parkway, Houston, Texas 77019; P.O. Box 1388, Houston, Texas 77251; 713-526-3366; fax: 713-526-5872

	1990	1989
Premium volume	$280,000,000	$267,000,000
Gross revenues	$28,514,000	$27,613,000
U.S. clients	100%	100%
Brokerage: Retail	95	95
Personal lines	5%	5%
Employees	240	240
Offices	1	1

Year founded: 1915.
Brokerage: 100% commissions.
Non-retail brokerage subsidiaries: John L. Wortham & Son Inc. and John L. Wortham & Son Investments Inc., Houston.
Licensed excess/surplus broker in: Texas.
Principal officers: Allen H. Carruth, chairman-executive committee; Fred C. Burns, managing partner; Herbert H. Honea, James R. Davis and Robert B. Hixon, partners/members-executive committee.
Contact: Fred C. Burns.

The Wrenn Insurance Agency Inc.

612 W. 47th St., Kansas City, Mo. 64112; 816-756-1800; fax: 816-756-2356

	1990	1989
Premium volume	$48,800,000	$44,800,000
Gross revenues	$9,274,000	$8,581,000
U.S. clients	100%	100%
Brokerage: Retail	23%	25%
Wholesale	68%	67%
Personal lines	6%	6%
Invstmt. income	2%	2%
Other	1%	0%
Employees	91	77
Offices	5	7

Year founded: 1978.
Brokerage: 100% commissions.
Retail brokerage branch offices: Mesa and Tucson, Ariz.; Harrisonville and Pleasantville, Mo.
Licensed excess/surplus broker in: Kansas, Missouri.
Principal officers: R. Michael Wrenn, president; Norma R. Wrenn, treasurer; James Collins, president, commercial lines division; Roger Coenen, chief financial officer; Russell Leffel, secretary; David Neff, senior vp, wholesale division.
Contact: R. Michael Wrenn.

WRIMS Corp.

460 N. Gulph Road, King of Prussia, Pa. 19406; 215-337-0330; fax: 215-337-9868

	1990	1989
Premium volume	$71,000,000	$78,000,000
Gross revenues	$14,254,866	$11,680,416
U.S. clients	100%	100%
Brokerage: Retail	65.2%	71.5%
Personal lines	2.4%	2.6%
Services	30%	22.6%
Invstmt. income	2.4%	3.3%
Employees	110	106
Offices	4	4

Year founded: 1972.
Brokerage: 96% commissions, 4% fees.
Retail brokerage branch offices: Warren and Welsh Co., King of Prussia, Pa.; Rental Industry Services, Inter/National Rental Insurance, San Clemente, Calif.; Insurance Risk Managers, Arlington, Texas.
Non-retail brokerage subsidiaries: R.G.F., King of Prussia, Pa., and affiliates.
Principal officers: Warren Holt, president; Peter Placentino and John J. Joyce, vps; Michael Leonard, treasurer.
Contact: Michael Leonard. ■

LIABILITY FOR CONTRACTORS

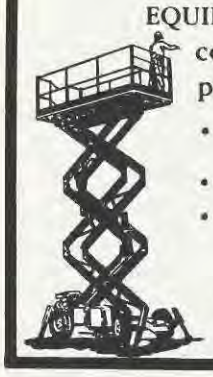
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Hilb, Rogal & Hamilton Co.
Johnson & Higgins of Alabama Inc.
McGriff, Seibels & Williams Inc.
Sedgwick James North America
Willis Corroon P.L.C.
Florence
McGriff, Seibels & Williams Inc.
Huntsville
J. Smith Lanier & Co.
LaFayette
J. Smith Lanier & Co.
Mobile
Hilb, Rogal & Hamilton Co.
Arthur J. Gallagher & Co.
McGriff, Seibels & Williams Inc.
Sedgwick James North America
Willis Corroon P.L.C.
Montgomery
Meadowbrook Inc.
Opelika
J. Smith Lanier & Co.

Alaska

Anchorage
Jardine Insurance Brokers Inc.
Johnson & Higgins of Alaska Inc.
Marsh & McLennan Cos. Inc.
Parker, Smith & Feek Inc.
Rollins Burdick Hunter Group Inc.
Willis Corroon P.L.C.
Fairbanks
Willis Corroon P.L.C.

Arizona

Buckeye
The Leavitt Group
Cottonwood
The Leavitt Group
Mesa
The Lawrence Agency Corp.
The Leavitt Group
The Wrenn Insurance Agency Inc.
Phoenix
Alexander & Alexander Services Inc.
Alliance Insurance Group
Amos, Lovitt & Touche Inc.
Beal & Associates Insurance Counselors Inc.
Poe & Associates Inc.
Frank B. Hall & Co. Inc.
Hilb, Rogal & Hamilton Co.
Jardine Insurance Brokers Inc.
Johnson & Higgins of Arizona Inc
Marsh & McLennan Cos. Inc.
Rollins Burdick Hunter Group Inc.
Sedgwick James North America
The Wood Insurance Group
Willis Corroon P.L.C.
Scottsdale
Arthur J. Gallagher & Co.
The Leavitt Group
Show Low
Amos, Lovitt & Touche Inc.
Taylor
Amos, Lovitt & Touche Inc.
Tucson
Amos, Lovitt & Touche Inc.
The Leavitt Group
Sedgwick James North America
Willis Corroon P.L.C.
The Wrenn Insurance Agency
Yuma
Willis Corroon P.L.C.

Arkansas

Eureka Springs
Brown-Hiller-Clark & Associates
Fort Smith
Brown-Hiller-Clark & Associates
Rebsamen Insurance/Fort Smith
Little Rock
Marsh & McLennan Cos. Inc.
Rebsamen Insurance Inc.
Sedgwick James North America
North Little Rock
Arthur J. Gallagher & Co.
Springdale
Rebsamen Insurance/Springdale

California

Bakersfield
Lawrence Agency Corp.
Andreini & Co.
Van Beurden & Associates Insurance Services Inc.
Belmont
Alburger Basso deGrosz Insurance Services Inc.
Beverly Hills
Walter Kaye Corp. of California
Brea
Eastman & Co. Insurance Brokers
Willis Corroon P.L.C.
Burbank
Eastman & Co. Insurance Brokers
Burlingame
Arthur J. Gallagher & Co.
Campbell
Keenan & Associates
Capitola
Alburger Basso deGrosz Insurance Services Inc.
Caruthers
Van Beurden & Associates Insurance Services Inc.
Carlsbad
Willis Corroon P.L.C.
Chico
Keenan & Associates
Coalinga
Andreini & Co.
Concord
Arthur J. Gallagher & Co.
Costa Mesa
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Frank B. Hall & Co. Inc.
Johnson & Higgins of California
Kelter-Thorner Inc. of Southern California
Roanoke International Insurance Agency Inc.
Wood-Mahan Insurance Brokers
Culver City
MDM Associates
Republic Hogg Robinson
Dinuba
Lawrence Agency Corp.
El Centro
Transignal Insurance Brokers
Emeryville
Keenan & Associates
Escondido
Robert F. Driver Co. Inc.
Fresno
Lawrence Agency Corp.
Andreini & Co.
Cal-Central Insurance Management Services Inc.
Calco Insurance

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Marsh & McLennan Cos. Inc.
Transignal Insurance Brokers
Van Beurden & Associates Insurance Services Inc.

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Arthur J. Gallagher & Co.

Garden Grove
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Calco Insurance
Marsh & McLennan Cos. Inc.

Grass Valley
American Business Insurance Inc.

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Truman Van Dyke Co.

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James Econn & Co.
Gow & Hanna Inc.
Rollins Burdick Hunter Group Inc.
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Van Beurden & Associates Insurance Services Inc.

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ISU/Stephen B. Marvin Agency Inc.

Lodi
American Business Insurance Inc.

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Roanoke International Insurance Agency Inc.
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Modesto
Van Beurden & Associates Insurance Services Inc.

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Marsh & McLennan Cos. Inc.

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Willis Corroon P.L.C.

Novato
Holtemann, Ord & Smith Inc.

Oakland
Arthur J. Gallagher & Co.
Rollins Burdick Hunter Group Inc.

Ontario
Alliance Insurance Group

Orange
Andreini & Co.
Calco Insurance
Cal-Surance Associates Inc.
Arthur J. Gallagher & Co.

Orange County
Alexander & Alexander Services Inc.
Frank B. Hall & Co. Inc.

Palm Springs
Bolton & Co.

Palo Alto
Thoits Insurance Service Inc.
Rollins Burdick Hunter Group Inc.

Pasadena
Willis Corroon P.L.C.

Paso Robles
Van Beurden & Associates Insurance Services Inc.

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Holtemann, Ord & Smith Inc.

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Arthur J. Gallagher & Co.

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Rancho Cucamonga
Transignal Insurance Brokers

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Keenan & Associates

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Poe & Associates Inc.

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Republic Hogg Robinson Inc.

Colorado Springs
PRIMAC Insurance

Cortez
PRIMAC Insurance

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PRIMAC Insurance

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Merit Insurance

Cheshire
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Daniels Agency Inc.

Darien
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Sedgwick James North America

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Products & Services Listing

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Agent/Broker Topics

A monthly editorial section sent exclusively to agents and brokers

Survival of the fittest

Trying, often in vain, to avoid 'perpetuation of last resort'



By LAURA MAZZUCA

AGENCY PRINCIPALS WHO didn't bother to establish formal perpetuation plans when market conditions were more favorable may find the going much rougher in today's ugly insurance climate.

Mired in a recession, agencies now face two major problems in perpetuating. Cash flow, which is needed to finance many of the plans, has slowed considerably. And few young producers will be both willing or able to buy out a retiring partner soon.

This forces many agencies to sell to outsiders and this "perpetuation of last resort," in the minds of some observers, threatens the independent agency system itself.

Two features, often overlooked

Although times are hard, it's still not too late for an agency principal to plan for the agency's future.

Successful perpetuation is an "evolutionary" long-term process, said Timothy J. Cunningham, senior consultant with Hales & Associates Inc., an agency consulting firm in Westchester, Ill. "It takes many years to put together."

Perpetuation, he added, involves two "inextricably linked" features: financial planning and hiring the right people. Both must be carefully considered for any plan to succeed.

But often at least one of these elements is overlooked.

More agencies than ever have formal perpetuation plans. Yet many, especially small operations, have no idea how they will fund the takeover.

A recent Independent Insurance Agents of America survey found that 54% of agencies with annual premium volumes of less than $1.75 million have not yet made plans to finance perpetuation.

Even among the largest agencies—those with annual premium volume of more than $4 million—more than a third said they had no perpetuation financing plans, the study found.

Lack of leadership, rather than financing, may hurt other agencies. Some principals ignore the fact that they must be succeeded by strong young producers who are willing and able to buy out and carry on the agency's legacy, consultants caution.

Ironically, small rural agencies may find internal perpetuation easier than their larger counterparts in the cities and suburbs.

A single solid individual can buy out and manage a small agency, points out John Jaques, president of John H. Jaques Inc., a consulting firm based in Petaluma, Calif.

But buying and managing a larger agency—say one with more than $5 million in annual premium volume—requires several individuals, he said. Taxes present other problems. And the burden can be especially heavy after buying a large agency in these slow times, added Mr. Jaques.

One reason why larger agencies are more likely to have formal perpetuation plans is that their perpetuation options are more limited, said Bobby Reagan, president of the Atlanta branch of Hales & Associates.

Expensive agencies can, of course, sell externally to a large agency or brokerage, or sell to their employees through an employee stock ownership plan. But the steep price will limit the range of potential buyers.

There are actually more perpetuation options open to smaller, more affordable agencies, which can sell to national firms, employees, or other independent agencies, Mr. Reagan said.

Smaller agencies, however, are also less sophisticated in their planning for perpetuation, he added.

'Perpetuation of last resort'

Widespread agency failure to carefully plan for perpetuation, coupled with today's poor market conditions, is spurring more agencies to sell to outsiders or to merge with other agencies.

"Too many agents believe they can perpetuate internally, and then realize that they don't have the horses or the finances," Mr. Cunningham said.

He noted that Hales & Associates has seen more agency mergers in the last six to nine months than it has for the past three or four years.

Mr. Jaques, too, says that over the past two years, more midsized or large agencies are choosing a merger over internal perpetuation.

This increase in external sales—"perpetuation of last resort"—is being driven by several other factors as well. These factors include increasing volume requirements by insurance companies and agency attempts to consolidate and control expenses, according to Mr. Cunningham.

Traditions, prices give way

Many agents—exhausted, afraid and frustrated—also are selling just to get out of the business, according to Mr. Reagan.

Such "forced" external sales may be good news for potential investors. But they have dragged down prices, leaving the selling principals worse off.

A few top-notch agencies still fetch the old rule-of-thumb price of 1½ times annual revenues, said Larry Marsh, president of Marsh, Berry & Co. Inc., a consulting firm in Mentor, Ohio. But average agencies bring far closer to the total of their annual revenues.

This trend of merger and acquisition is a complete about-face for the typical insurance agency, which was traditionally handed down from father to son.

Threat to the system itself

More outright sales may also mean sharply lower numbers of independent insurance agents.

If the brisk merger-and-acquisition pace continues, the total number of independent agencies will dwindle from an estimated 38,000 today to 25,000 as early as 1995, said Mr. Marsh. By the end of the century, expect only 15,000 "bigger and better" agencies.

"The most significant long-term threat to the independent agent/broker system is the inability to perpetuate itself," Mr. Cunningham said.

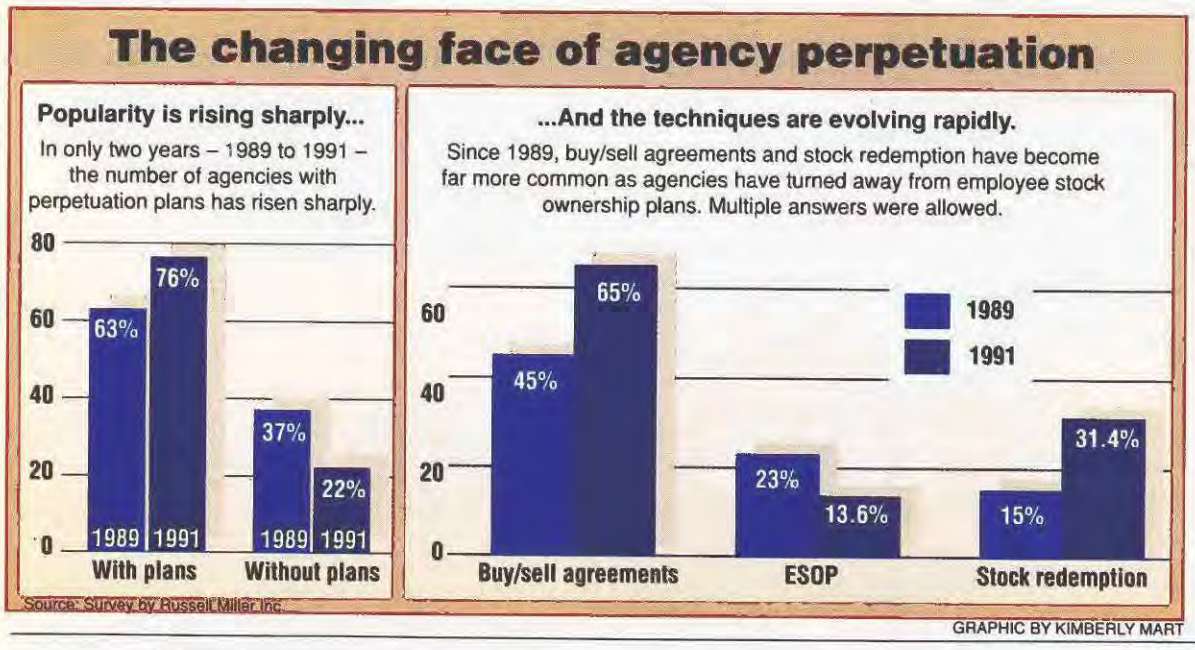
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A recent court ruling may mean tough new competition for many agents. Not these.
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Brokers and insurers are urged to embrace '90s 'populism.' That call comes from curious quarters.
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GRAPHIC BY KIMBERLY MART

Perpetuation

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Agents used to be able to turn to insurers for loans and help with planning. But as the market remains soft, many insurers, concerned with cutting their own costs, are eliminating these services, said Mr. Marsh.

Some insurers remain active in this area; most only offer to help their preferred agencies in setting up perpetuation plans. "The little agencies aren't getting the financing," said Mr. Marsh.

Still others find themselves under pressure from insurers to have perpetuation plans or lose their preferred status with the insurer, said Richard J. Kasyjanski, president of the Members Services Inc. branch of the Independent Insurance Agents of America in Alexandria, Va.

From the insurer's point of view, agency perpetuation is "their insurance policy" to ensure the survival of an insurer's distribution system, he said.

Highly touted no longer

Lacking the insurer loans of the past, many agencies have built the financial side of their internal perpetuation plans around financing programs such as life insurance, stock issues or employee stock ownership plans.

Funding perpetuation through an agency-owned life insurance policy on the principal remains popular, especially among larger agencies.

The recent IIAA poll found that 38% of large agencies—those with annual premium volume exceeding $4 million—used this funding method. For mid-sized agencies—with annual premium volume of $1.75 million to $3.9 million—the figure was 36%; and for small agencies it was 18%.

ESOPs, so highly touted by industry mavens only a few years ago, are only a partial answer, cautions Mr. Jaques. They, like other funding techniques, simply take care of the financial side of the perpetuation equation, not the pricing and management dilemma.

"An ESOP is not a perpetuation plan but a financing vehicle to help effect perpetuation," he said. "By itself, an ESOP is not a perpetuation program or solution."

The plans have, in fact, fallen out of favor. A survey by Russell Miller Inc. of San Francisco found that only 13.6% of agencies with perpetuation plans funded them through ESOPs in 1991. Only two years earlier, that figure had been 23%, the insurance consulting and investment banking firm said.

Mark Lefenfeld, senior consultant at Russell Miller, attributes the decline in ESOP popularity in part to concern by some principals that the agency should be more tightly held, that its distribution of value "really should be narrower."

It's never too soon to start

To achieve successful perpetuation, experts say, an agency must focus on good management, aggressive producers and a strong capital base. And, to build value, these priorities must be established long before perpetuation.

"Whatever is good for perpetuation is good for a sale," said Mr. Marsh, the Mentor, Ohio, consultant. "It's a tough time out there now, but some agencies are doing very well."

"You still need the cash flow, the balance sheet and the people," Mr. Cunningham agreed.

Because perpetuation requires building value within an agency, it's never too soon to start planning, said Mr. Jaques. He advises agents to start planning from five to 10 years before the current principal is ready to retire.

If the agency is small, it should begin hiring a new producer every three years, so that in 10 years—the targeted perpetuation date—odds are good that at least one producer will be able to take over management, he said.

Unproductive producers whose performances are "marginal" should be fired, thus relieving the financial strain of having to continually hire new ones, Mr. Jaques said.

Medium-sized and large agencies should take a different tack. Instead of hiring more producers, they need to focus on the internal producer development in the hopes of developing an entrepreneur to take over the business, Mr. Jaques said. "It's the training of people that it boils down to."

Larger agencies should also scrutinize their other staffs, focus-

Continued on next page



Continued from previous page
ing on training and promoting those with raw talent, he said. If no future managerial timber is on board, the agency must be able to attract and hire such live wires in the near future, Mr. Jaques said.

Wanted: Leaders, money

If an agency has not yet perpetuated and is in a position to plan ahead, Mr. Marsh recommends that its primary concern be to build its working capital base and retain earnings.

"Agencies that are well-capitalized will survive," he said.

One reason for greater external sales: The soft market has eaten into capital at many agencies.

"Far too many agencies started into the soft market undercapitalized," said Mr. Marsh. After years of low or non-existent profits, these agencies were forced to use their capital to pay basic expenses. And with contingent commissions down an average of 40% from past years, many agencies will have to dip into capital again this year.

Yet money alone will not do the trick. To perpetuate, agencies also need "leadership, growth and productivity," said Mr. Marsh. Without them, no one will want to buy even a money-making agency, he warned.

To build future leadership, the agency must attract strong producers. Afraid of overcompensating producers in a soft market, many agencies overlook this fact, he said. But agencies with weak, low-paid producers seldom perpetuate.

Better late than never

For agencies with no perpetuation plan, Mr. Cunningham of Hales advises making sure that the agency is retaining enough capital to finance the perpetuation.

He also stressed the importance of building an organization, "rather than just having a business," by hiring talented people to be leaders in the future.

Agency principals should carefully layer their employees by age, planning a continuous "spread of people" for employees who are moving up, and eventually out, of the agency. For example, for every 60-year-old in the agency, there should be a 30-year-old to take over when the older generation moves out, Mr. Cunningham said.

Options aplenty, but. . .

Of course agencies without firm perpetuation plans do have other options; they can simply find somebody within the agency to sell to, merge with another agency, or sell the business outright.

None of these routes is easy, cautions Mr. Marsh, and in some cases, internal perpetuation has tax advantages over an outright sale.

Since 1989, though, tough new IRS regulations make it more difficult to transfer family interest: If a principal tries to pass stock to a family member at depressed prices, the agency will be heavily audited, said Paige Proctor, president of Eaglemark Consulting Group in Bloomington, Ill.

And even usually straightforward external perpetuation plans, such as mergers and acquisitions, can become complicated. One factor is depreciation of client lists.

Currently, the IRS interprets the law to say that if an acquired agency is folded into another firm, the acquired agency can depreciate its client lists. However, if the acquired agency continues to operate under its original name, it cannot, said Mr. Proctor.

Depreciation is also under scrutiny, with a federal bill on the issue now pending (*A/BT*, Feb. 4).

Careful planning needed

These variables mean external perpetuation must be carefully planned and discussed in advance, experts say.

Merging agencies, for instance, must ultimately plan for the retirement of all the principals. This can be a problem if the original principal and the merging principals are all in their 50s, and several will be retiring in the next five to 10 years.

"In that case, you've created a trap and exacerbated the perpetuation problem," said Mr. Cunningham.

Other problems arise when merging two agencies of unequal value. If one firm has 10% of the new merged value and the other 90%, sometimes the smaller guy has the "illusion of being equal" and may demand more from the merged entity than he contributes, Mr. Cunningham said.

Even straight buyouts must be carefully thought out. Beforehand, the parties need to discuss expectations like which principals will manage, which employees will remain and which will leave, even topics as seemingly mundane as expense reimbursement, he said.

Although consultants constantly stress the importance of having a solid perpetuation plan, setting one up is not enough. Even large agencies with complex, formal perpetuation plans frequently overlook the need to review these plans annually, just like an overall business plan, Mr. Jaques said.

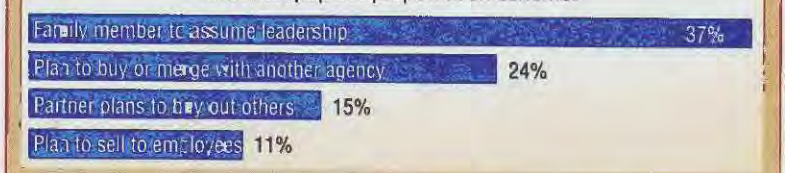
Changes in tax laws, the agency's own evolving goals and other factors make this mandatory. Many agencies, especially larger ones, fail to review their plans regularly, he said.

"Until it becomes a problem, too many firms just ignore the whole thing," he said. ■

Planning ahead

Someday, this will all be yours

Even today, passing the agency down to a family member remains the most popular perpetuation scheme.



Future may depend on agency size

Mergers are more popular at small agencies. The larger ones are more likely to sell-out to employees or be bought up by partners.

