

Business Insurance

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CBO releases estimated cost of patient rights bills

WASHINGTON—A White House-backed patient protection bill would ultimately increase premiums for employer-sponsored health plans by an average of 2.6% if it were to become law, according to an analysis by the Congressional Budget Office.

But the CBO estimates that 60% of the increase likely to result from passage of H.R. 2315, introduced by Rep. Ernie Fletcher, R-See **Updates** on next page

Court sets rules for piercing Web anonymity

By JUDY GREENWALD

TRENTON, N.J.—In a pair of rulings that are expected to be influential nationwide, a New Jersey appeals court has established procedures that companies must follow to pursue the identification of individuals who post messages anonymously on the Internet.

The decision—the first by an appellate court to spell out such guidelines—is expected to provide some protection to Internet service providers, which are often on the firing line in efforts by companies to identify those who anonymously post critical messages about them online.

But companies will still have to decide whether it's worth the expense and publicity to take Internet service providers to court to try to identify the anonymous individuals whom they maintain have posted slanderous or defamatory messages or disseminated proprietary information.

These types of online bulletin board postings can result in stock price declines and

damage to reputations and are considered a serious risk by many companies. An estimated 200 so-called "cybersmear" case are now working their way through state courts.

But in many cases, identifying these individuals may ultimately yield little compensation for their losses, because the postings typically are made by persons without significant financial resources. And observers say that companies' efforts to uncover identities are often more a reflection of hurt egos than a measured response to serious damage.

Two companies that sought to learn the identity of those who posted anonymous messages had varying results in the decisions issued by the Appellate Division of the New Jersey Superior Court on July 11.

In *Dendrite International Inc. vs. John Doe No. 3*, a three-See **Anonymous** on page 33



EEOC enforcement of Erie case on hold

By JERRY GEISEL

WASHINGTON—The Equal Employment Opportunity Commission is suspending enforcement of a controversial federal appeals court decision that held it is illegal for employers to spend smaller amounts or provide lesser health care benefits to Medicare-eligible retirees than to younger retirees.

Effective immediately, the EEOC, the agency responsible for enforcement of federal age discrimination law, said it will stop—pending re-examination—enforcement of guidance

it adopted last year that relates to retiree health care plans.

Current EEOC charges against employers that provide lesser health care benefits to Medicare-eligible retirees are being dropped, and no new charges are being filed until the commission completes a review of the issue and its prior enforcement efforts, an agency spokesman said.

The EEOC's action removes the threat—at least for now—of a powerful federal agency bringing its legal resources to bear on employers whose retiree health care plans would appear

to violate its enforcement guidance.

"We are hearing a sigh of relief from employers," said Chip Kerby, an attorney with William M. Mercer Inc. in Washington.

That enforcement guidance came on the heels of a decision by the 3rd U.S. Circuit Court of Appeals that said the federal law that bars employers from discriminating against older employees in benefit offerings also applies when comparing the health care benefits of retirees under the age of 65 to those of older retirees.

In *Erie County Retirees Assn. et al vs. County of Erie, Pa.*, et See **Erie** on page 35

Sides square off at OSHA hearings

Ergonomics fight ongoing

By MEG FLETCHER

CHICAGO—The various sides in the debate over federal guidelines for ergonomics safety remain sharply divided, as demonstrated at a recent trio of national forums on the issue.

Secretary of Labor Elaine L. Chao, in an effort to set the Bush administration's policy in this area, must now evaluate the testimony of nearly 100 representatives of employers, workers, physicians, researchers and safety personnel who spoke at three hearings.

"We are bringing everyone to the table to get this important issue moving forward and resolved," Ms. Chao said of the hearings, which were held from July 16-24 in Washington, Chicago and Stanford, Calif.

The consensus among opponents of the failed federal ergonomics standard—issued during the final days of the Clinton administration—was that "the Department of Labor's regulation simply went too far," Deputy Secretary of Labor Cameron Findlay said July 20 at the Chicago hearing. In light of such concerns, Congress, with the support of the Bush administration, rescinded the rule in March (*BI*, March 12).

Mr. Findlay encouraged forum participants to set aside politics and work on solutions to the problem of ergonomics injuries. "The American people want results, and we will achieve results



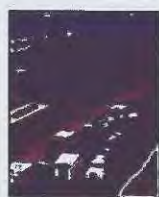
PHOTO: MEG FLETCHER

Don Turner, president of the Chicago affiliate of the AFL-CIO, and Maggie Flanagan, a representative of the United American Nurses, are joined by the Rev. Jesse Jackson at a rally organized by labor unions, held at OSHA's July 20 hearing in Chicago.

only if we find reasonable, effective and defensible ways to make workplaces healthier and safer for workers. Participants must keep an open mind if we are going to succeed," he said.

A key hurdle for Ms. Chao is that she must overcome union resentment of the current administration's efforts if she is to meet her self-imposed goal

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INSIDE

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Mr. Addeo

• A new broker, Alliant Resources Group Inc., led by former USI Insurance Services Corp. President John Addeo, aims to become a middle-market powerhouse through an aggressive growth-by-acquisition push. PAGE 6

• State insurance regulation has not kept pace with developments in the financial services landscape, and it's high time that the industry consider alternatives to the current system, this week's editorial says. PAGE 8



PHOTO: AFP

• Last week's terrorist attack on an airport in Sri Lanka could result in one of the largest aircraft hull losses on record. PAGE 29.

• Reinsurers will be able to exert greater control over how some ceding insurers settle claims following a U.K. Court of Appeal ruling involving a widely used reinsurance clause. PAGE 29

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UPDATES

Continued from previous page



PHOTO: ROLL CALL PHOTOS

Rep. Ernie Fletcher, R-Ky., sponsor of H.R. 2315.

House version of the more comprehensive patients' bill of rights passed by the Senate last month. In its most recent analysis of the Senate measure as amended, the CBO has estimated that the bill would increase employer premiums by about 4%.

► **VERMONT OFFERS CAPTIVE TAX CREDIT** Captives licensed in Vermont from Jan. 1, 2001, through Dec. 31, 2003, will receive a one-time, nonrefundable \$5,000 tax credit to be applied against any taxes they owe during their first year, under legislation signed into law last month by Gov. Howard Dean. So far, nine captives have been licensed in the state this year and would be eligible for the tax credit, and two captive applications are pending. The tax break coincides with the 20th anniversary of the enactment of Vermont's captive statute.

► **CALIFORNIA BIAS LAW UPHELD** A California law prohibiting employment discrimination requires that a disability be defined as "a mere limitation" of a major life activity, a much broader standard than the "substantial limitation" called for under the federal Americans with Disabilities Act, an appeals court has ruled. The ruling in *Marshall Wittkopf vs. County of Los Angeles* reverses a trial court decision that sided with the county, Mr. Wittkopf's employer. The trial court relied on ADA-related case law to conclude that Mr. Wittkopf was not disabled under California's Fair Employment and Housing Act because his ability to participate in major life activities, such as working, was not substantially limited. But California's 2nd District Court of Appeals in Los Angeles found that FEHA affords protections that are broader than those under the ADA. The appeals court decision applies retroactively to all disability bias claims filed since Jan. 1.

► **GROUPAMA INSURANCES FOR SALE** Groupama Insurances, the U.K. multiline subsidiary of Paris-based Groupama-GAN, is for sale. London-based Groupama Insurances, which writes both commercial and personal lines, including industrial risks, had



revenues of £500 million (\$714.1 million) for 2000. Tony Lancaster, chairman and chief executive of Groupama's U.K. operation, said in a statement that until a sale had been arranged, it would remain "business as usual" for the French giant's U.K. arm. Earlier this year, Groupama announced its intention to concentrate its business on central and southern Europe.

UNISYS LAUNCHES RISK EXCHANGE

Unisys Corp. has established an Internet-based risk trading exchange for the global insurance and reinsurance marketplace. The Blue Bell, Pa.-based provider of business technology unveiled e@ction Risk Trading Exchange. The exchange, which can handle binding authorities, facultative reinsurance and treaty reinsurance for brokers, underwriters and agents, already is being used by London-based broker Price Forbes Ltd. The trading exchange, located at www.unirisx.com, reduces the need to rekey information in transactions, which is designed to save time and eliminate errors.

► SOCIALLY RESPONSIBLE 401(K) FUNDS

1 Point Administrative Services L.L.C., a Nashville, Tenn.-based 401(k) plan administrator, has launched a new "socially responsible" retirement plan for employers. Called SR401(k), the plan is composed of 17 different mutual funds, each with its own philosophical bent and investment criteria. While such funds have been in existence for some time and have been included in some 401(k) plans, the creation of SR401(k) represents one of the first efforts to provide a diversified portfolio of socially responsible fund options, the company stated.



PHOTO: REUTERS

An Air France Concorde makes a test flight after the July 2000 crash.

► **CONCORDE CREW FAMILIES SUE** Relatives of five Air France Concorde crew members are suing Continental Airlines Inc. and The Goodyear Tire & Rubber Co., alleging that negligence by the two companies caused the Concorde crash last July 25, which killed 113 people. The suit alleges that negligent maintenance practices on Continental's part led to a metal strip falling from one of its planes onto the runway of Charles de Gaulle airport in Paris. In addition, the complaint charges that Goodyear used a faulty design in manufacturing tires for the Concorde. The lawsuit, which seeks unspecified damages, was filed in Houston two days after the release of an interim report by French Accident Investigation Bureau, which affirmed an initial finding that the crash resulted from the Concorde running over metal debris while taking off. Both Houston-based Continental and Akron, Ohio-based Goodyear deny the charges. Relatives of the 100 passengers and four people on the ground who died in the crash already settled with Air France, Continental and Goodyear (BI, May 21). Families of the crew members were not offered settlements, according to the law firm of O'Reilly, Collins & Danko in Menlo Park, Calif., which is representing the plaintiffs.

► **MEDIA COMPANY LOSES CLEANUP SUIT** A Cook County, Ill., Circuit Court judge has ruled that a Tribune Co. subsidiary cannot recover from insurers for costs relating to groundwater pollution at a site in downtown Orlando, Fla. Judge Thomas Durkin ruled on June 20 that the Tribune Co. and its subsidiary, Orlando Sentinel Communications, publisher of the Orlando Sentinel newspaper, were not entitled to coverage for costs associated with cleaning up industrial solvents on the 120-acre site. The judge ruled that the policies' pollution ex-

clusions barred such coverage, and that the company failed to notify its insurers in a timely manner. The company then brought this lawsuit.

► **HEWITT REPOSITIONS SAGEO** Hewitt Associates L.L.C. is integrating its e-commerce subsidiary, Sageo, which offers online benefits outsourcing ser-



a Hewitt eBusiness

vices, into its outsourcing practice. Hewitt said it is making the change for marketing reasons. "By bringing Sageo and its new tools and technology under our umbrella of outsourcing services, we will be able to attack new markets more quickly and aggressively," Hewitt Chief Executive Officer Dale Gifford said in a statement. Aside from taking over from employers the time and expense of enrolling employees in health plans—a standard outsourcing service—Sageo enables plan participants to compare plans online and obtain online health care information supplied by the Rochester, Minn.-based Mayo Clinic. Currently, Sageo has 24 clients, with most ranging in size from 500 to 10,000 employees.

► **BRIEFLY NOTED** Citing catastrophe losses, SAFECO Corp. reported an \$897.2 million net loss for the first half of 2001, compared with a \$58.9 million profit in the year-earlier period. In the second quarter, the Seattle-based insurer turned in a \$14.4 million net loss, with \$29.1 million in net income in last year's second quarter. In the first quarter, SAFECO reported an \$882.8 million net loss, compared with net income of \$29.8 million in the first three months of 2000....XL Capital Ltd. has completed its acquisition of Winterthur International for \$405 million, nearly one-third less than the amount at which it originally priced the deal in February. The price fell from the initial estimate of \$600 million because of XL's decision not to take on some of Winterthur's group life business, and a restatement of Winterthur International's financials when they were converted to U.S. generally accepted accounting principles reporting guidelines, an XL spokesman said. XL will make further payments to Winterthur Swiss Insurance Co. for Winterthur International based on business the unit has written this year....Bernard L. Hengesbaugh has been named chairman of the American Insurance Assn.'s board of directors. Mr. Hengesbaugh, chairman and CEO of Chicago-based CNA Financial Corp., assumed his new position at an AIA board meeting on July 17. He succeeds Ramani Ayer, chairman and CEO of The Hartford Financial Services Group Inc....Kaiser Foundation Health Plan & Hospitals' chairman and CEO, Dr. David Lawrence, will retire in December 2002. Dr. Lawrence, who joined Kaiser in 1981, was named CEO in 1992. Kaiser expects to name a successor by June of next year....The Hartford Financial Services Group Inc. has named Robert Ferreira senior vp of human resources in the insurer's property/casualty operations. Mr. Ferreira previously was executive vp of human resources at retailer Saks Fifth Avenue....California's 2nd District Court of Appeals upheld a 2000 state law that gave policyholders until the end of this year to sue insurers for denying claims stemming from the 1994 Northridge earthquake.

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

Child care benefits may get boost from tax credit

By LEE FLETCHER ROSENBERG

Employers have new financial incentives for providing child care assistance benefits, thanks to tax credits that may make offering the benefits to workers more affordable for companies.

"This is definitely another arrow in the quiver that HR people can use to help solve the concept of having onsite child care or resource and referral services for their employees," said Kathy Barr-Pape, director of business development for Provider Benefit Services Inc. in Waukesha, Wis.

The child care tax break provisions—which are part of a massive tax-cut bill Congress passed earlier this year—offer employers a tax credit equal to 25% of their expenses for developing and operating child care

centers and a tax credit of 10% of expenses for child care resource and referral services. The total amount of the credit is capped at \$150,000 per year.

Employers could use the savings from the 25% credit to build onsite child care facilities, to make improvements to an existing facility as well as to train workers staffing such a facility, Ms. Barr-Pape explained.

She also said the credit could be used to provide employees with back-up child care in case of an emergency.

"Some corporations often reserve 'sick beds' for emergency care, and the cost is considerable to do that, so they can use this for emergency care as well," she said.

Ms. Barr-Pape said that when most companies become aware of the new tax credits, which will be introduced with 2001 tax

returns filed next year, they will start using them right away.

"All these tax credits are retroactive, so companies can use them for the entire 2001 year, depending on their business cycle," she said.

According to a 2001 survey conducted by the Society of Human Resource Management, the number of companies with onsite child care centers has dropped to 5% currently from 6% in 1997. Additionally, the number of employers that have a company-supported child care center has dropped to 4% from 5% during the same period, and only 4% of employers subsidize child care, compared with 6% in 1997. SHRM's 2001 Benefits Survey also noted some other trends, including a finding that 20% of employers currently offer child care referral services,

See **Credit** on page 34

Asbestos hitting Equitas

Larger-than-expected claims influx prompts reserve boost

By SARAH VEYSEY

LONDON—Asbestos-related injury claims continued to plague Equitas Ltd. last year, with the number of such claims—particularly those from the United States—exceeding the group's expectations and prompting a second asbestos reserve increase in as many years.

Equitas, the runoff reinsurer for Lloyd's of London's pre-1993 long-tail liabilities, increased its asbestos reserves by £1.7 billion (\$2.4 billion) for the fiscal year ending March 31. For the prior fiscal year, Equitas had bolstered its asbestos reserves by £1.5 billion (\$2.21 billion).

The 2001 undiscounted reserve increase hit the group's balance sheet hard, with its accumulated surplus decreasing by £84 million (\$118.9 million), to £700 million (\$991.1 million). Equitas' solvency margin—its accumulated surplus expressed as a percentage of its net claims outstanding—fell to

9.5% from 11.2% a year previously. For the year ending March 31, 2000, however, accumulated surplus had risen 1.6% over the prior year (*BI*, July 31, 2000).

"The increase in asbestos reserves has more than offset the entirety of the gains in all other areas of the business and has accounted for the decrease in accumulated surplus and solvency margin," Equitas Chairman Hugh Stevenson said in a statement.

The reserve increase was prompted by a sharp rise in asbestos-related injury claims in the United States, said Jane Barker, finance director at Equitas. "We have lots of theories as to why that might be happening, but...nobody actually knows," she said. Equitas noted in a statement that asbestos claims from the United States had exceeded previous actuarial estimates.

In an effort to stem the tide of asbestos payouts, Equitas in May announced a

See **Equitas** on page 31



Ms. Barker

BI relocates office in Chicago



360 N. Michigan Ave., site of the new **BI** Chicago office.

CHICAGO—The Chicago office of Crain Communications Inc., publisher of *Business Insurance*, has a new home, effective July 30.

Both the editorial and sales offices of *Business Insurance* are now located at 360 N. Michigan Ave., Chicago, Ill. 60601-3806. All telephone and fax numbers will remain the same, as will e-mail addresses.

The new building is located at the southwest corner of the intersection of Michigan Avenue and Wacker Drive, adjacent to the Chicago River, and will be renamed the Crain Communications Building.

"Our new address makes the intersection of Michigan Avenue and Wacker Drive media central in Chicago...the Chicago Tribune, Chicago Sun-

Times and Crain Communications. Not a bad trifecta," said company Chairman Keith Crain and President Rance Crain.

The building at 360 N. Michigan Ave. originally was built in 1922 for the London Guarantee & Accident Co., and also is the site that once housed Fort Dearborn.

In addition to *Business Insurance*, Crain publications headquartered in Chicago include Crain's Chicago Business, Modern Healthcare and Modern Physician. In addition, publications with sales and editorial staff in Chicago include Advertising Age, Advertising Age International, Automotive News, BtoB, Electronic Media, InvestmentNews, Pensions & Investments, and RCR.

BI



PHOTO: REUTERS

A derailed train burned for five days in downtown Baltimore, near Camden Yards, disrupting both work and play in the area.

Aftermath of Baltimore fire

City, businesses tallying losses from disruption

By MICHAEL BRADFORD

BALTIMORE—Engineers and inspectors are combing over a downtown tunnel in Baltimore, as the city and businesses assess what will likely be millions of dollars in losses from a train derailment and fire in the tunnel that disrupted commerce for several days.

In addition to damage to the train and its cargo, other losses caused by the fire include canceled Baltimore Orioles games, interruption of telecommunications and Internet services, and disruptions to area merchants while the fire still raged.

The last of the railroad cars was pulled from the tunnel and the fire extinguished last Monday, five days after a CSX Corp. train carrying a variety of cargo—some hazardous—derailed and caught fire. The National Transportation Safety Board sent inspectors to the accident site to search for evidence of the accident's cause, and the city and CSX had engineers assisting that effort. While theories abounded, the cause had not been determined as of late last week.

"A lot of it is just speculating," said Rick Jarry, risk management officer for the

city of Baltimore. "Some people are wishing they could pin a cause on it, recognizing what the potential liability could be."

He said the city has collected unidentified evidence that it believes may have some bearing on the accident's cause. That evidence has been turned over to the NTSB.

Among the theories is speculation that a leaking water line may have damaged rails, and there has been talk that the train operator "heard a pop and the air brakes came on" while the train was in the tunnel, Mr. Jarry said. "There are probably 100 different theories floating around."

What is certain is that the 60-car train left the tracks in the 1.5-mile tunnel and caught fire.

The accident caused a water main to rupture and create a hole in a downtown intersection, closing streets and shutting down the city's light-rail line. Fiber optic cables running through the tunnel were damaged, affecting voice and Internet services.

The chaos also led to the cancellation of three Baltimore Orioles baseball games scheduled at nearby Camden Yards. There were no injuries

See **Baltimore** on page 33

Adjuster OT could raise premiums: Insurers

By ROBERTO CENICEROS

LOS ANGELES—Insurer trade groups warn that a new wave of class-action lawsuits alleging that California employers rob workers of overtime pay by misclassifying them as "exempt" could raise policyholders' premiums.

In one of the first such lawsuits involving an insurer to go to trial, an Alameda County Superior Court jury earlier this month awarded \$90 million to more than 2,000 claims adjusters for Farmers Insurance Exchange, a unit of Los Angeles-based Farmers Insurance Group of Cos.

That award—along with a related, precedent-setting California ap-

pellate court decision in March—should make it easier for claims adjusters to win other overtime-related lawsuits, said Dennis Moss, an attorney at Spiro Moss Barness & Harrison in Los Angeles. Mr. Moss recently filed similar lawsuits on behalf of claims adjusters for American International Group Inc.; Fremont Compensation; Travelers Property Casualty Corp.; and Liberty Mutual Insurance Co. and its third party administrator, Helmsman Management Services Inc. Other commercial and personal lines insurers have also been named in similar lawsuits.

According to court records, the recent case of *Rose M. Bell vs.*

Farmers Insurance Exchange involved only personal lines claims adjusters. But Mr. Moss said his and other lawsuits involve claims adjusters for all lines of coverage, including commercial lines.

Such awards, if allowed to stand, could drive up claims costs and eventually add to pressure for premium increases, said a spokeswoman for the Insurance Information Network of California in Los Angeles.

"If you are going to tap one company for \$90 million and then spread it across the entire industry, that money has to come from somewhere," she said. Apart from resulting in jury awards and settlements,

the overtime issue also stands to increase costs, because, she said, insurers will have to "retool" their current practices for staffing and deploying claims adjusters.

The suits typically allege a violation of California law requiring overtime compensation unless an individual is employed in an administrative, executive or professional capacity. To be exempt from the overtime rule, a person must also conduct work that is primarily intellectual, managerial or creative; requires the exercise of discretion and independent judgment; and receive remuneration of at least \$1,150 per month.

According to published reports, a

number of highly visible employers—including Rite Aid Corp., Starbucks Co. and Trigon Global Restaurants—have been named as defendants in these lawsuits, hundreds of which have been filed in California. Some employers have paid out settlements for tens of millions of dollars. But these losses are not insurable, say defense and plaintiff attorneys involved with the cases, because the plaintiffs are claiming a statutory violation of California laws.

So far, the new wave of such lawsuits appears limited to California courts, said Tim Bartl, assistant general counsel for the Labor Policy Assn., a Washington-based trade group representing human resource executives.

But such lawsuits could arise in other states that, like California, have vague and antiquated laws determining who is an hourly wage earner and who is exempt from overtime rules.

"It's not uncommon that, where something like this happens in one state, you start to get copycat suits," Mr. Bartl said. "Plaintiff attorneys generally find that they can use the leverage from one state to try and get settlements in other states," by pointing to court decisions in states where they have been victorious.

Mr. Bartl acknowledged that California's laws are unclear with regard to claims adjusters. Federal regulations, in contrast, clearly define claims adjusters as exempt, he said.