	Annual premium volume		
	$1–1.75 million	$1.75–4 million	$4 million or more
Plan to buy or merge with another agency	26%	21%	19%
Plan to sell agency to employees	8%	15	20
Partner plans to buy out other(s)	10%	21	24

Source: Survey by Independent Insurance Agents of America

GRAPHIC BY KIMBERLY MART

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UNDERWRITING EXPERT

Agent/Broker Topics

Perpetuation plans help insurers as well as agents

By LAURA MAZZUCA

Although many insurance companies have cut back on perpetuation services they offer to agents, others are using the services to insure their own growth.

"It's a bit of a selfish attitude for us, because we're protecting our book of business," said Peter Gay, an agency loan program executive with Aetna Life & Casualty Co. Since 1982, the Hartford, Conn.-based insurer's agency financial services unit has offered preferred agencies loans to perpetuate.

Done right, perpetuation is "relatively cheap" and will eventually generate substantial revenue for an insurer, agreed Mike Policastro, vp in the agency support division of Travelers Corp. in Hartford, Conn.

Loans and other forms of financial aid are largely the preserve of major insurers. But even regional companies will help agents plan for perpetuation because it keeps the company's distribution base solid.

Adventure and romance

Take Westfield National Insurance Co. It works with its regional marketing managers to reach agents who need perpetuation help, said Dick Welsh, general counsel for the Westfield Center, Ohio-based insurer.

He recalls some "real debacles" with agents who never got around to planning—like the agency principal who had a fatal heart attack on a Kiwanis fishing trip, leaving a widow who didn't have the faintest idea how to run the agency.

Or the agent in Michigan who "just disappeared" one day. His wife assumed he was dead—until she received a postcard from Casablanca. Suffering through a bad midlife crisis, the agent had sought adventure and romance as a hired hand on a freighter. Maybe he found it, but today he's back—calmer and wiser, to hear Mr. Welch tell it.

To prevent such problems, insurers encourage agencies to perpetuate. For the most part, the message seems to be getting through.

An estimated 40% of Westfield's agency representatives have formal perpetuation plans—about the same as five years ago, but much higher than 10 years ago.

At Aetna, requests for perpetuation loans have "dropped significantly" in the past three years but the quality has improved, Mr. Gay said. "Our hit ratio for approvals (now) is 10 times better than then," he said.

Aetna branch managers evaluate agency finances to ensure solid books of business and high credit ratings.

Both the recession and the continuing soft market are forcing many older agency principals to plan now rather than putting perpetuation planning off as they have in the past, said Mr. Policastro of Travelers.

It can be an unpleasant task. Even though agency prices are depressed right now, more market appraisals are being done because principals are concerned about how they will get money out of the agency when they retire, said Mr. Policastro.

A buyers market

For years, virtually all perpetuation was internal. Handing an agency down to a relative remains an important way to perpetuate, but sales and mergers now account for almost half the perpetuations Travelers deals with, Mr. Policastro said.

"It's a good buyer's market," explains Mr. Welsh of Westfield. Even poorly run agencies can pay off as investments. "I've seen agencies double and triple in value over five years," he added.

Agencies that remain today are larger and more sophisticated, according to Mr. Gay of Aetna. In the past several years Aetna has halved the number of agencies it does business with, but its book of business is larger, he points out.

These larger agencies, in turn, create more complex perpetuation plans.

Aetna's statistics bear this out. In 1984 and 1985, the insurer's average perpetuation loan was about $250,000; today, the typical loan is $800,000 to $1 million, Mr. Gay said.

A whole different ballgame

Today, agencies undergo careful legal and financial analysis and the loan process—from application to money in hand—typically takes from 60 to 120 days.

"It's not a quick turnaround anymore," said Mr. Gay.

Loans from Aetna are available only for perpetuation activities: acquiring an agency or its book of business; or transferring ownership internally. Other agency assistance programs cover activities like hiring producers or automation upgrades.

And to obtain a loan from Aetna at below-market interest rates agents must, for example, meet growth standards or commit a certain percentage its business to Aetna.

Travelers began its loan division in the 1970s. Today, it offers both fee-based consulting services and loans to Travelers agents "in good standing" that are referred by branch managers, Mr. Policastro said.

Consulting services run the gamut from free informational brochures and advice over the phone to the creation of an entire perpetuation plan at a base price of $1,200 per day spent working on the project.

Travelers offers loans for a variety of perpetuation plans, predominantly internal perpetuation, buyouts and mergers, Mr. Policastro said. Its interest rates are one point above the prime rate.

Other forms of financial assistance are also offered. One example: "solicitor financing" to pay for hiring a new producer, in which Travelers makes monthly advances that the agency pays back incrementally.

Besides having to repay the loan, Travelers agents, like Aetna's, must also meet minimum profitability standards.

If the agency remains profitable and grows, the interest rate can be reduced. Conversely, it may be increased to as high as prime plus two points if growth requirements are not met, Mr. Policastro said.

Careful borrower selection has kept bad debts to about 1% of volume since the program began, Travelers says. ■

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Rivalry with banks: Nothing to fear or 'unfair' competition?

By LAURA MAZZUCA

If a recent federal appeals court ruling allowing banks to sell insurance stands, then agents and brokers will begin competing nationwide with banks for customers.

That ruling allows subsidiaries of state-chartered banks to sell and underwrite insurance nationwide if the state in which they are based allows such sales (*BI*, June 17).

By opening that door for major banks in Delaware, the court may have bitten off more than many agencies can chew. But for agents in some states, competition from banks has long been a way of life.

State-chartered banks in Minnesota, Indiana, Kentucky and South Dakota have long been allowed to sell insurance. And, in California, Virginia, Florida and Georgia, sales are permitted in small towns.

'We don't fear the banks'

So what do agents and brokers in these states do to gain a competitive edge?

Some aren't doing anything.

"We don't fear the banks," said Robert L. Guthrie, president of Associated Insurers Inc. in Raleigh, N.C. "We think we do a good job and can compete with them on a fair basis."

Although bank sales of insurance have been grandfathered in North Carolina since the 1930s, over the past two years several of the state's larger banks in the state have up the ante, Mr. Guthrie said.

In particular, Branch Banking & Trust Co., a midsized state-chartered bank, has become a "healthy, aggressive competitor," he said.

Banks aren't a competitive problem for Mr. Guthrie's predominantly commercial lines agency, which has 45 employees and an annual premium volume of about $30 million. Since he so far hasn't lost any clients to a bank, Mr. Guthrie's agency is doing nothing special to compete against them.

But banks aren't so sporting elsewhere in the state. Some smaller agents complain that banks are coercing clients with existing credit lines to buy insurance from them, Mr. Guthrie said.

Such coercion is illegal in all 50 states and is barred by federal law.

One state agent association spokesman, who would not speak for attribution, also said that banks are getting more competitive in North Carolina.

So Associated Insurers may eventually face the same problems as those smaller agencies, since it operates throughout the state, as well as in Virginia and South Carolina, Mr. Guthrie said.

In Minnesota, too, the enemy is there—and in some cases winning—said John A. Kohler, chairman of Brandow Howard Kohler & Rosenbloom Inc. in Minneapolis.

Three of the agency's biggest clients have business loans with banks that market insurance, he said. In fact, the agency has already lost one client because of lower prices and because the client needed the loan, Mr. Kohler said.

Little competition, until now

Although state-chartered banks can market insurance in Minnesota, commercial lines agents and brokers didn't see much competition from them in the past, because bank didn't really understand the product, Mr. Kohler said.

But no more. Over the past two years, major banks like Norwest Corp. and First Bank System Inc., have been acquiring agencies to market commercial lines, he said.

Mr. Kohler said Brandow Howard clients that have business loans with the banks are told by loan officers that the banks want the "opportunity" to bid on their commercial insurance account when renewal comes around. This

Continued on next page

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Banking

Continued from previous page
influences a client's decision, he said, noting that at least one switched to the bank.

Instances of coercion in Minnesota are blatant, Mr. Kohler charged. In a famous case reported in Minneapolis newspapers, a bank refused to extend a client's line of credit because "they wanted to be a full-service bank" and the client only had a single loan—not insurance—from the bank.

"If that isn't tie-in selling, I don't know what is," Mr. Kohler said. Insurance companies and agents—but not banks—are allowed to use tie-in selling.

Brandow Howard, he said, isn't about to take the bank challenge lying down: "We're doing our best to stay close to our clients and give them value-added services."

The 30-year-old agency, 80% of whose business is commercial and which has 65 employees and almost $50 million in annual premium volume, is well equipped to do battle with the banks on turf they might not yet understand, he said.

For example, three full-time registered nurses with master's degrees were recently hired to work on serious workers compensation claims, Mr. Kohler said. They evaluate and "translate" doctors' opinions and help plan the rehabilitation of injured workers.

Because insurance company claims adjusters are inundated with workers compensation claims, they don't have time to give clients individual attention, so the agency's nurses meet a real need, Mr. Kohler said.

Brandow Howard also hired two fire protection engineers to help clients make their commercial property safer, he said. The agency also recently added four new producers, without books of business, who are being trained in-house, Mr. Kohler added.

Also, the agency offers personal lines service to its commercial customers, with a staff of eight employees. Clients are responding well to this service, he said.

Mr. Kohler believes that a well-run agency can easily compete with banks, as long as it provides top-notch service. In fact, he doesn't even believe that banks should be prohibited from selling insurance. "They're entitled to compete with us, just like anyone else who sets up business."

One simple way to prevent banks from coercing clients into buying insurance would be to bar them from selling insurance on any property on which they already own collateral, Mr. Kohler said.

Fear for the little guy

Not all agents take such a sanguine approach.

"Agents don't loan money to their clients, so we're at a competitive disadvantage," said Frederick M. Toland, co-chairman of Oland International Cos. in Los Angeles.

California, which used to limit banks to selling insurance in towns of fewer than 5,000, has often seen "vicious" competition between banks and traditional agents and brokers for personal lines business, he said.

Proposition 103 allowed all consumer banks to compete with insurance agents, and now more banks are getting into commercial lines sales, he said.

"Banks, having a money provider relationship with business, have an unfair advantage," Mr. Toland contends.

He pledges to continue to offer good service through professional insurance experts, but Mr. Toland is not optimistic about the future of the independent agency system.

"Independent business is part of the American way of life. By allowing major financial corporations to enter this segment of business, the government is going to squeeze a lot of independent businessmen out of business," he said.

Small agents stand to lose the most, Mr. Toland said. Oland International, a solely commercial lines agency with annual premium volume exceeding $100 million, will "win some and lose some" clients in the battle against the banks, he said.

But small agencies are already struggling. And they will increasingly lose their "marginal" business—"not meaning the crummy business, but the business that makes the difference between breaking even and making a profit"—to banks, Mr. Toland predicts.

Banks, he charges, not only sell low-priced insurance as a commodity, but threaten the credit lines of those who don't buy.

Struggling agencies will be sitting ducks for buyouts by banks, which will snap them up for the expertise of the agency's employees, who can fill service requirements, he said.

"Marsh & McLennan, Johnson & Higgins and the other big brokers are probably well insulated from being bought out by a bank, but entrepreneurs, and the shakier brokerage firms, might actually welcome it by then," he said.

Mr. Toland said he honestly doesn't know if he would be willing to sell his agency to a bank, but if banks keeping moving rapidly into the business, it could become a distinct possibility.

"Our only hope is that not everybody needs a $5 million line of credit" and will be more attracted by the services offered by insurance agents, Mr. Toland said. ■

Advantage: banks

June 1990: Delaware becomes the first state to allow banks in the state to underwrite and market insurance nationally. A big win for major banks.

September 1990: Charging that its required banking-insurance "firewalls" were too extensive, the Federal Reserve Board effectively nullifies the Delaware law. Insurance agents hail a "major victory."

June 1991: By overturning the Fed ruling, a federal appeals court effectively reinstates the Delaware law, again opening the door for banks to compete directly with insurers and agents. Bank reform, though, may yet render the point moot.



As the area changed, so did Cliff Charles

By LAURA MAZZUCA

Times have changed in Cliff Charles' hometown: Kelowna, British Columbia, about 280 miles northeast of Vancouver.

Tourism and retirement communities have displaced apple-growing as the primary local industries, and not everyone has made the transition successfully.

Mr. Charles has.

The independent agent has succeeded by adapting to changing needs and keeping an open mind to new possibilities. He set up the first liability insurance program for the area's new water parks and a comprehensive private auto insurance plan for older drivers with good records.

Other innovations include a liability insurance package that covers several church denominations within the province and, as a result of a volunteer interest in social work, a bonding program designed to help ex-convicts secure jobs.

12 years of steady growth

Mr. Charles had been a producer and branch manager for Whillis-Harding Insurance Agencies Ltd., a predominantly personal lines agency in the city of about 52,000 people.

When he purchased the agency in 1979, it had three offices, 18 employees and an annual premium volume of about $9 million.

Today it is the area's largest agency. Fifty-one employees in six offices generate an annual premium volume of nearly $24 million. Although many members of the Charles family are employed by the agency, it retains the Whillis-Harding name because of its familiarity in the region since its establishment in 1912.

Annual growth has averaged 12% in the 11 years since Mr. Charles took over; in just the past five years, growth has averaged more than 15%.

Earlier this year, Insurance Marketing & Management Services cited Mr. Charles' versatility and creative thinking in naming Whillis-Harding its Marketer of the Year for 1990.

The agency was chosen from among more than 4,000 IMMS member agencies and brokerages throughout North America for its combination of outstanding marketing skills, entrepreneurial creativity, professional management and strong growth in revenue and earnings.

Expanding commercial role

Whillis-Harding was established in 1912 as a primarily personal lines agency in what was then mostly farm country, said Gary Charles, senior vp at the agency, son of Cliff Charles and one of the five Charles children who has been involved with the business.

Over the years, tourists and retirees—drawn by the area's temperate climate, slower pace and 70-mile stretch of lakes—brought new enterprises and new opportunities for commercial coverage.

Personal lines, though, remain an agency staple. When his father bought the agency in 1979, personal lines accounted for more than 70% of its business, said Gary Charles. Today, the split is 50-50.

When water slides and water parks were introduced in the area about six years ago, Mr. Charles designed the first liability insurance program for all Canadian water parks. At first, insurers showed little interest in what sounded like a high-risk program, Gary Charles said. "We even brought an underwriter out here to ride the slides," he added.

Eventually, Zurich-American Insurance Group underwrote the coverage, and today Whillis-Harding places coverage for about a dozen of these facilities in the area.

The agency also specializes in church coverage. Mr. Charles developed a commercial liability package covering the gamut of exposures faced by churches of all denominations in the area. That package, said Gary Charles, was the most comprehensive offered at the time; most churches had been buying separate policies.

Personal lines innovations

But personal lines, the bedrock on which the agency was founded, are still important at Whillis-Harding.

About six years ago, when no Canadian companies could be found to cover some homeowners' exposures, the agency developed a Lloyd's of London homeowners and scheduled articles program, Gary Charles said. Policies can be issued directly from the office, and the claims department at Whillis-Harding can settle Lloyd's claims for up to $5,000.

The program can also cover articles like jewelry and fine art.

And in 1985 the agency began offering a comprehensive private auto plan to older drivers with good records. Underwritten by a unit of Commercial Union Assurance Co. P.L.C., the program offers eligible seniors rates up to 10% lower than those through a provincial government program.

Despite its deep-pocketed competition—the Canadian government-owned Insurance Corp. of British Columbia—Whillis-Harding now controls 33% of the area's auto market.

The agency also has three full-time auto plan customer service representatives who visit new and used car dealers to insure car buyers at the time of purchase.

At the heart of one of the agency's most interesting programs is Cliff Charles' volunteer work with the John Howard Society, which helps ex-convicts find jobs.

Because many of these ex-convicts had problems getting work, Mr. Charles sought funding from the provincial government and the John Howard Society to develop a fidelity bond for up to $10,000. By purchasing such a bond, an ex-convict can reduce the risk to the prospective employer.

A regional insurer in Vancouver —Canadian Northern Shield, a unit of Credit Mutual Insurance Co.—underwrites the program.

Whillis-Harding has managed to balance its commercial and personal accounts by using its custom-designed agency management

Continued on next page



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Agent/Broker Topics

Cliff Charles

Continued from previous page
system as a marketing tool.

Over the past five years, the system's data base has been loaded with information about nearly 95% of the area's property owners. This information is used to cross-reference existing clients and produce prospect lists by class of business, like apartments, and by area, like residential subdivisions.

To keep a high profile in the community, Whillis-Harding maintains a solid advertising program, including regular radio promotion and client newsletters. It also sponsors a local baseball team and a men's basketball league.

Cliff Charles also encourages the agency's eight producers to become involved in area service groups, such as the Rotary Club, Kiwanis, and the Chamber of Commerce. ■

Broker role in debate on reform

'Overriding' issue is stricter insurer rules

By LAURA MAZZUCA

SEA ISLAND, Ga.—Robert J. Murphy says the options are clear for insurance brokers.

"Whether our challenges are global, domestic or industry-specific, they present us with two options: we can be overcome by change, or we can seek to control our fate," said Mr. Murphy in his presidential inaugural speech at the National Assn. of Insurance Brokers' recent annual meeting.

Like his predecessor, William D. Pringle, Mr. Murphy says federal intervention in insurer solvency regulation is inevitable. And, also like Mr. Pringle, he plans to guide the NAIB into taking an active role affecting such legislation.

"Regulatory changes will come. Some will have a more direct impact on brokers than others," said Mr. Murphy, who is a senior vp with Alexander & Alexander Services Inc. in New York.

"I believe that the NAIB should continue to take an active role in shaping regulatory change. We should be assured of a seat at the political negotiating tables where important issues will be decided," he said.

Yet Mr. Murphy also cautioned brokers against taking a firm position on any of the specific proposals now before Congress. For the

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Continued from previous page

NAIB he said, "the overriding issue. . .should be the establishment of enhanced uniform financial standards for insurance companies."

Mr. Murphy briefly described several proposals made by both legislators and by industry interests.

A House subcommittee headed by Rep. John Dingell, D-Mich., has informally proposed:

- Empowering a federal agency to oversee insurers' financial practices, giving the agency power to regulate them directly when necessary (*BI*, March 25).
- Further federal regulation of reinsurance and surplus lines insurers; federal solvency standards to be implemented by the states; national liquidation procedures; and federal criminal sanctions for "looting" an insurer or reinsurer through mismanagement.

Mr. Murphy said industry proposals include:

- A two-tier federal chartering system proposed by the Insurance Solvency Coalition, a group of large insurers and brokerages. That plan would allow federal charters for commercial property/casualty insurers, but retain state regulation of personal lines coverage (*BI*, June 10).
- Establishing a federal board to set minimum solvency standards for interstate insurers. CIGNA Corp. favors such a proposal, according to Mr. Murphy.
- A Reinsurance Assn. of America plan that would bar U.S. insurers from taking credit for insurance ceded to unauthorized reinsurers.

State regulators also hope that an NAIC accreditation plan will encourage states to tighten solvency regulation (*BI*, Dec. 3, 1990).

Picking one of these proposals over the other is not the NAIB's role, Mr. Murphy said. Instead, the trade group will "interact with insureds, insurers and other producer groups where we find that the interest of brokers and our clients can be advanced."

One attempt to advance those interests is a recently formed NAIB task force on multistate licensing, which directly relates to the solvency issue, he said. A proposal is expected by next month, he added.

Besides solvency, the other vital issue facing brokers is the threat of expanded liability, Mr. Murphy said.

Brokers have faulted a recent model law by the National Assn. of Insurance Commissioners that they say would expand broker liability for producer-controlled insurer failures.

Calling the model law "legally flawed," Mr. Murphy said the NAIB will continue to lobby against it, though he made his comments before the NAIC made several amendments to the model law last month (*BI*, June 24; April 1).

So far this year, about 20 states have introduced broker control bills. Broker lobbying efforts have produced key amendments in some states and have succeeded in defeating the bills in others, according to Mr. Murphy.

The NAIB also is working with the NAIC on an agreement to amend the model bill.

"To its credit, the NAIC does remain open to industry input," Mr. Murphy said. "The NAIB will do its best to make sure that they get that input and that they listen to it. Broker liability will be a headline issue for us throughout the year."

Stimulating growth is also a concern of the group's new president. His goal: at least 10 new member firms by July 1, 1992. Brokerages ranked between No. 11 and No. 100 in the nation will be targeted.

"Perhaps we should imagine life during the next year or two without the NAIB. Think about what the regulators and the legislators could do to our businesses without a well-funded advocate, watchdog and educational arm," Mr. Murphy said.

"Increased membership will not only strengthen our organization generally, but will add weight to our political presence on a state and federal basis," Mr. Murphy said. ■

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Agent/Broker Topics

'Populism' championed in unlikely quarters

By LAURA MAZZUCA

SEA ISLAND, Ga.—To convey their concerns about regulatory reforms, insurers and brokers need to eschew "Roaring '80s" rhetoric and take up the standard of '90s populism, a brokerage executive says.

"Our message to current or potential regulators must simply be this: We work for individuals, not against them," said David A. Olsen, chairman and chief executive officer of Johnson & Higgins, at the recent National Assn. of Insurance Brokers meeting here.

"Words like 'sophisticated buyers,' 'commercial risks,' 'multinational clients' and 'global insurers' are phrases from the 'Roaring '80s,' " he said. "The '90s will be a 'populist' decade. Our job is simply to help individuals get compensated when they're hurt."

Public reaction to insurer failures has "created a climate in which the government is almost surely going to act, and that will have serious consequences for us all," Mr. Olsen said.

Problems, he warned, do not end at Washington's borders.

On the state level, brokers face the the Producer-Controlled Insurer Model Act from the National Assn. of Insurance Commissioners (*BI*, April 1). That proposal, brokers complain, would expand their liability for the failure of producer-controlled insurers.

Brokers also have faulted the model law as overly vague about when an insurer is "broker-controlled," he noted in a speech delivered prior to last month's NAIC meeting, at which time the group amended that section of the model (*BI*, June 24).

To head off proposals they find unappealing, Mr. Olsen urged brokers to impress upon state and federal legislators that the insurance industry is in the business of meeting client needs.

"Congress is elected by voters—that is, by individuals—not by sophisticated corporations," Mr. Olsen said. "Anything that hurts the well-being of individuals is given top priority."

As a result, when brokers can communicate the fact that those individuals who vote are their primary concern, broker-supported issues should do well in Congress, Mr. Olsen said.

"Let's not let regulators and legislators forget that insurance protects individuals by protecting corporations—including their ability to pay claims and meet payrolls," he said.

Today's brokers, Mr. Olsen suggested, should follow the lead of their predecessors in the 1940s. Culminating with the McCarran-Ferguson Act of 1945, that era was a "high-water mark" for the NAIB, a key player in lobbying for the law, he said.

"That was almost 50 years ago. And here we are once again, in another postwar era, facing new regulatory initiatives that will fundamentally alter our industry," he added. "Not since the years following World War II has the industry spawned so many proposals for regulatory reform."

Knowing that some sort of federal intervention is inevitable, the NAIB and other industry groups must determine "how much solvency protection is enough, and when solvency concerns actually drive out needed capacity," Mr. Olsen said.

This analysis must go further than today's marketplace, he added. "What effect will these solvency measures have when the next hard market comes and available capacity is again diverted to low-risk property coverage, as in 1966? By what mechanisms will we find liability capacity other than through risk retention groups?"

Mr. Olsen also encouraged the NAIB to study the political history of commercial banks and thrifts for clues on what to do and what to avoid when dealing with legislators.

"Both banks and insurers trade in promises," he said. "The banks promise, via the FDIC, that deposits will be repaid on demand, and insurers promise to pay claims."

Both industries are also plagued with problems like overcapacity; and both are losing invested assets —"their lifeblood"—to alternatives like money market funds and captive insurers.

To avoid the fate of the beleaguered banking industry, insurance brokers must avoid the temptation to "leap misguidedly into an underwriting role, simply to get the last nickel out of a deal" as, Mr. Olsen charged, investment bankers have done.

But the insurance industry can take a tip from the banks in dealing with legislators, he said.

Banks have done well politically because they make it very clear to Congress that "they control the financial destinies of most voters, by way of insured deposits—especially insured retirement funds. When the going gets tough, they demand new business powers to recoup old losses," Mr. Olsen said.

He suggested that the insurance industry accept the fact that "individuals have a right to automobile insurance. Individuals have a right to pensions. Individuals have a right to be compensated for injuries—in or out of the workplace.

"We can either be a part of 'helping' individuals achieve these rights, or we can just watch from the sidelines," Mr. Olsen said. ■

NAIB is breaking ranks

Group backs federal regulation of insurer solvency—'if needed'

By LAURA MAZZUCA

SEA ISLAND, Ga.—Even while pledging its continued support for "responsible" state regulation, the National Assn. of Insurance Brokers has broken ranks with some insurance industry trade groups by saying it would back federal oversight of insurer solvency (*BI*, April 15).

"There are some in this audience who think the states alone can do the job," William D. Pringle, the group's outgoing president, said at its annual meeting here last month.

"But I would also tell you that the NAIB is prepared to support federal oversight of solvency regulation if needed to assure adequate uniform standards and effective enforcement of those standards," said Mr. Pringle, who is an executive vp of Frank B. Hall & Co. of New York Inc.

Long before the current uproar over lax regulation, the NAIB was concerned, he said. In a 1988 study, the group called for regulators to act swiftly against troubled insurers (*BI*, May 30, 1988).

Since then, public attention has been increasingly focused on solvency regulation, in part because states have mishandled past insurer failures, he charged.

"It's safe to say that the insurance industry has not been the smartest player in the public policy arena," Mr. Pringle said. "Historically, we had little need to be. Although the insurance business has always been cyclical, the cycles were manageable and reasonably predictable. That does not describe the insurance world of today."

Great public scrutiny has forced the industry to recognize "internal problems in the industry which won't go away by themselves, and which can't be lobbied away," Mr. Pringle said.

"Criticism has often been uninformed, unfair and, in some cases, downright foolish. But some of it has been knowledgeable, positive and constructive," he continued. "Public officials are working hard to understand our business and develop sensible solutions to real and perceived problems."

He urged brokers and others in the industry to take an active role in policymaking on both the state and national levels. "More than any other external factor, it has been government policies toward our industry that have most dramatically changed, and will continue to change, the way we do business," Mr. Pringle said.

"In this great public policy debate, brokers have two primary responsibilities. We must be at the table sharing our knowledge and concerns; and we must protect and defend our clients' needs," he said. "We cannot stop change, but we can participate in it and help shape it."

Regarding insurance solvency, brokers must primarily concern themselves with the buyer's point of view, Mr. Pringle said. "Throughout all our efforts, our principal position will be firm: Changes in the system of solvency regulation should not unnecessarily complicate the insurance transaction, unreasonably affect the cost of insurance, or interfere with efficient and innovative risk transfer mechanisms."

Brokers' role in the solvency process must be clearly defined, he argued. Part of a broker's job is to design risk management programs, represent clients in the insurance marketplace and strive to be experts on global insurance, Mr. Pringle said.

Although obligated to use "reasonable care" in securing coverage, "we should also make it clear that there is an important function we do not perform: We are not guarantors of insurance company solvency," he said. ■

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What makes a good wholesale broker? Ask his 'teammates'

By KATHRYN J. McINTYRE

PEARL RIVER, N.Y.—Wholesale brokers are the "special team players" in the business of placing insurance, one retail insurance agent says.

"If you don't play well, the team will loose," says Jerry Zaloom, executive vp of Kalvin-Miller International Inc. of New York, likening wholesale brokers to football special teams.

Mr. Zaloom was among four retail insurance brokers who addressed "What Retailers Look for from Wholesalers" at a Professional Insurance Wholesalers Assn. of New York State Inc. conference here in late May.

The PIWA represents more than 100 wholesale brokers and about 25 specialty insurance company supporting members, with an emphasis on wholesale and surplus lines markets.

Mr. Zaloom suggested that retail brokers are looking for nine attributes in a wholesale broker, which he noted spelled the word parachute.

He said that these are:

- Performance.

"Get the job done," he advised.

- Awareness.

"Know where to go and where the competition will come from."

- Resilience.

"Be able to bounce back from adversity."

- Acquiescence.

"Give in without protest," he advised, adding that there is "nothing more aggravating when I don't get the line than to be browbeaten by the wholesaler."

- Be "considerate, caring and creative."
- Be "hungry. . . .If you're not, you're out of business. Those who care get the business."
- Understand.

"Know your risk. There are many surplus lines brokers who don't know what they are placing," he observed.

- Tenacity.
- Execution.

Kenneth H. Glass, producer and account executive with Trident Managers Inc. in Garden City, N.Y., agreed that when a retail broker needs a wholesale broker, the wholesale broker's performance is critical.

For example, he advised wholesale brokers to "know your markets. If you don't, I won't do the proper job for my insureds."

Mr. Glass also asks that wholesale brokers "have integrity and "be honest enough to tell me if you can't do it and where I can go" to

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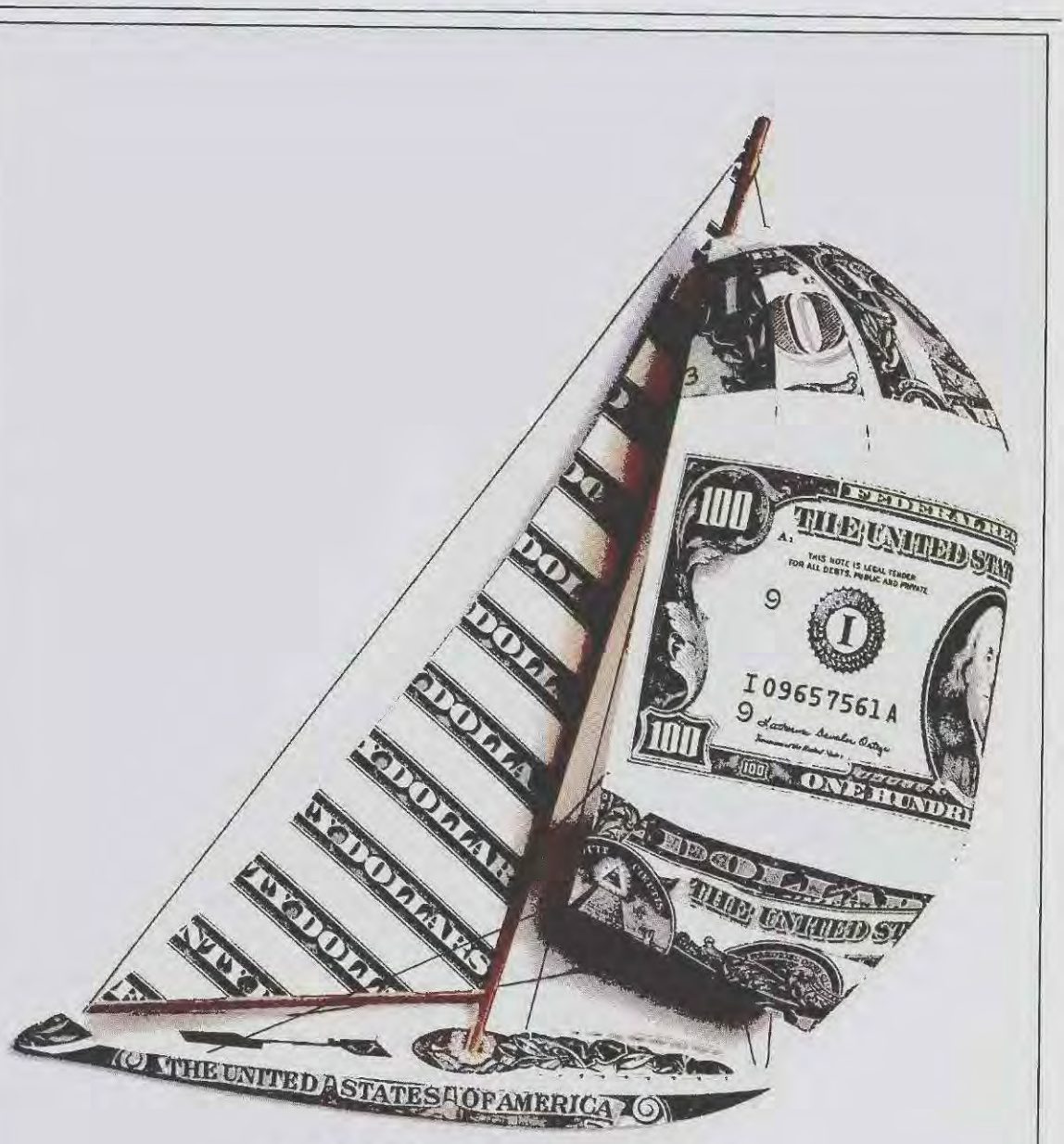
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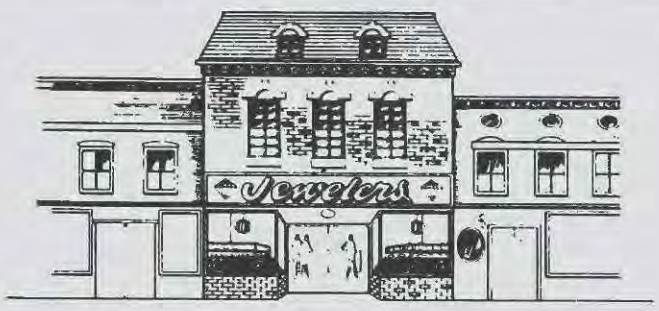
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Agent/Broker Topics

Wholesalers

Continued from previous page
find the insurance.

"Don't double-broker me," he advised, referring to one wholesale broker tapping another wholesale broker to place the insurance.

Mr. Glass also advised wholesale brokers not to "shotgun the markets" for coverage.

Wholesale brokers can make a quotation more attractive, Mr. Glass added, if the wholesaler informs the retail broker of when the premium is actually due to the underwriter and not demand payment earlier than is needed.

"Don't say that you have to have the money within 20 days of binding if you don't need it," he said.

Any lag time between the placement of the insurance and when the premium is due can reduce premium financing costs for the policyholder and make the ultimate cost of the insurance more competitive than another quotation for which the premium is due sooner, he explained.

Underwriters, when asked, may permit installment payments on annual premiums exceeding $250,000, he noted.

"I've won two sizable accounts because of creative financing," he said.

But, Mr. Glass emphasized, "I would never ask you to delay paying your bills."

Mr. Glass also warned wholesale brokers, "when you tell me it's bound, it better be bound." If the insurance has not been bound and there is a claim before it is, "whose E&O will pay is a good question," which could be answered by who has what in writing, he added.

Kenneth D. Pollack, chairman of RWP Group Inc. in Westbury, N.Y., also agreed that wholesalers serve the retail agent best when, if they are asked to place coverage that is not their area of expertise, they admit it. He asked wholesalers not to say "I'll try," or "We'll see."

He also asked wholesalers why "we have so many different applications for so many companies. Why can't we get generic applications?"

In addition, Mr. Pollack suggested that wholesale brokers accompany retail brokers in visits to retail accounts. "You are publicizing the products that you can write," he said.

Frank J. Riedman, executive vp and treasurer of Riedman Corp. in Rochester, N.Y., noted that not all retail insurance agents know how to access a wholesale broker, even if they have some large, sophisticated accounts.

Wholesale brokers should "educate agents as to what you do and what you have to offer," Mr. Riedman suggested.

"You can get the company and the price so that the agent can place the business," he noted. ■

Letters

Firm endorsed by chapters, not IIAA national

To the editor: It has come to my attention that I was misquoted in "Collection Agencies Are Thriving" (*A/BT*, May 6).

The misquote stated, "The national agency is endorsed in 42 states by the Independent Insurance Agents of America."

We are not endorsed by the Independent Insurance Agents of America. Our agreements are with each state association, not the national level of the organization. The correct way to word it is, "I.C. System is endorsed by 42 state associations which represent independent insurance agents."

Pat Smith
Manager-Association Services
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Continued on next page

Add This To Your File On Risk Management

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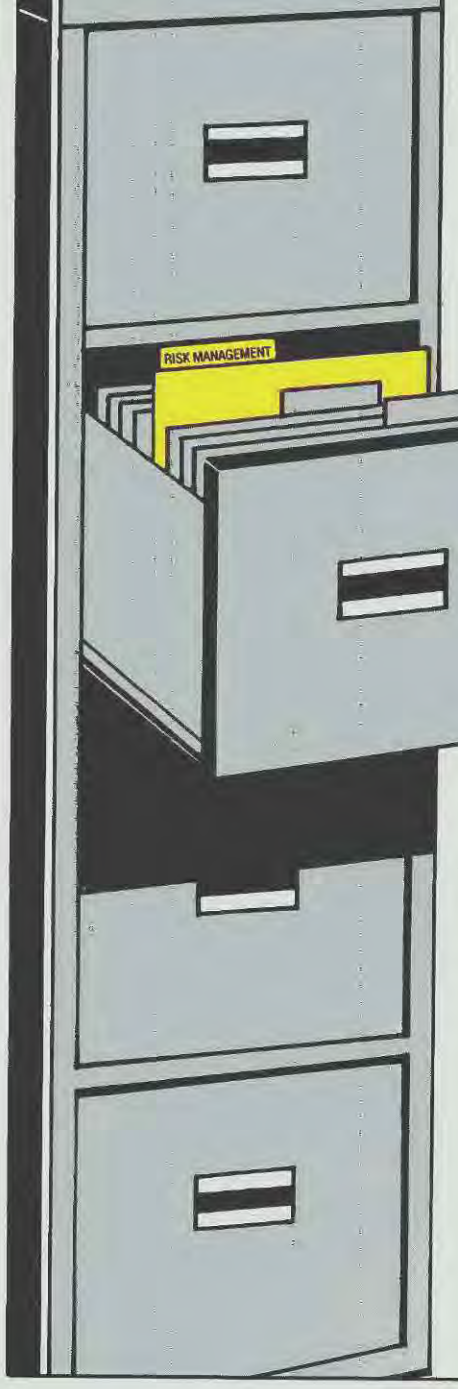
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- ✓ the impact on risk management;
- ✓ the influence of corporate cost control policies;
- ✓ the developments in technology;
- ✓ the systems and tools being used.

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RISK-MANAGEMENT
Mid-Year Market Report

A recent survey* among BI's corporate executive readers revealed that ...

62% read all of their last four issues of BI;
71% are especially interested in property/casualty topics;
74% are responsible for risk management;
74% review their risk management programs annually;
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*Source: An Audience Profile of the Business Insurance "Buyer" Reader, 1990

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Jardine Insurance Brokers Inc.

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Norwest Insurance Inc.
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Cedar Knolls
Marsh & McLennan Cos. Inc.
Chatham
O'Gorman & Young Inc.
Clifton
Braishfield Associates Inc.

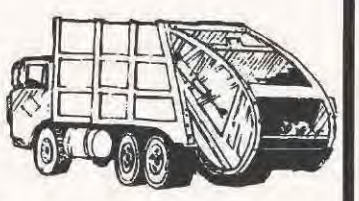
Continued on next page

Solid Waste Service

The National Solid Wastes Management Association can provide liability and worker's compensation coverage for private-sector waste service firms.

- Haulers
- Recyclers
- Landfill Operators
- Transfer Station Operators





Contact:
Charles A. Johnson, NSWMA 1730 Rhode Island Avenue, NW
Suite 1000-B, Washington, DC 20036
800/424-2869 or 202/659-4613

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Sylva
Sullivan Co. Inc.
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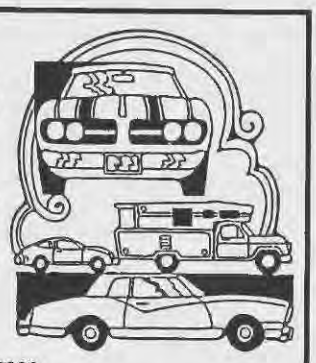
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Bander Seri Begawan
Willis Faber P.L.C.

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Sedgwick Group P.L.C.
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Faugere & Jutheau S.A.
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Faugere & Jutheau S.A.
Gras Savoye

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Grand Cayman
Hogg Group P.L.C.

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Chad

Ndjamena
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Sedgwick Group P.L.C.
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Cali
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Medellin
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Sedgwick Group P.L.C.
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Sedgwick Group P.L.C.
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Sedgwick Group P.L.C.
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Gras Savoye
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Gras Savoye
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Gras Savoye
Lens
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Lille
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Marsh & McLennan Cos. Inc.
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Lowndes Lambert Group Ltd.
Willis Corroon P.L.C.

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Guernsey

St. Peter Port
Alexander & Alexander Services Inc.
Frank B. Hall & Co. Inc.
Hogg Group P.L.C.
Jardine Insurance Brokers Group Ltd.
Sedgwick Group P.L.C.
Willis Corroon P.L.C.
St. Sampson's
Lowndes Lambert Group Ltd.

Hong Kong

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Gras Savoye
Frank B. Hall & Co. Inc.
Hogg Group P.L.C.
Hudig-Langeveldt Groep bv
Jardine Insurance Brokers Group Ltd.
Johnson & Higgins (H.K.) Ltd.
Lowndes Lambert Group Ltd.
Minet Holdings P.L.C.
Sedgwick Group P.L.C.
Willis Corroon P.L.C.
Kowloon
Sedgwick Group P.L.C.

Hungary

Budapest
Hudig-Langeveldt Groep bv
Marsh & McLennan Cos. Inc.

India

Bombay
Sedgwick Group P.L.C.
Willis Corroon P.L.C.
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Johnson & Higgins
Sedgwick Group P.L.C.

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Willis Corroon P.L.C.
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Sedgwick Group P.L.C.
Limrick
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Marsh & McLennan Cos. Inc.

Isle of Man

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Lowndes Lambert Group Ltd.
Sedgwick Group P.L.C.
Willis Corroon P.L.C.

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Brescia
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Florence
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Genoa
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Milan
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Frank B. Hall & Co. Inc.
C.E. Heath P.L.C.
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Johnson & Higgins S.p.A.
Lowndes Lambert Group Ltd.
Marsh & McLennan Cos. Inc.
Sedgwick Group P.L.C.
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Hudig-Langeveldt Groep bv
Johnson & Higgins S.p.A.
Marsh & McLennan Cos. Inc.
Rome
Alexander & Alexander Services Inc.
C.E. Heath P.L.C.
Frank B. Hall & Co. Inc.
Hudig-Langeveldt Groep bv
Marsh & McLennan Cos. Inc.
Johnson & Higgins S.p.A.
Sedgwick Group P.L.C.
Turin
Alexander & Alexander Services Inc.
Johnson & Higgins S.p.A.
Sedgwick Group P.L.C.
Verona
Alexander & Alexander Services Inc.
Sedgwick Group P.L.C.

Ivory Coast

Abidjan
Faugere & Jutheau S.A.
Gras Savoye
Frank B. Hall & Co. Inc.
Sedgwick Group P.L.C.

Jamaica

Kingston
Frank B. Hall & Co. Inc.
Hogg Group P.L.C.

Japan

Osaka
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Frank B. Hall & Co. Inc.
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Hudig-Langeveldt Groep bv
Jardine Insurance Brokers Group Ltd.
Johnson & Higgins of Japan Inc.
Minet Holdings P.L.C.
Sedgwick Group P.L.C.
Willis Corroon P.L.C.

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Minet ICDC Insurance Brokers Ltd.
Nairobi
Minet ICDC Insurance Brokers Ltd.
Bain Clarkson Ltd.
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Jardine Insurance Brokers Group Ltd.
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Kuwait

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Sedgwick Group P.L.C.

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Sedgwick Group P.L.C.
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Sedgwick Group P.L.C.
Willis Corroon P.L.C.
Penang
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Hudig-Langeveldt Groep bv
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Jardine Insurance Brokers Group Ltd.
Minet Holdings P.L.C.
Sedgwick Group P.L.C.
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Bain Clarkson Ltd.
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Sedgwick Group P.L.C.
Willis Corroon Johnson & Higgins Ltd.
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Invercardill
Bain Clarkson Ltd.
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Wanganul
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Minet Holdings P.L.C.
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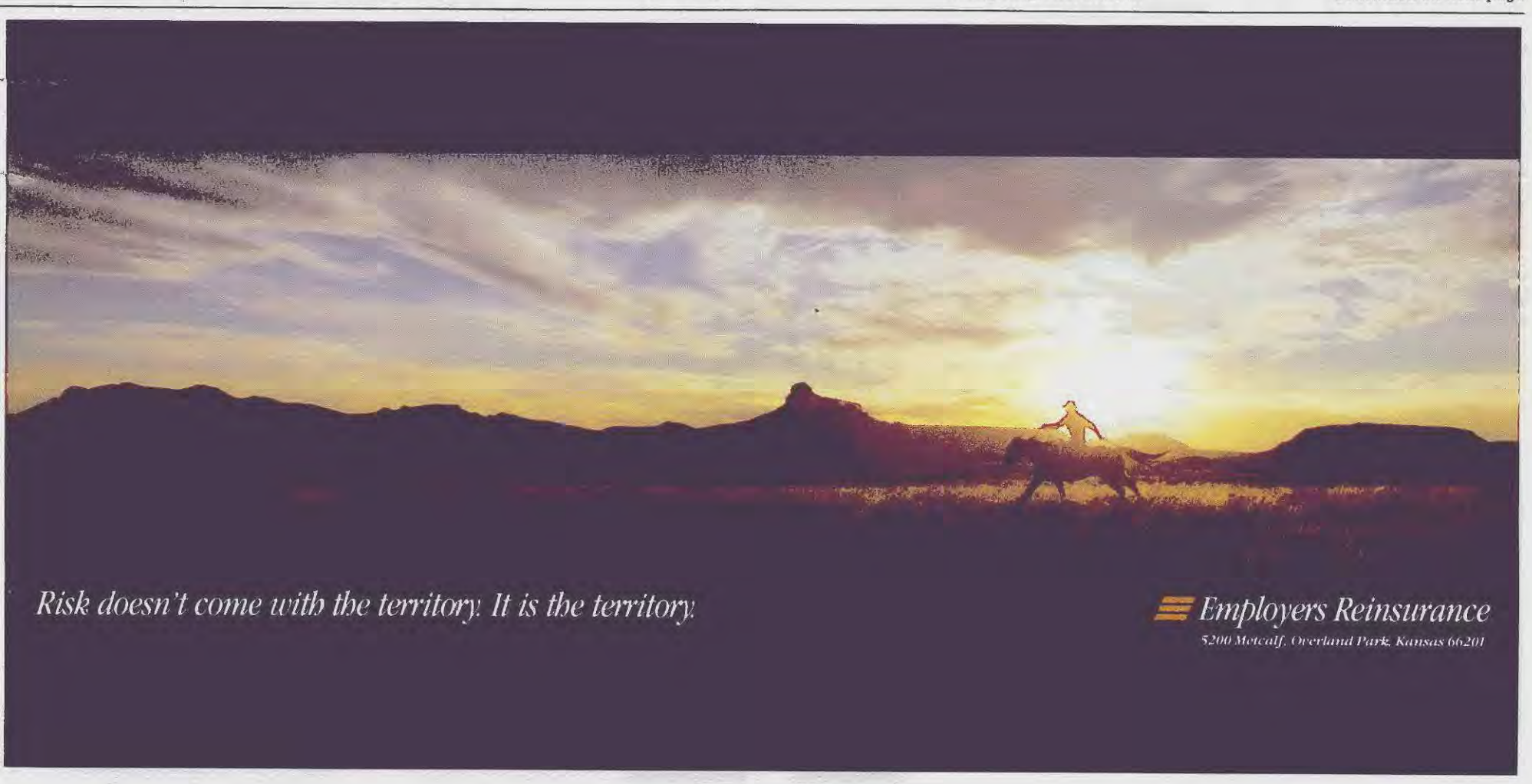
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Hogg Group P.L.C.
Jardine Insurance Brokers Group Ltd.
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Continued on next page



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Muscat
Sedgwick Group P.L.C.
Muttra
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Manila
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Santurce
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Willis Corroon P.L.C.
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Glasgow
Alexander & Alexander Services Inc.
Bain Clarkson Ltd.
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Lowndes Lambert Group Ltd.
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Willis Corroon P.L.C.
Kelso
Lowndes Lambert Group Ltd.
Perth
Lowndes Lambert Group Ltd.