In the *Farmers* case, the plaintiffs allege they are production workers and not administrators under California's exemption status. *Farmers* says it will appeal the jury award in the hopes that the California Supreme Court will clarify the issue.

But the high court in March declined to review a related decision by the First Appellate District Court in San Francisco in *Bell vs. Farmers Insurance Exchange*. *Farmers* had asked the appeals court to review a decision by the trial court to award attorney fees to the plaintiffs. In ruling that the parties in the suit must bear their own costs, the appeals court said that claims adjusters are production workers with responsibilities restricted to the "routine and unimportant."

"On matters of relatively greater importance, they are engaged only in conveying information to their supervisors—again primarily a routine and unimportant role," the court found.

Liberty Mutual in a statement said it believes its claims staff is properly classified as exempt administrators and it has hired counsel to present a vigorous defense. Other insurers declined to comment on the pending litigation or referred calls to the Insurance Information Network.

Rose M. Bell et al. vs. Farmers Insurance Exchange, California 1st Appellate District, No. A091134, filed March 5, 2001.

ERRORS & OMISSIONS

• Due to an editing error, Peter Oppenheim, corporate claims manager for ARAMARK Corp. in Philadelphia, was identified in the July 16 issue as a former president of the Risk & Insurance Management Society Inc. Mr. Oppenheim is a former president of the Golden Gate Chapter of RIMS.

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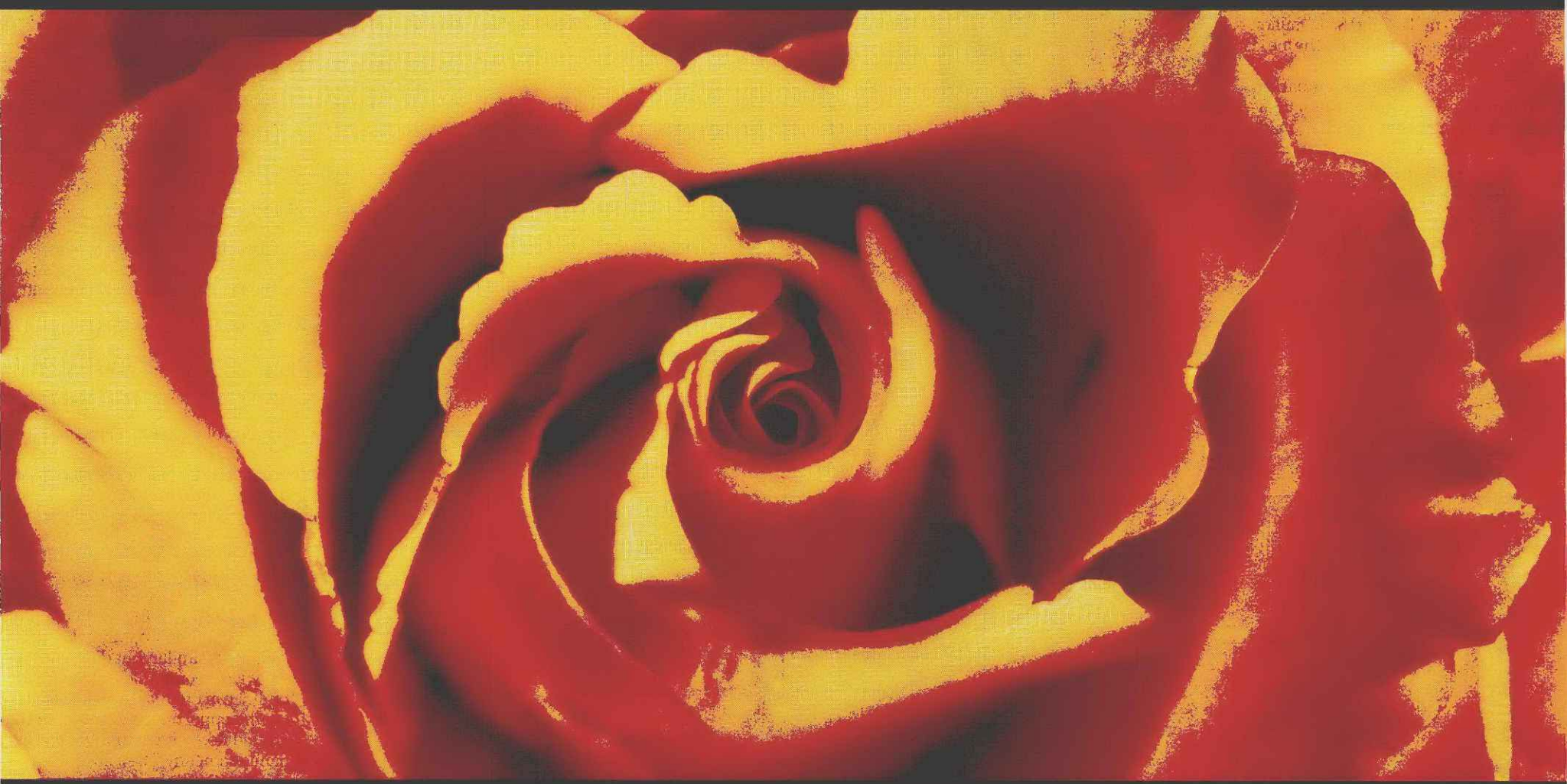
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Broker building one-stop shop for middle market

By SALLY ROBERTS

STAMFORD, Conn.—A newly established insurance broker is looking to provide the middle-market with one-stop shopping for insurance and financial services, while climbing the ranks of the world's largest brokers.

Stamford, Conn.-based Alliant Resources Group Inc., which began operating in March 2000, has some lofty goals—namely achieving between \$400 million and \$500 million in annual revenues over the next four to five years.

To do this, Alliant has embarked on an aggressive growth-by-acquisition strategy. Last month, it made



Mr. Addeo

its first venture into the property/casualty brokerage business with the acquisition of San Diego-based Robert F. Driver Co., which ranked as the 29th largest broker of U.S. business with \$55.6 million in 2000 brokerage revenues, according to *Business Insurance's* annual rankings (*BI*, July 16). Terms of the deal were not disclosed.

The Driver deal comes more than a year after Alliant made its first acquisition: Ronkonkoma, N.Y.-based Mutual Inc. and its Norwalk, Conn.-based satellite operation, Oldham Resource Group Inc. Both firms specialize in providing financial services products to 403(b) plan participants, which are retirement savings

plans for public entities.

According to Alliant co-founder and Chief Executive Officer John Addeo, Alliant's goal is to build a leading middle-market insurance and financial services firm by acquiring businesses involved in the distribution of property/casualty insurance, employee benefits and other financial services, including life insurance, 401(k) and 403(b) products and self-insured medical administration.

This is not an unfamiliar task for Mr. Addeo.

About seven years ago, Mr. Addeo teamed up with Bernard H. Mizel to build a middle-market insurance and financial services broker called

USI Insurance Services Corp. Since its inception, the San Francisco-based broker has made more than 100 acquisitions propelling it today into the No. 9 spot among the world's largest brokers, with \$359.7 million in 2000 brokerage revenues.

Mr. Addeo, who was president of USI, left the broker in March 1999 for "business and personal reasons," he said. A few months later, he was introduced to GTCR Golder Rauner L.L.C., a Chicago-based private equity firm that provided an initial \$50 million equity commitment to Alliant a few months later.

"When my partner and I built USI, I learned things that should be done and shouldn't be done," said Mr. Addeo. "I thought I could build a better mousetrap."

Unlike USI, which acquired a large number of smaller insurance and financial services firms, Alliant is focusing on acquiring a smaller number of larger, more dominant regional players all over the country, Mr. Addeo said.

At the same time, he plans to structure acquisitions differently. This means putting more cash down up front, which is a great benefit to the seller, according to Mr. Addeo. He also plans on focusing on cross selling financial and insurance products to its customer base immediately, something that Mr. Addeo said he believes USI waited too long to do.

Although Alliant is jumping into competition with such brokers as USI, Arthur J. Gallagher & Co. Brown & Brown Inc. and Hilb, Rogal & Hamilton Co, Mr. Addeo says Alliant "is similar, but different."

"Those companies are already built. I can offer large regional players the opportunity to get in on the ground floor of what I think is a dynamic company," he said.

But with all these other competitors, is there a real need for another national middle-market broker?

"Absolutely," said Tom Corbett, who continues to serve as Driver's CEO. "I think the middle market is underserved. I think there is a great need for a national broker to provide better products, programs and solutions to the middle market that what is currently being offered," he said.

In addition, there is "a big need" for middle-market buyers to be able to access all the financial service products they need, Mr. Corbett said.

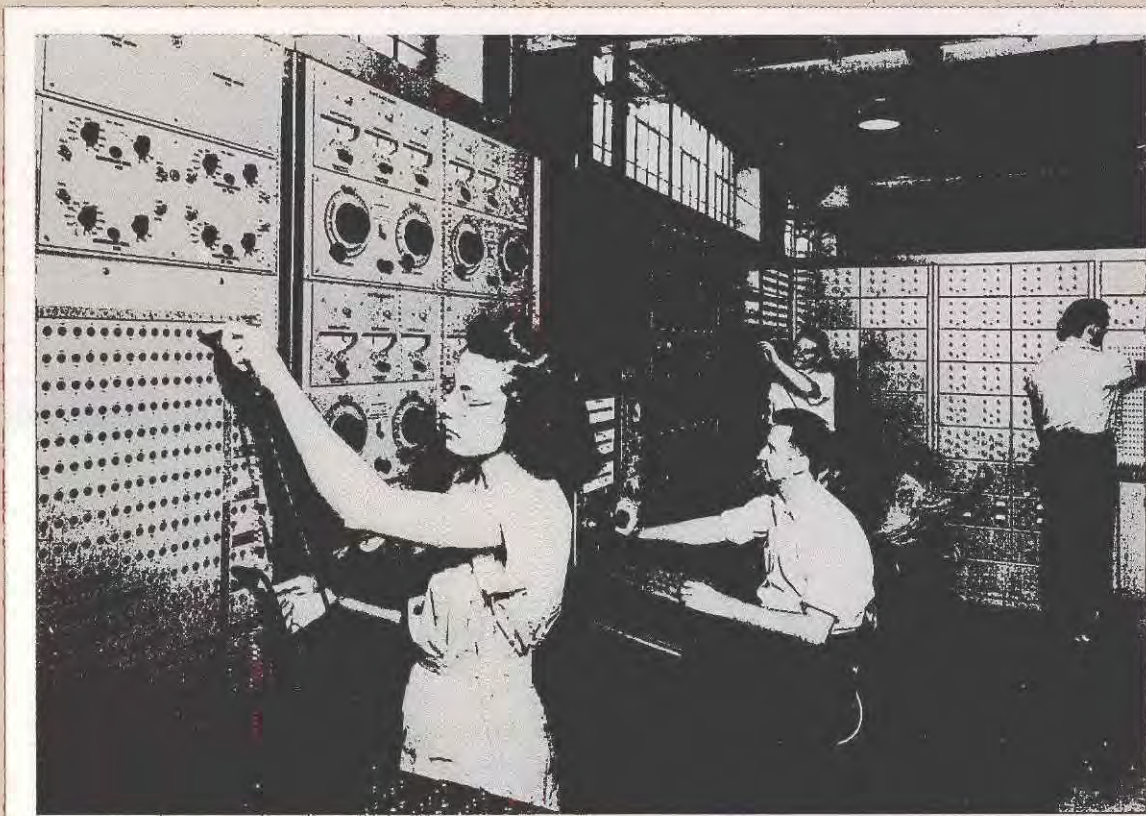
Driver, which was founded in 1925, is in the process of evaluating a name change to reflect the acquisition, Mr. Corbett said. As part of Alliant, Driver will be responsible for brokerage operations in California, Oregon and Washington and will serve as Alliant's national platform for managing general agency and program business.

In June, Alliant completed a \$65 million senior credit facility, led by Heller Financial Inc. Together with the equity and subordinated debt participation of GTCR, Mr. Addeo said that Alliant has substantial capital for future acquisition and working capital needs.

"The fact that we have this equity party, a very sound strategy, an outstanding P/C platform from Driver and the financial services diversification, it gets off to a good start," Mr. Addeo said.

He noted that he is in various stages of acquisition negotiations with a number of potential firms. *BI*

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OPINIONS

Room for more to join AIA

THE AMERICAN INSURANCE ASSN. stood alone nearly a decade ago, when it first proposed shifting responsibility for insurer solvency from state to federal regulators.

The insurer association now is formally endorsing federal chartering as an option for property/casualty insurers, but AIA President Robert Vagley says that he doesn't expect to be quite as lonely this time around.

We certainly hope he is right, because the proposal deserves widespread consideration and support from all sectors of the U.S. industry—insurers, brokers and buyers. The AIA's stance already has received the public backing of the Council of Insurance Agents & Brokers, and other property/casualty industry groups should follow. The AIA's proposal for the property/casualty industry comes after similar calls by other types of insurer groups for optional federal chartering.

As we've said before, the time is long overdue for all in the insurance industry to rethink regulation and consider alternatives to the current system. While we recognize that state regulators—working through the National Assn. of Insurance Commissioners—have made great strides toward streamlining and updating processes and bringing greater uniformity to the state-based system, it's been a case of too little, too late for many of the large multistate insurers that have new competitors.

Enactment in 1999 of the Gramm-Leach-Bliley

Act changed the financial services landscape forever, by tearing down the Depression-era barriers that kept the banking, insurance and securities industries separate. As we've noted before, it's now survival of the fittest, regardless of what industry that fittest competitor happened to operate in before financial services modernization.

With banks and securities firms subject to federal regulation while insurers are subject to a patchwork of state regulation, it's not hard to figure out who's going to be at an increasing disadvantage as the marketplace continues to evolve. Throw in international competition and the disadvantage grows that much more.

Try as they might to push reforms—reforms that they began seeking only after they were forced to do so by the terms of Gramm-Leach-Bliley—state regulators simply have not been able to keep up with the fast-changing financial services landscape in which many insurers now operate.

Congress has already realized this. The House Financial Services Committee has been examining various aspects of insurance regulation on an almost-monthly basis. The committee's chairman—Rep. Mike Oxley, R-Ohio—has made no secret of his impatience with the pace of state insurance regulatory reform. Other key members of his committee share his view; Rep. Richard Baker, R-La., the chairman of the Capital Markets, Insurance and Government Sponsored Subcommittee, has already said he'd like to start discussing optional



federal chartering sometime this fall.

Clearly, the issue isn't going to go away. The American Council of Life Insurance and the American Bankers Insurance Assn. have each released their own federal insurance chartering proposals, which focus on the particulars of their parts of the industry. The AIA proposal is a welcome addition to this debate.

The question of some degree of federal insurance regulation is no longer one of if but of when. The AIA proposal should help ensure that the concerns of the property/casualty insurance industry are taken into account when that regulation becomes reality.

LETTERS

Insurance society to BI: Clean up your act

To the editor: On behalf of the Society of Environmental Insurance Professionals I would like to thank *Business Insurance* for reporting on our recent Environmental Insurance Forum in the July 2 issue.

We are concerned, though, that the headline of the article, "Environmental Insurers Urged to Clean up their Act," may have given readers the wrong impression of both the comments made by Kenneth Berger of Zurich

North America and the general state of the environmental insurance marketplace.

It is important to note that the potential problems mentioned in the article are not currently problems in the environmental insurance marketplace. Mr. Berger was asked to present his perspective on the future of environmental insurance.

In addition to discussing the expanding market for

these products, he addressed some potential trends that could lessen the value of environmental insurance to buyers of the products in the future. The headline of the article made it appear that these issues were all current problems within the industry. To Mr. Berger's credit, he is concerned about maintaining the quality of the environmental insurance products that are available to the

See Letters on page 34

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Risk Management Services

Contending with a hardening market

Tapping the value of experience

Former risk managers offering guidance as consultants

By MARK A. HOFMANN

They've been there and they've done that—consultants and risk management services providers who faced the last hard market from the risk manager's side of the table.

And what they learned dealing with the harsh market conditions of the mid-1980s can provide valuable lessons for today's risk managers—particularly those who have never experienced hard market conditions. The advice from those who may one day be regarded as members of risk management's greatest generation varies from the particular to the theoretical, and from the simple to the complex.

One of the most important responses is also one of the simplest: Avoid surprises both to yourself and to your employer, said Robert W. Esenberg, vp of Minneapolis-based Berkley Risk Administrators Co. L.L.C. and former risk manager for the city of Virginia Beach, Va. Mr. Esenberg—who is still based in Virginia Beach—also served as president of the Risk & Insurance Management Society Inc. in 1991/92.

Consultants and brokers have to make certain that the risk manager isn't surprised. I've been telling a lot of the younger risk managers that the market is cyclical and that good things always come to an end and it's important to be prepared," Mr. Esenberg said.

"Fortunately, I had good brokers and excellent information from my peers in RIMS," he said. "We knew the market would turn and turn sig-

nificantly. We were able to document what the cycles had been in the past and build our reserves."

This allows risk managers to "educate their employers" and make sure they have the assets in place to address the turn in the market as that turn approaches, Mr. Esenberg said.

Keeping an eye on what underwriters are doing also helps in limiting surprises, said Jim Spivey, president of C.J. Spivey Associates in Charlotte, N.C. Formerly, Mr. Spivey was the risk manager for Charlotte/Mecklenburg County as well as the president of RIMS in 1982/83.

"You need to know 90 days in advance what your carrier is going to do price-wise, and if it won't give you a price 90 days in advance, that's the sign to go, just as if he had given you an unsatisfactory price," Mr. Spivey said.

He recalled that, at one point during the hard market of the 1980s, an incumbent insurer attempted "to raise my premium by as much as 2,000%, in a case where there had been no losses at all."

"Don't sit still while your current carrier raises your prices. Take your account out—I don't care if you just went out last year," Mr. Spivey said. If there's a significant increase, and "if it appears that they might be taking advantage of you, you need to put it out. Find out who the markets are."

But Mr. Spivey noted that, at its heart, "risk management is how to avoid buying insurance. Insurance is the most expensive way out there to

See **Advice** on page 13

Market firming brings shift in consulting needs

By RODD ZOLKOS

Faced with a hardening insurance market, risk managers are looking to consultants to help them maximize their options and make the best possible case when they go to their insurers at renewal.

And internally, the support risk management consultants can provide can be invaluable in a hardening market, helping risk managers to explain to senior management why insurance costs are exceeding budget and to demonstrate that they are doing everything possible to keep costs in check.

"It is Near North's opinion—and has been for a couple of years—that consultants add incredible value to the risk management and insurance equation," said Duncan Ashurst, executive vp-risk management and consulting services at Near North National Group in Chicago.

In a hard market, "the role of the consultant can become incredibly valuable" as a sounding board for an insurance program or exposure issue, Mr. Ashurst said.

"When a market turns like this, it's going in the opposite direction of where (companies) want to go with their corporate expenses," said Gary Mathieson, chief executive officer at Willis Risk Solutions North America in New York. Chief financial officers are looking closely at expenses, Mr. Mathieson said, "and they're looking a lot more for analysis."

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Inside:

Educational programs reflect new thinking, risks

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Directory of Risk Management Consultants

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Educational programs changing with the times

By MICHAEL BRADFORD

Risk managers trying to make sense of emerging exposures and a hardening market are looking for educational opportunities—which many professional organizations are eager to provide.

Feedback from risk managers has shown that “they feel insecure about their knowledge in a couple of ways,” said Larry Pistell, director of risk management education for the Insurance Institute of America in Malvern, Pa. “They want to know about exposures in e-commerce,” Mr. Pistell said, and “with banking and insurance converging, they have to understand the integration. What are the exposures of these combined mega-institutions?”

Obtaining better risk management education is important today because many insurance buyers “have to cope with the market hardening,” Mr. Pistell pointed out. As part of that, they must understand the complex insurance programs that are put together as prices rise and coverage availability shrinks, he said. And risk managers want to know more about self-insurance and other risk-financing alternatives in the current market conditions, Mr. Pistell noted.

As evidence of risk managers’ growing interest in education, Mr. Pistell said the sales of study materials related to the IIA’s Associate in Risk Management designation are up almost 70% over this time last year. At present, there are roughly 22,000 holders of the ARM designation. In addition, participation in some of the IIA’s online courses is up “several hundred percent,” he said.

Registrations for the National Alliance for Insurance Education & Research’s Certified Risk Managers International designation have increased around 15% over last year, said Wayne Dauterive, vp of the Austin, Texas-based organization.

“I think there is a heightened awareness among risk managers with regard to education in furthering their careers” while helping their companies, said Lance Ewing, vp-education for the Risk & Insurance Management Society Inc. And RIMS is taking steps to help risk managers meet that goal, said Mr. Ewing, who is director of insurance and loss prevention at GES Exposition Services in Las Vegas.

The New York-based society plans to launch its revised RIMS Fellow designation program on Sept. 1. Changes to the program include the elimination of some of the college course requirements and the program’s capstone examination. Under the revised curriculum, each candidate will be required to participate in six two-day workshops on risk management issues. Plans call for the workshops to be held at a variety of venues, including regional RIMS meetings and the society’s annual national conference.

Making the workshops convenient was one of RIMS’ goals in restructuring the Fellow requirements, said Executive Director Jack Hampton, who is himself a former educator, serving most re-

cently as provost and vp of academic affairs at the Maritime College of the State University of New York. Many participants, Mr. Hampton said, will be able to pursue the designation “just by doing things they normally do,” including attending the meetings. “This helps risk managers of 2001, who are really busy but smart enough to know that they have to keep up. Education is a big deal for them,” he said.

In addition, to retain the Fellow designation, risk managers will have to earn continuing education credits, though the specifics of that

requirement are still being worked out, Mr. Ewing said.

Other designation programs also are seeing changes this year.

Mr. Pistell said the IIA is offering new ARM course guides that include answers to the texts’ questions. Mr. Pistell said having access to the answers allows students “running into problems with self-study” to be able to move more easily through the courses.

And, he noted, one of the course’s texts is being rewritten to incorporate e-commerce topics and information about building a risk man-

agement culture within an organization.

In light of the changing demands of risk management, the National Alliance has modified some of the materials used in the risk financing course that is part of its CRM designation. Topics now include enterprise risk management, risk mapping and the position of chief risk officer. “That’s pretty much where we see risk management heading,” Mr. Dauterive said.

The group also plans to add to its risk analysis course a section on working with chief financial offi-

cers and treasurers, two positions that have become increasingly important with the growing emphasis on enterprise risk management. The section will teach risk managers how to communicate with those executives using proper financial terminology.