Senegal

Dakar
Frank B. Hall & Co. Inc.
Gras Savoye

Singapore

Alexander & Alexander Services Inc.
Bain Clarkson Ltd.
Gras Savoye
Frank B. Hall & Co. Inc.
Hudig-Langeveldt Groep bv
Hogg Group P.L.C.
Jardine Insurance Brokers Group Ltd.
Johnson & Higgins
Sedgwick Group P.L.C.
Willis Corroon P.L.C.

South Africa

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Willis Corroon P.L.C.
Cape Town
Willis Corroon P.L.C.
Durban
Willis Corroon P.L.C.
East London
Willis Corroon P.L.C.
George
Willis Corroon P.L.C.
Port Elizabeth
Willis Corroon P.L.C.
Pretoria
Willis Corroon P.L.C.

South Korea

Seoul
Alexander & Alexander Services Inc.
Frank B. Hall & Co. Inc.
C.E. Heath P.L.C.
Hudig-Langeveldt Groep bv
Sedgwick Group P.L.C.

Spain

Barcelona
Alexander & Alexander Services Inc.
Gras Savoye
Hudig-Langeveldt Groep bv
Marsh & McLennan Cos. Inc.
Sedgwick Group P.L.C.
Bilbao
Hudig-Langeveldt Groep bv
Sedgwick Group P.L.C.
Madrid
Alexander & Alexander Services Inc.
Faugere & Jutheau S.A.
Gras Savoye
Frank B. Hall & Co. Inc.
C.E. Heath P.L.C.
Hogg Group P.L.C.
Hudig-Langeveldt Groep bv
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San Sebastian
Gras Savoye
Hudig-Langeveldt Groep bv

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Colombo
Sedgwick Group P.L.C.
Willis Corroon P.L.C.

Sudan

Khartoum
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Swaziland

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Minet Holdings P.L.C.
Mbabane
Hogg Group P.L.C.
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Marsh & McLennan Cos. Inc.
Stockholm
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Bain Clarkson Ltd.
Marsh & McLennan Cos. Inc.
Sedgwick Group P.L.C.

Switzerland

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Hogg Group P.L.C.
Marsh & McLennan Cos. Inc.
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Sedgwick Group P.L.C.
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Taiwan

Taipei
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Frank B. Hall & Co. Inc.
Hudig-Langeveldt Groep bv
Jardine Insurance Brokers Group Ltd.
Johnson & Higgins Inc.
Minet Holdings P.L.C.
Sedgwick Group P.L.C.

Thailand

Bangkok
Johnson & Higgins
Bain Clarkson Ltd.
Frank B. Hall & Co. Inc.
Hudig-Langeveldt Groep bv
Hogg Group P.L.C.
Jardine Insurance Brokers Group Ltd.
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Ethics ruling

Continued from page 2

asked to comment on an initial application to self-insure by a client —which the board said it was told has not occurred—that he disclose his firm's involvement and recuse himself.

The Ethics Board's 10-page decision stemmed from allegations of a conflict of interest made by members of Illinois' self-insurance community and others in a *Business Insurance* report, as well as a subsequent *BI* editorial that urged the board to review the situation (*BI*, April 1; March 25).

In April, Robert J. Malooly, chairman of both the Illinois Industrial Commission and the SIAB, submitted a written request that the Ethics Board review Mr. Sandner's situation.

The three-member Ethics Board based its decision on its review of several documents and comments made during a May 9 meeting attended by Mr. Malooly, Mr. Sandner, three present or former SIAB members and additional staff.

The Ethics Board generally concluded that SIAB application review procedures "sufficiently insulate the members from conflict of interest or potential conflicts," Mr. Gold wrote.

The board did, however, recommend "that the affiliations of all board members be removed" from the SIAB letterhead because their presence "raises the appearance of a conflict of interest."

In response, Mr. Malooly said in a statement, "The Board of Ethics opinion tells us that we have succeeded in structuring our procedures so that any potential conflicts of interest on the part of board members is avoided."

As to the Ethics Board recommendation to remove affiliations from the advisory board letterhead, Mr. Malooly said: "Prior to receiving the recommendation of the Ethics Board, we changed our policy on the use of the letterhead. All notices of security increases and orders from the chairman are issued on the chairman's letterhead."

In addition, Mr. Sandner said in a statement: "The Illinois Board of Ethics' recent findings served to substantiate the information I gave *Business Insurance* in an interview granted months ago."

He also criticized *Business Insurance* for printing what he called "unfounded and self-serving" statements.

Mr. Sandner added: "For all too many years, injured workers suffered the indignity of unpaid bills and financial disaster as a result of bankrupt self-insurers. Approximately 20% of Illinois self-insurers filed for bankruptcy in the 1980s; this unfavorable record was the worst in the country. Correcting the system required more than the creation of a solvency fund."

The SIAB has developed "a strong partnership with self-insurers in Illinois," he said. "We will continue to work at regulating self-insurance fairly and objectively, as we have done for 5½ years. Both self-insurers and injured workers receive the advantage of a system that has been working well."

The SIAB reviews and recommends whether to approve new and renewal applications to self-insure. It also recommends security levels self-insurers should furnish.

In 1990, the advisory board approved about 35 of the 93 new applications to self-insure that it reviewed. About 1,300 companies, including affiliates separately approved, self-insure workers compensation in Illinois.

The SIAB is chaired by the chairman of the Industrial Commission. Six other members, who are appointed by the chairman, are required by law to be experts in the workers comp self-insurance.

In requesting the ethics review, Mr. Malooly asked the board to consider three questions:

- "As a representative of the brokerage industry, is it appropriate for Mr. Sandner to serve" on the advisory board?

The Ethics Board concluded that it was appropriate, noting that Mr. Sandner initially was appointed in January 1986 by a previous chairman. The opinion noted that since then Mr. Malooly has praised Mr. Sandner for his efforts and re-appointed him to a second four-year term, which will expire in January 1994.

In its opinion, the ethics panel also cited Mr. Sandner's "pivotal role" in developing guidelines to evaluate the strength of applicants to self-insure. Those guidelines,

Continued on next page

Ethics ruling

Continued from previous page
developed with the Illinois Self—Insurers Assn., were adopted by the SIAB.

In addition, the Ethics Board noted Mr. Sandner's work as chair of the SIAB's Security Committee to establish a letter of credit option for self-insurers, which has been available since April 1.

The board concluded, "It is clear to us that Mr. Sandner is regarded within the self-insurance industry as an acknowledged expert in this field and that, by any standard, he meets the statutory test for appointment" to the advisory board.

"Based upon our review of the responsibilities and the practices and procedures of the Advisory Board, we also do not believe that Mr. Sandner's appointment to the board constitutes a conflict of interest," the opinion said, noting that the advisory board possesses no final decision-making authority.

"The influence of any member rests primarily on his or her knowledge and experience. An individual with the type of expertise possessed by Mr. Sandner appears to provide a valuable perspective for the Advisory Board in its decisions or policies, particularly in light of the fact that four of the seven members of the board are representatives of major self-insured companies in Illinois.

"From a public policy view, someone with Mr. Sandner's background may actually act to counterbalance any bias that an employer representative may have," the opinion said.

• "Is it appropriate for Mr. Sandner to participate in board decisions that result in the establishment of security levels for individual self-insured employers?"

Noting that there are several steps in the advisory board's procedure, the Ethics Board answered yes.

State statutes require that the SIAB review all applications and advise the Industrial Commission chairman of its recommendations, which may include requesting additional information from an applicant. The chairman must either the follow that recommendation or, within 30 days, provide a written explanation of his reasons for not doing so.

New applications to self-insure are first analyzed by SIAB staff, who evaluate the applicant company's financial data using the 18-point Illinois Self-Insurers Assn. guidelines.

"For those scoring 9 or less on the 18-point ISIA scale, the staff informs the applicant that the company does not qualify for self-insurance. For applicants scoring above 9, the staff will circulate a draft recommendation either for or against self-insurance to the members of the Advisory Board for comment. These comments will be considered by the staff in preparing its eventual recommendation to the chairman of the Industrial Commission, who makes the final decision on the application. Those applicants approved for self-insurance are notified by letter from the chairman of the Industrial Commission as to the security requirement required of the applicant," the opinion said.

For annual renewal applications, members of the SIAB "are consulted only in those instances where the self-insured entity is scored by staff below 6 on the ISIA financial guidelines. In those instances, the staff circulates a draft recommendation and the members individually are able to submit written comments on the staff recommendation," the Ethics Board said.

As a result of those recommendations, the staff may revise its recommendation or seek additional information from the applicant before making its recommendation to the Industrial Commission chairman, who has final authority to grant a renewal at an appropriate security level or cancel the applicant's self-insurance privilege.

"Given the procedures in place by the advisory board and the nature of Brokers' Risk Placement Service business, we do not believe that any conflict of interest or appearance thereof is presented by Mr. Sandner's participation in the determination of whether to permit self-insurance for any employer and the appropriate level of security for such employer," the Ethics Board said in its opinion.

"We first note that initial applications for self-insurance do not require the name of any proposed insurer or insurance broker for the required bond. Staff thus would be unaware of any relationship between Mr. Sandner's company and the applicant. Moreover, because Mr. Sandner's company is a wholesale broker and not a retail broker, we understand that it would be unlikely that his company would be involved as an insurer prior to any approval of the application and the establishment of any security level.

"To the extent that Mr. Sandner's firm has a business relationship with any firm submitting an initial application for self-insurance and he is asked by staff to comment on a recommendation, Mr. Sandner should disclose his interest and recuse himself from any further involvement. We note that we have been informed that, to date, no such relationship has existed for any initial application referred to Mr. Sandner for comment. Further, this type of recusal is no different than what would be appropriate for any other member of the Advisory Board," the opinion said.

"Second, we do not believe that Mr. Sandner's review of staff recommendations for renewal applicants constitutes a conflict of interest. At one time during Mr. Sandner's service on the Advisory Board, renewal applications required applicants to list their broker. That practice, however, was eliminated in 1990. Even when the renewal applications required such information, however, the name of Mr. Sandner's firm would not appear because his company is a wholesale broker, not a retail broker. The applicant's primary relationship is with the retail broker and the applicant typically would be unaware of the wholesale broker. Thus, there would not have been routine disclosure to staff of the involvement of Mr. Sandner's firm through the application process.

"Moreover, even assuming that staff was aware of such involvement by Mr. Sandner, it does not appear that staff is in a position vis-a-vis any board member, other than the chairman of the board, to be influenced by such involvement. Under its enabling legislation and in practice, it is the board chairman who is responsible for the direction, supervision and evaluation of the staff. Any influence by Advisory Board members in the staff evaluation process appears to be de minimis. Accordingly, we do not believe that staff would have any motivation to approve an applicant simply because it was aware that Mr. Sandner's firm had some involvement in the provision of the required bond," the Ethics Board said.

"We also note with respect to renewal applications, Mr. Sandner and the board members are only provided an opportunity to comment on those companies who score below 6 on the ISIA guidelines. We have been advised that the underwriting guidelines utilized by Brokers' Risk Placement Services Inc. and in place throughout Mr. Sandner's tenure on the board would not permit coverage on risks in this range. Therefore, we are informed that Brokers' Risk would not, and did not during Mr. Sandner's advisory board terms, have any relationship with any renewal applicant for whom Mr. Sandner was requested to comment," the opinion said.

• Given Mr. Sandner's membership on the SIAB, is it appropriate for his brokerage "to solicit business from Illinois self-insured companies, using publicly available lists of self-insurers after bond amounts have already been established by the chairman?"

Yes, said the Ethics Board.

One of the effects of the application of the Illinois Self-Insurers Assn. financial guidelines was to raise the amount of security, expressed as a percentage of the self-insurers' outstanding exposure, that many self-insurers must post. The Ethics Board noted that the guidelines' impact was discussed in two July 1990 notices: one from the Illinois Self-Insurers Assn. to some employers; as well as one in a press release "on the letterhead of the Advisory Board, which contains the names and affiliations of each of its members."

"Subsequent to this trade advisory, Brokers' Risk Placement Service sent out two general solicitation letters on Aug. 17, and Aug. 20, 1990. The Aug. 17 letter was sent to Illinois self-insurers using a publicly available list. This letter announced that Brokers' Risk had increased its surety bond capacity to $2 million. The letter suggested that the self-insurers ask 'your broker or TPA (third-party administrator) to contact us today.' The second letter carrying the same information was sent out to retail brokers and third-party administrators," the opinion said.

"The solicitation letters of Aug. 17 and 20, 1990, were not issued with the use of any information not generally available to the public or others in the insurance industry and made no connection with Mr. Sandner's position as a member of the Advisory Board," the Ethics Board noted.

"We do, however, believe that the use of the affiliations of each board member on the letterhead, a practice that was initiated prior to Mr. Sandner's term of office, raises the appearance of a conflict of interest. The board could proffer no policy rationale for this practice and we therefore recommend that the affiliations of all board members be removed" from the advisory board letterhead, the Ethics Board concluded.

The Ethics Board pointed out that its ruling is based on its interpretation of representations and documentations presented to it and that "any different facts or conditions might require a different conclusion."

The Ethics Board consists of Mr. Gold, an attorney with Sidley & Austin in Chicago; Martin S. Agran, an attorney with Agran & Agran in Chicago; and Ellen Stanton Mulaney, a non-practicing attorney who resides in Chicago. ■

Texas UR reform

Continued from page 2
hopes that retrospective review services will be regulated, too, he added.

Executives at Texas UR firms say they are satisfied with the legislation's final form, but acknowledge that they had to lobby for changes in the original bill that would have seriously dampened UR activities.

Dr. Ronald T. Luke, chief executive officer of Health Benefit Management Inc. in Austin, said the original legislation, drafted by physicians, "was clearly an attempt to cripple the ability of payors to do effective cost management."

The original bill was influenced by psychiatric hospitals, which were watching occupancy rates plummet because of UR, and by the Texas Medical Assn., which was reacting to physicians' complaints, he said.

Texas Medical Assn.'s Mr. Francisco acknowledged that the association had received many complaints from doctors regarding what the physicians thought were unprofessional and inappropriate actions by UR firms.

All of the new regulations apply to UR firms, while many of the new standards also apply to health maintenance organizations that have utilization review features.

The reforms exempt UR services provided as part of certain state and federal contracts or programs. UR services provided under the authority of the Texas Workers Compensation Commission also are exempt from the new regulations, as are self-insured plans governed by the Employee Retirement Income Security Act that perform their own review services.

But, only a few self-insured employers handle utilization review in-house, pointed out Nancy Sims, government affairs director for the Texas Business Group on Health, which represents employers in the state. "Most have third-party contracts."

And, "It's still questionable whether ERISA would pre-empt the law for those who do it in-house," Ms. Sims added.

Surveys show Texas employers pay around $1.88 per employee per case when UR services are rendered, Ms. Sims said. The cost of meeting the new regulations could push that figure to $2.10 to $2.25, she estimated.

Overall, the cost for UR firms of adhering to the regulations is not expected to be onerous, nor are the regulations expected to hamper health care cost containment efforts.

However, if provisions that allow appeals by health care providers are abused, UR firms' business costs—and ultimately health care costs—could rise somewhat, according to Evelyn Ireland, an Austin attorney representing the Health Insurance Assn. of America and the Texas HMO Assn.

Under the law, UR companies must allow a two-step appeals process for health care providers or benefit plan enrollees who question adverse review determinations.

A "clear and concise statement of the clinical basis" for the denial of a procedure or service must be provided to the health care provider or enrollee, the law states.

At that point, the health care provider or enrollee has the right to appeal the decision to a physician that is selected by—and whose review bill is paid by—the UR firm.

If the physician upholds the denial, the second step in the process allows the enrollee or health care provider 10 days to show in writing "good cause for having a particular type of a specialty provider review the case."

The "specialty provider" must be a health care provider in the same or a similar specialty as the one who would treat the medical condition in question.

The decision of that specialist, who also is selected and reimbursed by the UR firm, is final.

If providers refer every case to the second appeals level, "it will increase the cost of utilization review and make utilization review in certain instances unpalatable," Ms. Ireland pointed out. "Less and less review of certain procedures could cause the cost to go out of control."

If the appeals process is used in a "limited fashion, it shouldn't add to health care costs," she said.

Mr. Francisco of the Texas Medical Assn. said it is unlikely that many appeals will reach the second level.

"The fear was that all the cases would be appealed," he remarked. "We think we will get most cases resolved on the first level. We don't think many will go to that next step."

Dr. Luke of Health Benefit Management said his firm already has a similar appeals process in place and a "relatively low percentage" of appeals go beyond the first step.

"But it's not insignificant," he said of the number of appeals. "It represents an additional cost for the payor because we are charging for that additional layer of service."

One reason the appeals process is not heavily abused, Dr. Luke pointed out, is because the procedure ties up the appealing physician's time.

Many Texas utilization review companies already adhere to many of the standards called for in the law, says Ms. Ireland. The law "essentially codifies much of the current operations" of many UR oper-

Continued on next page

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Texas UR reform

Continued from previous page
ations, she said.

"For the bad actor, it provides a measure of disciplinary action."

To become certified under the law, a utilization review firm is required to show the state's insurance commissioner that it will:

- Develop a "utilization review plan" with input from health care providers and the approval of a physician. The plan must detail the UR procedures the firm will use.

Firms that provide UR services must have a medical director as part of its organization. Screening criteria and review procedures must be periodically evaluated and updated by physicians and other health care providers.

- Use properly trained and qualified personnel to deal with physicians and health care providers.

Such personnel who are not physicians must be nurses, physician assistants, registered records administrators, accredited records technicians or "individuals who have received formal orientation and training in accordance with policies and procedures" established by the URagent.

- Agree not to base employee compensation on "volume of adverse determinations, reductions or limitations on lengths of stay" or other similar performance standards.
- Allow health care providers to designate one or more individuals as contacts for routine information. The UR firm is not allowed to engage in "unnecessary or unreasonable repetitive contacts" with the health care provider.

If requests are made for information in writing, the utilization review firm must reimburse the health care provider for the cost of providing the information.

- Establish a complaint system that "provides reasonable procedures for the resolution of written complaints initiated by enrollees, patients, or health care providers concerning the utilization review."

UR firms must respond to complaints within 60 days and make the list of complaints available to the State Board of Insurance.

- Set up a toll-free telephone line that is available at least 40 hours per week during normal business hours.

A spokesman for Health Benefit Management said UR firms will face additional costs but not like those in some other states where regulations are more onerous.

"While it will be a little more difficult to carry out the process, the bill still permits effective utilization review," he said. "Cost-saving as a result of utilization review will continue, with the bill imposing some slight administrative burdens."

Some UR firms are not happy with the additional costs they face as a result of the new legislation.

"On one hand, it's good," said Melvin Thorne, chief operating officer of NHA Review Services in Houston, referring to the new regulations. "Hopefully it will ensure quality of services."

On the other hand, UR firms like NHA that have operations in several states are watching operating costs rise as more jurisdictions implement certification.

Licensing fees alone range from $500 to $1,000 in each state, Mr. Thorne pointed out, and when costs like those add up, they are usually passed along.

The cost of a Texas UR license has not yet been determined. ■

"Great discoveries and improvements invariably involve the cooperation of many minds." *Alexander Graham Bell*



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INTERNATIONAL

Risk curriculum lacks RIMS support



The curriculum proposed by Messrs. Knight, left, and Dickson stresses a well-rounded business education.

By KATE McILWAINE

BRISBANE, Australia—Work on advancing a curriculum leading to an internationally recognized postgraduate risk management diploma is proceeding, despite no support from the Risk & Insurance Management Society Inc.

Kevin W. Knight, president of the International Federation of Risk & Insurance Management Assns., which developed the curriculum, said that while RIMS had congratulated the IFRIMA education liaison committee on the development of the international curriculum, RIMS had not agreed to its global implementation.

The minutes of an IFRIMA board meeting held during the April RIMS conference in New Orleans noted: "In RIMS' view. . .it is felt that quality control over courses offered in various parts of the world and certification of such courses is beyond IFRIMA's purview" and that the curriculum should be considered only as a guide to risk management studies.

In spite of that stance, IFRIMA still plans to implement the curriculum in countries other than the United States, said Mr. Knight, who is risk manager for the Queensland operations of Australia's postal service, Australia Post, in Brisbane.

IFRIMA had to look at the long-term global benefits of an internationally accepted risk management education standard, he said. "No one nation dominates or has a monopoly on the management of risk. We can all learn from one another. The strength of IFRIMA is in learning from one another."

The curriculum consists of five core subjects: risk analysis; business finance; risk financing; risk control; and corporate risk management.

Another four subjects, which would vary according to local requirements, will be included for study.

The essence of the program would be local flexibility and autonomy within a framework that guarantees quality control, Mr. Knight said.

Implementing the curriculum would vary, but would involve cooperation with existing risk management institutes and local universities. Quality control would be an IFRIMA responsibility with IFRIMA issuing certificates to candidates whose courses satisfied the requirements.

Mr. Knight said European, Brit-

Continued on next page

Intermediaries' role in E.C. debated

Official suggests compulsory registration

By WILLIAM PITT

LAUSANNE, Switzerland—Recommendations due this month on how to regulate insurance intermediaries in a single European market will be "non-binding," but should carry some legal weight, says the European Commission official responsible for them.

At last month's annual meeting here of the Bureau International des Producteurs d'Assurances et de Reassurances, Patrick Pearson stressed the crucial role intermediaries will play in a single European market for insurance.

Enforcing existing E.C. rules on intermediaries has proved "far from simple," he admitted.

He listed four steps that the commission will recommend that E.C. member nations take:

- Create rules regulating both access to the field and practice.
- Establish compulsory registers for qualified intermediaries.
- Stipulate that no insurance intermediary may operate without registering.
- Establish a clear distinction in the client's mind between dependent and independent intermediaries.

According to Mr. Pearson, 11 of the 12 member states "firmly support the general thrust of these objectives." He did not specify which nation that excludes, but Manuel Defrutos, a colleague of Mr. Pearson's in the European Commission, said he understood that Germany was the only nation opposed to the rules. Neither Germany nor Denmark now regulates intermediaries.

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Mr. Defrutos is currently working on the final version of the Third Non-Life Insurance Directive—dubbed the Framework Directive—which is designed to create a single market in Europe for all forms of non-life insurance. A similar framework directive for life insurance is also being drafted.

In 1988, an initial non-life directive was ratified (*BI*, June 13, 1988). Then a second non-life directive was enacted last year in eight of the 12 E.C. nations (*BI*, July 2, 1990).

At the BIPAR meeting Mr. Pearson alluded to the crucial role brokers and other intermediaries will play in making these directives work.

He referred to the "infamous broker clause" in the second life insurance directive that the European Commission adopted last year.

That clause allows member states to delay implementation of a certain feature of the directive; namely, a section requiring states to allow consumers to buy a policy from an insurer in another state if they do so on their own initiative.

Specifically, a section of the directive states that a consumer who approaches an independent intermediary to request information on or purchase life insurance coverage from an insurer in another state should be allowed to purchase coverage.

However, the "broker clause" allows nations to delay adoption of that section until May 1996.

This clause was included to give "certain member states" enough time to pass national laws that include regulations on the indepen-

Continued on next page

Dutch brokers see economic threat in insurer merger

By WILLIAM PITT

LAUSANNE, Switzerland—Dutch brokers say they are fighting back against the threat posed by the merger of Nationale-Nederlanden N.V., the nation's largest insurer, and one of the country's leading retail banks.

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That merger has created an "enormous crisis of confidence" among brokers, many of whom have decided not to place any new business with Nationale-Nederlanden, said Jan Weitenberg, president of the Dutch brokers association, Nederlandse Vereinigung van Makelaars in Assurantien en Assurantieadviseurs—or NVA.

The 5 million account holders with the bank—Nederlandsche Middenstandbank N.V.—will provide a valuable client base for personal lines insurance, and competition will "increase enormously," he said at a meeting here last month of the Bureau International des Producteurs d'Assurances et de Reassurances.

And unless brokers act quickly, a loss of personal lines business would in time lead to a loss commercial lines accounts, Mr. Weitenberg predicted.

"Many contacts with business relations. . .have their origin in former contacts with the (personal lines) sections of the intermediary's office," he said.

Mr. Weitenberg also warned that Dutch brokers, who currently place about 60% of the Dutch market's premiums, should take care

Continued on next page

Profits take a plunge at Sturge Holdings

By GAVIN SOUTER

LONDON

LONDON—Six-month profits fell sharply and full-year profits will probably be even worse for Sturge Holdings P.L.C., the largest Lloyd's of London underwriting agency, says Sturge Chairman David Coleridge.

Pretax profits fell 21.2% to 3.7 million pounds ($6.1 million) in the six months ended March 31 from 4.7 million pounds ($8.2 million) in the same period last year. Sturge expects profits for the year that will end Sept. 31 to slump more than 40% to about 18 million pounds ($29.4 million at current exchange rates) from 31.5 million pounds ($60.8 million) the previous year.

The bulk of Sturge's 1991 full-year results will arise from profit commissions—a portion of underwriting profits paid to the agency—on the 1988 account, which are paid in the second half of the year.

"The forecast reflects reduced profit commission receivable as a result of certain Lloyd's syndicates—mainly in the marine market—incurring underwriting losses for the 1988 account and other syndicates returning reduced profits compared with the 1987 account," said, Mr. Coleridge, who also is chairman of Lloyd's. The group's profit commission in 1992 will probably be "significantly lower" than it was in 1991, he added.

With the "bottom of the insurance cycle. . .in sight," Mr. Coleridge pledged profits will soon rise. An organizational and cost review now under way are designed to increase efficiency at Sturge, he said.

Terry Hayday has been appointed to the new post of chief executive of Sturge Lloyd's Agencies Ltd., a Sturge holding company subsidiary responsible for all insurance operations. His responsibilities had been shared among the three chairmen of the group's managing agencies.

Mr. Hayday, who had worked for Sturge in a junior role from 1966 to 1968, rejoined the company when it bought Holmes, Hayday (Underwriting Agencies) Ltd. in October 1990. He is the underwriter for non-marine syndicate 694, chairman of the Lloyd's Network Steering Group, a board member of the Lloyd's Non-marine Assn., and chairman of Sturge Non-marine Syndicate Management Ltd.

Octavian buyouts

Lloyd's of London managing and members' agency Octavian Group Ltd. has bought rival agency N.T. Evennett & Partners Ltd. and has taken over non-marine syndicate 10 from Langton Underwriting Agents Ltd.

The deals will raise the underwriting capacity of Octavian syndicates 21% to 273 million pounds ($526.9 million) from 225 million ($434.3 million), and add 111 members, bringing the total to 1,233.

The purchases reflect the growing rationalization in Lloyd's that will make it difficult for small syndicates to be profitable in the future, said Nigel Rogers, managing director of Octavian.

Evennett manages two syndicates. Marine syndicate 658, which writes a direct marine account, has a capacity of 27 million pounds ($52.1 million) and had an 11% loss in 1988, which under Lloyd's three-year accounting system is reported this year. And non-marine syndicate 1035, which writes excess of loss business, has a capacity of 11 million pounds ($21.2 million) and had a 37% loss in 1988.

Octavian will merge syndicate 1035 with its existing syndicate 787. Syndicate 787 already is merging with syndicate 843, which Octavian acquired last year when it purchased R.A.F. Macmillan & Co. Ltd., Mr. Rogers said.

Syndicate 658 may also merge

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INTERNATIONAL

Risk curriculum

Continued from previous page
ish and Australian risk management organizations already plan to implement the curriculum.

He was disappointed there had not been support for the proposal at the New Orleans RIMS conference, but said: "A reason that RIMS has no great urgency with this is that in the United States you can do university courses in risk management.

"But, risk management education in the United States is still aimed at producing the professional risk manager as opposed to the manager of risk. There is a danger in creating the professional specialist who can work in risk management only. . . .We don't need people with a degree in risk management, but we need business people with an understanding of the principles of risk management."

IFRIMA's post-graduate degree is aimed at producing company executives who have general skills as well as risk management qualifications, he said.

Mr. Knight said the initial impetus for the course came from an October 1988 IFRIMA board meeting in Brisbane, Australia (*BI*, Nov. 6, 1989; Oct. 31, 1988).

After that meeting, he sought input from IFRIMA members and sent the 18 responses to Gordon Dickson, a professor in the department of banking and insurance at Glasgow College in Glasgow, Scotland. Mr. Dickson devised the curriculum with input from the IFRIMA education liaison committee.

Despite the lack of RIMS' support, the program is advancing in other countries, Mr. Knight said.

"At a meeting in May, the Association Europeane des Assures de L'Industrie made substantial and significant progress, despite obvious language difficulties," he said.

In Australia, where the Australian Risk & Insurance Managers' Assn. and the Australian Institute of Risk Management run a joint education committee, a graduate diploma in risk management is being developed at Monash University in Melbourne.

Daryl J Watson, president of ARIMA, said the Monash University program will likely start in September

Mr. Watson said he supports a standardized program accepted worldwide. But, he added that he does not consider that "the door was closed" after the RIMS conference. "I am positive that (the curriculum) will still be worldwide . .I think RIMS will come into it at a later stage."

Shaun Wilkinson, risk and insurance manager for Auckland, New Zealand-based Fletcher Challenge Ltd. and a member of the IFRIMA education liaison committee, agreed.

"I am hoping that everyone, other than the Americans, will run with it, and I hope they will see the benefits in due course," he said.

Mr. Wilkinson said that qualifications for risk management education in the United States are "extremely good" but not broad enough. "They don't explore the obvious interrelationship between risk management and the rest of the management of an organization," he said.

Mr. Wilkinson said the IFRIMA curriculum "addresses the broadening of risk management and tackles the fundamentals."

Mr. Knight agreed, noting that the goal of the post-graduate degree is to ensure that "in medium and small enterprises which cannot afford the luxury of a full-time risk manager" there is a person with risk management skills. He said the ultimate aim is to see risk management as a component of business courses. ■

Intermediaries

Continued from previous page
dence and qualification of insurance brokers, said Mr. Pearson.

The new recommendations should give member states some guidelines for drafting national laws, Mr. Pearson noted.

Current laws vary widely, he said. For example, Germany and Denmark do not regulate intermediaries "at all"; other countries regulate only "tied," or exclusive, agents; and still others regulate both tied agents and independent brokers.

"If these guidelines are implemented throughout the community," Mr. Pearson said, "consumer protection will be enhanced, level playing fields created for all those who mediate in insurance and a useful foundation will exist for possible binding and more detailed measures in the future."

The role of brokers in developing cross-border trade in insurance in Europe was also highlighted by Marcelino Oreja, a Spanish member of the European Parliament. He noted that foreign insurers still account for only 7.5% of the total premiums underwritten in the European Community; the remaining 92.5% remains with domestic insurers.

Mr. Pearson did not rule out the possibility that the commission may introduce tougher regulations if member states drag their feet on implementing the upcoming recommendations.

Patrick Devine, a lawyer specializing in E.C. insurance law, said the European Commission had "recognized that a gap existed" in regulation.

"Single market legislation has concentrated on consumer protection on the one hand and opening up the market for insurance companies on the other. They've completely forgotten the intermediary in the middle," said Mr. Devine, who is with Barlow Lyde & Gilbert of London.

He suggested that commission officials might have preferred to put forward a binding directive. The recommendation was a compromise, he said, chosen because it "would take a long time to negotiate a formal directive."

Time is a commodity in short supply for the European Commission officials who have been drafting the blueprint for a single insurance market by 1992. As Mr. Pearson observed, "proposals for the third generation directives are already steadily advancing along the legislative route."

Mr. Devine commented: "I wouldn't be surprised if we see (the broker recommendation) converted into a directive in a couple of years." ■

Dutch brokers

Continued from previous page
not to neglect private—as opposed to commercial—clients.

He cautioned the bigger international brokers, about 60 firms, against increasingly giving priority to commercial lines business. "We think this is a wrong and, in the long run, even dangerous development," he said. "Neither economically nor strategically can we afford (to let) the private market fall into the hands of another market partner," he argued.

"Not economically, because a substantial part of (our) income still comes from the (personal lines) insurance market," contended Mr. Weitenberg. "Not strategically, because once the other market partner has conquered the private market, he will, from his strong position, compete against the professional intermediary (on commercial lines)."

Facing tough competition from Nationale-Nederlanden, the NVA has joined forces with Dutch insurance companies to establish the Institute for the Marketing of Independent Intermediaries.

One problem Dutch brokers have when they want to expand is a shortage of skilled staff, explained Mr. Weitenberg. So one of the institute's tasks will be to put brokers in touch with specialized recruiting firms capable of finding qualified staff.

The group will also provide training courses for management and "establish contact with advertising consultants who can give insurance intermediaries information (on) marketing and advertising," he said.

The total 1990 premium volume of all insurers active in the Dutch market was $20 billion, according to Mr. Weitenberg. About 15% of this business passed through banks, a number of which are members of the association.

Until the beginning of last year, mergers between banks and insurance companies were not permitted in the Netherlands. Banking members of the NVA that have since merged with insurers will have to renounce their membership, Mr. Weitenberg said. One condition of NVA membership is independence from insurance companies. ■

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INTERNATIONAL

E.C. broker says exclusivity may be obsolete

By WILLIAM PITT

LAUSANNE, Switzerland—The role of independent insurance intermediaries in Europe will grow, says Tom Brittan, chairman of an agents and brokers advisory committee to the European Community.

BIPAR '91
LAUSANNE • SUISSE

"The future," he declared at a recent conference, "belongs to the (independent) agent or the independent broker, rather than the exclusive agent."

Mr. Brittan's remark was made at the annual meeting of the Bureau International des Producteurs d'Assurances et de Reassurances held last month in Lausanne, Switzerland.

However, the declaration was not made to BIPAR members. That could have been inflammatory, given that there were many exclusive agents—those who place business with only one insurance company—among the delegates. Instead, he made his prediction in response to a question from a Belgian journalist.

Nevertheless, Mr. Brittan touched on a highly topical subject, albeit one that BIPAR—which represents both exclusive agents and independent agents—has some difficulty in debating. Its topicality was highlighted by a survey of the relations between insurers and exclusive agents in France, Italy and Germany. Delegates found survey results surreptitiously slipped in among their official conference papers.

The survey was conducted by the French insurance agents association, Federation Nationale des Syndicats d'Agents Generaux d'Assurances. It identified exclusivity as being "at the heart of debates" between insurers and agents in the three nations.

Historically, most business in Europe has been handled by exclusive agents, who work only with one insurance company. This exclusivity has worked both ways: Agents have dealt with only one company apiece, and the companies have dealt with only one agent in each geographical area.

'The future,' says Tom Brittan, chairman of an agents and brokers advisory committee to the European Community, 'belongs to the (independent) agent or the independent broker, rather than the exclusive agent.'

In France, the picture is changing, according to the study.

Agents in France have been pressing for the right to do business with several insurance companies for commercial lines business, the group said. "The demands of industry and the vigor of competition oblige the agent to form close links with several insurance companies and to choose on each occasion the one that is best placed," the survey authors report.

For personal lines business, the reverse is the case, the group said: French agents "are trying to reduce to three or four the number of insurance companies with which they work. In this field, economic logic (competitiveness, speed of handling, rationalization of tasks) leads to close relations."

The group also reiterated its members' enthusiasm for the "free space" idea proposed last year by Jean Peyrelevade, chairman of insurer Union des Assurance de Paris.

He proposed that, in return for supporting UAP's plan to sell insurance through branches of the state-owned Banque Nationale de Paris, UAP's agents should have a "free space" in their books for the products of other insurance companies. They could thus place about a tenth of their business

Continued on next page

BIPAR conference attendance down by half this year

LAUSANNE, Switzerland—The 54th annual conference of BIPAR, the Bureau International des Producteurs d'Assurances et de Reassurances, was rather less spectacular than the 53rd.

Some 216 delegates attended the 1991 meeting here last month, about half the number that flocked to Amsterdam, The Netherlands, last year.

Why the lower attendance?

Henri van Duynen, the BIPAR president, attributed the decline to the attraction of Amsterdam as an insurance brokerage center. Delegates last year had the chance to visit the offices of major Dutch brokers, an attraction unavailable in Lausanne. He also suggested that attendance at the Amsterdam conference had been exceptional and Lausanne represented a return to normal.

BIPAR was founded in 1937. It represents all forms of professional insurance intermediary, including exclusive company agents and independent brokers. Notwithstanding the different perspectives of agents and brokers, Mr. van Duynen insisted that they had achieved "positive cohabitation" within the group.

This year's conference revealed once again the strong European orientation of BIPAR. The association represents insurance intermediaries from around the world, but the bulk of the speeches at the conference were delivered by Europeans on European themes.

That imbalance may be redressed later this year at the third world meeting of intermediaries in Rio de Janeiro in October. The conference will be jointly organized by BIPAR and the Pan American intermediaries association, Conferacion Panamericana de Productores de Seguros.

For more information, call or write to BIPAR, Avenue Albert-Elisabeth 40, B-1200, Brussels, Belgium; 32-2-735-6048; fax: 32-2-732-1418.



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INTERNATIONAL

Agents' future

Continued from previous page

with companies other than UAP.

"Agents are very attached to this 'free space' idea, to use Jean Peyrelevade's expression," according to the association. "It enables them to serve their clients better, to hold onto their portfolios (and) to balance relations with insurance companies, which have not been holding back from forming business links with other networks."

Henri de Bruyne, chief executive of FNSAGA, told *Business Insurance* that a "crisis of confidence" now exists in France between insurance agents and insurance companies. He blamed the companies for having alienated their agents by linking up with banks and other alternative distribution networks.

Mr. De Bruyne said that this crisis of confidence has left FNSAGA in a delicate position. The association spent the better part of last year negotiating new nationwide agreements between agents and insurers in France. By last December, the group thought it had reached a satisfactory agreement. But the agent group's membership rejected the deal, sending both sides back to the drawing board.

Members did not like a proposal that contracts between insurance companies and agents would be reviewed at least once every five years, Mr. de Bruyne said. They did not trust the insurers and wanted longer-term security. Under the old nationwide agreements, contracts run indefinitely.

Mr. de Bruyne said he could not predict when the current disagreements between the agents and insurers will be resolved. "It's a very unsatisfactory situation," he said.

In Italy, too, relations between insurers and their direct agents are becoming very strained.

Mario Meraviglia, an agent of insurer Riunione Adriatica di Sicurta S.p.A in Sarrono, said the agents are arguing for the right to sell the products of a range of insurance companies. The insurers, for their part, want to abolish the territorial exclusivity agents have always enjoyed, he said.

Feelings are clearly running no less high in Italy than in France.

The survey reported that the members of its sister agent organization in Italy—Sindicato Nazionale Agenti di Assicurazione, or SNAA—plan to close their offices for three days in protest against the ease with which insurers can link up with rival distribution networks such as banks, allegedly in breach of territorial exclusivity agreements.

Exclusivity remains the norm in Germany, the survey found.

Between 70% and 75% of German agents are tied to only one company, and they control between 70% and 75% of the market, FNSAGA reports. ■

LONDON

Continued from page 113

with an existing Octavian syndicate, he added.

All of Octavian's 10 current syndicates were profitable in 1988, Mr. Rogers said.

"We currently have 10 syndicates and we only intend to have 10 next year, too. We are not looking to run a whole string of syndicates; we just want to add value to the syndicates we already have. A lot of the syndicates we have taken over have a very good core business. The idea is to cut out the rubbish and add value," he said.

Evennett will be a wholly owned subsidiary of Octavian and will be headed by Mr. Rogers.

The sale was partially due to the retirement of Norman Evennett, the Evennett chairman, Mr. Rogers said. The rest of the Evennett management will be retained, he added. "We want to keep the Evennett name, because there is a lot of good will attached to it."

The transfer of non-marine syndicate 10 from Langton has been agreed upon but will not take effect until the end of 1991.

Syndicate 10 has a capacity of 10 million pounds ($19.3 million) and writes largely professional liability business. It is expected to make a 6% to 8% profit for 1988, Mr. Rogers said.

The main reason for the purchases is the need to make Lloyd's syndicates more profitable, he said.

"The driving force is the rationalization at Lloyd's. We have to position ourselves well for the future, and the smaller groups will have difficulties if they do not have larger partners," Mr. Rogers said.

Comings & goings

Magne Seljeflot has joined Alexander & Alexander Marine & Energy as deputy chairman-business development. Mr. Seljeflot was formerly senior vp of the Oil and Energy Division of Storebrand International A/S in Oslo, Norway.

Martin Sullivan has been appointed to the new post of chief operating officer at American International Underwriters (U.K.) Ltd. Mr. Sullivan will be responsible for future planning and development and management of global, commercial and personal lines business.

David Millard and **John Gibbons** have been promoted to directors from divisional directors of C.T. Bowring & Co. Reinsurance Ltd. **Martin Allain** has been promoted to director from assistant director of Bowring North America Worldwide Ltd.

Ross Marland has been appointed legal officer at British Aviation Insurance Group. He was formerly a director of Airclaims Insurance Services Ltd. **Chris Rayner** has joined BAIG as a consultant in the technical services division. Mr. Rayner has recently retired as a director/senior surveyor at Airclaims. ■

Pension bill

Continued from page 1

lower-paid workers. Another optional, but currently little-used test, known as the 125% test, would be eliminated.

The legislation, known as the "Pension Access and Simplification Act of 1991," also would establish a special salary reduction plan for companies with fewer than 101 employees. Those firms' plans would be exempt from nondiscrimination testing if the companies agree to make annual plan contributions equal to at least 3% of employees' salaries, up to $100,000.

These special plans only would be available to small firms that do not offer another type of retirement plan. However, companies that terminate an existing pension plan to establish a special salary reduction plan to take advantage of the rule would have to contribute at least 5% of salary.

The Rostenkowski bill also would slightly ease administration burdens for all types of pension plans, including 401(k) plans. It would, among other things, make it easier for employers to calculate the maximum contributions they could make to their pension plans and determine which employees are highly compensated.

Not all the changes Rep. Rostenkowski seeks are related to pension simplification. His bill would, for instance, set up faster vesting requirements for multiemployer pension plans (see story, page 117).

Meanwhile, Sen. Lloyd Bentsen, D-Texas, chairman of the Senate Finance Committee, and Sen. David Pryor, D-Ark., also introduced a pension simplification bill last week.

The senators' legilsation is similar to a bill they introduced last year (*BI*, Aug. 13, 1990). That bill was criticized because the safe harbors it offered employers to avoid 401(k) non-discrimination testing were considered too difficult to meet.

Rep. Rostenkowski describes his plan as a major simplification of the nation's private pension plan system.

"This bill is designed to address a major problem that we face in the delivery of adequate retirement benefits to American workers: The rules have become so complex that employers, particularly small employers, are discouraged from establishing and maintaining qualified pension plans for their employees," he said.

Benefit experts, though, say the Rostenkowski bill doesn't go nearly far enough in reducing administrative burdens. That is because the bill:

- Makes no changes in proposed Internal Revenue Service rules for employers that provide different pension plans for different corporate units and want to run IRS non-discrimination tests on a separate line of business basis.

Those so-called SLOB rules are so complex that benefit consultants say they may prevent employers from using separate lines of business testing (*BI*, Feb. 11).

- Leaves largely intact more than 300 pages of proposed IRS pension non-discrimination rules, known as the 401(a)(4) rules, which among other things detail how employers can integrate their pension plans with Social Security and the minimum number of participants that must be covered by a pension plan.

Benefit experts also have complained about the complexity of these rules (*BI*, May 28, 1990; May 21, 1990).

Benefit consultants, while applauding Rep. Rostenkowski for making a stab at pension simplification, say that he didn't go far enough.

"It is a relatively small bite at pension simplification," said Frank McArdle, a consultant with Hewitt Associates in Washington, D.C.

"Rather than wholesale simplification, this bill only nibbles around the edges," agreed Henry Saveth, a principal with A. Foster Higgins & Co. Inc. in New York.

Still, benefit lobbyists say the intent of the bill—promoting simplification—is an important and welcome departure for Rep. Rostenkowski, whose committee took

Continued on next page

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Continued from previous page

the lead in passing such complex laws as the Consolidated Omnibus Budget Reconciliation Act of 1985 and Section 89. Section 89 was repealed in 1989—in the face of strong opposition from Rep. Rostenkowski—after a tidal wave of employer protest over the law's enormously complicated non-discrimination rules for health care plans.

"If the pendulum in the past was swinging toward more complexity in the pension field, perhaps now the pendulum is swinging in the direction of simplicity," said Howard Weizmann, executive director of the Assn. of Private Pension & Welfare Plans, a benefits lobbying organization in Washington, D.C., that represents primarily large companies.

Clearly, changing the time frame for running the 401(k) non-discrimination tests would reduce administrative burdens, benefit experts say.

Right now, employers have to keep constant track of 401(k) contribution rates—known as the actual deferral percentage, or ADP—of higher- and lower-paid employees to be sure that the difference in the ADPs of the two groups do not exceed the amount laid down by the 1986 tax law.

Frequently, employers have had to make administrative adjustments to make sure their 401(k) plans pass the non-discrimination tests. These include curbing contributions by higher-paid employees during the plan year or returning excess contributions during or at the end of the plan year.

The Rostenkowski bill would eliminate the need for continual comparisons. Instead, the ADP of lower-paid employees during the previous plan year would be compared with current contributions by higher-paid employees.

For example, if the ADP of lower-paid employees was 4% in 1990, employers would instantly know that higher-paid employees could not defer more than 8% of salary this year to their 401(k) plan.

"This gives more predictability to the non-discrimination testing process," said Jeff Croyle, a partner with Kwasha Lipton in Fort Lee, N.J.

Another change in the ADP test could increase contributions by higher-paid employees.