The Public Risk Management Assn. is planning educational partnerships with groups such as RIMS and the Fairfax, Va.-based Public Entity Risk Institute to develop new offerings for PRIMA members. The association also introduced ed-

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Education

Continued from previous page
educational outings at its annual meeting in Chicago this year, taking attendees out of the seminar setting to sites that included the Chicago Fire Department Academy, O'Hare International Airport and the headquarters of the Chicago Transit Authority. Such visits allowed those attending the meeting to get a first-hand look at how those operations handle their risks.

Groups offering conferences and seminars also are responding to changes in risk managers' educational demands.

The International Risk Manage-

ment Institute Inc. has changed the name of its Construction Insurance Conference to the Construction Risk Conference to reflect the broader interests of risk professionals. The Dallas-based institute also has developed online continuing education courses aimed primarily at agents and brokers.

IRMI President Jack Gibson said the institute is exploring ways to deliver audiovisual materials over the Internet while simultaneously conducting seminars through telephone conferencing. "You can pick a specific time and do short programs that allow people to take a break during the day and sit in," he said. **BI**

Advice

Continued from page 10

treat an exposure. If you can treat it and bring it to acceptable levels with a minimum reliance on insurance, you're way ahead of the game."

Risk managers must analyze the actual structure of their programs and be prepared to increase self-insured retentions or deductibles, Mr. Esenberg said. They also have to educate themselves about alternatives to the commercial marketplace, he said. "They need to be able to tell their employers, how can we get this done at a reasonable price," he said.

Some younger risk managers got used to soft market conditions and

didn't worry about self-insured retentions and deductibles, Mr. Esenberg said. "When it changes, it's a rude awakening," he said.

"Be sure to keep your eyes open to alternatives—insurance is not the only game in town. Hard markets are when the alternative markets begin to flourish. The caveat is, is there capital there to support the alternative?" said Glenn MacCorkle, chief executive officer of TransGlobal Risk Management of Dayton, Ohio. Mr. MacCorkle, formerly the risk manager of NCR Corp. in Dayton, entered the risk management field in 1972.

"When they got into trouble last time, it was by writing everything just to get premium in the door and

make investment income. That's happened again," said Lucille A. Gallagher, an independent Denver-based risk management consultant and former vp-risk management for ConAgra Red Meat Cos. in Greeley, Colo. Ms. Gallagher served as president of RIMS in 1994/95 and was named *Business Insurance's* Risk Manager of the Year in 1994.

"When will the market ever learn to do appropriate underwriting in the first place?" Ms. Gallagher asked. "To me, it's the basic principle of managing risk. If you underwrite your particular customers in the first place based on what their appetite is for risk and based on their attitude for managing that risk, as well as the appropriate risk financing methodologies that give them incentives for managing that risk, you end up treating those people appropriately who do manage their risk. Those that don't are either going to have to learn or pay for it."

'Insurance is not the only game in town. Hard markets are when the alternative markets begin to flourish.'

— Glenn MacCorkle
TransGlobal Risk Management

Ms. Gallagher accused insurers of lumping together risks regardless of individual loss records, and she compared some underwriters' practices to "redlining."

Ms. Gallagher noted that the last hard market prompted risk managers to form offshore captives, such as those that developed into the insurers now known as ACE Ltd. and XL Capital Ltd. "If they are the size they can do so, they ought to look at the alternative market," she said.

Risk managers facing hard market conditions for the first time also ought to take advantage of the opportunity to review their risk management programs, said Jim Green, an independent consultant based in Fort Worth, Texas, who is also contract risk manager for Acme Building Brands Inc. and Justin Industries Inc., both of Fort Worth. Mr. Green was a member of *Business Insurance's* 1998 Risk Management Honor Roll.

"If I were speaking to a group of risk managers who had not been in the business in 1985-86, I would tell them that they need to focus on the equal sign in the cost of risk equation," Mr. Green said. "What I mean is that they need to look at the components on the left side of the equals sign—administrative costs, premium and retained losses. If premiums are going up because of the hard market, they need to see if there are ways through enhanced claims management, claims control and administrative efficiencies to minimize the impact of the premium increases on the ultimate cost of risk—that's what's on the other side of the equal sign. This is a perfect opportunity to really focus on your working layer of claims and make sure that you're managing those claims within a reasonable retention program."

See **Advice** on next page

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SPOTLIGHT

Advice

Continued from page 13

Mr. Esenberg said that risk managers should make the effort to learn from one another. "The key is networking with other, more-experienced risk managers and having consultants and brokers on their side that are educating them so that they can be in a position to respond to swings in the marketplace. If the agent or broker hasn't been doing that, then I don't think they've been doing their jobs," he said.

Ms. Gallagher recommended getting upper management involved in negotiations. "Hold

tight on selling your company. Don't leave it to the brokers. Get your CEO, CFO before these underwriters—whoever you need to—to tell your story on your managing risk—don't be content to be thrown into the bucket with everybody else. Find somebody who's willing to listen—go to the top," she said.

Mr. MacCorkle urged risk managers to use the opportunity to get a better handle on their risks.

"Don't stop trying to improve the risks your working with," he said. Regardless of market conditions, Mr. MacCorkle said, "risk improvement in the long run is going to be of benefit to you." **BI**

Consultants

Continued from page 10

"Information is power when you negotiate, so we're getting a lot more activity on that front," Mr. Mathieson said, adding that his company is also seeing more clients examining risk transfer alternatives.

"There's a lot more interest in captives," he said. "People who have not had their captives active are looking at making them active, or people who have not had one are looking at forming one."

Near North's Mr. Ashurst noted that his firm has been involved for about two years in an initiative that has them working closely with

about 300 consultants across the country. He said he sees certain differences between the consulting operations of very large consultants, such as the Big Five accounting firms, and those of smaller consulting companies.

"If you look at the larger firms, the large CPA firms, they're often coming in through the accounting side, with strong connections to the tax department and the CFO," Mr. Ashurst said. In that area, there is "quite a strong focus on captives," he said.

"A lot of the consultants are very busy with captives," Mr. Ashurst said, particularly since a federal appeals court ruled in June in favor of UPS of America Inc. and its captive

program, overturning a 1999 federal tax court ruling that held that the program was a tax dodge (*BI*, June 25).

"The other area that's very active is (request for proposals), literally bidding out insurance programs," Mr. Ashurst said.

In their own way, smaller risk management consulting firms also have a strong connection with companies' CFOs, often functioning as "literally an outsourced risk management department," Mr. Ashurst said.

Mr. Mathieson said he is seeing two trends in risk managers' use of consultants—an increased emphasis on information gathering and analysis, and earlier preparation for renewals.

"A lot of people are making sure they're prepared early right now," he said, ensuring they have the information they need to consider alternatives before they go to market.

And once they are into the renewal process, analytical tools such as dynamic financial analysis can be valuable, "so when the proposals come in from the marketplace, you can quickly assess them," Mr. Mathieson said. "So we're getting a goodly amount of work from the standpoint of feeding it into the analytical tools that we have."

"We're really seeing the process starting significantly earlier in data gathering, probably 120 days prior to renewal," said Tom Nazar, senior vp-marketing at Near North. "The clients absolutely do not want to wait until the last minute. In the soft market, that was much more prevalent."

"As the market does harden, you can't just go with a short window for renewal, because if they need to scrutinize or you need to go back and forth—or, in the worst case, if you need to go back to market—you need time to do that," said Carlos A. Sintes, risk manager at Pepsi-Cola General Bottlers Inc. in Rolling Meadows, Ill.

"I know we're starting that process earlier this year than ever," said Mark M. Boll, director-risk management at Apogee Enterprises Inc. in Minneapolis. "We want to have an earlier indication as to whether we want to take on larger retentions. So we've asked our actuaries to provide us more information in that regard."

Faced with a hard market, there's a particular emphasis on being able to make "fact-based decisions," Mr. Boll said.

Mr. Sintes said he's seen a particular increase in the use of actuarial-type consulting. "Anything to get the insurers to understand the situation a little better," he said. "You need to be able to show the insurers that the numbers don't really mean what they say they mean."

Despite the growing emphasis on getting an early start on renewals, Mr. Ashurst said he has heard from consultants who said they were called in at the last minute by clients who were upset with their renewal and hoped the consultant could help them find a better deal. In some cases, those consultants were brought in even after the renewed policy was bound, he said.

"It's not easy, but it can be done," Mr. Ashurst said, particularly if a broker has overlooked certain markets in placing the client's program or has not adequately made the client company's case to the insurer. **BI**

PMA Claims Service Manager
KIM LAUDERMILCH

Client:
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down by 63!"

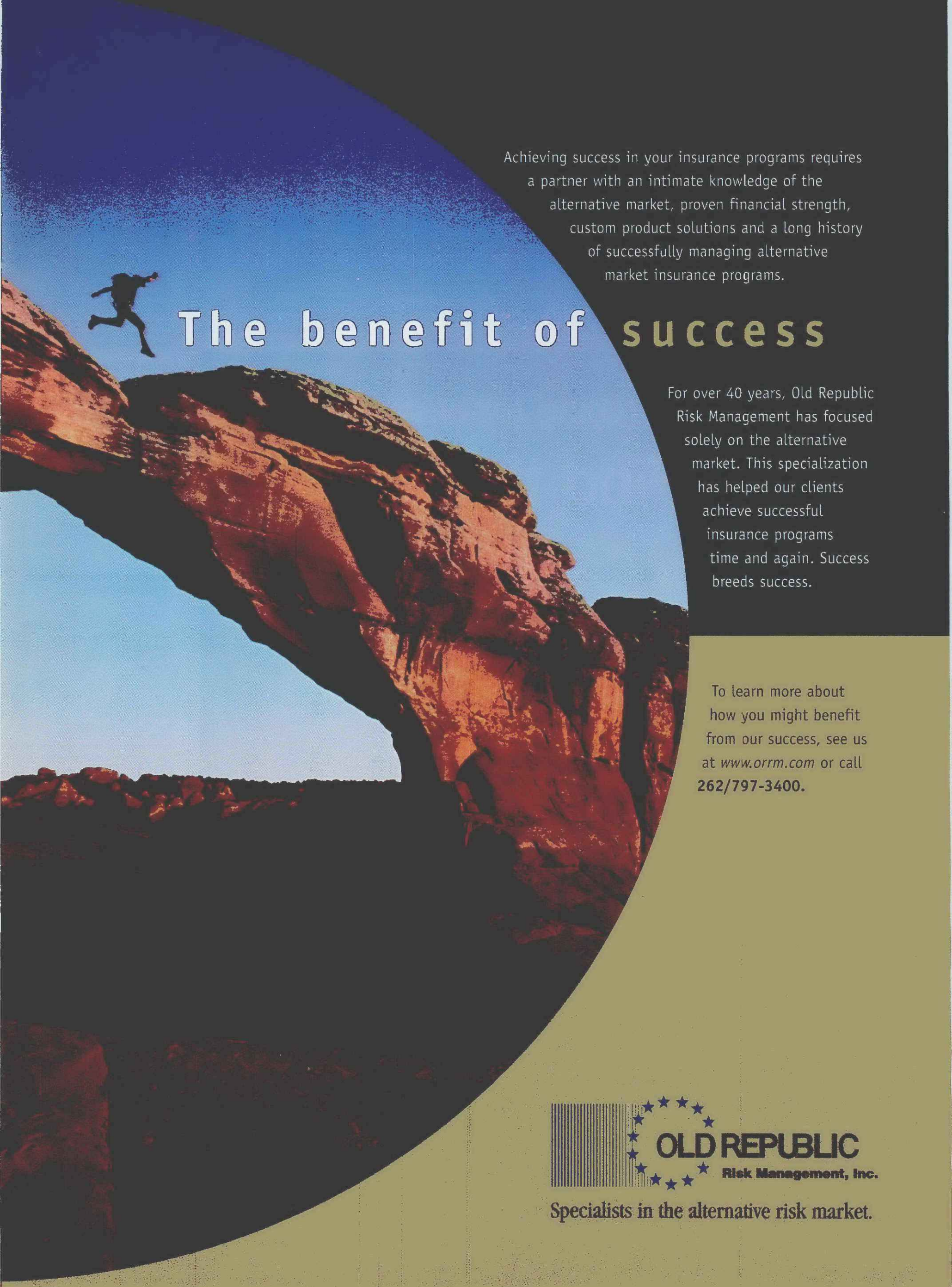
It's one for the record books! In 1995, Villanova's workers' comp losses were way up. That's when PMA's Kim Laudermilch jumped in. Teaming up with Villanova's benefits administrators and their broker, Kim helped spark the rally. Injury patterns and risk factors were uncovered. Campus supervisors were coached. Modified duty and return-to-work options were put into play, along with an aggressive injury-prevention program. Today, the name of the game at Villanova is reduction in losses—63% to be exact. Does Kim get her own cheering section? No need. For real team players, reaching the goal together is all that counts.

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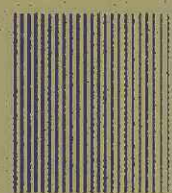
A person is running along the top edge of a large, reddish-brown rock formation. The sky is a clear, bright blue. The rock formation has a jagged, layered appearance. The overall scene conveys a sense of achievement and overcoming challenges.

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A

A&L Corporate Risk Ltd.

6110 Blue Circle Drive, Suite 235,
Minnetonka, Minn. 55343;
952-933-5560; fax: 952-931-1147

Consulting since: 1986.

2000 revenues
Continuous consulting 80%
Risk management audits 5%
Special consulting projects 15%

Staff: total, 5; professionals, 5.

Specialties: technology, global companies, real estate.

Compensation: by the project; on retainer; by the hour: \$155 to \$175 per principal consultant, \$110 to \$135 per consultant, \$90 per analyst.

Officers: Robert Abrahamson, executive consultant/CEO.

AIG Consultants Inc.

70 Pine St., 10th Floor,
New York, N.Y. 10270;
212-770-5038; fax: 212-742-1564
www.aigconsultants.com

Consulting since: 1976.

Parent: American International Group Inc.

2000 revenues
Total gross revenues \$37,000,000
Consulting revenues \$37,000,000
Continuous consulting 80%
Special consulting projects 20%

Staff: total, 207; professionals, 187.

Clients: total, 4,000; non-U.S., 35%.

Compensation: by the project; on retainer.

Officers: John J. Carey, president; Duncan Karcher, vp-operations; Michael Castelli, vp-safety.

The Spotlight on Risk Management Services
begins on page 10

AMI Risk Consultants Inc.

11410 N. Kendall Drive, Suite 208,
Miami, Fla. 33176;
305-273-1589; fax: 305-274-4706
www.amirisk.com

Consulting since: 1992.

2000 revenues
Continuous consulting 5%
Risk management audits 15%
Special consulting projects 5%
Actuarial/accounting services 75%

Staff: total, 10; professionals, 7.

Clients: total, 54.

Services: alternative risk financing consulting, consulting on design of risk management information systems, actuarial consulting.

Compensation: by the project; by the hour: \$180 to \$200 per principal consultant, \$130 to \$175 per consultant, \$90 to \$120 per analyst, \$25 to \$40 per clerical.

Officers: Bob Ingco, president/chief actuary; Gail Flannery, consulting actuary.

Contact: Bob Ingco.

Advanced Risk Management Techniques

23701 Birtcher Drive,
Lake Forest, Calif. 92630;
949-472-8324; fax: 949-472-3729
www.armtech.com

Consulting since: 1982.

Parent: Aon Corp.

2000 revenues
Total gross revenues \$3,200,000
Consulting revenues \$3,000,000
Continuous consulting 30%
Risk management audits 10%
Special consulting projects 20%
Actuarial/accounting services 40%

Staff: total, 19; professionals, 13.

Clients: total, 315; non-U.S., 1%.

Compensation: by the project; on retainer; by the hour: \$195 per principal consultant, \$150 per consultant, \$85 per analyst, \$55 per clerical.

Officers: Steven P. Kahn, Michael M. Kaddatz,

Steven A. Glicksman, managing directors.
Contact: Steven P. Kahn.

J.H. Albert International Insurance Advisors Inc.

72 River Park,
Needham Heights, Mass. 02494-2631;
781-449-2866; fax: 781-449-5430
www.jhalbert.com

Consulting since: 1967.

2000 revenues
Total gross revenues \$6,900,000
Consulting revenues \$6,900,000
Continuous consulting 80%
Risk management audits 10%
Special consulting projects 10%

Staff: total, 39; professionals, 33.

Clients: total, 675; non-U.S., 2%.

Compensation: by the hour: \$225 to \$325 per principal consultant, \$115 to \$200 per consultant.

SRMC member.

Officers: Joseph H. Albert, chairman; Alfred H. Nagelberg, Stuart T. Cowart, presidents.

Contact: Alfred H. Nagelberg.

Aldrich & Cox Inc.

3075 Southwestern Blvd., Suite 202,
Orchard Park, N.Y. 14127;
716-675-6300; fax: 716-675-2098
www.aldrichandcox.com

Consulting since: 1951.

2000 revenues
Continuous consulting 75%
Risk management audits 20%
Special consulting projects 5%

Staff: total, 11; professionals, 7.

Clients: total, 80; non-U.S., 2%.

Compensation: by the project; by the hour: \$80 to \$165 per consultant.

SRMC member.

Officers: Charles H. Cox, president; James B. Hood Jr., executive vp; Michael B. Coyle, vp.

Contact: Charles H. Cox; cox@aldrichandcox.com.

Alexander Forbes Business Risk Solutions

25 Sauer St.,
Johannesburg, South Africa;
27-11-378-3000; fax: 27-11-378-3606
www.alexanderforbes.com

Consulting since: 1974.

Parent: Alexander Forbes Ltd.

2000 revenues
Total gross revenues \$5,111,111
Consulting revenues \$4,740,000
Continuous consulting 60%
Risk management audits 35%
Special consulting projects 5%

Staff: total, 75; professionals, 18*.

Clients: total, 250; non-U.S., 100%.

Compensation: by the project; on retainer; by the hour: \$140 per principal consultant, \$75 per consultant, \$68 per analyst.

Officers: Frank D. Butler, chairman; Steven Riordan, managing director-risk engineering; Charles Nortje, managing director-risk finance.

*Estimated.

Alpha Risk Management Inc.

60 Cutter Mill Road,
Great Neck, N.Y. 11021;
516-829-3500; fax: 516-829-6029
www.alphariskmanagement.com

Consulting since: 1973.

2000 revenues
Total gross revenues \$2,450,000
Consulting revenues \$2,450,000
Continuous consulting 55%
Risk management audits 20%
Special consulting projects 25%

Staff: total, 18; professionals, 13.

Clients: total, 56; non-U.S., 20%.

Services: alternative risk financing consulting, insurance coverage and limits analysis, broker and vendor services analysis.

Specialties: financial services, construction, real estate.

Compensation: by the project; on retainer; by the hour.

Officers: Herbert H. Feldman, president/CEO; James E. Branigan, executive vp; Fran Carleton, senior vp.

Contact: Herbert H. Feldman.

American Risk Managers Inc.

330 County Highway 35,
Hamilton, Ala. 35570;
205-921-7979; fax: 205-921-3146
www.amerisk.com

Consulting since: 1979.

2000 revenues
Continuous consulting 90%
Risk management audits 5%
Special consulting projects 5%

Staff: total, 9; professionals, 5.

Clients: total, 58.

Compensation: by the project; on retainer; by the hour.

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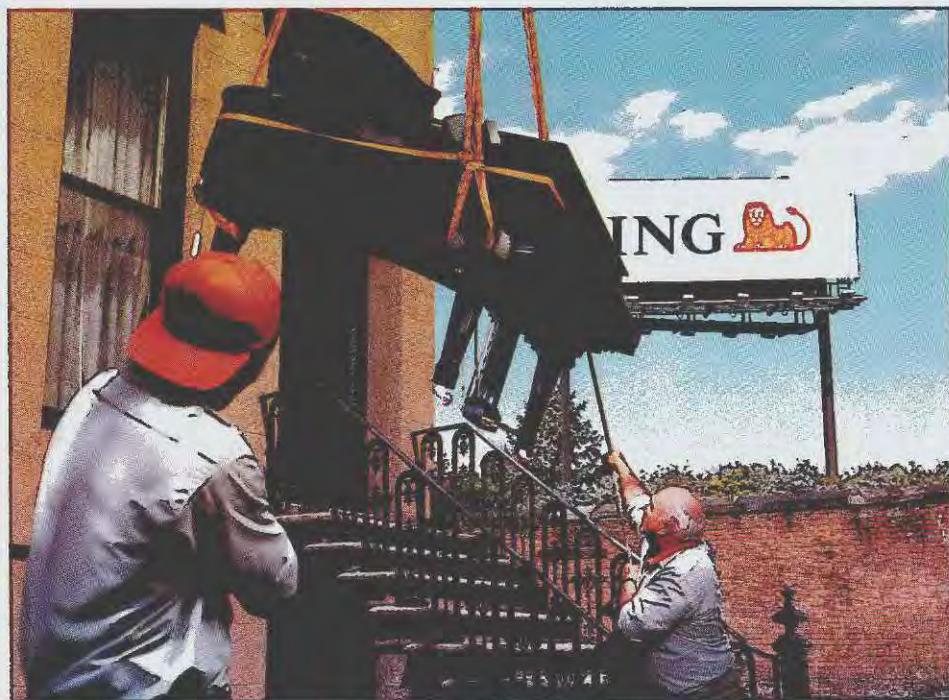
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Continued on page 20



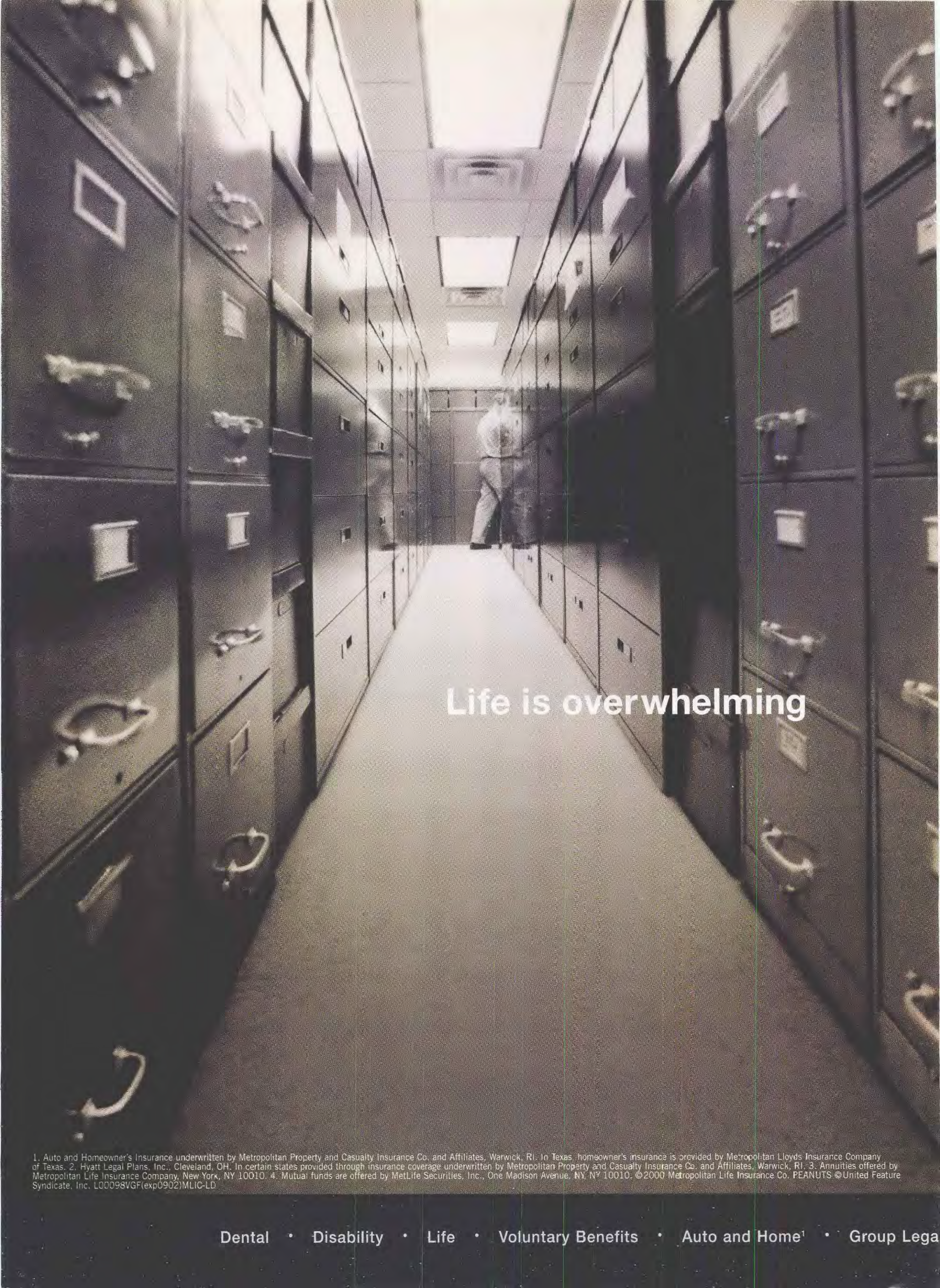
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Continued from page 16

Officers: Walter D. Haney, chairman; Walter D. Haney Jr., president.
Contact: Walter D. Haney Jr.; wally@amerisk.com.

Aon Risk Consultants Inc.

200 E. Randolph St.,
Chicago, Ill. 60601;
312-381-1000; fax: 312-381-3902
www.aon.com
Parent: Aon Corp.
2000 revenues
Continuous consulting 20%
Risk management audits 25%
Special consulting projects 25%
Actuarial/accounting services 30%

Staff: total, 127; professionals, 105.
Clients: total, 900*.
Compensation: by the project; on retainer; by the hour.
Officers: Thomas J. Rodell, managing director; Terry Alfuth, Theresa Bourdon, Barry Franklin, Peter Densen, Ruth Joplin, Steven Kahn, Jeff Doffing, directors.
Contact: Thomas J. Rodell; tom_rodell@ars.aon.com.
*Estimated.

Applied Risk Control Corp.

15 N. Mill St.,
Nyack, N.Y. 10960;
845-365-2444; fax: 845-365-2478
www.appliedriskcontrol.com
Consulting since: 1985.
2000 revenues
Total gross revenues\$852,000
Consulting revenues\$298,200
Continuous consulting 75%
Risk management audits 20%
Special consulting projects 5%

Staff: total, 15; professionals, 14.
Clients: total, 125.
Compensation: by the project; on retainer; by the hour: \$150 per principal consultant, \$100 per consultant, \$95 per analyst.
Contact: Harry P. Minijanian, president.

Applied Risk Solutions Inc.

12200 E. Briarwood Ave., Suite 205,
Englewood, Colo. 80112;
303-790-1725; fax: 303-790-1731
Consulting since: 1996.
2000 revenues
Continuous consulting 30%

Risk management audits 50%
Special consulting projects 20%
Staff: total, 6.
Clients: total, 80.
Compensation: by the project.
Contact: James M. Graham, principal.

Arthur Andersen L.L.P.

33 W. Monroe St.,
Chicago, Ill. 60603;
312-580-0033; fax: 312-507-6748
www.andersen.com

2000 revenues
Total gross revenues\$8,400,000,000
Consulting revenues\$89,835,657
Risk management audits 1%
Special consulting projects 95%
Actuarial/accounting services 4%
Staff: total, 77,000; professionals, 353.
Clients: total, 1,000; non-U.S., 25%*.
Compensation: by the project; on retainer; by the hour: \$320 to \$600 per principal consultant.

A list of the top 10 risk management consultants appears on page 22.

\$200 to \$300 per consultant, \$125 to \$200 .per analyst.
Officers: Mark C. Hargis, partner-financial consulting (Chicago); Gerald L. Richardson, partner-insurance claims consulting (Chicago); Gustave A. Krause, partner-actuarial and insurance services (Atlanta); James W. DeLoach, partner, business risk consulting (Houston).
Contact: Gerald L. Richardson; 312-507-9980; gerald.l.richardson@us.andersen.com.
* Estimated.

B

Becher + Carlson Cos.

21700 Oxnard St., Suite 1800,
Woodland Hills, Calif. 91367;
818-715-0800; fax: 818-407-5555
www.amre.com
Consulting since: 1981.
Parent: American Re-Insurance Co.
2000 revenues
Continuous consulting 50%
Special consulting projects 40%
Actuarial/accounting services 10%

Staff: total, 47; professionals, 19.
Services: alternative risk financing consulting, consulting on design of risk management information systems, actuarial consulting.
Compensation: by the project.
Officers: Gregory K. Myers, president/CEO; Robert L. Glickstein, senior vp/CFO; Robert W. Hessel, senior vp.
Contact: Gregory K. Myers; gmyers@bc-companies.com.

Max Bernstein Co.

650 California St., 23rd Floor,
San Francisco, Calif. 94108;
415-981-3510; fax: 415-362-7100
Consulting since: 1986.
2000 revenues
Consulting revenues\$230,000
Continuous consulting 70%
Risk management audits 20%
Special consulting projects 10%
Staff: total, 3; professionals, 3.
Clients: total, 13.
Compensation: by the project; by the hour: \$200 per principal consultant.
Contact: Max Bernstein, president; maxrm@flash.net.

Betterley Risk Consultants Inc.

13 Loring Way,
Sterling, Mass. 01564;
978-422-3366; fax: 978-422-3365
www.betterley.com
Consulting since: 1932.
2000 revenues
Continuous consulting 30%
Risk management audits 20%
Special consulting projects 50%
Staff: total, 1.
Clients: total, 25.
Compensation: by the project; by the hour: \$240 per principal consultant.
Contact: Richard S. Betterley, president; rbetterley@betterley.com.

Bickmore Risk Services

1020 19th St.,
Sacramento, Calif. 95814;
800-541-4591; fax: 916-491-1436
www.bickmoreriskservices.com
Consulting since: 1985.
2000 revenues
Total gross revenues\$3,460,000
Consulting revenues\$3,435,000
Continuous consulting 76%
Risk management audits 2%
Special consulting projects 2%
Actuarial/accounting services 20%

Staff: total, 27; professionals, 26.
Clients: total, 50.
Specialties: public sector, associations, education.
Compensation: by the project.
Officers: Linzie Kramer, president; Gregory L. Trout, COO; John Chaquica, principal.
Contact: Gregory L. Trout.

Blackburn Group Inc.

P.O. Box 23463,
Rochester, N.Y. 14692;
716-586-4530; fax: 716-586-7479
www.blackburngroup.com
Consulting since: 1991.
2000 revenues
Continuous consulting 50%
Special consulting projects 50%
Staff: total, 14; professionals, 14.
Clients: total, 250; non-U.S., 10%.
Specialties: utilities, technology, professional services.
Compensation: by the project.
Contact: Robert J. Blackburn, managing principal.

Blades, Macaulay, Crout & Myers Inc.

2444 Morris Ave.,
Union, N.J. 07083;
908-687-3735; fax: 908-687-2040
Consulting since: 1926.
2000 revenues
Continuous consulting 40%
Risk management audits 40%
Special consulting projects 20%
Staff: total, 5; professionals, 3.
Clients: total, 25.
Compensation: by the project; on retainer; by the hour: \$200 to \$225 per principal consultant, \$160 to \$170 per consultant.
SRMC member.
Officers: John J. Crout, president; Richard L. Myers, vp.

T.E. Brennan Co.

2025 N. Summit Ave., Suite 200,
Milwaukee, Wis. 53202-1362;
414-271-2232; fax: 414-271-0104
www.tebrennan.com
Consulting since: 1895.
2000 revenues
Total gross revenues\$1,739,836
Consulting revenues\$999,252
Continuous consulting 60%
Risk management audits 20%

Continued on page 22

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—Sun Tzu, *The Art of War*

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Terms used in the directory

The Directory of Risk Management Consultants lists companies that generate at least \$150,000 of their gross revenues from pure risk management consulting.

Business Insurance defines pure risk management consulting as providing advice, on a fee-for-service basis, on the identification and analysis of an organization's loss exposures and on minimizing the financial impact of such risks. This excludes activities such as organizing conferences, publishing, performing claims administration, arranging computer time-sharing, consulting for insurers, managing captives and consulting on employee benefits issues.

Listings begin with the company address, the name of the parent company, if applicable, and the year the company began providing risk management consulting services.

Information about **2000 revenues** follows. This section includes gross revenues and revenues generated by risk management consulting, including the breakdown—by percentage—of business attributed to continuous risk management consulting, risk management audits, special risk management projects and actuarial/accounting services. All companies listed have attested to generating risk management consulting revenues of at least \$150,000.

The **staff** section details the total number of employees, as well as the number of professional employees assigned to risk management consulting at the company. The total number of risk management consulting **clients** is listed next, including the number of

non-U.S. clients.

Listed next is information on **services**. If a company provides specific services, up to three of those services are listed; otherwise, companies provide most general risk management services. General services are: alternative risk financing consulting; insurance coverage and limits analysis; broker and vendor service analysis; risk management information systems design consulting; risk management organization studies; claims consulting; loss prevention consulting; litigation management consulting; actuarial consulting; electronic claims reporting software; and on-site medical management. Information on **specialties** follows, with companies indicating up to three industries in which they specialize.

The section on **compensation** specifies whether the company is paid on a per-project basis, on a retainer basis and/or by the hour. If compensation is charged by the hour, the ranges of hourly charges are given for principal consultants, consultants, analysts and for clerical work. Also noted is whether there is a member of the Society of Risk Management Consultants on staff. The names and titles of the company's **officers** and the name of a **contact** person complete each listing.

The directory is published as an editorial service; there is no charge to included. Information reported is based on each company's response to a **B/I** questionnaire. Although every effort is made to publish complete and accurate listings, **B/I** is unable to verify all information provided.



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Top U.S. risk management consultants

Ranked by risk management consulting revenues

	2000 revenues	Total clients	Risk mgmt. professionals
PricewaterhouseCoopers L.L.P.	\$106,860,000	3,700	509
EQE International - ABS Consulting	\$97,600,000	1,500	720
Arthur Andersen L.L.P.	\$89,835,657	1,000	353
Deloitte & Touche L.L.P.	\$75,700,000	1,000 ¹	500
Ernst & Young L.L.P.	\$30,220,000	850	120
Tillinghast-Towers Perrin	\$29,000,000	850	121
KPMG L.L.P.	\$25,000,000	350 ¹	NA
Health Insurance Specialists Inc.	\$10,350,000	132	9
J.H. Albert International Insurance Advisors Inc.	\$6,900,000	675	33
Milliman USA	\$4,500,000	NA	NA

¹ Estimated
Source: BI survey

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Continued from page 20

Special consulting projects 20%
Staff: total, 18; professionals, 7.
Clients: total, 326.
Compensation: by the project; on retainer; by the hour: \$190 per principal consultant, \$180 per consultant, \$50 per clerical.
SRMC member.
Officers: Arvid R. Tillmar, chairman/CEO; Allan J. Klotsche, president/COO.
Contact: Arvid R. Tillmar.

Larry W. Buck & Associates Inc.
820 Gessner, Suite 1355,
Houston, Texas 77024;
713-278-0200; fax: 713-278-0202

Consulting since: 1977.
2000 revenues
Continuous consulting 80%
Risk management audits 10%
Special consulting projects 10%
Staff: total, 3; professionals, 2.
Clients: total, 49.
Compensation: by the hour: \$225 per principal consultant, \$225 per consultant.
SRMC member.
Officers: Larry W. Buck, president; N. Richard Magel, vp.
Contact: Larry W. Buck.

Ken Buhler Associates Inc.
11 Erita Lane,
Smithtown, N.Y. 11787;
631-360-3770; fax: 631-360-3770

Consulting since: 1976.
2000 revenues
Continuous consulting 90%
Risk management audits 1%
Special consulting projects 9%
Staff: total, 6; professionals, 5.
Services: consulting on design of risk management information systems, loss prevention consulting.
Compensation: by the project; by the hour: \$150 per principal consultant, \$85 per consultant.
Officers: Ken Buhler, president; Randy Buhler, vp.

By the Numbers Actuarial Consulting Inc.
Chesapeake Centre, 205 Powell Place,
Brentwood, Tenn. 37027;
615-369-0753; fax: 615-369-0754

Consulting since: 1999.
2000 revenues
Actuarial/accounting services 100%
Staff: total, 2; professionals, 2.
Clients: total, 60; non-U.S., 10%.
Services: actuarial consulting.
Compensation: by the project; by the hour: \$175 per principal consultant, \$150 per consultant.
Officers: Lisa Dennison, president; Elizabeth Long, consulting actuary.
Contact: Lisa Dennison; bynac@earthlink.net.

CGR
455 St. Antoine W., Suite 310,
Montréal, Québec H2Z 1J1;
514-392-1253; fax: 514-392-0559

Consulting since: 1987.
2000 revenues
Continuous consulting 60%
Risk management audits 15%
Special consulting projects 25%
Staff: total, 3; professionals, 3.
Clients: total, 12; non-U.S., 73%.
Compensation: by the hour: \$205 per principal consultant, \$165 per analyst, \$45 per clerical.
Contact: André Goyette, principal; andregoyette@sympatico.ca.

Capell Industrial Risk Management Inc.
955 Horsham Road, Suite 307,
Horsham, Pa. 19044;
215-441-5561; fax: 215-441-5567

Consulting since: 1978.
2000 revenues
Total gross revenues \$1,250,000
Consulting revenues \$200,000
Continuous consulting 90%
Risk management audits 5%
Special consulting projects 5%
Staff: total, 3; professionals, 2.
Clients: total, 45.
Specialties: manufacturing, construction, chemical.
Compensation: by the project; on retainer.
Contact: James W. Capell, president; 800-622-7355; caprisk@nni.com.

Cardinal Risk Management Alternatives Inc.
13140 Coit Road, Suite 113,
Dallas, Texas 75240;
214-365-0055; fax: 214-365-0077

www.cardinalriskmanagement.com

Consulting since: 1995.
2000 revenues
Continuous consulting 80%
Risk management audits 10%
Special consulting projects 10%
Staff: total, 3; professionals, 2.
Clients: total, 12.
Compensation: by the project; on retainer; by the hour: \$188 per principal consultant, \$150 per consultant.
SRMC member.
Officers: Robert Duty, president, Susan Duty, vp.
Contact: Robert Duty; rduty@cardinalriskmanagement.com.

CONFIRM Inc.
30 Watervliet Ave.,
Albany, N.Y. 12206-1935;
518-459-0296; fax: 518-438-4042
www.confirminc.com

Consulting since: 1989.
2000 revenues
Continuous consulting 75%
Risk management audits 10%
Special consulting projects 15%
Staff: total, 3; professionals, 3.
Clients: total, 28.
Compensation: by the project; on retainer; by the hour: \$175 per principal consultant, \$100 per consultant, \$35 per clerical.
SRMC member.
Contact: James P. Faughnan Jr., president.

Consolidated Risk Management
1717 E. Ninth St., Suite 1125,
Cleveland, Ohio 44114-2804;
216-623-1777; fax: 216-241-8267
www.risk-manage.com

Consulting since: 1985.
2000 revenues
Continuous consulting 94%
Risk management audits 1%
Special consulting projects 5%
Staff: total, 6; professionals, 4.
Clients: total, 28.
Compensation: by the project; on retainer; by the hour: \$198 to \$258 per principal consultant, \$105 to \$185 per consultant, \$42 per clerical.
Officers: Michael A. Cristal, president; Nancy J. Gray, secretary.
Contact: Michael A. Cristal.

CORE Risk Services
22145 Wasserstrasse, P.O. Box 206,
Oldenburg, Ind. 47036;
812-933-0656; fax: 812-933-0354
www.coreriskservices.com

Consulting since: 1993.
2000 revenues
Continuous consulting 95%
Risk management audits 1%
Special consulting projects 4%
Staff: total, 4; professionals, 4.
Clients: total, 9.
Compensation: by the project; on retainer; by the hour: \$175 per principal consultant, \$145 per consultant, \$95 per analyst, \$50 per clerical.
SRMC member.
Officers: Robert L. Bernens, principal; Mary Ellen Wilson, secretary.
Contact: Robert L. Bernens; rbernens@coreriskservices.com.

Cornerstone Risk Management & Insurance Services L.L.C.
17011 Beach Blvd., Suite 560,
Huntington Beach, Calif. 92647;
714-843-6600; fax: 714-843-6601

Consulting since: 1998.
2000 revenues
Continuous consulting 60%
Risk management audits 20%
Special consulting projects 20%
Staff: total, 10; professionals, 5.
Clients: total, 8.
Services: alternative risk financing consulting, broker and vendor services analysis, risk management organization studies.
Compensation: by the project.
Officers: Charles F. Holdren; Daniel A. Rieden.
Contact: Charles F. Holdren; children@cornerstonerisk.com.

Corporate Risk Management Inc.
505 Fenton Place,
Charlotte, N.C. 28207;
704-335-0185; fax: 704-377-2973
www.crm1978.com

Consulting since: 1978.
2000 revenues
Continuous consulting 75%
Risk management audits 20%
Special consulting projects 5%
Staff: total, 5; professionals, 3.
Clients: total, 35.
Compensation: by the project; on retainer; by the hour: \$150 per principal

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consultant, \$125 per consultant, \$100 per analyst, \$75 per clerical.
Officers: William B. Heeney, president.

Corporate Risk Management Inc.

350 E. Ogden Ave.,
 Westmont, Ill. 60559;
 630-920-0000; fax: 630-920-0157
 www.crm-inc.com

Consulting since: 1979.

2000 revenues
 Continuous consulting 40%
 Risk management audits 40%
 Special consulting projects 20%

Staff: total, 34; professionals, 6.
Services: insurance coverage and limits analysis, broker and vendor services analysis, litigation management consulting.
Specialties: manufacturing, health care providers, construction.

Compensation: by the project; on retainer; by the hour: \$310 per principal consultant, \$250 per consultant, \$150 per analyst.

Officers: Robert A. Wilson, CEO; Robert W. Wilson, president; Scott R. Wilson, executive vp.

Contact: Robert A. Wilson; bobwilson@crm-inc.com.

Crain, Langer & Co.

3728 Waitley Drive, P.O. Box 531,
 Richfield, Ohio 44286;
 330-659-3142; fax: 330-659-6241

Consulting since: 1939.

2000 revenues
 Consulting revenues \$320,000
 Continuous consulting 60%
 Risk management audits 30%
 Special consulting projects 10%

Staff: total, 4; professionals, 2.
Clients: total, 100.

Compensation: by the project; on retainer; by the hour: \$150 per principal consultant.

SRMC member.

Officers: Kenneth R. Butler, president; Daniel C. Buser, vp.

Contact: Kenneth R. Butler.

Creative Risk Concepts International

6114 LaSalle Ave., Suite 355,
 Oakland, Calif. 94611;
 510-531-9150; fax: 510-531-2531
 www.crcinternational.net

Consulting since: 1985.

2000 revenues
 Risk management audits 10%
 Special consulting projects 90%

Staff: total, 1.
Clients: total, 10.

Compensation: by the hour: \$250 per principal consultant.

SRMC member.

Officers: Donn McVeigh, managing director.

Croydon Risk Consultants

198 N. Arrowhead Ave.,
 San Bernardino, Calif. 92408;
 909-884-8294; fax: 909-384-0321

Consulting since: 2000.

2000 revenues
 Continuous consulting 30%
 Risk management audits 10%
 Special consulting projects 60%

Staff: total, 1.
Clients: total, 14; non-U.S., 10%.

Services: alternative risk financing consulting, broker and vendor services analysis, risk management organization studies.

Compensation: by the hour: \$250 per principal consultant.

Officers: Paul W. Pinckney, principal.

Currahee Health Benefits Solutions Inc.

P.O. Box 861,
 Martinsville, Va. 24114;
 540-632-8261; fax: 540-632-5734

Consulting since: 1987.

2000 revenues
 Consulting revenues \$3,500,000
 Continuous consulting 100%

Staff: total, 43; professionals, 9.
Clients: total, 44.

Services: alternative risk financing consulting, insurance coverage and limits analysis, claims consulting.

Compensation: on retainer.

SRMC member.

Officers: Mack W. Bryson, CEO; W. Gale Moore, president; Nancy Powell, executive vp.

Contact: Mack W. Bryson, mack@currahee.net; W. Gale Moore, 678-584-2179, curraheeko@aol.com.

Robert M. Currey & Associates Inc.

137 Newbury St.,
 Boston, Mass. 02116;
 617-536-1750; fax: 617-536-1751

www.robertmcurrey.com

Consulting since: 1981.

2000 revenues
 Continuous consulting 92%
 Risk management audits 5%
 Special consulting projects 3%

Staff: total, 13; professionals, 5.

Clients: total, 77.

Compensation: by the hour.

Officers: Robert M. Currey, president; Kathleen M. Nickerson, vp.

Contact: Kathleen M. Nickerson; knickerson@robertmcurrey.com.



Dann Insurance

1500 S. Lakeside Drive,
 Bannockburn, Ill. 60015;
 847-444-1060; fax: 847-444-1065
 www.danninsurance.com

Consulting since: 1993.

2000 revenues
 Continuous consulting 100%

Staff: total, 95.

Clients: total, 2.