Under the most widely used 401(k) non-discrimination test, the ADP of highly compensated employees cannot exceed the lesser of either 200% of the ADP of lower-paid employees, or the ADP of the lower-paid employees plus two percentage points.

For example, under current law, if the ADP of lower-paid employees is 4%, the ADP of higher paid employees cannot exceed 6%.

The Rostenkowski measure would eliminate that two-percentage-point cap. For example, if the ADP of lower-paid employees was 4%, higher-paid employees could defer up to 8% of salary under the 200% formula.

Accompanying this liberalization of the ADP test, though, is a change that could reduce contributions by higher-paid employees.

Under the Rostenkowski bill, the 401(k) contributions made by *individual* higher-paid employees could not exceed 200% of the ADP of the entire group of lower-paid employees. For example, if the ADP of the lower-paid employees was 4%, higher-paid employees could contribute only 8%.

By contrast, ADP tests are now run on a group basis. For example, assume the ADP of the lower-paid employees is 2%, meaning that the average ADP of higher-paid employees could not exceed 4%. Some higher-paid employees could defer more than 4% if other higher-paid employees contributed less, so long as the average ADP among higher-paid employees does not exceed the 4% cap.

The impact of this change on highly compensated employees will vary from plan to plan, pointed out Denise Georgemiller, a Hewitt Associates consultant in Lincolnshire, Ill.

"To the extent that the range of contributions among highly compensated employees is broad, there is a greater likelihood that some people will be hurt," said Ms. Georgemiller.

"There will be winners and losers," said Mark Ugoretz, president of the Washington, D.C.-based ERISA Industry Committee, referring to the dual changes in the 200%/two percentage points test.

The measure also would make the revamped 200% test the exclusive ADP test that applies to 401(k) plans. Besides the current 200%/two percentage points test, employers now can use a second ADP test known as the 125% test. Under that test, the ADP of highly compensated employees cannot exceed 125% of the lower-paid employees' ADP.

'If the pendulum in the past was swinging toward more complexity in the pension field, perhaps now the pendulum is swinging in the direction of simplicity,' says Howard Weizmann of the Assn. of Private Pension & Welfare Plans.

Employers rarely use the 125% ADP test because the 200%/two percentage points test generally allows higher-paid employees to contribute more to the 401(k) plans.

In addition, the legislation would ease administrative complications for savings plans that offer pretax 401(k) contributions as well as aftertax contributions and/or employer matching contributions plans covered under Section 401(m) of the U.S. Tax Code.

In 1988, the IRS proposed a complex non-discrimination testing procedure for plans with 401(k) and 401(m) features (*BI*, Sept. 5, 1988).

However, under the Rostenkowski bill, that procedure would be scrapped and the new 200% percentage test could be used on both 401(k) and 401(m) contributions. ■

Pension bill would change far more than 401(k) tests

WASHINGTON—Aside from simplifying 401(k) testing rules, the pension bill from Rep. Daniel Rostenkowski, D-Ill., would change pension laws in many other ways.

Some changes involve simplification, while others involve broader policy questions.

Pension simplification changes include:

- Defining "highly compensated" employees as those earning at least $65,000 a year or who own at least 5% of a company.

By contrast, the Tax Reform Act of 1986 provides numerous definitions for highly compensated employees.

- Eliminating certain half-year provisions that govern the age at which employees must make certain benefit decisions.

For example, while workers generally now must be at least age 59½ to receive a special distribution without being hit with special taxes, the measure would round off the age requirement to 59.

While billed as simplification, the elimination of the half-year provisions would require employers to amend many benefit plan documents, benefit consultants say.

- Give employers more advance notice on the increase in the maximum annual benefits that can be funded through a defined benefit plan and the annual contributions that can be made to defined contribution plans, like a 401(k) plan.

Some changes would merely simplify current law. Others involve broader policy questions.

Currently, the Internal Revenue Service announces increases in the so-called 415 limit and 401(k) deferral limit in late January. These increases match the rise in the Consumer Price Index during the previous year.

Without knowing at the start of the year what the maximum deferral will be, employees who want to contribute the maximum to their 401(k) plan may have to adjust their contribution levels in late January following the IRS announcement.

Under the Rostenkowski bill, the cost of living adjustment would be announced well before the end of the year.

- The annual increases in the 415 and 401(k) deferral limits would be rounded to the nearest $1,000 and $100 respectively.

The IRS does not now round the increases, making it difficult for employees to remember the new contribution and deferral limits after they are announced each year.

Broader proposed changes that don't specifically relate to simplification include:

- Elimination of the special 10-year cliff vesting schedule for multiemployer pension plans. Those plans, which cover about 8 million participants, would have to adopt the same five-year cliff or seven-year graded vesting schedules now used by single-employer plans.
- Allowing tax-exempt organizations to establish 401(k) plans.
- Requiring employers to give terminating employees the option of directly rolling over pension distributions to an Individual Retirement Account or to a new employer's pension plan.

However, the legislation doesn't make clear if a new employer would have to accept the distribution in its pension plan, benefit experts say.

- Eliminating special favorable tax treatment, known as five- and 10-year forward averaging, for lump-sum distributions, such as a distribution from a profit-sharing plan, that an employees takes as cash.

—By Jerry Geisel

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General liability pool pays off for San Francisco-area cities

By LOUISE KERTESZ

OAKLAND, Calif.—Clean living pays off.

That's what a group of San Francisco Bay-area cities found out, after their successful risk management and loss control efforts led to a $2 million dividend from a self-insurance pool.

Checks for various amounts will be mailed today to the 26 members of the Assn. of Bay Area Governments' Pooled Liability Assurance Network, a 5-year-old insurance pool that provides general liability coverage. Network members also received dividends totaling $1.6 million last year.

"If we manage our risk carefully, we should continue to see these kinds of returns in the future," said Albert Fierro, risk manager for ABAG.

ABAG comprises 97 cities in nine counties. This year's checks to the 26 cities in the insurance pool will range from $959 for Hillsborough, Calif., a small town that joined the pool in 1988, to $296,356 for South San Francisco, which joined the pool in 1986.

The ABAG PLAN members, which previously purchased general liability coverage from commercial insurers, formed the pool "as a result of the hard market of 1984-1985, when most of them got shut out of the market or were facing such astronomical charges that they turned to the ABAG for assistance," according to Mr. Fierro.

The pool provides general liability coverage of up to $5 million per occurrence, with no aggregate limit, he said.

Premiums for each member are based on the recommendations of an annual actuarial report, which for the past three years has been prepared by The Wyatt Co. in San Francisco. Premiums are based on the size of each city's exposures, which takes into account factors like its population base and claims history, Mr. Fierro said.

"We consistently maintain actuarial stability every year," Mr. Fierro asserted.

"We've got a little over $17 million in reserves now," Mr. Fierro said.

"It's a solid program, one of the best programs in the country," he emphasized.

The pool has paid out $1.1 million in claims from its inception through last March 31. The average claim was $10,000, Mr. Fierro said.

This year, actuaries determined that reserves were sufficient to pay up to 90% of future catastrophic losses, he said.

"We're going into our fifth year on solid ground, so we decided to release equity back to our members," whose returns are based on their individual loss history and "on the loss history of the entire pool program," Mr. Fierro explained.

The program "works to meet members' needs" by providing claims adjusting and risk management services, Mr. Fierro said.

For example, "a year before the exposure problem that occurred in Los Angeles with the beating of Rodney King, our staff was already working with board members to establish uniform arrest procedures for all of our members," he said.

Risk management services also include general industrial exposure analyses, like reviewing procedures in recreational facilities and in public works projects, he said.

Also helping to manage the pool's insurance losses is the pool's requirement that a risk management survey of each member city be conducted every two years. And, members "have worked very closely with our in-house claims department to resolve claims before they become serious" and are taken to an attorney, Mr. Fierro added.

Any city interested in joining the Bay Area self-insurance pool may submit an application, though the pool is "not actively looking for new members" and none has been admitted in about three years, he said.

"ABAG is very selective. We want to make sure our current members' assets are protected. We want to avoid cities that have no real professional risk management going on, cities with a long history of serious claims and judgments against them," he explained.

"We want to make sure that the agencies admitted provide additional stability to our member group and all share the same type of exposure," Mr. Fierro added.

"The beauty of this program is that members establish equity in their program, so if the years are good—which they have been—they actually get a return on their investment," Mr. Fierro said. "That's tax dollars that go back to cities' general funds for parks" and other services, he noted.

Another advantage, Mr. Fierro said, "is that each of the members sits on the (pool's) board of directors and sets policy for the board—including where the money is invested and how claims are paid," Mr. Fierro said. When members purchased commercial insurance, they had no say in the insurers' policies, he noted.

"If all of our members were out on the open market right now, they would be paying in excess of $2 million as an aggregate group" for the general liability coverage they get from the PLAN pool, Mr. Fierro added.

That would be "100% more" than aggregate PLAN pool premiums, he said.

As a group, ABAG also purchases property coverages from Arkwright Mutual Insurance Co. and public official bond coverage from Fireman's Fund Insurance Co., Mr. Fierro said. Members get about a 65% reduction in premium by purchasing those coverages as a group, he said.

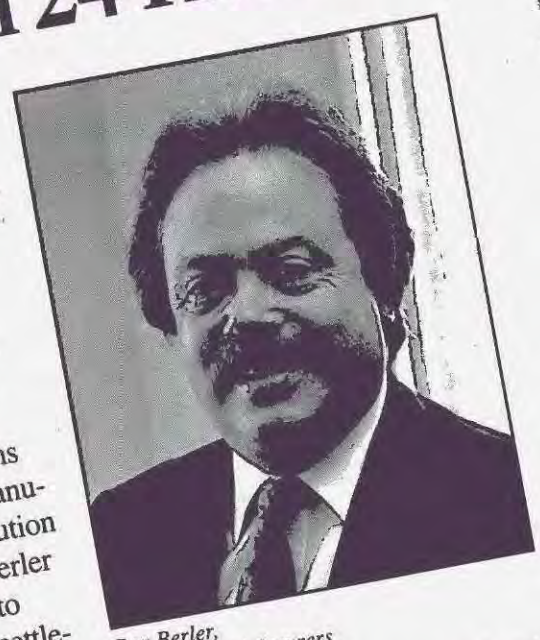
However, ABAG is conducting a feasibility study "to totally self-insure property coverage with an excess program above the self-insured level," Mr. Fierro said. "We're currently exploring the feasibility of self-insuring underground storage tanks," he added.

State law prohibits self-insuring public official bond coverage, Mr. Fierro said. ■

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Senate probe

Continued from page 1

panies and accounts was intentionally designed to thwart regulators' efforts to track the flow of monies," investigators conclude.

In all, World Re represented at least 19 alien reinsurers and may have handled as much as $50 million in insurance and reinsurance premiums annually, the report says.

The Atlanta intermediary promoted reinsurers "with no tangible assets" and used "fraudulent" financial statements "in an effort to increase the flow of premium funds through the World Re operation," the report charges.

Apart from collecting its fronting fee, World Life had almost no role in managing the business it reinsured with companies in Belgium, Ireland, the Netherlands and the Turks & Caicos Islands, the report said.

Instead, the "hub of activity" was an office building at 4 Executive Park Drive in Atlanta that houses World Re and "a seemingly endless list of insurance-related companies and brokers, most, if not all, of which are directly or indirectly associated with Alan Teale and/or his wife, Charlotte Rentz," the report charges.

While Mr. Teale has purported to maintain an "arms-length distance" from these companies—claiming, for example, to act only as a consultant to World Re—"when the layers are peeled back, we found that Alan Teale is at the controls," Senate investigators charged.

Mr. Teale, a British citizen, was a director of the British Insurance Brokers Assn. in London in 1981 when he was selected to be the first president of the now-defunct Insurance Exchange of the Americas.

After leaving the exchange in 1984, before it closed in 1987, Mr. Teale became president of American Trust Insurance Co. Ltd., a Turks & Caicos insurer that was banned from writing business in several states after regulators concluded that it was capitalized with overvalued penny stocks (*BI*, July 25, 1988).

Since then, Mr. Teale has said he is an insurance consultant to, among others, World Re.

World Re has told World Life that the reinsurance treaties it arranged will not be honored, citing a clause that terminates the agreements in the event of World Life's insolvency, according to the subcommittee report.

World Re also has not responded to World Life's demands that it deposit an additional $2.8 million in a U.S. escrow account securing amounts recoverable from the offshore companies, according to Ronald E. Chronister, Pennsylvania deputy insurance commissioner, who testified at last week's hearing.

Although World Life claimed in its 1990 annual statement to have $6.2 million in an escrow account securing the reinsurance, the account actually held less than $600,000 in cash and $2 million in securities, "the value of which is in serious question," subcommittee officials found.

The securities—some of which turned out to have been "rented" by World Re—consisted mainly of "virtually worthless 'penny stocks,' " including stock in a company whose main business is trading baseball cards, Mr. Chronister testified.

Bank officials who set up this and other escrow accounts for World Re said they dealt mainly with Mr. Teale—who is not a World Re officer—rather than World Re President Matthew D. Bonar. Bank officials said Mr. Bonar was "often vague in his responses or just seemed confused and didn't sound as if he knew what was going on," the report says.

Mr. Teale did not return phone calls. Calls to Ms. Rentz were referred to Charles Johnson, an Atlanta lawyer, who said he could not comment.

Mr. Bonar appeared at last week's hearing but did not testify, citing his Fifth Amendment right against self-incrimination. Mr. Bonar and his lawyer later declined to answer questions about the subcommittee report.

Last week's World Life hearing followed an April 24 hearing on the 1988 collapse of Atlanta-based Victoria Insurance Co. Ltd., of which Mr. Teale and Ms. Rentz were officers (*BI*, April 29).

Mr. Teale has been subpoenaed to testify at another hearing scheduled for July 19.

World Life was formed in Pennsylvania in 1957 and operated in 17 states, the District of Columbia and the U.S. Virgin Islands through 1,750 agents, according to the Senate subcommittee report.

The insurer initially concentrated on individual life insurance business, but later entered the group accident and health field, a move that caused its operations to turn unprofitable starting in 1984, the report says.

Although World Life had traditionally spurned business managed by third-party administrators, it agreed in 1989 to insure a Pennsylvania MEWA called CARE through a TPA called Network Administrators Inc., the report says.

World Life accepted the business on the condition that it would be 100% reinsured, and Network Administrators President Ronald Bleiler—who had previously done business with World Re—contacted the Atlanta intermediary to arrange the reinsurance, the report says.

Ms. Rentz, a World Re director, later acquired a 25% stake in Network Administrators in return for allowing the TPA the right to administer any business reinsured through World Re, the report says.

World Life later agreed to insure Business Services Assn. Inc. and United Business Associates, two more group health programs handled by Network Administrators, and a fourth program, CARE USA, administered by a Texas TPA, the report says.

In all, World Re received about $12.5 million in reinsurance premiums on this business, investigators found. Much of this money went to pay various management fees and commissions before ever reaching the reinsurers, the report concludes.

Network Administrators, for example, paid 16% to 32% commissions to producing agents, kept a 10% fee for itself, paid a 6% to 8% fronting fee to World Life and a 1.5% to 3% "administrative fee" to Bush-McKenzie Inc., a company owned by Ms. Rentz.

Mr. Bleiler described Bush-McKenzie as a holding company for World Re and several other firms headed by Ms. Rentz, including Worldwide Administrative Services Inc. and International Underwriting Assn. Inc., according to the report.

Additional fees were received by WAS; IUA; Transport & Commercial Underwriting Agency, also headed by Ms. Rentz; and International Network Services Inc., headed by Mr. Bonar, subcommittee investigators testified.

These companies—all located at 4 Executive Park Drive in Atlanta—purportedly provided administrative services to the offshore reinsurers, investigators said.

Senate investigators found that many of the offshore reinsurance facilities promoted by World Re "are backed by questionable assets and are subsidiaries of Teale-owned parent companies."

In examining audited financial statements of 19 World Re reinsurers, investigators found that several were audited by three certified public accountants who claimed to be licensed in New York but were not.

Another CPA, Albert H. Kobert of Hollywood, Fla., swore in an affidavit that he has never heard of the four World Re reinsurers whose audits allegedly bear his signature.

Varying groups of offshore companies reinsured the World Life business under a shifting series of treaties, the subcommittee report shows.

The CARE plan was initially reinsured by Euro Reinsurance Co. Ltd. of Ireland and Cie. de Reassurances des Etats Unis et Continentale S.A. of Belgium, the report says. World Re later added a third reinsurer, Cie. Internationale Financiere de Reassurance of Belgium, the report says.

The BSAI plan was initially reinsured by the same three companies, the report says.

The UBA plan, meanwhile, was initially reinsured by Euro Re, Etats Unis, Societe de Reassurance Generale et Financiere of Belgium and Dai Ichi Kyoto Re-Insurance Co. S.A. of Belgium, the report says.

Dai Ichi Kyoto officials deny any involvement with World Life, World Re or Mr. Teale (see story, page 119).

In May 1990—a month before Pennsylvania regulators suspended World Life's license—the treaties were all revised to cede all four health plans' business to the same five reinsurers, the report says.

The revised treaties were retroactive to Jan. 1, leaving two different treaties in effect on the same business, binding different reinsurers to different percentages of the ceded premium, investigators found.

"Which reinsurers actually collected these monies and in what amount is known only to the Atlanta companies controlling the transaction," the report says.

"The reinsurance is a joke," the report quotes an unnamed former employee of Mr. Teale's saying. "If the treaties with the (reinsurers) don't make the figures 'correct,' rather than make off-setting entries or corrections, the treaties are changed or the dates of the treaties are changed to make the numbers work out right."

According to the subcommittee report, the five reinsurers on the final set of treaties are:

- Helensburgh Ltd. of Dublin, Ireland, which purportedly wrote a 25% quota share and allegedly received about $2 million in premiums.

Helensburgh is a unit of Farm Equity Inc., a Turks & Caicos holding company that in turn is owned by Dallas Bessant and Jerry Tidmore Sr. of Dallas.

The insurer is capitalized with $25 million in "non-interest bearing treasury bills" issued by the Sovereign Cherokee Nation Tejas, a Dallas-based organization that claims to be an Indian tribe "created by an act of God" in 1967.

Mr. Bessant—a British citizen and associate of Mr. Teale—told investigators he was adopted by the tribe, given the name Chief Wise Otter and appointed the tribe's treasurer. Wise Otter's signature appears on Helensburgh's Tejas treasury bills.

Mr. Bessant also said that in April 1990, Helensburgh acquired Euro Re from Carlos Miro, principal of the now-defunct Anglo-American Insurance Co. of Louisiana. Mr. Miro was indicted last month on federal mail fraud and money laundering charges in New Orleans (*BI*, June 24).

- Euroam-Re Reinsurance Co. B.V. of Huizen, the Netherlands, which wrote a 20% quota share of the World Life business.

Euroam-Re is also owned by Mr. Bessant and Mr. Tidmore through Farm Equity and is also capitalized with $25 million of Cherokee Nation Tejas treasury bills.

In a deposition, Mr. Bessant said that in consideration for the two Tejas notes for Euroam-Re and Helensburgh, he gave Cherokee Nation Tejas two $25 million notes from Farm Equity, which has no employees and no assets besides stock in Euroam-Re, Helensburgh and another insurer, American Indemnity Assurance Group.

"In short, Bessant seemed to be creating assets by issuing stock from other offshore 'shell' corporations. . .whose only assets were, in turn, interests in other 'shell' corporations," investigators concluded.

- Etats Unis, which purportedly wrote a 25% quota share and was formed in Brussels by Mr. Teale and Ms. Rentz using a Turks & Caicos holding company, TRT Associates. Etats Unis' 1989 annual statement shows Mr. Bonar as managing director.

Records subpoenaed from World Re also showed that Etats Unis has issued thousands of direct policies in several states providing earthquake coverage, liability coverage for limousine services and truckers, liquor liability insurance and professional liability insurance for lawyers, real estate and insurance agents.

- Trelawney Insurance Co. Ltd. of Ireland, which purportedly wrote a 15% quota share and is owned by Mr. Bonar's International Network Services.
- United Southern Reinsurance Co. Ltd. of Ireland, a subsidiary of Etats Unis, which purportedly wrote a 15% quota share.

The Pennsylvania department's Mr. Chronister questioned whether World Life has valid reinsurance with any of these companies, though, noting that it is unclear whether World Re had authority to bind the reinsurers.

"There is simply no definitive evidence which companies, among the confusing panoply of named companies, supposedly assumed reinsurance," he testified.

Following the trail of premiums as they passed through World Re is "virtually impossible," investigators found.

While the five final World Life reinsurers maintained several U.S. bank accounts, the balances never approached the $5 million share of World Life premiums they were supposed to have received through World Re, the report says.

World Re itself maintains six bank accounts, though it is unclear whether any of the $1.2 million in these accounts as of March 1 was being held for the reinsurers, according to the report.

Tracing funds is further complicated by the fact that several alien reinsurers acted as retrocessionaires for the World Life reinsurers, with additional administrative fees collected with each retrocession, investigators concluded. The report names American Indemnity—owned by Mr. Bessant and Mr. Tidmore—and Dai Ichi Kyoto as among these retrocessionaires.

The sheer number of brokers and administrative service companies involved in the World Life program also makes it difficult to tell where the money went, the report says.

At least 13 insurance-related companies have operated out of the 4 Executive Park Drive offices and one, World Re, did business with at least 19 alien reinsurers, the report says.

The same bookkeeper manages 86 bank accounts for World Re and the other Executive Park Drive firms and for Corporate & Marketing Insurance Consultants Inc., a firm headed by Mr. Teale and known by the acronym COMIC, the report says.

"The premium money flowed in (to the Executive Park Drive firms), was

Continued on next page

Dai Ichi Kyoto denies ties to World Life, Teale

WASHINGTON—Dai Ichi Kyoto Re-Insurance Co. S.A. is denying any involvement with the insolvent World Life & Health Insurance Co. of Pennsylvania, intermediary World Re Inc. and insurance consultant Alan Teale, both based in Atlanta.

In a written staff report submitted at a hearing last week by the Senate Permanent Subcommittee on Investigations, Dai Ichi Kyoto, of Belgium, was named as a reinsurer and retrocessionaire on group accident and health business insured by World Life.

Among the materials referred to in the staff report or in testimony by subcommittee staffers were:

- A reinsurance treaty executed by World Re and signed by its president, Matthew D. Bonar, naming Dai Ichi Kyoto as one of three reinsurers on a block of World Life group health business.
- A Jan. 28, 1991, letter from Mr. Bonar to Ronald Meyer, president of World Life's parent company, identifying Dai Ichi Kyoto as a retrocessionaire of several World Life reinsurers, including Helensburgh Ltd. of Ireland.
- An April 27, 1990, memo from Mr. Teale to Dallas Bessant, one of Helensburgh's owners, saying in part, "we are also in a position to offer the major Japanese company Dai Ichi Kyoto Reinsurance Co. S.A."
- An April 17, 1990, memo headed "strictly confidential" in which Mr. Teale discusses, among other plans, the possibility of hiring "Mike Reeve" for a surplus lines underwriting office in the United Kingdom.

Michael A. Reeve is a principal with London-based CRM Insurance Services Ltd., the worldwide manager for Dai Ichi Kyoto.

In an affidavit submitted at last week's hearing, though, Dai Ichi Kyoto Executive Director John Mitchell said that Dai Ichi Kyoto has never reinsured World Life and that World Re has never represented, marketed or placed business with Dai Ichi Kyoto.

Mr. Mitchell also asserted that Dai Ichi Kyoto has never had any business relationship with Mr. Teale or Mr. Bonar and that Mr. Teale has never had any ownership interest in Dai Ichi Kyoto.