Services: alternative risk financing consulting, insurance coverage and limits analysis, broker and vendor services analysis.

Compensation: on retainer.

Officers: Russell Dann, chairman; Scott Dann, president; Julie Dann, executive vp.

Contact: Scott Dann; 847-444-2560; scott@danninsurance.com.

Deloitte & Touche L.L.P.

185 Asylum St.,
 Hartford, Conn. 06103;
 860-543-7337; fax: 203-705-5104
 www.us.deloitte.com

Consulting since: 1978.

2000 revenues
 Total gross revenues \$7,000,000,000*
 Consulting revenues \$75,700,000
 Continuous consulting 20%
 Risk management audits 20%
 Special consulting projects 50%
 Actuarial/accounting services 10%

Staff: total, 500; professionals, 500.

Clients: total, 1,000; non-U.S., 30%.

Compensation: by the project; on retainer; by the hour: \$300 to \$500 per principal consultant.

\$200 to \$300 per consultant, \$150 to \$200 per analyst, \$50 to \$75 per clerical.

Officers: Mark P. Charron, Brad Murtick, Rebecca Amoroso, principals.

Contact: Mark P. Charron; mcharron@deloitte.com.

*Estimated.

Dempsey, Myers & Co.

426 Danbury Road,
 Wilton, Conn. 06897;
 203-762-5052; fax: 203-762-9826
 www.dempseymyers.com

Consulting since: 1982.

2000 revenues
 Total gross revenues \$4,400,000
 Consulting revenues \$4,400,000
 Special consulting projects 100%

Staff: total, 25; professionals, 24.

Clients: total, 110; non-U.S., 8%.

Services: claims consulting, litigation management consulting.

Compensation: by the hour: \$150 to \$250 per principal consultant, \$95 to \$145 per consultant.

Officers: John D. Dempsey, managing partner; William L. Myers, Michael J. Skweres, partners.

Contact: Robert A. Kirchmeier, director-client

services; 908-879-4976; bobkirchmeier@dempseymyers.com.

Kevin F. Donoghue Insurance Advisors Inc.

200 Lincoln St.,
 Boston, Mass. 02111;
 617-482-7015; fax: 617-556-4030
 www.kfda.com

Consulting since: 1970.

2000 revenues
 Consulting revenues \$1,995,600
 Continuous consulting 74%
 Risk management audits 8%
 Special consulting projects 18%

Staff: total, 12; professionals, 9.

Clients: total, 145; non-U.S., 4%.

Compensation: by the hour: \$275 to \$350 per principal consultant, \$135 to \$175 per consultant, \$90 to \$115 per analyst, \$40 to \$80 per clerical.

SRMC member.

Officers: Kevin F. Donoghue, president; Philip A. Cote, senior vp; Abigail Krueger, vp.

Contact: Liam K. Donoghue.

Continued on next page

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Dothage Risk Management Consultants Inc.

7811 Grantwood Oaks Court,
St. Louis, Mo. 63123;
314-842-5898; fax: 314-842-7725

Consulting since: 1993.

2000 revenues
Continuous consulting 90%
Special consulting projects 10%

Staff: total, 1.

Compensation: by the project; on retainer; by the hour: \$145 per principal consultant.
Contact: Alan L. Dothage, president.

ECS Risk Control Inc.

600 Eagleview Blvd.,
Exton, Pa. 19341;
800-858-0853; fax: 610-458-7285
www.ecsinc.com

Parent: XL Capital Co.

2000 revenues
Total gross revenues\$15,000,000
Consulting revenues\$1,500,000
Continuous consulting 55%
Risk management audits 35%
Special consulting projects 10%

Staff: total, 92; professionals, 10.

Clients: total, 35; non-U.S., 2%.

Services: claims consulting, loss prevention consulting, litigation management consulting.

Compensation: by the project; on retainer; by the hour: \$125 to \$225 per principal consultant, \$65 to \$125 per consultant, \$35 to \$45 per clerical.

Officers: William Kronenberg, president/CEO; James F. Splain, senior vp; Mark Zimmerman, vp.
Contact: James F. Splain; jsplain@ecsinc.com.

EQE International - ABS Consulting

1111 Broadway, 10th Floor,
Oakland, Calif. 94607;
510-817-3111; fax: 310-663-1050
www.eqe.com

Consulting since: 1981.

Parent: ABS Group of Cos.

2000 revenues
Total gross revenues\$150,100,000
Consulting revenues\$97,600,000
Continuous consulting 20%
Risk management audits 40%
Special consulting projects 40%

Staff: total, 1,100; professionals, 720.

Clients: total, 1,500; non-U.S., 35%.

Compensation: by the project; by the hour: \$250 per principal consultant, \$170 per consultant, \$100 per analyst, \$50 per clerical.

Officers: Christopher J. Wiernicki, president; Greg Hardy, Elwood Smietana, senior vps.
Contact: Ron Polivka; rmp@eqe.com.

Effective Risk Management

19200 Von Karman Ave., Suite 500,
Irvine, Calif. 92612-1540;
949-251-1500; fax: 949-251-1715

Consulting since: 1993.

2000 revenues
Continuous consulting 70%
Risk management audits 10%
Special consulting projects 20%

Staff: total, 1.

Compensation: by the project; on retainer; by the hour: \$200 to \$250 per principal consultant.

SRMC member.

Officers: Pauline Thomas, principal.

Elam Consulting Inc.

15 Northtown Drive, Box 2,
Jackson, Miss. 39211;
601-952-0403; fax: 601-977-0807

Consulting since: 1988.

2000 revenues
Total gross revenues\$210,000
Consulting revenues\$210,000
Continuous consulting 85%
Risk management audits 10%
Special consulting projects 5%

Staff: total, 3.

Clients: total, 130.

Compensation: by the project; on retainer; by the hour: \$150 per principal consultant, \$120 per consultant, \$50 per clerical.

Officers: Jonathan Eric Elam, president; Eileen Elam Luter, vp.
Contact: Jonathan Eric Elam; Eileen Elam Luter.

Ernst & Young L.L.P.

787 Seventh Ave., 12th Floor,
New York, N.Y. 10019;
212-773-2970; fax: 212-773-3467
www.ey.com

Consulting since: 1922.

2000 revenues
Consulting revenues\$30,220,000
Continuous consulting 10%
Risk management audits 15%
Special consulting projects 40%
Actuarial/accounting services 35%

Staff: total, 32,000; professionals, 120.

Clients: total, 850; non-U.S., 20%.

Compensation: by the project; on retainer; by the hour: \$550 per principal consultant, \$300 per consultant, \$150 per analyst.

SRMC member.

Officers: Orin Linden, national director-actuarial services group; Jack Cuff, national director-claims advisory services; Steve Lawrence, national director-risk management advisory services.

Contact: Steve Lawrence, steve.lawrence@ey.com.

EVAZBO Risk Management Consulting Services Inc.

Popular Bank Building, Ninth Floor,
Old San Juan, Puerto Rico 00901;
787-723-1950; fax: 787-723-8128
www.bonnetinsurance.com

Consulting since: 1974.

2000 revenues
Total gross revenues\$525,000
Consulting revenues\$500,000
Continuous consulting 80%
Risk management audits 10%
Special consulting projects 10%

Staff: total, 8; professionals, 8.

Clients: total, 25; non-U.S., 5%.

Services: insurance coverage and limits analysis, claims consulting, loss prevention consulting.

Specialties: manufacturing, health care providers, government.

Compensation: by the project; on retainer; by the hour: \$150 per principal consultant, \$100 per consultant, \$75 per analyst, \$25 per clerical.

Officers: Edna Vazquez-Bonnet, president; Chadrissa Bonnet, vp; Luis Alexandre Bonnet, treasurer.

Federal Hill Risk Management L.L.C.

1051-53 S. Charles St.,
Baltimore, Md. 21230;
888-837-0574; fax: 410-752-2815
www.fhrm.net

Consulting since: 1990.

2000 revenues
Total gross revenues\$2,750,000
Consulting revenues\$750,000
Continuous consulting 100%

Staff: total, 20; professionals, 4.

Clients: total, 35.

Services: insurance coverage and limits analysis, broker and vendor services analysis, claims consulting.

Specialties: government, public sector, associations.

Compensation: by the hour: \$250 per principal consultant, \$150 per consultant, \$50 per clerical.

Officers: Peter T. Doherty, president/CEO; Frank X. Gartland, COO; Howard W. Horvath, vp.

Contact: Peter T. Doherty; peterdoherty@fhrm.net.

R. M. Fields International L.L.C.

1056 Public Ledger Building,
620 Chestnut St.,
Philadelphia, Pa. 19106;
215-625-9639; fax: 215-625-9679
www.rmfields.com

Consulting since: 1987.

2000 revenues
Special consulting projects 100%

Staff: total, 9; professionals, 7.

Clients: total, 150; non-U.S., 25%.

Services: insurance coverage and limits analysis, litigation management consulting.

Compensation: by the hour: \$200 per principal consultant, \$150 per consultant, \$125 to \$175 per analyst, \$60 per clerical.

Contact: Henry Booth, managing director; hbooth@rmfields.com.

First Risk Management - Legal Division Inc. & Associated Cos.

1250 Greenwood Ave., Suite 12,
Jenkintown, Pa. 19046;
215-885-1125; fax: 215-885-1161

Consulting since: 1988.

Parent: First Risk Management Co.

2000 revenues
Continuous consulting 15%
Risk management audits 1%
Special consulting projects 84%

Staff: total, 4.

Clients: total, 25.

Services: insurance coverage and limits analysis, litigation management consulting.

Compensation: by the hour: \$450 per principal consultant, \$90 per clerical.

SRMC member.

Officers: Leonard J. Silver, president; Bonnie Esposito, corporate secretary.
Contact: Leonard J. Silver.

Fortune Risk Management Inc.

9000 W. Sheridan St., Suite 149,
Pembroke Pines, Fla. 33024;
954-436-7384; fax: 954-436-7385
www.fortuneriskmanagement.com

Consulting since: 1991.

2000 revenues

Continuous consulting 90%
Risk management audits 5%
Special consulting projects 5%

Staff: total, 4.

Clients: total, 15.

Compensation: by the project; on retainer.

SRMC member.

Officers: David E. Fortune, president.
Contact: info@fortuneriskmanagement.com.

Leonard R. Friedman Risk Management Inc. - LRF/RM Inc.

170 Great Neck Road,
Great Neck, N.Y. 11021;
516-466-0750; fax: 516-466-0997

Consulting since: 1974.

2000 revenues
Continuous consulting 85%
Risk management audits 10%
Special consulting projects 5%

Staff: total, 12; professionals, 8.

Clients: total, 60.

Compensation: by the project; on retainer; by the hour: \$225 to \$275 per principal consultant, \$175 to \$200 per consultant, \$95 to \$125 per analyst, \$50 per clerical.

SRMC member.

Officers: Alice B. Weiss, president; Susan G. Kaufman, Rachel Efrati, vps.

Contact: Susan G. Kaufman; skaufman@lrf-rm.com.

GE Global Asset Protection Services

85 Woodland St.,
Hartford, Conn. 06102;
860-520-7498; fax: 860-543-7874
www.gegapsservices.com

Parent: GE ERC Commercial Insurance.

2000 revenues
Continuous consulting 50%
Special consulting projects 50%

Staff: total, 1,300.

Specialties: manufacturing, health care providers, utilities.

Compensation: by the project.

SRMC member.

Officers: John Pavlecich, CFO; Dan R. Eudy, president; Mark A. Tschegg, vp.

Contact: Mary Jane Frascino, marketing director; maryjane.frascino@gegapsservices.com.

Gage-Babcock & Associates Inc.

5175 Parkston Drive, Suite 130,
Chantilly, Va. 20151-3186;
703-263-7110
www.gagebabcock.com

Consulting since: 1952.

2000 revenues
Total gross revenues\$8,200,000
Consulting revenues\$1,850,000
Continuous consulting 60%
Risk management audits 20%
Special consulting projects 20%

Staff: total, 75; professionals, 50.

Clients: total, 66; non-U.S., 1%.

Compensation: by the hour.

Officers: Thomas W. Jaeger, president; Mario A. Antonetti, secretary/treasurer; Douglas J. Rollman, vp-business development.

Contact: Douglas J. Rollman.

GatesMcDonald

3455 Mill Run Drive,
Hilliard, Ohio 43026;
800-336-4733; fax: 614-777-3265
www.gatesmcdonald.com

Consulting since: 1929.

Parent: Nationwide Group.

2000 revenues
Total gross revenues\$117,500,000
Consulting revenues\$200,000
Continuous consulting 2%
Special consulting projects 3%
Actuarial/accounting services 95%

Staff: total, 1,500; professionals, 21.

Services: alternative risk financing consulting, claims consulting, loss prevention consulting.

Compensation: by the project; on retainer.

Officers: Danny Fullerton, president/COO; Diane Reed, vp-finance; Scot Van Marter, vp-marketing and product development.

Global Risk Management Center Inc.

800 Wilcrest, Suite 110-B,
Houston, Texas 77042;
713-789-0563; fax: 713-789-1042

Consulting since: 1991.

2000 revenues
Total gross revenues\$371,405
Consulting revenues\$371,405
Continuous consulting 80%
Risk management audits 10%
Special consulting projects 10%

Staff: total, 5; professionals, 4.

Clients: total, 8.

Compensation: by the project.

Officers: John A. Lindquist, president; Diane Lindquist, vp/treasurer; Shelley H. Elliott, vp.
Contact: grmc@pdq.net.

H**HJH Group Inc.**

3837 Northdale Blvd., Suite 352,
Tampa, Fla. 33624;
888-478-3400; fax: 888-478-3478
www.hjhgroup.com

Consulting since: 1993.

2000 revenues
Risk management audits 80%
Special consulting projects 20%

Staff: total, 5; professionals, 4.

Clients: total, 16.

Services: broker and vendor services analysis, risk management organization studies, claims consulting.

Compensation: by the project; on retainer; by the hour: \$200 to \$225 per principal consultant, \$150 to \$175 per consultant, \$25 per clerical.

Officers: Dennis L. Huffman, principal/CEO; Catherine K. Johnson, principal/president.

Contact: Catherine K. Johnson; cjohnson@hjh-group.com.

Walter Haner & Associates Inc.

555 Goffle Road, Suite 208,
Ridgewood, N.J. 07450;
201-445-7020; fax: 201-445-0328

Consulting since: 1992.

2000 revenues
Total gross revenues\$280,000
Consulting revenues\$210,000
Actuarial/accounting services 100%

Staff: total, 2; professionals, 2.

Clients: total, 20; non-U.S., 25%.

Services: alternative risk financing consulting, actuarial consulting.

Compensation: by the hour: \$315 per principal consultant, \$125 per analyst.

Contact: Walter Haner, president; whanc@ix.netcom.com.

Harper Risk Inc.

1802-90 Garry St.,
Winnipeg, Manitoba R3C 4J4;
204-942-0071; fax: 204-942-0107
www.harperrisk.com

Consulting since: 1994.

2000 revenues
Consulting revenues\$180,000
Continuous consulting 20%
Risk management audits 40%
Special consulting projects 40%

Staff: total, 1.

Clients: total, 8; non-U.S., 100%.

Services: alternative risk financing consulting, insurance coverage and limits analysis, broker and vendor services analysis.

Compensation: by the hour: \$200 per principal consultant.

Contact: Peter Harper, president; pharper@harperrisk.com.

Harvard Aimes Group

6 Holcomb St., P.O. Box 16006,
West Haven, Conn. 06516;
203-933-1976; fax: 203-933-0281
www.riskmanagementsearch.com

Consulting since: 1984.

2000 revenues
Special consulting projects 100%

Staff: total, 3; professionals, 2.

Clients: total, 14; non-U.S., 10%.

Services: risk management organization studies.

Compensation: by the project; on retainer.

Contact: James J. Gunther, principal; jbgcg@riskmanagementsearch.com.

The Hastings Management Group

P.O. Box 816,
Kenton, Ohio 43326;
419-675-1444; fax: 419-675-1443
www.hastingsmanagement.com

Consulting since: 1984.

Parent: Hastings & Hastings.

2000 revenues
Continuous consulting 59%
Risk management audits 9%
Special consulting projects 31%
Actuarial/accounting services 1%

Staff: total, 59; professionals, 18.

Clients: total, 229; non-U.S., 11%.

Compensation: by the project; on retainer; by the hour: \$175 to \$250 per principal consultant, \$100 to \$175 per consultant, \$200 to \$275 per analyst, \$50 to \$75 per clerical.

Contact: Philip Hastings, CEO; hastings@kenton.com.

Health Insurance Specialists Inc.

30 W. Gude Drive, Suite 220,
Rockville, Md. 20855;
301-217-9100; fax: 301-217-9111
www.his-inc.com

Consulting since: 1982.

2000 revenues
Total gross revenues\$103,500,000
Consulting revenues\$10,350,000
Continuous consulting 65%

Risk management audits 15%
Special consulting projects 15%
Actuarial/accounting services 5%

Staff: total, 25; professionals, 9.

Clients: total, 132; non-U.S., 4%.

Compensation: by the project; on retainer; by the hour: \$250 per principal consultant, \$175 per consultant, \$125 per analyst, \$75 per clerical.

Officers: Jon S. Belinkie, president; Eileen Drucker, Brendan Ryan, vps.

Contact: Jon S. Belinkie; jbelinkie@his-inc.com.

The Hilder Group Inc.

836 E. Rand Road, Private Mail Box 251,
Arlington Heights, Ill. 60004;
847-342-4900; fax: 847-342-4907

Consulting since: 1987.

2000 revenues
Continuous consulting 75%
Risk management audits 15%
Special consulting projects 10%

Staff: total, 1.

Clients: total, 15; non-U.S., 1%.

Compensation: by the project; on retainer; by the hour: \$225 per principal consultant.

SRMC member.

Contact: Daniel E. Hilder, president.

Continued from previous page

Staff: Total, 10; professionals, 8.
Clients: Total, 50; non-U.S., 10%.
Services: consulting on design of risk management information systems, claims consulting, loss prevention consulting.
Compensation: by the project.
Officers: Pat Hylant, CEO; Mike Hylant, president.
Contact: Ken Smaga, vp.

IRMC Inc.

2451 McMullen Booth Road, Suite 236,
 Clearwater, Fla. 33759;
 727-799-0844; fax: 727-791-0584
Consulting since: 1986.
2000 revenues
 Total gross revenues\$300,000
 Consulting revenues\$300,000
 Continuous consulting 80%
 Risk management audits 10%
 Special consulting projects 10%
Staff: total, 3; professionals, 2.
Clients: total, 15; non-U.S., 5%.
Services: alternative risk financing consulting, insurance coverage and limits analysis, broker and vendor services analysis.
Specialties: manufacturing, utilities, global companies.
Compensation: by the project; on retainer; by the hour: \$200 per principal consultant, \$185 per consultant, \$50 per clerical.
Contact: Gene L. Weaver, president; gene.weaver@worldnet.att.net.

Industrial Risk Specialists Inc.

40 Cutter Mill Road,
 Great Neck, N.Y. 11021;
 516-487-1700; fax: 516-487-1146
 www.indrisk.com
Consulting since: 1980.
2000 revenues
 Continuous consulting 90%
 Risk management audits 7%
 Special consulting projects 3%
Staff: total, 20; professionals, 11.
Clients: total, 180.
Compensation: by the project; on retainer; by the hour: \$250 per principal consultant, \$185 per consultant, \$95 per analyst.
SRMC member.
Officers: Robert S. Sterling, president; Pat Antonacci, executive vp; Les Welch, senior vp.
Contact: Robert S. Sterling.

INSPRO Risk Management Inc.

P.O. Box 515512,
 Dallas, Texas 75251;
 972-235-3030; fax: 972-235-3556
Consulting since: 1991.
2000 revenues
 Continuous consulting 80%
 Risk management audits 5%
 Special consulting projects 15%
Staff: total, 2.
Clients: total, 15.
Compensation: by the project; on retainer; by the hour: \$100 to \$150 per principal consultant, \$60 to \$75 per consultant, \$25 to \$35 per analyst, \$25 to \$35 per clerical.
Contact: Gerald P. Brunner, principal.

Insurance Audit & Inspection Co.

6314 Rucker Road, Suite G,
 Indianapolis, Ind. 46220-4892;
 317-259-1013; fax: 317-465-1004
 www.insuranceaudit.com
Consulting since: 1901.
2000 revenues
 Continuous consulting 70%
 Risk management audits 20%
 Special consulting projects 10%
Staff: total, 9; professionals, 7.
Clients: total, 250.
Compensation: by the project; on retainer; by the hour: \$150 per consultant, \$35 per clerical.
SRMC member.
Officers: Daniel C. Free, president/general counsel; Kenneth Bush, executive vp; Jack G. Harris, executive vp emeritus.
Contact: Daniel C. Free; dfree@insuranceaudit.com.

Insurance Buyers' Council Inc. & First Risk Management/IBC Inc.

9720 Greenside Drive, Suite 1E,
 Cockeysville, Md. 21030;
 410-666-0500; fax: 410-666-6177
Consulting since: 1945.
2000 revenues
 Total gross revenues\$1,705,107
 Consulting revenues\$1,686,880
 Continuous consulting 90%
 Risk management audits 5%
 Special consulting projects 5%
Staff: total, 12; professionals, 9.
Clients: total, 135; non-U.S., 2%.

Compensation: by the hour: \$130 to \$175 per principal consultant, \$110 to \$135 per consultant, \$90 to \$110 per analyst.
SRMC member.
Officers: Fredric W. Schultz, chairman/secretary; Adam P. Sielicki Jr., president/treasurer; Thomas J. Krzys, vp.
Contact: Adam P. Sielicki Jr.; asielicki@consultibc.com.

Insurance Consulting Associates

1 International Blvd., Suite 605,
 Mahwah, N.J. 07495-0019;
 201-512-9600; fax: 201-512-9635
Consulting since: 1956.
2000 revenues
 Continuous consulting 85%
 Risk management audits 8%
 Special consulting projects 7%
Staff: total, 43; professionals, 38.
Clients: total, 325; non-U.S., 5%.
Specialties: transportation, professional services, chemical.
Compensation: by the project; on retainer; by

Continued on next page

Top U.S. risk management specialists

Ranked by risk management consulting revenues representing majority of total business

Company	2000 revenues	Total clients	Percent of total revenue generated by risk mgmt.
EQE International - ABS Consulting	\$97,600,000	1,500	65%
J.H. Albert International Insurance Advisors Inc.	\$6,900,000	675	100
RMI Consulting Inc.	\$4,450,000	350	70
Dempsey, Myers & Co.	\$4,400,000	110	100
McNeary Insurance Consulting Inc.	\$3,524,000	350	78
Currahee Health Benefits Solutions Inc.	\$3,500,000	44	100
Bickmore Risk Services	\$3,435,000	50	100
Advanced Risk Management Techniques	\$3,000,000	315	94
Alpha Risk Management Inc.	\$2,450,000	56	100

**EXPERT VISION**

Risk. Many times it's hard to see. It takes an expert to see it, understand it, and make sure you're protected. At Acordia, that's what we do every day for thousands of clients across North America. We know your local area. We're trained in your business. And we're trained in our business to help you manage risk most effectively. So that what you get is the best local support possible, supported by the resources of the HLA Global network. Visit our web site at www.acordia.com. We can help you minimize your risk. And maximize your potential.



America's Local Insurance Broker

A Member Of The HLA Global Network | www.acordia.com

Continued from previous page

the hour: \$290 to \$395 per principal consultant, \$225 to \$265 per consultant, \$175 to \$205 per analyst, \$55 to \$65 per clerical.

SRMC member.

Contact: Barron S. Wall, managing associate; bwall@icarisk.com.

Insurance Dynamics

27 Farnum,
San Francisco, Calif. 94131-2638;
415-586-2948;

Consulting since: 1987.

2000 revenues
Continuous consulting 80%
Risk management audits 10%
Special consulting projects 10%

Staff: total, 26.

Services: insurance coverage and limits analysis, broker and vendor services analysis, expert witness services.

Compensation: by the project.

SRMC member.

Officers: Ann C. Krilanovich.

Insurance Review & Management

1820 Water Place, Suite 210,
Atlanta, Ga. 30339;
770-955-4474; fax: 770-955-4358

Consulting since: 1985.

2000 revenues
Continuous consulting 75%
Risk management audits 20%
Special consulting projects 5%

Staff: total, 3; professionals, 3.

Clients: total, 54.

Compensation: by the project; on retainer; by the hour: \$180 per principal consultant, \$150 per consultant, \$35 per analyst, \$17 per clerical.

Officers: T. Joe Byrd.

Contact: Al Sherling; insrevmgmt@msn.com.

Interisk Corp.

1111 N. Westshore Blvd., Suite 208,
Tampa, Fla. 33607-4711;
813-287-1040; fax: 813-287-1041

Consulting since: 1978.

2000 revenues
Continuous consulting 90%
Risk management audits 5%
Special consulting projects 5%

Staff: total, 6; professionals, 3.

Clients: total, 200*; non-U.S., 10%.

Compensation: by the project; on retainer.

Officers: Lawton Swan III, president.

*Estimated.

Interisk Ltd.

3857 Birch St., Suite 821,
Newport Beach, Calif. 92660;
949-553-6630; fax: 949-515-9933
www.interisk.com

Consulting since: 1992.

2000 revenues
Special consulting projects 100%

Staff: total, 5; professionals, 2.

Clients: total, 40*.

Services: insurance coverage and limits analysis, broker and vendor services analysis, litigation management consulting.

Compensation: \$325 per principal consultant, \$250 per consultant, \$90 per analyst, \$45 per clerical.

SRMC member.

Contact: James Robertson, president; jrobertson@interisk.com.

*Estimated.

J

JMC Risk & Insurance Management

12003 Bourgeois Forest Drive,
Houston, Texas 77066;
281-580-2462; fax: 281-580-3325
www.riskmanagementconsulting.net

Consulting since: 1985.

2000 revenues
Continuous consulting 90%
Special consulting projects 10%

Staff: total, 3; professionals, 3.

Clients: total, 5; non-U.S., 5%.

Services: alternative risk financing consulting, insurance coverage and limits analysis, broker and vendor services analysis.

Specialties: manufacturing, transportation, retail.

Compensation: by the hour: \$150 per principal consultant, \$125 per consultant, \$65 per clerical.

Officers: John Centineo.

Contact: riskmgmt@onramp.net.

K

KPMG L.L.P.

303 E. Wacker Drive,
Chicago, Ill. 60601;
312-665-2299; fax: 312-665-1640
www.kpmg.com

2000 revenues

Total gross revenues \$13,000,000,000
Consulting revenues \$25,000,000
Risk management audits 10%
Special consulting projects 45%
Actuarial/accounting services 45%

Staff: total, 100.

Clients: total, 350*.

Services: alternative risk financing consulting, risk management organization studies, actuarial consulting.

Contact: Roger Wade, senior manager; rwade@kpmg.com.

*Estimated

KRM Risk Management Services Inc.

515 N. Cabrillo Park Drive, Suite 306,
Santa Ana, Calif. 92701;
714-560-9200; fax: 714-480-1234
www.krmrisk.com

Consulting since: 1993.

2000 revenues
Special consulting projects 100%

Staff: total, 90.

Clients: total, 25.

Officers: William J. VanBeurden, chairman; Robert M. McIntosh, president; Steven C. Wigh, COO.

Keenan & Associates

2355 Crenshaw Blvd., Suite 200,
Torrance, Calif. 90501;
310-212-3344; fax: 310-212-0354
www.keenanassoc.com

Consulting since: 1978.

2000 revenues
Total gross revenues \$64,289,000
Consulting revenues \$3,222,000
Continuous consulting 75%
Risk management audits 4%
Special consulting projects 8%
Actuarial/accounting services 13%

Staff: total, 530; professionals, 24.

Clients: total, 124.

Specialties: health care providers, construction, public sector.

Compensation: by the project; on retainer.

Officers: John R. Keenan, CEO; Sean K. Smith, president-schools division; Jerry Ascolesi, president-health care division.

Contact: David J. De Wenter, executive vp/COO.

L

Lambton-Thomson Associates Inc.

841 Forest Glen Ave.,
Burlington, Ontario L7T 2L1;
905-631-9141; fax: 905-631-9483

Consulting since: 1989.

2000 revenues
Continuous consulting 75%
Risk management audits 10%
Special consulting projects 15%

Staff: total, 2.

Clients: total, 12; non-U.S., 100%.

Specialties: manufacturing, government, real estate.

Compensation: by the project; on retainer; by the hour: \$150 to \$200 per principal consultant, \$35 per clerical.

Officers: A. John Thomson, president; Judy Lambton, vp.

Contact: lambton-thomson@sympatico.ca.

Lattice Financial L.L.C.

196 Princeton Hightstown Road, Suite 1,
Princeton Junction, N.J. 08550;
609-716-4672; fax: 609-716-4918
www.latticefinancial.com;
www.goalsatrisk.com

Consulting since: 1997.

2000 revenues
Continuous consulting 30%
Risk management audits 50%
Special consulting projects 20%

Staff: total, 10; professionals, 10.

Clients: total, 11; non-U.S., 27%.

Services: insurance coverage and limits analysis, risk management organization studies.

Specialties: financial services, global companies.

Compensation: by the project.

Officers: Adam J. Berger, John M. Mulvey.

Contact: Nancy Gill, communications director; ngill@latticefinancial.com.

LOR Consulting Corp.

4620 N. 16th St., Suite D-109,
Phoenix, Ariz. 85016;
602-604-8694; fax: 602-604-8873

Consulting since: 1998.

2000 revenues
Continuous consulting 85%
Risk management audits 5%
Special consulting projects 5%
Actuarial/accounting services 5%

Staff: total, 2.

Clients: total, 10.

Compensation: by the hour: \$210 per principal consultant.

Officers: Charles L. Lorenz, president.

Contact: lorcorp@yahoo.com.

M

James R. Mahurin

114 Third Ave. S.,
Franklin, Tenn. 37064;
615-790-0083; fax: 615-791-0370
www.risk-guide.com

Consulting since: 1984.

2000 revenues
Continuous consulting 75%
Risk management audits 20%
Special consulting projects 5%

Staff: total, 1.

Clients: total, 35.

Compensation: by the hour: \$150 per principal consultant.

SRMC member.

Officers: James R. Mahurin.

Marsh Risk Consulting/MMC Enterprise Risk

1166 Ave. of the Americas,
New York, N.Y. 10036;
212-345-5000; fax: 212-345-7316
www.marsh.com; www.mmc.com

Parent: Marsh & McLennan Cos. Inc.

Officers: Donald Birdsong, head of consulting-Marsh Risk Consulting; Bob Khenna, president/CEO-MMC Enterprise Risk; Richard Thoennessen, marketing and sales leader-Marsh Risk Consulting.

Contact: Richard Thoennessen, 973-401-5222, richard.k.thoennessen@marsh.com; Michael W. Elliott, communications director-MMC Enterprise Risk, 215-246-1250, michael.w.elliott@mmcer.com.

McNeary Insurance Consulting Inc.

6525 Morrison Blvd., Suite 200,
Charlotte, N.C. 28211;
704-358-0407; fax: 704-365-4155
www.mcneary.com

Consulting since: 1956.

2000 revenues
Total gross revenues \$4,542,000
Consulting revenues \$3,524,000
Continuous consulting 81%
Risk management audits 8%
Special consulting projects 10%
Actuarial/accounting services 1%

Staff: total, 29; professionals, 24.

Clients: total, 350; non-U.S., 1%.

Compensation: by the project; on retainer; by the hour: \$221 per principal consultant, \$165 per consultant, \$110 per analyst, \$45 per clerical.

Officers: William D. Yaeger, President; Sam L. Boone, executive vp; Al Fuller, senior vp.

Contact: Sam L. Boone, bookes@mcneary.com.

Meadowbrook Inc.

26600 Telegraph Road,
Southfield, Mich. 48034;
248-358-1100; fax: 248-358-1614
www.meadowbrook.com

Consulting since: 1955.

Parent: Meadowbrook Insurance Group Inc.

2000 revenues
Total gross revenues \$74,436,346
Consulting revenues \$5,875,297
Continuous consulting 74%
Special consulting projects 20%
Actuarial/accounting services 6%

Staff: total, 702; professionals, 31.

Clients: total, 107; non-U.S., 2%.

Compensation: by the project; on retainer.

Officers: Merton J. Segal, CEO; Robert S. Cubbin, president; Jeffrey H. Koenig, CFO.

Contact: Kenn Allen, president-agency operations, 248-204-8209; Archie McIntyre, senior vp-business development.

Milliman USA

1301 Fifth Ave., Suite 3800,
Seattle, Wash. 98101-2605;
206-624-7940; fax: 206-340-1380
www.milliman.com

Consulting since: 1975.

2000 revenues
Total gross revenues \$290,000,000
Consulting revenues \$4,500,000
Continuous consulting 2%
Risk management audits 8%
Special consulting projects 45%
Actuarial/accounting services 45%

Staff: total, 1,750.

Compensation: by the project; by the hour: \$350 per principal consultant, \$300 per consultant, \$100 to \$200 per analyst, \$60 to \$75 per clerical.

SRMC member.

Officers: Brad Smith, chairman; Robert Collett, CEO; Patrick Grannan, COO.

Contact: Lloyd Robinson, director-marketing; lloyd.robinson@milliman.com.

N

National Property & Casualty Services

45 Atlantic Ave., Second Floor,
Long Branch, N.J. 07740;

732-222-6100; fax: 732-222-8040

Consulting since: 1995.

2000 revenues
Continuous consulting 90%
Risk management audits 5%
Special consulting projects 5%

Staff: total, 4.

Clients: total, 90; non-U.S., 2%.

Services: insurance coverage and limits analysis, broker and vendor services analysis, loss prevention consulting.

Compensation: on retainer.

Officers: Stephen S. Levy, president; Steven Sultan, executive vp.

Contact: Stephen S. Levy; stephen.levy@nat-prop.com.

National Risk Services Inc. dba CompAudit

266 Harristown Road, Suite 200,
Glen Rock, N.J. 07452;
201-689-4040; fax: 201-689-4044
www.nationalrisk.com

Consulting since: 1987.

2000 revenues
Continuous consulting 35%
Risk management audits 20%
Special consulting projects 45%

Staff: total, 6; professionals, 2.

Clients: total, 68; non-U.S., 1%.

Services: alternative risk financing consulting, claims consulting, litigation management consulting.

Compensation: by the project; on retainer; by the hour: \$355 per principal consultant, \$110 per clerical.

Officers: Montgomery J. Gale, president.

Contact: Danielle Mangione.

Navigation Advisors

100 Park Ave.,
New York, N.Y. 10017;
212-692-8848; fax: 212-867-0551
www.navigationadvisors.com

Consulting since: 2000.

Services: alternative risk financing consulting, insurance coverage and limits analysis, actuarial consulting.

Compensation: by the project.

Contact: Alex Krutov, president; alex.krutov@navigationadvisors.com.

Nelson Bernstein & Foorman L.L.C.

650 California St., 23rd Floor,
San Francisco, Calif. 94108;
415-981-3040; fax: 415-362-7100

Consulting since: 1999.

2000 revenues
Consulting revenues \$160,000
Continuous consulting 80%
Risk management audits 10%
Special consulting projects 10%

Staff: total, 4; professionals, 3.

Clients: total, 8.

Specialties: real estate.

Compensation: by the project; on retainer; by the hour: \$200 per principal consultant, \$150 per consultant.

Officers: Robert Nelson, managing partner.

North American Risk Inc.

6311 Atrium Drive, P.O. Box 204,
Bradenton, Fla. 34202;
866-718-4004; fax: 941-554-1389
www.nar-inc.com

Consulting since: 1992.

2000 revenues
Continuous consulting 85%
Risk management audits 5%
Special consulting projects 10%

Staff: total, 12; professionals, 8.

Clients: total, 44; non-U.S., 5%.

Compensation: by the project; by the hour: \$65 per principal consultant, \$65 per consultant.

Officers: H.R. Schade, executive vp-global operations; J.F. Corder, vp-U.S. operations.

Contact: narreport@nar-inc.com.

P

PricewaterhouseCoopers L.L.P.

3200 Windy Hill Road, Suite 900 W.,
Atlanta, Ga. 30309;
678-419-5946; fax: 678-419-5900
www.pwcglobal.com

Consulting since: 1979.

Continued from previous page

per consultant.
SRMC member.
Officers: MaryAnn Sackman, president; David J. Perlstein, Scott Salat, senior consultants.
Contact: MaryAnn Sackman; mas@rmiconsulting.com.

RMR Risk Management Resources Inc.

6543 City W. Parkway,
 Eden Prairie, Minn. 55344;
 952-944-8515; fax: 952-944-4014

2000 revenues
 Continuous consulting 70%
 Risk management audits 20%
 Special consulting projects 10%
Staff: total, 4; professionals, 3.
Clients: total, 15.
Compensation: by the project; on retainer; by the hour: \$150 per principal consultant, \$100 per consultant.
Contact: Jeffrey P. Isenberg, president; jisenberg@rmrisk.com.

Thomas C. Radzewicz Risk Management Consulting

P.O. Box 483,
 West Dennis, Mass. 02670;
 508-760-1490; fax: 508-760-1506

Consulting since: 1994.
2000 revenues
 Continuous consulting 70%
 Risk management audits 15%
 Special consulting projects 15%
Staff: total, 1.
Clients: total, 25.
Compensation: by the hour: \$180 per principal consultant.
SRMC member.
Contact: Thomas C. Radzewicz, principal; dirkradz@ix.netcom.com.

Ron Rakich & Associates

25622 Dana Mesa Drive,
 San Juan Capistrano, Calif. 92675-4313;
 949-292-5202; fax: 949-292-4857
 www.ronrakich.com

Consulting since: 1995.
2000 revenues
 Continuous consulting 65%
 Risk management audits 10%
 Special consulting projects 25%
Staff: total, 1.
Clients: total, 20.
Compensation: by the project; on retainer; by the hour: \$180 per principal consultant, \$150 per consultant, \$125 per analyst.
Contact: Ron Rakich, principal; ra@home.com.

Regent Consultants Corp.

544 Broadway,
 Massapequa, N.Y. 11758;
 516-541-0021; fax: 516-541-1964

Consulting since: 1968.
2000 revenues
 Continuous consulting 100%
Staff: total, 3.
Clients: total, 10.
Compensation: on retainer.
SRMC member.
Contact: Phil Platzer.

Risk Analysts Inc.

24 Greenway Plaza, Suite 1100,
 Houston, Texas 77046-9492;
 713-507-4792; fax: 713-507-9492
 www.wisenberg.com

Consulting since: 1982.
Parent: Wisenberg Insurance & Risk Management.
2000 revenues
 Continuous consulting 60%
 Risk management audits 20%
 Special consulting projects 20%
Staff: total, 55; professionals, 11.
Clients: total, 30.
Compensation: by the project; on retainer; by the hour: \$250 per principal consultant, \$175 per consultant, \$125 per analyst, \$60 per clerical.
SRMC member.
Officers: Joe Williams, chairman; Jeff Pozmantier, president; Nicholas P. Dalby, vp.
Contact: Nicholas P. Dalby; ndalby@wisenberg.com.

Risk & Insurance Global Advisors L.L.C.

60 Prospect St.,
 Sherborn, Mass. 01770;
 508-647-4005; fax: 508-647-4083

Consulting since: 2000.
2000 revenues
 Continuous consulting 82%
 Risk management audits 5%
 Special consulting projects 3%
 Actuarial/accounting services 10%
Staff: total, 2; professionals, 2.
Clients: total, 25; non-U.S., 2%.
Services: insurance coverage and limits analysis, broker and vendor services analysis, actuarial consulting.
Compensation: by the project; by the hour:

\$180 per principal consultant, \$95 per analyst.
Officers: Emmanuel Psilakis, president; Marcia Hayden, principal.
Contact: Emmanuel Psilakis; epsilakis@msn.com.

Risk & Insurance Management Consultants Inc.

415 E. Yandell,
 El Paso, Texas 79902;
 915-496-8500; fax: 915-496-8550

Consulting since: 1986.
2000 revenues
 Continuous consulting 50%
 Risk management audits 20%
 Special consulting projects 30%
Staff: total, 8; professionals, 3.
Clients: total, 20.
Compensation: by the project; by the hour: \$100 per principal consultant.
Officers: D. R. Margo, president; Rebecca Ramirez, director-risk management.
Contact: Rebecca Ramirez; rramirez@rimcinc.com.

Risk Consultants Inc.

7506 E. Independence Blvd., Suite 100,
 Charlotte, N.C. 28227;
 704-537-3400; fax: 704-532-2359
 www.risknc.com

Consulting since: 1969.
2000 revenues
 Continuous consulting 80%
 Risk management audits 15%
 Special consulting projects 5%
Staff: total, 8; professionals, 6.
Clients: total, 85.
Compensation: by the project; on retainer; by the hour: \$150 per principal consultant, \$100 per consultant, \$50 per analyst, \$25 per clerical.
Officers: Richard C. Canovai, president; Teresa P. Deaton, David R. Lively, vps.

Risk Consulting Group

23120 Alicia Parkway, Suite 200,
 Mission Viejo, Calif. 92692;
 949-583-1161; fax: 949-583-0245

Consulting since: 1976.
2000 revenues
 Continuous consulting 50%
 Risk management audits 20%
 Special consulting projects 30%
Staff: total, 12; professionals, 8.
Clients: total, 60.
Compensation: by the project; on retainer.
SRMC member.
Officers: Bob Ford, Kevin Michaels, principals; Mary Finch, manager.
Contact: Bob Ford.

The Risk Consulting Group

4455 Homestead Circle, Suite A,
 Fort Worth, Texas 73133-7029;
 817-294-4659; fax: 817-294-4659

Consulting since: 1998.
2000 revenues
 Continuous consulting 40%
 Risk management audits 20%
 Special consulting projects 40%
Staff: total, 2; professionals, 2.
Clients: total, 12.
Services: alternative risk financing consulting, insurance coverage and limits analysis, broker and vendor services analysis.
Compensation: by the project; by the hour: \$250 per principal consultant, \$150 per consultant, \$100 per analyst, \$40 per clerical.
Contact: Richard H. Mosicki, managing principal; rhmrisk@aol.com.

Risk Control Strategies

170 Great Neck Road,
 Great Neck, N.Y. 11021;
 516-466-0750; fax: 516-466-0997

Consulting since: 1980.
Parent: Leonard R. Friedman Risk Management Inc.
Staff: total, 8; professionals, 7.
Clients: total, 16.
Services: broker and vendor services analysis, claims consulting, loss prevention consulting.
Compensation: by the project; on retainer; by the hour: \$200 per principal consultant, \$175 per consultant, \$125 per analyst, \$50 per clerical.
SRMC member.
Officers: Susan G. Kaufman, president; Alice B. Weiss, vp.
Contact: Susan G. Kaufman; skaufman@lrfm.com.

Risk International Services Inc.

4199 Kinross Lakes Parkway, Suite 220,
 Richfield, Ohio 44286;
 330-463-5000; fax: 330-463-5050
 www.riskinternational.com

Consulting since: 1985.
Parent: Millennial Assurance Services Inc.
2000 revenues
 Total gross revenues\$2,450,000
 Consulting revenues\$1,325,000
 Continuous consulting 89%
 Risk management audits 7%
 Special consulting projects 3%
 Actuarial/accounting services 1%

Staff: total, 43; professionals, 11.
Clients: total, 14.
Compensation: by the project; on retainer; by the hour: \$175 to \$195 per principal consultant, \$125 to \$145 per consultant, \$50 to \$65 per analyst, \$25 to \$45 per clerical.
Officers: Michael D. Davis, president/director-risk management practice group/CEO/COO-Millennial Assurance Services Inc.; Robert C. Wellman Jr., director-risk management; Kirk R. Walsh, director-finance/senior risk manager.
Contact: Robert C. Wellman Jr.

Risk Laboratories L.L.C.

531 Roselane St.,
 Marietta, Ga. 30060;
 678-784-4600; fax: 678-784-4768
 www.risklabs.com

Consulting since: 1994.
2000 revenues
 Special consulting projects 100%
Staff: total, 3; professionals, 3.
Services: insurance coverage and limits analysis, risk management organization studies, claims consulting.
Compensation: by the project; by the hour.
Officers: George Netherton, chairman; Russell McGuire, director-consulting services.
Contact: Russell McGuire; 972-897-7420; rm-cguire@risklabs.com.

Risk Management Affiliates Ltd.

515 Rockaway Ave., Suite 411,
 Valley Stream, N.Y. 11581;
 516-561-7177; fax: 516-825-2384

Consulting since: 1991.
2000 revenues
 Continuous consulting 80%
 Risk management audits 10%
 Special consulting projects 10%
Staff: total, 6; professionals, 4.
Clients: total, 30; non-U.S., 1%.
Specialties: health care providers, public sector.
Compensation: by the project; on retainer; by the hour: \$150 per principal consultant, \$125 per consultant, \$45 per clerical.
Contact: Reynold M. Corn, president.

The Risk Management Center Inc.