Attached to the affidavit is a May 1, 1991, letter in which World Re's Mr. Bonar—responding to an April 30 letter from Mr. Reeve—states, "I confirm that World Re Inc. has not finalized any reinsurance programs with you."

"I can tell you quite unequivocally that Bonar has not got any binding authority" for either Dai Ichi Kyoto or another CRM-managed company, Kobe Reinsurance S.A. of Belgium, Mr. Reeve added in an interview.

Robert L. Dickson, a lawyer for Dai Ichi Kyoto, added that Dai Ichi Kyoto has never been a retrocessionaire of any World Life business.

Asked about Mr. Teale's April 17, 1990, memo, Mr. Reeve confirmed that he was approached "a long, long while ago" about working in a U.K. underwriting office, but said nothing ever came of it and that he has never done any business with Mr. Teale.

"Absolutely not," Mr. Reeve said.

Separately, *Business Insurance* has learned that Dai Ichi Kyoto promotional brochures circulated after the reinsurer's formation in late 1989 incorrectly list Ernst & Young in Brussels, Belgium, as its auditor.

Ernst & Young advised Dai Ichi Kyoto on incorporation but never did any audit work for the reinsurer, says Jan DeDecker, an Ernst & Young partner in Brussels.

Mr. DeDecker said he asked Mr. Reeve to amend the brochure and notify those who received it that Ernst & Young was not Dai Ichi Kyoto's auditor. Mr. Reeve replied that the brochure had been sent "all over the world" and that such notification would not be possible, according to Mr. DeDecker.

Mr. Dickson—who is with the Santa Monica, Calif., firm of Dickson, Carlson & Campillo—said the reinsurer had intended to appoint Ernst & Young as its auditor but that Dai Ichi Kyoto's Japanese principals later decided against the appointment. By this time, though, the brochures had already been circulated, he said.

Mr. Dickson added that Ernst & Young had authorized the use of its name when it appeared the firm would be appointed auditor, and that Dai Ichi Kyoto has since removed Ernst & Young's name from its promotional material.

Dai Ichi Kyoto's 1990 financial statements include an audit opinion from Callens, Pirenne & Co., an accounting firm in Brussels.

—By Douglas McLeod

Senate probe

Continued from previous page
shuffled and divided amongst a host of companies and accounts, and whatever was left was allegedly wired out to a long list of reinsurers," the report concludes.

"After all this investigation, are you confident you know where the money went?" Subcommittee Chairman Sam Nunn, D-Ga., asked one of the investigators, Eleni Pryles, at the hearing.

"No sir, not by a long shot," Ms. Pryles responded.

World Life President Blaine Scott conceded at the hearing that the insurer should have been more careful in its dealing with World Re.

"I think we were negligent in the sense of not doing more due diligence into World Re," Mr. Scott said. He added that World Life was "lulled into a false sense of security" because the alien reinsurers were paying claims for some time before World Life's insolvency.

Ronald K. Meyer, president of WorlcoInc., World Life's parent company, said the reinsurers owe World Life at least $1 million on paid claims and that World Life faces an estimated $7 million to $7.5 million in future liabilities on the reinsured business.

Asked by Sen. Nunn if the Euroam-Re financial statement—which included Cherokee Nation Tejas treasury bills—didn't raise a "red flag" at World Life, Mr. Blaine and Mr. Meyer said they didn't see the statement until after Pennsylvania regulators questioned the reinsurance.

Another World Life official had seen the statement and "had concerns" about it but never pursued the matter, Mr. Meyer testified.

Mr. Meyer also testified that most of World Life's direct dealings with Mr. Teale related not to the alien reinsurance program but to a planned $1 million contribution of Government National Mortgage Assn. securities to World Life's capital and surplus by some of the alien reinsurers.

Mr. Teale was not a party to any of the 1989 agreements relating to the GNMA infusion, but acted "in an undefined capacity as an intermediary," Mr. Meyer testified.

Regulators in Delaware and Pennsylvania later questioned the GNMA transaction, Mr. Meyer said. As World Life officials tried to resolve the questions, they were told in January by a London merchant bank involved in the deal that Mr. Teale had canceled the GNMA contracts and that the securities broker who had acted as custodian for the GNMAs had gone out of business.

Mr. Teale denied to World Life officials that he canceled the contracts, but said that the investments would be replaced, Mr. Meyer testified.

World Life decided not to pursue a series of investment proposals subsequently offered by Mr. Teale, though, and wrote off the GNMA investment in its 1990 annual statement, Mr. Meyer testified. ■

Teale sued over MEWA collapse

SANFORD, Fla.—The Florida Insurance Department is suing insurance consultant Alan Teale and numerous other defendants for fraud and racketeering over the 1990 collapse of a Florida-based multiple employer welfare arrangement.

When International Forum of Florida Inc. was placed in receivership in April 1990, the MEWA had $400,000 in assets and owed about $16 million in unpaid claims to thousands of Florida policyholders, said Tom Gallagher, the Florida insurance commissioner, at a Senate Permanent Subcommittee on Investigations hearing last week.

IFF had begun failing to pay claims in 1989, but lied to Florida regulators about its solvency, using $2 million in bogus securities to bolster its sagging assets, Mr. Gallagher charged.

A later Florida department investigation found that Mr. Teale was "deeply involved" in a "maze of relationships that enabled IFF to deceive us and defraud the public," Mr. Gallagher alleged.

He testified that Mr. Teale helped IFF obtain bogus securities it reported as assets. Mr. Teale also "appears to have arranged 'reinsurance'" for IFF through Atlanta-based intermediary World Re Inc., Mr. Gallagher testified last week.

The reinsurance, Mr. Gallagher said, was ceded to three offshore companies: Northern Commercial Fire & General Insurance Co. Ltd., Euro Reinsurance Co. and Cie. de Reassurance des Etats Unis et Continentale.

Northern Commercial, based in the Turks & Caicos Islands, has claimed to have a trust deposit for U.S. policyholders with a Pennsylvania bank that later denied any knowledge of the arrangement (*BI*, May 6).

Since IFF's collapse, World Re has denied coverage on behalf of the reinsurers "on the grounds that IFF listed bogus securities among its assets. . .the very securities Mr. Teale helped IFF to obtain," Mr. Gallagher charged.

Florida regulators sued last year in Seminole County Court in Sanford. Their suit names 32 defendants, including Mr. Teale and Corporate & Marketing Insurance Consultants Inc., an Atlanta company he heads, according to Jennifer Eden, a lawyer with Dempsey & Associates in Winter Park, representing the Insurance Department.

Among other things, the suit charges Mr. Teale and COMIC with fraud, civil theft, conspiracy and violations of the Florida anti-racketeering statute, Ms. Eden said.

Mr. Teale and COMIC have not answered the complaint but have filed a motion to dismiss the case for lack of jurisdiction, according to Ms. Eden, who said the motion is pending.

Mr. Teale did not return phone calls for comment.

—By Douglas McLeod

Colorado workers comp reform

Continued from page 2
workers' wage replacement benefits more equitable by giving higher benefits to those with serious injuries and lower benefits to those with minor injuries, said Cathy Walsh, legislative director for Gov. Roy Romer.

In addition, the law curbs unnecessary medical costs and streamlines the workers comp system's operation to eliminate litigation.

Gov. Romer last month said the law is imperfect but is a necessary step to help break the "stranglehold" that some special interests, including claimants' attorneys and medical professionals, have on the workers comp system.

From an employers' perspective, the law is "fair and equitable," said George Dibble, president and chief executive officer of the Colorado Assn. of Commerce & Industry.

"We were getting bled to death with higher premiums," he said. Colorado premiums were 50% higher than the national average and premiums and benefits were two times higher than neighboring in states, he said.

Colorado has "both high rates and high costs" when compared with the other states in the region, NCCI President William Hager said earlier this year.

However, labor representatives are blasting the reform law.

Colorado AFL-CIO President Eldon W. Cooper said that the law is "one of the worst pieces of legislation" passed in the last 40 years because its restrictions and benefit cuts primarily affect workers without attacking problems caused by unsafe employers and inefficient insurers.

"Both industry and the governor have lied through their teeth. It will be difficult for me to ever trust either industry or the governor again," he said.

The law targets three key reforms:

- Controlling benefits.

The law establishes a complex formula of age, degree of impairment and other factors for determining awards for non-scheduled permanent impairment and increases maximum payouts to 400 weeks from 313 weeks under the old law.

In addition, it significantly raises the total payout some permanent partial disability claimants can receive.

However, the law restricts permanent total disability benefits to those who are "unable to earn any wages in the same or other employment."

For claimants injured on or after July 1, the law also eliminates permanent total benefits to persons when they turn 65, which is when full retirement benefits become available from Social Security and many private plans.

In addition, permanent total disability claimants injured on or after July 1 will receive an annual 2% inflation adjustment.

Other benefit changes include prohibiting mental impairment claims due to personnel actions like demotion or termination if an employer acted in good faith; and prohibiting an employee from filing a claim stemming from an injury sustained during a voluntary recreational activity, regardless of whether the employer promoted or sponsored it.

- Controlling health care costs.

The law institutes an 18-month freeze on providers' fees and establishes caps in some cases on chiropractic care.

The law also seeks to avoid unnecessary, prolonged medical care through a tighter definition of "maximum medical improvement," which the law defines, in part, as "a point in time when any medically determinable physical or mental impairment as a result of injury has become stable and when no further treatment is reasonably expected to improve the condition."

The law requires the use of American Medical Assn. guidelines to determine impairment, adopts stricter utilization review regulations and mandates the use of independent medical examiners in contested cases.

In addition, the law establishes a two-stage accreditation process for health care providers, which will be mandatory for chiropractors and physicians who make impairment ratings.

- Reducing litigation.

The law requires mediation in all cases in which there is a dispute about a claimant's average weekly wage, change in health care provider or authorized medical benefits. Previously, mediation for those disputes could only be used in some cases.

The law also seeks to streamline the system by establishing a new timetable for hearings and decisions and specifying penalties for employers and insurers that wrongfully withhold benefits.

It also specifies new penalties for those who file claims or pursue a defense against a claim without substantial justification.

Most of the bill's provisions take effect July 1, with the exception of some changes, like the accreditation of physicians, which will be implemented in 1992 and 1993. ■

Update

Lawyers convicted of fraud

Continued from page 2
mail fraud and perjury. Only Mr. Mason was found guilty of two counts of perjury.

Sentencing for the convicted lawyers is set for Sept. 23.

In addition, many of the attorneys convicted or who pleaded guilty prior to the trial are named in a massive civil fraud lawsuit in which Fireman's Fund Insurance Co., Allstate Insurance Co. and State Farm Insurance Co. allege they were bilked out of more than $200 million (*BI*, April 2, 1990).

Attorney Lynn Boyd Stites, who allegedly conceived and organized the Alliance, is a fugitive still being pursued by the government, said Mr. Hayes.

Green sentenced by state

BATON ROUGE, La.—A state judge has sentenced former Louisiana Insurance Commissioner Doug Green to a 10-year prison term on two bribery charges.

The sentence, handed down June 20 by District Court Judge Linda Holliday, will run concurrently with a federal sentence of 25 years Mr. Green received after his conviction on 31 counts of mail fraud and money laundering.

The federal and state charges both stem from regulatory treatment of failed Champion Insurance Co. (*BI*, March 18).

Mr. Green's wife and brother were sentenced to suspended prison terms, probation and community service for charges of false accounting and bribery. Mr. Green begins his prison term Aug. 1.

U.S. to face asbestos claims

WASHINGTON—Asbestos manufacturers made some progress in their eight-year battle to get the U.S. government to help pay asbestos bodily injury claims.

In the first decision of its kind, the U.S. Court of Appeals for the District of Columbia held that the manufacturers can pursue state law claims against the federal government. The court dismissed all of the federal law claims raised by the manufacturers.

"The decision opens the way for manufacturers to seek contribution from the party primarily responsible for the thousands of asbestos-relates injuries since World War II—the federal government," said Paul G. Gaston of Spriggs & Hollingsworth in Washington, D.C., who represented UNR Industries Inc. in the litigation.

UNR, Eagle-Picher Industries Inc. and GAF Corp. claim the government should pay for asbestos claims brought by shipyard workers because those workers were injured by asbestos products made according to government specifications and the government was aware of the hazards of asbestos. Specifically, the manufacturers allege the federal government should be liable for failing to warn the manufacturers and the shipyard workers.

The three manufacturers have litigated or settled more than 2,700 shipyard worker asbestos bodily injury claims totaling more than $14 million, according to court papers.

Trial ordered in smoker's suit

BATON ROUGE, La.—Tobacco company defendants in a product liability suit in Louisiana must stand trial to determine whether they are liable for a long-time smoker's cancer, the State Supreme Court has ruled.

Defendants include American Tobacco Co., R.J. Reynolds Tobacco Co. and other big companies, said George Covert, a Baton Rouge lawyer representing Robert C. Gilboy Sr.

The June 21 decision reverses a 1990 appeals court ruling that Mr. Gilboy, who began smoking as a child, realized the dangers because he was familiar with phrases like "cancer sticks" and "coffin nails" used to describe cigarettes (*BI*, Nov. 26, 1990).

One issue at trial, said Mr. Covert, will be whether warnings on packages can shield tobacco companies from liability for smokers' illnesses. That is the same issue the U.S. Supreme court is set to consider in a New Jersey case (*BI*, Jan. 14).

To prevail in the Louisiana trial, the companies would have to show that the value of their products outweighs the risks of their use, said Mr. Covert. The state high court indicated that "cigarettes have no value," he said. No trial date has been set.

Briefly noted

Minor structural damage and power outages were reported after an **earthquake rocked southern California** at 7:44 a.m. Friday. The quake, which measured 6.0 on the Richter scale, was centered in a sparsely populated area in the San Gabriel Mountains 15 miles north of Los Angeles. The most serious damage occurred in downtown Pasadena, where windows shattered and portions of brick buildings collapsed. The U.S. Forest Service closed a highway in the Angeles National Forest following quake-triggered rock slides. . . .Kay Doughty, former assistant to the speaker of the Texas House, is the **new Massachusetts insurance commissioner**. Ms. Doughty was appointed by Gov. William Weld late last month and takes office July 22. She replaces Susan K. Scott, who has been acting commissioner since shortly after Commissioner Timothy A. Gailey was appointed a circuit court judge last year. Ms. Scott will assume the post of acting deputy commissioner. . . .A bill on its way to the governor would require Illinois companies with more than 50 employees to provide up to 16 weeks of **unpaid family or medical leave** every 24 months. However, Gov. Jim Edgar has pledged to veto H.B. 50. . . .The U.S. Supreme Court last week upheld Department of Labor regulations that give coal mining companies more defenses against miners' **black lung claims** (*BI*, Nov. 5, 1990). . . .Wind, hail, tornados and flooding caused an estimated **$30 million in insured property damage** to portions of Minnesota and South Dakota June 17-18, according to the Property Claim Services division of the American Insurance Services Group. . . .Federal investigators say the December 1990 Detroit runway **crash of two Northwest Airlines Inc.** jets was due to the cockpit crew's failure to follow proper procedures (*BI*, Dec. 10, 1990).

Market turn fatalism abounds

By LEONARD M. WILSON

Special to Business Insurance

AFTER NEARLY FIVE YEARS of rate competition in commercial lines, signs of a turn in pricing ought to be in sight. Instead, we detect a kind of contagious discouragement. The optimists are pushing out to 1992 expectations of a firming, the pessimists are not looking for better pricing much before 1993 and the dyed-in-the-wool Cassandras are suggesting that the soft market may endure even longer.

Soft markets are not much fun for insurance brokers or securities analysts.

This spreading fatalism over the insurance cycle prompted us to seek out the insights of an insurance brokerage pundit with impeccable credentials and long experience in the mysteries of property and casualty pricing. We were hopeful that our contact could offer guidance for the perplexed. The essence of his comments follows.

In some ways, commercial underwriting has gotten healthier. People have seemingly forgotten about the so-called liability crisis that was threatening the solvency of underwriters. Tort reform was viewed as the salvation of the property/casualty industry. Tort reform is no longer a rallying cry. American society is probably as litigious as ever, but liability insurance is not a disaster area. Witness the improvement in medical malpractice and product liability, lines that in the last cycle had untenable losses.

Psychologists refer to a phenomenon called repetition compulsion, a repeated pattern of involuntary behavior usually of a destructive nature. This could aptly describe pricing in commercial property and casualty insurance. The industry never learns the lesson of disciplined pricing because each company tends to pursue its own competitive agenda, and the sum of individual agendas usually means price competition in degree and longevity well beyond any rational calculation.

Pricing must now contend with the existence of a two-tiered industry. Strong companies like American International Group Inc. and Chubb Corp. prosper, while others flounder. In fact, this divergence is not new. But it is now more pronounced as the competitive markets of the 1980s have rewarded those underwriters with a distinct and focused strategy, while damaging—perhaps irreparably—companies dealing primarily in what are now called commodity lines.

Some observers feel the strong insurers hold the key to pricing. They have a greater tolerance for price competition than the low-cost underwriters. The weaker underwriters need price relief but can't initiate higher prices without risking the loss of their better classes of business to lower- cost competitors. They must, it appears, be pricing trend followers. This competitive divergence could be one factor lengthening the cycle.

Foreign insurers with a longer time horizon are also stepping in to provide incremental capital. Driven by globalization and the importance of our market, foreign underwriters want a bigger slice of the U.S. market. If they acquire a U.S. insurer, it usually means a shift from weak to stronger hands. The foreign owner has capital and a desire to grow with the acquired company. The result is more capacity with a determination to stay the course despite unsatisfactory pricing.

More and more companies are withdrawing from personal lines, particularly automobile lines. The capital supporting this volume did not simply vanish. It may not explicitly find its way into the commercial arena, but it constitutes a capital overhang sooner or later available for underwriting commercial lines. For a chronically overcapitalized industry, the disarray in personal auto is not a constructive portent for pricing.

We hear that the retrocessional market is not in good shape. One theory holds that the tight and expensive retrocessional coverage could trigger rising reinsurance rates. Firming primary rates would soon follow. One difficulty is timing. A year or two might elapse before this chain reaction precipitates a tightening, particularly since the cost of retrocessional coverage relative to premiums is minuscule, and therefore may not play a role as catalyst to competitive change.

The fundamentals weigh heavily against improved pricing, but despair is not the correct attitude. Commercial insurance still must earn a return. Returns are bound to fall further in a continuing soft market. At some point, excess capital can no longer forestall necessary price relief.

The reserve position of the industry is frequently called into question, especially during prolonged soft markets. Underwriting results are, it is asserted, worse than they look. If the industry is seriously underreserved, this could be a factor in eventually turning the market. The problem, though, is unevenness of reserves. The strong insurers are most probably better reserved than their brethren. Consequently, the urgency for price relief is also uneven.

Demand also ought not to be ignored. The U.S. recession inhibits the growth in demand for coverage. Other industrial economies are experiencing a slowing or downturn in economic activity. A robust economy might assist in a turn in the commercial insurance market through more vigorous demand. Since most economists anticipate an upswing in the world economy by next year, the confluence of increased underwriting pain and better demand might lend support to less pessimistic views of the cycle.

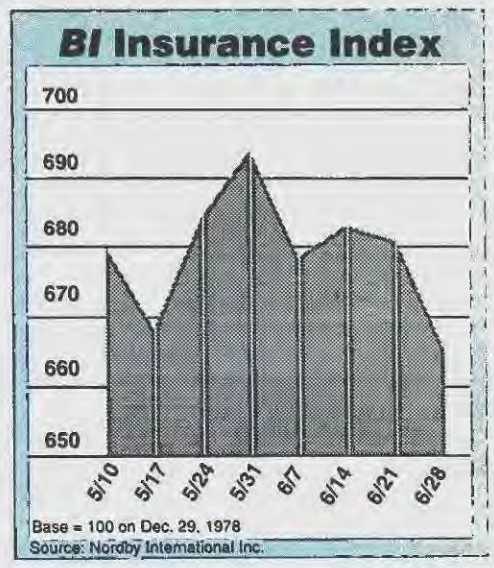
The longer the soft market continues, the greater the number of brokers and underwriters who will disclaim an ability to forecast a turn. The familiar benchmarks of the underwriting cycle seem no longer relevant. The Tax Reform Act of 1986 was widely expected to dampen underwriter enthusiasm for price competition. It hasn't. Subpar returns for many companies have not stemmed the course of price competition. And so on.

During this cycle, industry contacts were almost invariably too optimistic about the timing of a turn. No one can predict with confidence the precise catalyst that will cause a change in pricing. Agnosticism is now in fashion, given that so many industry observers have been burned. Perhaps this unwillingness to make a prediction is in itself a constructive barometer.

This last observation closed the interview with our knowledgeable and willing subject. We were not overly heartened by these comments. However, our most recent contacts with the public reinsurance brokers reinforce our confidence that they can restrain costs and generate sufficient new business to wait out the soft market. And when the market tightens, the potential for expansion of profitability remains intact. ■



Leonard M. Wilson is a senior vp with Lazard Asset Management Inc. He is a member of the New York Society of Security Analysts.



Insurance industry stocks fell last week as the *Business Insurance* Index dropped 14.9 points to 665.5 on June 28, from 680.4 on June 21. Advancing issues were led by Seibels Bruce Group, up 10.0%; United Fire & Casualty, up 8.0%; and Washington National, up 5.4%. Declining issues followed Belvedere Corp., down 14.8%; HMO America Inc., down 9.3%; and Safeguard Health Enterprises, down 8.9%. The most active issue for the week was Sears, Roebuck (Allstate), with 2.9 million shares traded. The *BI* Index was down 2.2%; the Standard & Poor's 500 dropped 1.8%; the Dow Jones 30 Industrials were down 2.0%; and the New York Stock Exchange Composite fell 1.6%.