P.O. Box 207,
 Manakin-Sabot, Va. 23103-0207;
 804-784-0394; fax: 804-784-0396
 www.riskmanagementcenter.com

Consulting since: 1993.
2000 revenues
 Continuous consulting 50%
 Risk management audits 30%
 Special consulting projects 20%
Staff: total, 4.
Clients: total, 35.
Compensation: by the project; by the hour: \$110 per principal consultant, \$75 per consultant, \$50 per analyst, \$32 per clerical.
SRMC member.
Contact: Richard F. O'Hare, president; rm-crich@aol.com.

Risk Management Consulting Associates Inc.

560 Sylvan Ave.,
 Englewood Cliffs, N.J. 07632;
 201-541-5555; fax: 201-541-5504

Consulting since: 1990.
2000 revenues
 Continuous consulting 90%
 Risk management audits 5%
 Special consulting projects 5%
Staff: total, 5; professionals, 3.
Clients: total, 2; non-U.S., 10%.
Compensation: by the project; on retainer.
Officers: Gary D. Salt, president.
Contact: riskmgmt@bigplanet.com.

Risk Management Dynamics Inc.

P.O. Box 383,
 Southampton, Pa. 18966;
 215-364-4404; fax: 215-364-2890
 www.rmdconsultant.com

Consulting since: 1987.
2000 revenues
 Continuous consulting 90%
 Risk management audits 5%
 Special consulting projects 5%
Staff: total, 6; professionals, 2.
Clients: total, 50.
Compensation: on retainer; by the hour: \$200 per principal consultant, \$35 per clerical.
SRMC member.
Officers: Alvin E. Mangold, president; David J. Mangold, vp; Bernice L. Mangold, secretary.

Risk Navigation Group L.L.C.

6 Pender Hill Road,
 Mendham, N.J. 07945;
 973-543-3082; fax: 973-543-3329
 www.risknavigation.com

Consulting since: 1999.
2000 revenues
 Continuous consulting 50%

Special consulting projects 50%
Staff: total, 4; professionals, 4.
Clients: total, 25.
Services: insurance coverage and limits analysis, claims consulting, litigation management consulting.
Compensation: by the project; by the hour: \$215 to \$240 per principal consultant, \$180 to \$200 per consultant.
Officers: Richard Sabetta, managing principal; Michael Donegan, principal; Angela Adams, senior consultant.
Contact: Richard Sabetta; rsabetta@risknavigation.com.

Risk Resources Inc./Corporate Policyholders Counsel

185 S. York St.,
 Elmhurst, Ill. 60126;
 630-617-5100; fax: 630-617-5128
 www.riskresources.net

Consulting since: 1992.
2000 revenues
 Continuous consulting 70%
 Risk management audits 15%
 Special consulting projects 15%
Staff: total, 6; professionals, 4.
Clients: total, 100.
Compensation: by the project; on retainer; by the hour: \$200 to \$220 per principal consultant, \$40 per clerical.
SRMC member.
Officers: Steven A. Coombs, president; Robert J. Trompeter, executive vp; William Leinheiser, senior vp.
Contact: William Leinheiser.

RiskCap Inc.

1655 Lafayette St., Suite 200,
 Denver, Colo. 80218;
 303-388-5688; fax: 303-388-5585
 www.riskcap.com

Consulting since: 1976.
2000 revenues
 Continuous consulting 60%
 Risk management audits 10%
 Special consulting projects 10%
 Actuarial/accounting services 20%
Staff: total, 36; professionals, 18.
Clients: total, 50.
Services: alternative risk financing consulting, insurance coverage and limits analysis, consulting on design of risk management information systems.
Compensation: by the hour: \$200 per principal consultant, \$175 per consultant, \$125 per analyst, \$40 per clerical.
Officers: Michael Murphy, president/senior consultant; Richard Poling, senior vp/lead consultant; Bill Rush, Kathy Kranz, vps/lead consultants.
Contact: Michael Murphy; mmurphy@riskcap.com.
 *Estimated.

RiskSolutions

P.O. Box 7140,
 San Carlos, Calif. 94070-7140;
 650-592-8000; fax: 650-592-4366
 www.risksolutionsusa.com

Consulting since: 1995.
2000 revenues
 Total gross revenues\$300,000
 Consulting revenues\$300,000
 Continuous consulting 50%
 Risk management audits 20%
 Special consulting projects 30%
Staff: total, 2; professionals, 2.
Clients: total, 25; non-U.S., 5%.
Compensation: by the project; by the hour: \$175 to \$250 per principal consultant.
Officers: Bruce Coddling, president; Brian E. Gagan, executive vp.
Contact: Bruce Coddling; bc@risksolutions.net.

Roberts Resources Inc.

1048 Irvine Ave., Suite 614,
 Newport Beach, Calif. 92660-4602;
 714-545-0111; fax: 714-242-7177
 www.robertsresourcesinc.com

Consulting since: 1989.
2000 revenues
 Continuous consulting 90%
 Risk management audits 2%
 Special consulting projects 8%
Staff: total, 1.
Clients: total, 8.
Compensation: by the project; on retainer; by the hour: \$175 per principal consultant.
Contact: Sheila P. Roberts, president/treasurer/secretary.

Andrew Robinson International Risk Management Consultants Inc.

165 Friend St.,
 Boston, Mass. 02114-2025;
 617-263-7780; fax: 617-263-7787
 www.arisk.com

Consulting since: 1997.
2000 revenues
 Continuous consulting 65%
 Risk management audits 15%
 Special consulting projects 20%

Staff: total, 4; professionals, 4.
Clients: total, 47; non-U.S., 5%.
Services: alternative risk financing consulting, insurance coverage and limits analysis, risk management organization studies.
Compensation: by the project; on retainer; by the hour: \$275 to \$365 per principal consultant, \$225 to \$275 per consultant, \$175 to \$225 per analyst.
Officers: John Paul Sutrich, president; Michelle F. Carlo, vp; Paul A. Morin, director.
Contact: John Paul Sutrich; 617-263-7780, ext. 25; psutrich@arisk.com.

Rode & Associates L.L.C.

66 Cedar St., Suite 301,
 Newington, Conn. 06111-2646;
 860-594-7183; fax: 860-594-7184
 www.rode-llc.com

Consulting since: 1994.
2000 revenues
 Total gross revenues\$200,900
 Consulting revenues\$173,000
 Special consulting projects 100%
Staff: total, 6; professionals, 6.
Clients: total, 14.
Services: insurance coverage and limits analysis, claims consulting, loss prevention consulting.
Specialties: manufacturing, utilities, technology.
Compensation: by the project.
Officers: Douglas M. Rode, managing director; William J. Satterfield, chief investigator; Reinhard W. Maier, chief analyst.

RSKCo Consulting Services Inc.

333 S. Wabash, Suite 28 S.,
 Chicago, Ill. 60604;
 877-222-2165; fax: 312-817-3349
 www.rskco.com

Consulting since: 1988.
Parent: CNA Financial Corp.
2000 revenues
 Total gross revenues\$23,400,000
 Consulting revenues\$23,400,000
 Continuous consulting 55%
 Risk management audits 10%
 Special consulting projects 35%
Staff: total, 175; professionals, 145.
Clients: total, 825.
Services: loss settlement assistance.
Compensation: by the project.
Officers: Robert R. Kulbick, president/CEO; Randall Hollenbeck, senior vp/chief of staff; Richard L. Ryther, senior vp/COO.
Contact: Ed Rohan, senior vp-financial planning and analysis.

Shelter Island Risk Services

51 Tuthill Drive, P.O. Box 568,
 Shelter Island, N.Y. 11964;
 631-749-1535; fax: 631-749-7885
 www.sirisk.com

Consulting since: 1994.
2000 revenues
 Consulting revenues\$1,349,633
 Continuous consulting 54%
 Risk management audits 5%
 Special consulting projects 37%
 Actuarial/accounting services 4%
Staff: total, 9; professionals, 8.
Clients: total, 24; non-U.S., 13%.
Services: consulting on design of risk management information systems, litigation management consulting, electronic claims reporting software.
Compensation: by the project; by the hour: \$185 to \$225 per principal consultant, \$150 to \$185 per consultant, \$125 to \$150 per analyst, \$30 per clerical.
Officers: Roger H. Dunkin, vp-Atlanta operations; Rick Aman, vp-New Jersey operations; Ira Skop, vp-New York City operations.
Contact: Richard F. Denning, president; rdenning@sirisk.com.

The Sigma Group

Millennium Tower, 440 Second Ave. S.W.,
 Suite 1920,
 Calgary, Alberta T2P 5E9;
 403-264-8244; fax: 403-264-8248
 www.sigmarisk.com

Consulting since: 1982.
2000 revenues
 Consulting revenues\$2,750,000*
 Continuous consulting 30%
 Risk management audits 30%
 Special consulting projects 30%
 Actuarial/accounting services 10%
Staff: total, 20; professionals, 14.
Clients: total, 70; non-U.S., 85%.
Compensation: by the project; on retainer; by the hour: \$150 to \$200 per principal consultant, \$100 to \$150 per consultant, \$75 to \$100 per analyst, \$50 per clerical.
SRMC member.
Officers: Allen Frazier, Jack Gordon, Bernard Chansaud, senior consultants.
Contact: Matias Grum, business development manager; matias@sigmarisk.com.
 *Estimated.

Continued on next page

Continued from previous page

Sigma Group L.L.C.

3333 W. Napoleon Ave., Suite 101,
Metairie, La. 70001;
504-837-4462; fax: 504-837-4110
www.sigmagroupllc.com
Consulting since: 2000.

2000 revenues
Continuous consulting 85%
Risk management audits 5%
Special consulting projects 5%
Actuarial/accounting services 5%
Staff: total, 4; professionals, 4.
Clients: total, 10.

Specialties: transportation, government, public sector.

Compensation: by the project; by the hour: \$150 per principal consultant, \$125 per consultant, \$75 per analyst, \$30 per clerical.

Officers: Ralph L. Peterson, C. Todd Thomas, M. Peter Falk, managing members.
Contact: Ralph L. Peterson.

Smith Consulting Group

P.O. Box 1568,
La Canada, Calif. 91012-1568;
818-790-0573; fax: 818-790-6831

Consulting since: 1985.
2000 revenues
Continuous consulting 80%
Risk management audits 15%
Special consulting projects 5%

Staff: total, 1.
Clients: total, 12.
Compensation: on retainer; by the hour: \$200 per principal consultant.
Contact: Dick Smith, principal; smithcongrp@earthlink.net.

C. J. Spivey Associates Inc.

6813-B Fairview Road,
Charlotte, N.C. 28210;
704-364-6187; fax: 704-364-7143
www.ncharpp.com

Consulting since: 1987.
2000 revenues
Total gross revenues\$543,215
Consulting revenues\$275,000
Continuous consulting 60%
Risk management audits 16%
Special consulting projects 24%

Staff: total, 2.
Clients: total, 6.
Specialties: health care providers, government, education.

Compensation: by the project, on retainer, by the hour: \$175 per principal consultant, \$125 per consultant, \$40 per clerical.

Officers: C. J. Spivey, president/treasurer; B. R. Spivey, vp/secretary.
Contact: C. J. Spivey; jimspivey@ncharpp.com.

Stogniew & Associates

12225 28th St. N.,
St. Petersburg, Fla. 33716;
727-572-7400; fax: 727-572-8997

Consulting since: 1980.
Parent: GFS Group Inc.

2000 revenues
Total gross revenues\$750,000
Consulting revenues\$712,500
Continuous consulting 70%
Risk management audits 15%
Special consulting projects 15%

Staff: total, 10; professionals, 10.
Clients: total, 35.

Services: insurance coverage and limits analysis, risk management organization studies, claims consulting.

Specialties: financial services, professional services.

Compensation: by the project.
Officers: Gerald F. Stogniew, executive director; Rosemary Stogniew, CFO; Kristen J. Stogniew, director-compliance.
Contact: Gerald F. Stogniew.

Strang & Associates Inc.

P.O. Box 1997,
Lake Arrowhead, Calif. 92352-1997;
909-336-7739; fax: 909-336-3929

Consulting since: 1991.

2000 revenues
Continuous consulting 75%
Risk management audits 10%
Special consulting projects 15%

Staff: total, 2; professionals, 2.
Clients: total, 9; non-U.S., 25%.

Specialties: manufacturing, transportation.

Compensation: by the project; on retainer, by the hour: \$150 to \$250 per principal consultant.

SRMC member.
Officers: James P. Strang, CEO; Elizabeth S. Strang, vp/secretary.
Contact: James P. Strang; jimstrang@earthlink.net.

The directory begins on page 16.

T**TLJ Partners Inc.**

1501 Lakeland Drive, Suite 360,
Jackson, Miss. 39216;
601-364-7308; fax: 601-366-1815
Consulting since: 1997.

2000 revenues
Continuous consulting 99%
Special consulting projects 1%

Staff: total, 2; professionals, 2.
Clients: total, 39.

Compensation: on retainer.

SRMC member.
Contact: Thomas L. Joyner Jr.

D. L. Tibbals Risk Management Consulting Inc.

519 Johnson Ferry Road, Suite 450,
Marietta, Ga. 30068;
770-565-1200; fax: 770-565-1204
www.dltibbalsriskmgt.com

Consulting since: 1987.

2000 revenues
Total gross revenues\$355,000
Consulting revenues\$355,000
Continuous consulting 60%
Risk management audits 10%
Special consulting projects 30%

Staff: total, 2.
Clients: total, 60.

Compensation: by the project; by the hour: \$225 per principal consultant, \$65 per clerical.

SRMC member.
Officers: David L. Tibbals, president.

Tiller Consulting Group Inc.

99 Trent Drive,
St. Louis, Mo. 63124;
314-567-7480; fax: 314-567-4199

Consulting since: 1984.

2000 revenues
Special consulting projects 5%
Actuarial/accounting services 95%

Staff: total, 1.
Clients: total, 20.

Services: alternative risk financing consulting, insurance coverage and limits analysis, actuarial consulting.

Compensation: by the hour: \$375 to \$400 per principal consultant, \$160 to \$200 per consultant.
Contact: Margaret Tiller Sherwood, president; tillrtcg@ix.netcom.com.

Tillinghast-Towers Perrin

8000 Norman Center Drive,
Minneapolis, Minn. 55437-1097;
952-842-5728; fax: 952-842-5805
www.tillinghast.com

Consulting since: 1946.
Parent: Towers Perrin.

2000 revenues
Total gross revenues\$215,700,000
Consulting revenues\$29,000,000
Continuous consulting 5%
Risk management audits 25%
Special consulting projects 40%
Actuarial/accounting services 30%

Staff: total, 900; professionals, 121.
Clients: total, 850; non-U.S., 15%.

Compensation: by the project; on retainer; by the hour: \$325 to \$450 per principal consultant, \$175 to \$405 per consultant, \$145 to \$190 per analyst, \$85 per clerical.

Officers: Patricia Guinn, managing director.
Contact: James A. Swanke Jr., principal; swankej@towers.com.

W**The Waddell Organization Inc.**

P.O. Box 7946,
Eugene, Ore. 97401-0037;
541-344-5555; fax: 541-344-9445
www.wrapupservices.com

Consulting since: 1986.

2000 revenues
Continuous consulting 100%

Staff: total, 6; professionals, 3.
Clients: total, 8.

Specialties: construction, government.

Compensation: by the hour: \$190 per principal consultant, \$185 per consultant, \$30 per clerical.

Officers: Donald A. Waddell, president; Christina M. Lund, vp; Myrna K. Wheeler, secretary/director-administration and finance.

Contact: Donald A. Waddell; don@wrapupservices.com.

Waters Risk Management

6580 64th Ave. N.,
Pinellas Park, Fla. 33781;
727-546-5644; fax: 727-546-2712

Consulting since: 1978.

2000 revenues
Continuous consulting 25%
Risk management audits 15%

Special consulting projects 60%

Staff: total, 4; professionals, 2.

Clients: total, 20.

Specialties: government.

Compensation: by the project; by the hour: \$130 per principal consultant, \$120 per consultant, \$100 per analyst, \$25 per clerical.

SRMC member.
Officers: Al Waters, principal consultant; Hayden Knowlton, consultant.

Contact: Al Waters.

Z**The Zigmund Co. Ltd.**

2319 Walnut St.,
Harrisburg, Pa. 17103;
717-232-7551; fax: 717-232-7552

Consulting since: 1982.

2000 revenues
Continuous consulting 50%
Risk management audits 20%
Special consulting projects 30%

Staff: total, 4; professionals, 3.
Clients: total, 39.

Compensation: by the project, on retainer, by the hour: \$95 to \$200 per principal consultant, \$95 to \$200 per consultant, \$45 per clerical.

Officers: Ruth A. Moraski, president.
Contact: zigmund@paonline.com.

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GLOBAL BRIEFS

U.K. insurer Royal London Mutual Insurance Society Ltd. has been fined £400,000 (\$571,240) for breaching rules over the sale of investment products. Royal London must also pay £20,370 (\$29,090) in costs incurred by the London-based Personal Investment Authority in investigating the mis-selling. In addition, the insurer is expected to pay about £15 million (\$21.4 million) in compensation to customers.... A new political risk insurance agency for African business, the African Trade Insurance Agency, will be launched in mid-August. The Nairobi, Kenya-based agency will provide political risk insurance and other financial instruments to support trade and investment. The agency is being established by the Common Market for Eastern and Southern Africa, assisted by \$105 million in startup funds from the International Development Assn., a unit of the World Bank.... JLT Risk Solutions Ltd. has formed a capital risk joint venture with Japanese financial markets consultant FinTech Global Inc. The venture, FinTech Capital Risk Solutions, will allow JLT to offer financial structuring and insurance-based capital market solutions in Japan. "We believe that there is tremendous opportunity within Japan to provide the type of financial structuring and insurance-based solutions that we have successfully developed in other parts of the globe," said Steve McGill, chief executive officer of JLT Risk Solutions in London.... Publishing quarterly figures for the first time, German reinsurer Hannover Re Group reported net income of 41.3 million euros (\$36.0 million) for the first three months of 2001. There are no figures for the comparable period last year, but Hannover Re Chairman Wilhelm Zeller said that the first three months of 2001 "developed as expected" and that all strategic business segments generated profits. Premium volume was 2.37 billion euros (\$2.06 billion), while underwriting losses totaled 116 million euros (\$101.1 million), the result of a "significantly higher" incidence of major claims and natural catastrophe losses, the Hannover-based reinsurer reported.... Inreos Ltd., the independent Internet-based reinsurance exchange, has appointed Kathrine Huelster as London-based deputy CEO. Previously, she was chief operating officer of WISE, the industry-owned e-commerce network.... Japan's biggest nonlife insurer, Tokio Marine & Fire Insurance Co., has reported consolidated net profits for the year ending March 31 of 93.52 billion yen (\$741.0 million) under U.S. accounting rules, up 11.2% from the previous year. Operating revenues rose 5.1%, to 1,594 billion yen (\$12.63 billion)... Standard & Poor's Corp. has said that, following European Union approval of Allianz A.G. Holding's acquisition of Dresdner Bank A.G., it has lowered its long-term counterparty credit and insurer financial strength ratings on Munich-based Allianz and various related entities one notch—mainly to AA+ from AAA—and removed them from CreditWatch. The outlook is stable. S&P has also affirmed its A-1+ short-term ratings on Allianz and its units. The rating agency said it lowered the long-term ratings because Dresdner, which will make up about one-third of the enlarged group, has a considerably weaker credit profile than does the existing Allianz Group.

Hull loss could be among largest ever

Rebels ravage Sri Lanka airport

COLOMBO, Sri Lanka—One of the largest aircraft hull losses on record could result from last week's terrorist attack on Sri Lanka's only international airport.

The attack by Tamil Tiger rebels destroyed or damaged a large part of the country's national airline fleet, and the resulting losses—estimated at about \$400 million—also could drive up aviation war risk rates in the London market.

The attack against the Bandaranaike International Airport near Colombo and the adjoining military air base killed at least 18 people, including several of the rebels, and destroyed 11 aircraft. Three of those planes—two Airbus A-330s and one A-340—belonged to the national air carrier,

SriLankan Airlines. In addition, two A-320s owned by the airline were slightly damaged.

Sri Lankan officials estimated the cost of the damage at around \$400 million, including \$350 million in damage to civil aircraft. This would likely make it the largest aviation hull loss since the Gulf War. Aviation war risk underwriters paid Kuwait Airlines \$300 million in 1990, after Iraq invaded Kuwait and seized aircraft and spare parts.

A spokesman for SriLankan Airlines, which is partly owned and managed by Emirates airlines of Dubai, said the airline is fully insured but declined to elaborate. The hull coverage for SriLankan Airlines was brokered by London-based Willis Group Ltd.

—By Edwin Unsworth



PHOTO: AFP

Eleven commercial and military aircraft were destroyed in a terrorist attack on an airport near Colombo, Sri Lanka.

Australian ruling limits protections for insurers

By KATE TILLEY

CANBERRA, Australia—Australia's High Court has limited the circumstances under which insurers can deny indemnity under claims-made liability policies.

Even if a policyholder fails to give notice of an occurrence that could lead to a claim, the insurer may not be able to deny indemnity, a 4-1 majority of the High Court judges decided.

The recent decision in *FAI General Insurance Co. Ltd. vs. Australian Hospital Care Pty. Ltd.* is likely to cause insurers to further increase rates for liability lines and to tighten policy wordings, observers say.

Geoff Masel, a consultant with the Melbourne office of the Sydney-based law firm of Phillips Fox, said underwriters, particularly those writing professional indemnity coverage, would be displeased because the judgment erodes some of the limited protection they had under the Insurance Contracts Act, which has been in effect since 1984.

The act says an insurer cannot avoid a claim if the policyholder has committed an act or omission that might otherwise allow the insurer to refuse to pay unless the act or omission caused or contributed to the loss. Furthermore, the act says that the insurer may reduce its liability only by "the amount that fairly represents the extent to which the insurer's interests were prejudiced" by the policyholder's act or omission.

Despite the fact that the policyholder, Brisbane-based Australian Hospital Care, which operates private hospitals, failed to notify Sydney-based FAI of a letter from an attorney for a former patient that said the patient was considering bringing an action against the hospital, the High Court rejected FAI's bid to avoid the claim.

See Notice on next page

First U.S. brokers gain direct access to Lloyd's

LONDON—Last week's accreditation of the first two independent U.S. brokers to place commercial risks with Lloyd's of London is a milestone in Lloyd's drive to attract more business.