British Issues

June 27 Companies	Price pence	P/E	Div. pence	Yield %	1 Week High—Low pence	pence
Comml Union	494	N/M	30.7	6.2	503	491
Genl Accident	533	N/M	35.7	6.6	541	530
Gdn Royal Exch	193	N/M	15.9	8.2	198	192
Royal	426	N/M	34.7	8.1	441	426
Sun Alliance	372	N/M	18.7	5.0	379	371
Brokers						
Bradstock	151	17.2	6.0	4.0	151	151
CE Heath	419	14.7	34.5	8.2	431	419
Hogg Group	201	12.2	10.7	5.3	203	201
Lloyd Thompson	368	24.5	10.0	2.7	368	355
PWS Holdings	81	9.9	4.7	5.80	83	81
Sedgwick Grp	266	25.5	16.0	6.0	267	262
Steel Brn Jones	295	15.6	16.3	5.5	295	290
Willis Corroon	309	16.4	17.6	5.7	309	294

Source: Philip Olsen, Insurance Industry Analyst London

BI Industry Stock Report

JUNE 24, 1991 THROUGH JUNE 28, 1991

		Price	Weekly % change	Year to Date % change	Annual High	Annual Low	Vol.(000)	$ Div.	% Yield	P/E	Book value	Mkt/Bk. value
BROKERS												
Alexander & Alexander	NYS	22.50	2.27	-2.70	27.63	16.13	210	1.00	4.44	17	9.77	2.30
Gallagher Arthur J. & Co.	NYS	23.13	1.09	-0.54	28.38	19.75	31	0.64	2.77	17	5.88	3.93
Frank B. Hall	NYS	3.63	3.57	0.00	4.13	2.00	235	0.00	0.00	-8	-5.24	-0.69
Hilb, Rogal & Hamilton	OTC	14.75	0.85	0.00	17.50	11.25	30	0.36	2.44	22	3.56	4.14
Markel Corp.	OTC	17.25	-2.13	46.81	21.00	10.25	26	0.00	0.00	9	3.56	4.85
Marsh & McLennan	NYS	78.25	1.79	0.32	87.25	59.75	434	2.60	3.32	19	14.77	5.30
Poe & Associates	OTC	10.75	-2.27	67.97	11.25	6.25	7	0.32	2.98	13	2.09	5.14
BROKERS	AVERAGE		0.7	16.0					2.3	13		
CONGLOMERATES & HOLDING COMPANIES												
Berkley W.R. Corp.	OTC	29.50	0.00	-21.33	32.25	19.00	140	0.32	1.08	16	23.89	1.23
Berkshire Hathaway Inc.	NYS	8400.00	-1.47	25.84	8900.00	5675.00	1	0.00	0.00	-27	4612.00	1.82
ITT (Hartford Group)	NYS	56.25	-5.26	17.19	63.00	40.25	900	1.72	3.06	7	64.01	0.88
Sears (Allstate)	NYS	38.00	-5.00	49.75	40.88	22.00	2867	2.00	5.26	13	37.38	1.02
CONGLOMERATES	AVERAGE		-2.9	17.9					2.4	2		
INSURERS/REINSURERS												
Aetna Life & Casualty	NYS	41.38	0.00	6.09	53.88	29.00	955	2.76	6.67	8	64.23	0.64
American General	NYS	37.88	-2.88	23.17	48.25	23.50	857	2.00	5.28	8	37.14	1.02
American Heritage	NYS	29.50	-1.67	40.48	32.25	19.63	5	1.04	3.53	13	19.25	1.53
American Indemnity/Fin'l	OTC	7.00	0.00	115.38	7.50	2.75	0	0.08	1.14	13	12.93	0.54
American International	NYS	84.25	-2.32	9.59	102.00	57.00	1988	0.48	0.57	12	45.34	1.86
Aon Corp.	NYS	37.75	0.00	8.63	41.75	26.75	177	1.60	4.24	10	18.50	2.04
Argonaut Group	OTC	26.00	-7.96	21.88	33.38	17.75	20	0.68	2.62	8	48.26	0.54
AVEMCO Corp.	NYS	21.00	-4.55	24.75	22.88	14.13	14	0.40	1.90	16	9.55	2.20
Baldwin & Lyons Inc.	OTC	23.00	1.10	22.67	25.25	17.00	1	0.28	1.22	8	24.29	0.95
Belvedere Corp.	ASE	2.88	-14.81	15.00	4.00	1.75	57	0.04	1.39	21	7.65	0.38
Chandler Insurance	OTC	3.38	3.85	-50.91	8.88	2.75	47	0.00	0.00	-3	5.95	0.57
Chubb Corp.	NYS	69.75	1.82	28.57	75.25	34.63	911	1.48	2.12	11	35.19	1.98
CIGNA Corp.	NYS	46.63	-0.27	14.07	56.75	33.25	287	3.04	6.52	11	73.15	0.64
CNA Financial Corp.	NYS	79.75	0.63	16.21	92.50	49.50	99	0.00	0.00	13	70.23	1.14
Continental Corp.	NYS	27.25	-2.24	9.55	30.63	15.75	454	2.60	9.54	11	37.83	0.72
Durham Corp.	OTC	32.63	-0.76	16.52	33.00	23.00	291	0.92	2.82	16	28.04	1.16
Fund American Corp.	NYS	62.75	-1.18	20.96	65.25	32.50	2636	0.68	1.08	14	36.11	1.74
Fremont General Corp.	OTC	24.25	3.19	67.24	24.88	10.13	292	0.88	3.63	7	19.13	1.27
Frontier Insurance Group	NYS	24.75	-2.46	30.26	33.00	15.38	61	0.00	0.00	10	11.20	2.21
General RE Corp.	NYS	95.13	2.01	2.28	102.50	69.00	644	1.68	1.77	14	37.50	2.54
Hanover Insurance Co.	OTC	28.25	0.89	6.60	30.75	21.00	34	0.44	1.56	9	37.44	0.75
Harleysville Group	OTC	31.00	-0.80	35.52	31.50	13.50	37	0.64	2.06	9	22.99	1.35
Hartford Steam Boiler	NYS	56.75	-5.81	16.41	63.75	43.50	57	1.80	3.17	15	17.05	3.33
Kansas City Life Ins.	OTC	35.50	0.71	14.98	36.50	30.00	4	1.20	3.38	9	39.22	0.91
Kemper Corp.	NYS	33.00	1.93	38.95	42.38	17.13	726	0.92	2.79	60	34.20	0.96
Lawrence Insurance Group	ASE	9.00	2.86	28.57	9.50	6.38	1	0.48	5.33	14	4.71	1.91
Liberty Corp.	NYS	42.25	-1.74	2.74	50.25	39.00	35	0.92	2.18	14	23.86	1.77
Lincoln National	NYS	45.88	-1.87	6.69	56.00	30.75	191	2.72	5.93	10	45.16	1.02
NAC Re Corp.	OTC	36.75	-3.92	11.36	42.50	25.50	85	0.20	0.54	14	18.90	1.94
Navigators Group	OTC	32.50	2.36	48.85	34.00	16.50	9	0.00	0.00	18	13.52	2.40
Nobel Insurance LTD.	OTC	3.81	5.19	27.10	4.38	2.38	18	0.00	0.00	-	7.76	0.49
NWNL Companies	NYS	24.00	-6.80	42.22	32.88	11.75	161	1.40	5.83	5	42.73	0.56
Ohio Casualty Corp.	OTC	47.50	-3.31	15.85	50.25	26.75	128	2.48	5.22	10	36.38	1.31
Old Republic Int'l	NYS	27.75	-1.33	21.31	31.13	17.38	317	0.72	2.59	7	33.09	0.84
Orion Capital Corp.	NYS	27.75	-3.48	58.57	29.50	13.00	28	0.92	3.32	8	20.42	1.36
Phoenix RE Corp.	OTC	9.38	-1.32	20.97	11.25	5.00	16	0.20	2.13	12	13.30	0.70
Protective Life Corp.	OTC	22.00	1.15	47.90	22.50	10.25	95	0.84	3.82	10	16.29	1.35
Provident Life	OTC	18.00	-5.26	2.86	24.50	12.00	512	0.92	5.11	5	25.88	0.70
Re Capital Corp.	ASE	15.88	-0.74	31.07	18.63	11.75	13	0.20	1.19	12	15.05	1.12
RLI Insurance Corp.	NYS	13.50	-4.42	-6.90	16.38	9.63	6	0.44	3.26	7	14.41	0.94
St. Paul Companies	OTC	62.75	0.40	0.00	74.25	47.00	617	2.60	4.14	7	52.00	1.21
SAFECO Corp.	OTC	39.00	-3.41	18.63	44.75	25.13	277	1.48	3.79	9	31.50	1.24
SCOR U.S. Corp.	NYS	12.50	-2.91	1.01	15.25	8.38	44	0.24	1.92	8	11.19	1.12
Seibels Bruce Group	OTC	8.25	10.00	94.12	10.50	4.25	89	0.36	4.36	-165	7.35	1.12
Selective Ins. Group	OTC	14.25	-5.00	7.55	18.00	12.50	191	1.04	7.30	7	18.91	0.75
Statesman Group Inc.	OTC	4.06	-7.13	159.95	4.88	1.25	253	0.00	0.00	-41	2.48	1.64
Tokio Marine & Fire	OTC	41.50	-4.60	-12.17	56.50	34.50	16	0.00	0.00	-	70.93	0.59
Torchmark Corp.	NYS	48.25	-5.16	-1.28	58.50	38.00	377	1.60	3.32	11	16.70	2.89
Transamerica	NYS	32.38	-0.77	-0.77	39.63	23.25	359	1.96	6.05	10	36.56	0.89
Travelers Corp.	NYS	21.75	-4.40	30.83	29.88	11.50	947	1.60	7.36	-11	41.44	0.52
Trenwick Group Inc.	OTC	28.25	1.80	22.16	30.00	16.25	94	0.60	2.12	11	21.71	1.30
United Fire & Casualty	OTC	47.50	7.95	35.23	58.00	28.75	11	1.32	2.78	9	35.39	1.34
USF&G Corp.	NYS	9.00	-6.49	20.00	27.25	7.00	1530	0.20	2.22	-1	11.96	0.75
UNUM Corp.	NYS	63.88	2.20	37.00	69.00	32.13	290	1.04	1.63	11	37.25	1.71
USLIFE Corp.	NYS	41.13	-2.95	46.88	42.38	23.25	524	1.64	3.99	10	60.34	0.68
Unitrin	OTC	34.00	-4.90	10.57	41.50	24.50	240	0.80	2.35	12	30.70	1.11
Washington National	NYS	14.63	5.41	34.48	21.63	9.38	31	1.08	7.38	-7	26.86	0.54
USLICO Corp.	NYS	19.63	-2.48	23.62	21.88	14.75	66	1.00	5.10	9	29.44	0.67
Zenith National Ins.	NYS	16.25	-7.80	19.27	18.50	9.88	222	1.00	6.15	-68	13.14	1.24
INSURERS/REINSURERS	AVERAGE		-1.5	25.6					3.3	5.1		
HEALTH MAINTENANCE ORGANIZATIONS												
FHP International	OTC	23.00	-6.12	50.82	29.75	8.88	669	0.00	0.00	20	5.44	4.23
HMO America Inc.	OTC	12.25	-9.26	88.46	17.13	4.25	589	0.00	0.00	15	0.61	20.08
Pacificare Health Sys.	OTC	34.25	-4.20	110.77	36.75	12.00	246	0.00	0.00	20	6.55	5.23
Safeguard Health Enter.	OTC	5.81	-8.82	22.38	7.63	4.00	22	0.00	0.00	20	3.53	1.65
Sierra Health Services	ASE	21.00	-4.00	52.73	29.50	5.50	111	0.00	0.00	36	1.78	11.80
United Healthcare Corp.	OTC	44.88	-6.51	93.01	50.00	13.13	1807	0.06	0.13	29	3.76	11.93
United Medical Corp.	ASE	9.88	-1.25	23.44	11.38	6.63	4	0.20	2.03	12	8.79	1.12
U.S. Healthcare	OTC	32.25	-3.01	9.79	38.00	10.00	1952	0.32	0.99	24	3.38	9.54
HMOs	AVERAGE		-5.4	56.4					0.4	22		
ALL COMPANIES	AVERAGE		-1.7	26.9					2.8	7		

System design: Nordby International Inc.

Lloyd's loss

Continued from page 1

to how underwriters are remunerated.

Throughout the meeting, which was not open to the media, Mr. Coleridge was "extremely polite and answered the questions extremely well," said one member.

However, Mr. Coleridge would not say whether Lloyd's likely would abandon unlimited liability. Such a decision cannot be determined until a task force headed by Sedgwick Group P.L.C. Chairman David Rowland issues a report at the end of the year, he said.

However, Mr. Coleridge after the meeting implied that substantial changes at Lloyd's may be necessary, commenting that the Corporation of Lloyd's and its syndicates are seeking to cut costs even though "we run the most efficient ship we can under the way we conduct business."

Lloyd's has appointed management consultants McKinsey & Co. to help the task force assess Lloyd's future, Mr. Coleridge said.

"I don't think that the membership want Lloyd's to turn into a second- or third-rate insurance company, so if we make radical changes they will have to be well thought through," he added.

When members alleged that underwriters had collected "false" profits in previous years that should have been allocated to the reserves currently being established, Mr. Coleridge responded that the underwriters' remuneration is profit-related so it will be substantially lower in years of large losses, said a Lloyd's member who attended the annual meeting.

Mr. Coleridge denied that the massive losses Lloyd's is facing could be blamed on incompetent underwriting. "It is not a question of competence. It is down to the fact that many of the losses which we are having to reserve for took place in the 1950s and 1960s long before any of today's underwriters could do anything about it," he said, referring to long-tail liability claims.

And although many underwriters are disputing payment of U.S. asbestos and pollution claims now being filed, they must establish reserves to pay these claims in case they lose their arguments, Mr. Coleridge said.

However, in addition to the establishment of reserves for liability losses, Lloyd's members are being stung by cash calls from syndicates hit by the catastrophe losses in 1988, 1989 and 1990, he said.

Yet despite these losses, the future is bright, he said.

"Back in 1969, when we were suffering losses, everybody was saying that Lloyd's was finished. Instead, we have had 20 years of unprecedented growth since then. With the rate increases we are seeing now, I think that we will return to profit soon. I hope that in 1991 we will be back in profit and that by 1992 we will be a long way down the road to recovery."

However, Lloyd's losses in 1988, 1989 and 1990 could erode the long-term security of Lloyd's as members flee from the market, says security analyst Standard & Poor's Corp.

"If the exodus (from Lloyd's) turns into a run, the remaining capacity could be too limited to support continuance of the market in its present form," S&P said.

"Indeed, it is now clear that many Lloyd's syndicates are experiencing severe cash-flow problems that may adversely affect the speed of settlements," S&P added.

The unlimited liability of Lloyd's members is the reason Lloyd's holds a dominant position in the world insurance market, but the future financial strain on syndicates will lead to growing uncertainty over Lloyd's security, the analyst added.

Consequently, policyholders should review the extent to which Lloyd's participates on their insurance and reinsurance programs, the analyst added.

Mr. Coleridge said last week that members struggling to meet the cash calls being imposed by underwriters deserve "a great deal of sympathy." However, "when you become a member of Lloyd's, you are told that you are in a risk business, so you should not expect other people to pay for your losses," he added. Just more than 100 members have applied to the Lloyd's hardship committee for advice on how to meet their cash calls, Mr. Coleridge said.

Lloyd's 1988 loss of 509.7 million pounds is in sharp contrast with 1987 profits of 509.2 million pounds ($819.8 million at applicable exchange rates).

Lloyd's gross premium volume, affected by falling rates in 1988, declined 4.1% to 5.9 billion pounds ($11.39 billion) from 6.15 billion ($9.91 billion) in 1987. The distortion in the dollar conversion is created by the fact that the exchange rate for 1988 is $1.93 to the pound, while the 1987 exchange rate is $1.61 to the pound.

After reinsurance premiums ceded, net premiums stood at 3.71 billion pounds ($7.16 billion) in 1988, down from 4.19 billion ($6.75 billion) in 1987.

Gross claims jumped 34.1% to 7.53 billion pounds ($14.59 billion) in 1988 compared with 5.61 billion pounds ($9.04 billion) in 1987. However, reinsurance recoveries increased 64.2% to 4.46 billion pounds ($8.61 billion) from 2.79 billion pounds ($4.38 billion), resulting in net claims of 3.07 billion pounds ($5.93 billion), up 5.9% from 2.9 billion pounds ($4.67 billion) in 1987.

Lloyd's 1988 global results*

In millions of pounds

	Net premiums		Underwriting profit		Account profit	
	1988	1987	1988	1987	1988	1987
Non-marine	£1,583.8	£1,820.4	–£164.0	£8.7	–£149.3	£281.9
Marine	1,263.5	1,466.9	–609.4	146.9	–551.3	291.9
Motor	545.5	479.3	102.0	80.1	101.7	60.8
Aviation	320.9	428.3	112.2	176.0	154.2	246.2
Totals	3,713.7	4,194.1	–549.2	411.7	–146.2	880.8
Names' personal expenses[1]					-363.5	–371.6
Names' pretax profits					–509.7	509.2

* Exchange rates: British pound = $1.93 (1988); $1.61 (1987) 1 Includes annual subscriptions & levies, agents' fees and profit commissions

Source: Lloyd's of London

GRAPHIC BY KIMBERLY MART

After paying 6.06 billion pounds ($11.69 billion) into the 1989 underwriting year to close 1988, up 9.2% from 5.54 billion pounds ($8.92 billion) paid to close the 1987 account, Lloyd's finished 1988 with a 549.2 million pound ($1.05 billion) underwriting loss in 1988, compared with a 411.7 million pound ($662.8 million) underwriting profit in 1987.

Lloyd's gross investment income fell about 1% to 788.7 million pounds ($1.52 billion) in 1988 from 795.6 million pounds ($1.28 million) in 1987, causing profits before syndicate expenses to plummet almost 80% to 245.1 million pounds ($473 million) from 1.22 billion pounds ($1.97 billion) in 1987.

Syndicate expenses rose 14.7% to 391.3 million pounds ($755.2 million) from 341.1 million pounds ($549.2 million) in 1987.

Lloyd's posted a profit for business written in 1988 of 431.5 million pounds ($832.8 million), down 67% from 1.3 billion ($2.1 billion) in 1987. However, reserves for previous closed accounting years were increased by 356.6 million pounds ($688.2 million), reserves for open accounting years were increased by 221.4 million pounds ($427.3 million) and members' personal expenses, which includes some taxes, totaled 363.5 million ($701.6 million). That left an overall market loss of 509.7 million pounds ($983.7 million) in 1988.

Still, 260 of Lloyd's 370 syndicates reported profits for 1988.

The 1988 loss is attributable to the marine market; the non-marine, aviation and motor markets all posted profits (see chart).

Global results for the marine market sank to a 551.3 million pound ($1.06 billion) loss in 1988 from 291.9 million pound ($470 million) profit in 1987.

The loss was caused by a chain of catastrophe losses and the need to reserve for prior liability losses sustained on incidental non-marine accounts, said Stephen Merrett, chairman of Lloyd's Underwriters Assn., which represents marine underwriters.

Marine claims included the Piper Alpha loss, he noted.

Also, he noted that the marine market in previous years had written non-marine liability policies covering U.S. asbestos and pollution risks, for which underwriters have had to increase reserves for incurred-but-not-reported claims.

The 1989 underwriting year also will include huge claims like the Exxon Valdez oil spill and the explosion of a Phillips Petroleum Co. plant in Texas, he said.

"Additionally, there were a number of substantial vessel losses and an increase in the aggregate of attritional losses," Mr. Merrett said.

The 1989 year losses are set to be larger than was previously predicted, he said.

"The oil accounts were dominated by a series of substantial losses. Those accounts heavily protected by reinsurance have at least seen a postponement of the worst of the problems, but syndicates writing reinsurance, especially excess-of-loss and retrocession business, have experienced unprecedented frequency and severity of losses," Mr. Merrett reported.

Poor rating levels continued in 1990 where the hull account produced an overall loss. However, the cost of reinsurance increased sharply and many underwriters were forced to retain more of their risks, he said.

Rates remain low in 1991, except in a few specialist areas. However, "the movement is generally up," Mr. Merrett affirmed. "I would be astonished if the improvement does not continue," he added.

The Lloyd's non-marine market posted a profit of 149.3 million pounds ($288.1 million) in 1988, down 47% from 281.9 million ($453.9 million) in 1987.

The 1988 non-marine account also was hit by several large losses, including Hurricane Gilbert, Piper Alpha and the explosion of a Pan American World Airways jetliner near Lockerbie, Scotland, said John Wetherell, chairman of Lloyd's Underwriters' Non-Marine Assn.

"What was anticipated as a satisfactory outcome was tarnished by a very considerable increase in notifications of potential pollution reserves," he added. "This, coupled with continued deterioration on incurred claims for asbestos, has had a serious impact on the overall result."

Looking ahead from 1988, the fierce rate competition among insurers continued into 1989, he noted, adding that the non-marine market was battered by claims from Hurricane Hugo, winter weather losses in the southern United States, the San Francisco earthquake and the Phillips petrochemical plant explosion.

"It is difficult to be optimistic about 1989 or indeed 1990 when, despite extremely large catastrophe claims from the storms over the United Kingdom and Europe, trading conditions remained very competitive," Mr. Wetherell said.

However, the current shortage of reinsurance protection has "concentrated underwriters' minds" and non-marine rates should harden this year, he contended.

"Premiums for worldwide fire and all-risk property risks, which are at present totally inadequate, may well begin to increase in the next few months," he said.

Rates for errors and omissions, directors and officers liability, and bankers bond coverages are already increasing substantially, he added.

Lloyd's aviation market's global profits dived 41.6% to 154.2 million pounds ($297.6 million) in 1988 from 246.2 million pounds ($396.4 million) in 1987.

While airline claims exceeded 1 billion pounds ($1.93 billion) in 1988, the availability of cheap reinsurance saved underwriters' profits, said Peter Hubert, chairman of Lloyd's Aviation Underwriters' Assn.

However, the loss of 28 western-built jets and 1,450 passenger fatalities that produced claims in excess of $1.5 billion means that 1989 will probably see a loss in the aviation market, he added.

Aviation underwriters' 1990 results will be complicated by the loss of 15 Kuwait Airlines jets following the invasion of Kuwait by Iraq, Mr. Hubert said. "Seven of these aircraft are reported to have been destroyed and the fate of the remainder, and any recovery of the claim paid by insurers, is yet to be determined," he said.

Including the seven known Kuwait losses, 24 jets were lost in 1990 and airline hull claims were over $930 million. However, the 611 passenger fatalities in 1990 were considerably below average, he said.

Additionally, three satellite total losses and other partial losses produced claims of more than $400 million for space underwriters in 1990, Mr. Hubert said.

However, there is some good news for underwriters: "The serious decline in airline premium rates in recent years appears at last to have halted. A reduction of excess-of-loss reinsurance capacity and increases in the cost of protection have begun to shift attention back to gross profit making," he said. But the rate increases necessary to produce future profits are unlikely in 1991, Mr. Hubert said.

"The break-even level will only be achieved if hull rates increase fourfold and liability rates increase twofold, and we may not be able to achieve this in one go."

Currently, some airline rates are increasing by more than 100%, "but that is not enough," he said.

Meanwhile, premiums for Lloyd's motor—or auto—insurance syndicates increased 13.8% to 545.5 million pounds ($1.05 billion) from 479.3 million pounds ($771.1 million) in 1987. The motor syndicates reported a profit of 101.7 million pounds ($196.3 million), up from 60.8 million pounds ($97.9 million) in 1987. ■

Disgruntled Lloyd's members to meet

LONDON—A lobbying group for disgruntled Lloyd's of London members is being established by a former Conservative member of Parliament.

The new group, called the Society of Names, will help members involved in litigation with underwriters, members' agencies and Lloyd's and will provide information on Lloyd's to members, said Tom Benyon, who is chairman of the new group and also a Lloyd's member.

The stimulus behind the launch of Society of Names is the huge volume of losses that members are facing, he added (see story, page 1).

"Many names are in despair, locked into some or many of the open years. The 1988 results are disastrous, 1989 said to be worse, with as yet little good news for 1990," Mr. Benyon contended in a recruiting letter to members.

Meanwhile, there has been increasing criticism of managing agents, some of whom are accused of obtaining unjustifiable investment income from cash calls on members that will be used to fund future losses, he added.

"There is a growing feeling among names that Lloyd's is riven with conflicts of interest and that, sadly, many professionals at best patronize us or at worst regard us as fodder. The patience of many names is now exhausted," Mr. Benyon asserted.

The group's principal services will be:

- Serving as a liaison with members who are suing Lloyd's, members' and managing agents and accounting firms and to help other members band together to file suit.
- Providing guidance on independent sources of advice for accounting and tax matters, stop-loss protection, investments, Lloyd's deposits and special reserves, bank guarantees and letters of credit.
- Issuing syndicate performance tables.
- Assisting with political lobbying.
- Providing a telephone help line for members.
- Providing syndicate and members' agents profiles.
- Issuing a newsletter on Lloyd's.

The annual fee for membership is 75 pounds ($122.50) for U.K. residents and 125 pounds ($204) for overseas members.

The group's first meeting will be held at noon Tuesday in the Old Library at Lloyd's.

—By Gavin Souter

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