The accreditation of Montvale, N.J.-based The Hanleigh Cos. and Rosslyn, Va.-based International Space Brokers Inc. follows the approval in April of the first non-British brokers—three from continental Europe and one from Singapore. The addition of Hanleigh, which specializes in sports and entertainment insurance, and International Space Brokers, a space insurance specialist, brings to 129 the number of brokers that have direct access to Lloyd's.

And because the United States is the world's largest market for insurance—and currently is Lloyd's biggest single market—the accreditation of U.S. brokers is important to Lloyd's strategy for gaining new

business. According to figures for 2000, the United States accounts for 35% of Lloyd's gross premiums, or \$5.9 billion. The United Kingdom accounts for 34% of Lloyd's business.

Only accredited brokers may place business directly with Lloyd's, and, until recently, only London-based brokers had direct access to the market. Other brokers could place business only if they had a binding authority with an approved broker. Since the beginning of this year, though, Lloyd's has sought to broaden its distribution network worldwide.

Hanleigh and International Space Brokers were approved under Lloyd's new system of broker accreditation, which requires intermediaries to meet several standards to gain access to the market.

In a statement from Lloyd's America in

See Brokers on page 31

LLOYD'S

Reinsurance clause upheld

U.K. ruling bolsters reinsurer say over insurer settlements

LONDON—Reinsurers will be able to exert greater control over how some ceding insurers pay claims in the wake of a landmark U.K. Court of Appeal decision involving a widely used reinsurance clause.

The appeals court decision in the case of *GAN vs. Tai Ping* upholds the validity of the so-called "SCOR clause," ruling that a primary insurer can not settle a claim without the prior approval of its reinsurers.

The clause—which gets its name from a 1985 dispute over its meaning between Paris-based SCOR S.A. and a ceding company—requires cooperation between an insurer and its reinsurers on claims. The clause states that "no settlement and/or compromise shall be made and liability admitted without the prior approval of reinsurers."

In the GAN case, Groupe des Assurances Nationales, now part of Paris-based Groupama, had taken a 2% portion of Taiwanese insurer Tai Ping Insurance Co. Ltd.'s facultative reinsurance

program on the insurer's share of a fire insurance policy for a microchip fabrication plant in Taiwan. The deal was completed via a London market slip containing the "claims cooperation clause."

A lower court ruling in the U.K. Commercial Court last year found in favor of Tai Ping, which had argued that it would be impossible to please all of its reinsurers if each were entitled to make a separate decision on each claims settlement. The commercial court ruled that Tai Ping could circumvent the "SCOR clause" either by making a settlement with its policyholder without an admission of liability or by making an admission of liability but no settlement.

On appeal, the U.K. Court of Appeal overturned that decision and ruled that the purpose of the clause was to require Tai Ping to obtain GAN's consent to any settlement, no matter how small GAN's share of the reinsurance.

"The Court of Appeal made it clear that if a reinsured enters into a number

See Clause on page 31

INTERNATIONAL

Notice

Continued from previous page
FAI had already lost its case in the Queensland Supreme Court and the Queensland Court of Appeal before appealing to the High Court. FAI is now part of the failed HIH Group and is in liquidation (BI, May 28).
Craig McIver, a partner in the professional liability team with the Brisbane-based law firm of Carter Newell, said the decision would reduce the incentive for a policyholder to notify its insurer when a demand was made or facts and circumstances cause the policyholder to "become aware of the risk of a claim. If an insured does not notify, any possible impact on its premium for the next insuring period will be eliminated," Mr. McIver said.

The High Court, in dismissing FAI's appeal and awarding costs against the now-defunct insurer, held that a standard clause in its professional indemnity/medical negligence policy protected the policyholder.
Mr. Masel said the clause allowed for the policy to respond even if no claim was made against the policyholder during the period of the insurance. The High Court decided that the clause applied even if there was no notice of the discovery of the occurrence given to the insurer. In the FAI case, the former patient's claim came in December 1992, six months after the policy had expired and been replaced with a Lloyd's of London policy.
Mr. McIver said the majority of judges found the receipt of the attorney's letter to be a type of occurrence anticipated by a stan-

dard policy clause regarding late notification by an insured of a risk of a claim. Thus the claim

'Few insurers will be interested in writing this class of policy without rewording (of policies) or legislative amendment.'

— Geoff Masel
Phillips Fox

omission by the insured to notify FAI of the demand before the policy expired." Mr. Masel said there was no evidence of prejudice to FAI; thus, it was liable to indemnify fully.
He warned that "few insurers will be interested in writing this class of policy without rewording (of policies) or legislative amendment."
Mr. Masel said the loss of HIH had narrowed the market, and "potential new entrants can only be discouraged by this decision."
Mr. McIver said it might become more difficult for underwriters to make provisions for claims in past policy years and to consider rate variations because of claims-made experiences. "The decision may also lead to a change in the way premiums are calculated or what wordings are used by underwriters," he said.

Mr. Masel predicted an increase in litigation to determine what awareness of circumstances might give rise to future claims.
Insurers need to review their reserves for long-tail claims in light of the decision, Mr. Masel said. The decision, he said, "has some solvency aspects which, these days with the HIH dilemma, can cause some concern in the long term."
Mr. Masel said the decision would also affect insurers in the short term, as many claims being contested would now be paid.
Reinsurers, too, would need to review premiums for professional indemnity coverage, he said.
Mr. Masel said the federal government should amend the Insurance Contracts Act but acknowledged that amendment is unlikely. "It's quite simple to do but hard to get done," he said. **BI**

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INTERNATIONAL Brokers

Continued from page 29

New York, executives from the two U.S. brokers noted that having direct access to Lloyd's should help them expand their operations.

Julian James, Lloyd's director of worldwide markets—who has responsibility for granting new access to Lloyd's—said he is re-

ceiving inquiries from brokers across the globe and that Lloyd's "expects further brokers will be admitted in coming months."

The brokers approved in April are: Benfield Greig Asia Pte. Ltd. of Singapore; Benfield Greig Paris S.A. and Groupe Eyssautier, both of France; and Societe Anonyme D'Intermediaires Luxembourgeois of Luxembourg and Britain.

—By Edwin Unsworth

Clause

Continued from page 29

of different reinsurance contracts on the same risk and each has a (claims control clause) then it is entirely possible for each reinsurer to quite legitimately exercise its own discretion in deciding whether or not to approve a settlement," said a statement from London-based law firm Elborne Mitchell, which represented

GAN.

"This is a truly landmark judgment and is good news for reinsurers who wish to retain control over decision making when paying claims," said Alan Fisher, a partner at Elborne Mitchell. "It means that, provided they do not act dishonestly, capriciously or arbitrarily, they are entitled to reach their own independent decisions on claims, and not be dictated to by their cedents."

—By Sarah Veysey

Equitas

Continued from page 3

new set of documentation requirements for asbestos claims (BI, May 5). One of these rules was a requirement that claimants produce medical documents detailing the bodily injury or impairment they suffered as a result of exposure to asbestos.

"Because of the inventory settlement methodology that is used (in the United States), it is our belief that there are a lot of people who do not have compensable impairments as a result of asbestos exposure who are still receiving settlements today," an Equitas spokesman said.

He said that Equitas was taking steps to avoid paying claims to unimpaired claimants, as the company believes such claims contributed to the recent surge in filings. "If we are correct in our observation on why this is all happening, we believe that if we stop paying people who aren't impaired, at least a portion of the problem will go away, and that is why we are optimistic," the spokesman said. He stressed, though, that this assump-

tion is based largely on anecdotal evidence and that statistical support is not available.

Ms. Barker said that the company decided to disclose the size of the reserve increase in response to demand from reinsured Lloyd's names, who pay Equitas premiums. Equitas previously did not disclose such information when reporting its results.

"One of the reasons that (this announcement) is significant is that last year, many of the names asked us to put more detail of asbestos in our accounts. We spent quite a lot of time and effort on it," Ms. Barker said. She explained that, previously, Equitas had been cautious about disclosing information on such matters, concerned that it might aid claimants and reinsurance companies in preparing cases against the company.

"I think one of the major reasons we have decided to (disclose this information) is that (asbestos) has become such a large percentage of our business," Ms. Barker said. "But when one part of the business becomes such a large percentage of our book, it is difficult to imagine

U.K. court limits ISP liability

LONDON—The U.K. High Court has limited the liability that Internet service providers face from content stored on sites they host.

The court this month ruled that ISPs would not be liable for material uploaded onto the Internet by customers, provided they had taken "all reasonable steps" to prevent publication of the banned material.

The High Court decision followed a high-profile gag order placed on the media in the wake of the recent release of two convicted juvenile murderers.

In January, Dame Elizabeth Butler-Sloss, president of the High Court's Family Division, issued a ruling banning publication of photographs or any information concerning the current appearance or whereabouts of Jon Venables and Robert

Thompson. Messrs. Venables and Thompson became two of Britain's most notorious criminals when they were convicted of the murder of 2-year-old James Bulger in 1993. The pair, who both were 10 years old at the time of the crime, were released from young offenders' prison this month.

Demon Internet, a London-based ISP, last month went before the High Court to protest the injunction, claiming that, unlike television producers or newspaper editors, ISPs have no control over what is broadcast on sites they host.

The High Court amended the injunction to exempt ISPs and their employees unless those parties knew that the material had been placed on their servers or could be accessed via their service; or knew that the mate-

rial was likely to be placed on their servers or accessed via their service.

In either case, ISPs and their employees would be held liable if it could be established that they had failed to take reasonable steps to prevent the publication of such material, the court ruled.

The court stated that "taking all reasonable steps to prevent the publication" included working to remove the material from the company's servers or to block access to the material.

London-based law firm CMS Cameron McKenna said that while ISPs still needed to exercise vigilance, the amendment to the gag order meant that they would not automatically be held liable for the publication of injunctioned material.

—By Sarah Veysey

that we would be actually giving anybody any sort of advantage in knowing the numbers," she said.

'If we are correct in our observation on why this is all happening, we believe that if we stop paying people who aren't impaired, at least a portion of the problem will go away.'

—Spokesman
Equitas Ltd.

The reserve calculation, which excluded exceptional settlements such as large commutations, gives Equitas a survival ratio of 26.5 years, Lloyd's said in its statement. That means that if asbestos payments continue at the same rate, it would

take more than 26 years to exhaust Equitas' reserves. Equitas performed the same calculation on a sample group of U.S. insurers for a comparable period—also with exceptional items excluded—and the survival ratio for this group was estimated at 6.8 years.

Ms. Barker stressed that the survival ratio is just an approximate measure of the adequacy of Equitas' reserves. "Nobody believes—and I do mean nobody believes—that we will carry on paying asbestos claims at exactly this number," she said. "It is just a relative measure. If you do that for us and then compare it with other companies, how do we compare? The actual hard number is almost meaningless, because it beggars belief to think that you pay at exactly the same rate."

"The reason we put this in the accounts is that this is a benchmark that is gaining currency as the asbestos problem grows," the Equitas spokesman said.

Ms. Barker pointed out that Equitas' ultimate liabilities remain uncertain. "Our auditors have qualified our accounts on (the grounds of) fundamental uncertainty—there is fundamental uncertainty surrounding the asbestos number," she said. But, she added, the survival ratio provides a useful benchmark. "It is used by the industry, and so we are not trying to run away from it," she noted. "We are not trying to claim that we have got our asbestos number right. Of course, we are pleased

that it is bigger than the American number—we would be mad not to be pleased about that—but we are not complacent about it."

She added that Equitas could not be sure about the accuracy of the survival ratio. "We can't be sure about anything to do with asbestos."

Equitas reported that, on a discounted basis, outstanding claims totaled £1.11 billion (\$1.57 billion) at the end of the last fiscal year.

Ms. Barker said that the group was pleased with the number of pollution claims settled last year. During 2000, Equitas settled 29% of direct pollution claims pending at April 1, 2000, and 44% of direct pollution claims filed by companies with reserves in excess of £10 million (\$14.2 million).

"We definitely think that is good news," said Ms. Barker. "It is quite interesting, because pollution is something we are feeling more confident about. That is not to say it can't still come out and bite us, but we do feel more confident. We understand it, we know what's happening, we've done some good deals and bought back policies," she added.

"The important thing is that, in nearly every case, we received some form of a 'policy buyback,' or you could call it a 'release' from liability," the spokesman said. "The best news about all this is that this is eliminating some of that fundamental uncertainty," he said. **BI**

Deadline approaches for reinsurer listings

Business Insurance will publish its annual Directory of International Reinsurers on Sept. 3.

The issue will include a Spotlight report on the international reinsurance marketplace and a ranking of the world's largest reinsurers.

This directory is published as an editorial service, and there is no charge to be included. To be listed, companies must have written reinsurance premiums that exceeded \$100 million (including both property/casualty and life/health) in 2000.

In addition, your company must provide premiums written and capital and surplus figures for 1999 and 2000. If your company meets these requirements and has not received a questionnaire, please request one immediately by calling Directory Editor Kevin Edison at 312-649-5279.

Copies of the questionnaire also can be printed from the BI Web site at www.businessinsurance.com.

Completed questionnaires must be submitted by the extended deadline of Aug. 15. **BI**

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OSHA

Continued from page 1

of determining a final course of action on the issue in September, according to an OSHA statement. That deadline will allow her to consider written comments on ergonomics safety, as well as testimony at the hearings. Comments must be submitted to OSHA by Aug. 3.

Keeping angry labor representatives at the table is part of that challenge.

More than 150 members of a variety of unions demonstrated outside the July 20 hearing in Chicago, chanting "No standard—no peace," and "stop the pain now." The Rev. Jesse Jackson joined the protesters in Chicago.

"The Labor Department's current ergonomics forums are a public-relations effort to cover up inaction," Franklin E. Mirer, director of the health and safety department of the United Auto Workers International Union, said in his testimony in Chicago.

AFL-CIO leaders complained in a statement that the "sham forums" were "stacked in favor of big business."

A spokeswoman for OSHA, however, rebutted those allegations and described the AFL-CIO's vocal opposition to the hearings as an "over-represented minority."

Each forum was moderated by an administrative law judge and featured a panel of OSHA officials hearing testimony and asking questions of pre-selected employer and labor panels, as well as individual speakers. The three OSHA panelists at the Chicago forum were: R. Davis Layne, acting assistant secretary; Paula White, director of federal-state operations; and Joe Woodward, associate solicitor.

Forum speakers were asked to focus their comments on three issues. They were:

- How to define an ergonomics injury.
- How to determine whether an injury was caused by work, and the appropriate response to mixed causation.
- The most useful and cost-effective types of government intervention.

During the Chicago hearing, however, the goal of an open-minded approach to collective problem solving fell mostly by the wayside as the testimony of more than two dozen witnesses diverged along predictable lines. Essentially, workers and employers—as well as their respective medical and scientific experts—reiterated their long-standing disagreement about the definition of ergonomics injuries and the extent to which they are work-related.

Workers' supporters argue that ergonomics injuries have been clearly defined by OSHA and other researchers.

"Workers need a legally binding standard to make sure that employers will have to take action," said James S. Frederick, assistant director for health, safety and the environment with the United Steelworkers of America in Pittsburgh.

"In many cases, nurses suffer greatly because their facility lacks a systematic and effective means for reporting the early signs and symptoms of musculoskeletal disorders and obtaining prompt and effective treatment," said Ann Converso, vp of United American Nurses, the union arm of the American Nurses Assn. Her comments supported the testimony of two nurses—often near tears—who described the painful back, neck and shoulder pain they experienced due primarily to repetitive work-related activities.

Labor spokesmen generally called for requiring nearly all employers to be responsible for preventing ergonomics injuries, paying claims for such ailments and modifying jobs to prevent injuring workers in the future.

Employer representatives, on the other hand, typically pointed out discrepancies in definitions of ergonomic injuries and emphasized continuing disputes about causation. They questioned the appropriateness of a mandatory federal regulation and cited the high costs of complying with it or paying OSHA-imposed penalties, especially for small employers.

The New York-based Risk & Insurance Management Society Inc., which holds that a federal mandate is not necessary, supports a comprehensive education program by OSHA in cooperation with the business community as a way to encourage employers to voluntarily adopt ergonomics programs.

"The notion of a one-size-fits-all approach does not work for ergonomic issues any better than one tool can do all jobs or one clothing size can fit all people," RIMS President David Mair said in his testimony at the Chicago hearing.

Effective voluntary programs are already in place in a variety of companies, according to representatives for Dow Chemical Co. in Midland, Mich., and Lowen Corp. in Hutchinson, Kan.

"I can hire an ergonomist and make changes for whatever reason I want, but OSHA should not step in unless it knows whether work actually causes injury and whether government intervention will help reduce those injuries," said Ann Brown, Lowen's president. She also represents the National Coalition on Ergonomics, an employer group. **B**

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A copy of the circular which accompanies the PDRFs, and blank PDRFs, are available on the following website at:

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COMMENTARY

Don't let the fax get in your way

X10 camera, watch out!

Direct marketers that use various instruments of technology to hawk their wares on an unsuspecting public may soon find their e-mail boxes, fax machines and caller ID devices overflowing with unsolicited messages from one of the few professions that consistently rank lower than them on the food chain: attorneys.

A Georgia state court earlier this year awarded an Augusta attorney \$12 million in damages, after he sued Hooters of Augusta Inc. and a local fax service under the federal Telephone Consumer Protection Act of 1991 for sending unsolicited faxed advertisements to him and more than 1,000 other plaintiffs, though only the attorney appeared in court.

The main plaintiffs in the case, Hooters of Augusta Inc., fought the suit to the 11th U.S. Circuit Court of Appeals, but failed to have the verdict overturned. The Augusta restaurant has since declared bankruptcy.

This case follows a similar lawsuit brought by some Houston law firms, among other plaintiffs, alleging violations of that federal law against more than 70 companies that had used blast faxes to advertise their services. That case, which sought about \$7

billion in damages, was ultimately dismissed by a Houston judge, but not before at least two of the defendants paid six-figure sums to settle the complaint.

I poked fun at the Hooters case last year, because turning to the court for relief from such a harmless, albeit bothersome, advertisement is absurd and excessive. Sure, it's annoying to get these unsolicited sheets of paper, but most of us have managed to find a way of getting them into the wastebasket without straining ourselves or going broke at the loss of a few sheets of paper.

But there is nothing funny about attorneys abusing the court system for their own gain, as is the case here. The attorney who was the lead plaintiff in the suit received only two, two-page faxes, it was shown at trial—not thousands, hundreds or even a dozen. The court arrived at its figure by awarding each member of the class \$500 for each fax they had received (the court decided on a figure of six) and then trebling the amount, which is allowed in cases of willful violation of the federal law.

In a recent article on the dispute in The New York Times, the attorney who sued Hooters, Sam Nicholson, asserted that his suit was justified and was pursued not for monetary gain but to make a point, because these unsolicited faxes are “using your paper. They can come in when you're looking for another fax.”

I think \$12 million will buy him a lot of fax paper, and, it is hoped, keep him out of the courts for a while.

Unfortunately, it's likely to just be more chum in the water for the other bottom feeders out there looking for an easy meal.

The nature of direct marketing via fax machines involves sending materials to a multitude of potential customers. Those hundreds or thousands of recipients can be easily turned into a class of plaintiffs for an enterprising attorney, and that can ratchet up the potential award into the six- and seven-figure sums quite easily.

Eventually, such litigation will sound the death knell for these kinds of advertisements and the companies that use them, unless state and federal lawmakers reform their laws. Such change is needed to prevent abuses that result in relief that is so disproportionate to the harm caused as to be absurd. It's unlikely, though, that many lawmakers will lose sleep or be moved to act on behalf of the small businesses that use this medium to market their services, or the small companies that provide these fax services.

Besides, the fax machine is quickly losing ground to e-mail and the Internet as the most expedient way to get an unsolicited message before the masses. Just in time to take advantage of this shift, federal lawmakers are considering legislation that would impose similar legal penalties for unwanted e-mails similar to what exists for unwanted faxes.

It won't be long before someone is winning tens of millions of dollars for these intrusive messages, claiming that unsolicited e-mails are “using your pixels and storage space. They can come in when you are looking for another e-mail.” I wouldn't be surprised if it were another attorney.

Editor Paul D. Winston's commentary appears fortnightly and on www.businessinsurance.com. He can be reached at pwinston@craim.com.



Paul D. Winston

Anonymous

Continued from page 1

judge panel affirmed a lower court decision to deny the company's request to conduct limited discovery to learn the identity of the John Doe from Internet service provider Yahoo!, based in Sunnyvale, Calif.

The appellate court agreed with the lower court judge that Dendrite had failed to establish in its defamation claim the harm resulting from the postings of John Doe No. 3.

But in a second, accompanying decision in *Immunomedics Inc. vs. Jean Doe*, the same panel affirmed a lower court's approval of a subpoena seeking to learn from Yahoo! the identity of a Jean Doe. In that case, according to the decision, Jean Doe either is or was an Immunomedics employee who had allegedly released confidential information about the firm.

Morristown, N.J.-based Dendrite International provides products and services for the pharmaceutical and consumer packaged goods industries. The nine postings by John Doe No. 3 included three on proposed changes in Dendrite's revenue recognition accounting, which Dendrite denied it was considering. The company also took issue with another posting, in which the John Doe said Dendrite was seeking a buyer.

Dendrite filed suit against John Doe No. 3, as well as other John Doe defendants, alleging charges that included defamation and misappropriation of trade secrets. The appellate decision focuses on John Doe No. 3.

The decision proposes the following guidelines to trial courts in comparable cases:

- The trial court should first require a plaintiff to inform the anonymous individual that he or she is the subject of a subpoena and give the individual a “reasonable opportunity” to oppose it. This effort should include posting a message on the pertinent message board.

- The plaintiff should be required to report the statements posted by each anonymous individual that it feels require legal action.

- The information provided to the court should be carefully reviewed to determine if the plaintiff has set forth a “prima facie” cause of action, and if there is sufficient evi-

dence to support each element of it.

Assuming the court does decide there is a prima facie cause of action, it must then balance the defendant's First Amendment right of anonymous free speech against the strength of the case presented. It must also determine the necessity of disclosing the identity of the anonymous defendant in order to allow the plaintiff to proceed.

‘There are a lot of trial courts that have been wrestling with this issue and trying to balance free speech rights with the rights of people in business not to be defamed.’

— John Hancock
Fenwick & West

The appellate court then applied its own standards to its decision in the Immunomedics case. Morris Plains, N.J.-based Immunomedics, a biopharmaceutical company, had charged that Jean Doe had posted a message containing confidential and proprietary information. Jean Doe, who called herself “Moonshine” in her postings, identified herself as a “worried employee” in one of the two messages in question.

In affirming the lower court's decision, the decision says that disclosing Moonshine's identity was fully warranted. “Although anonymous speech on the Internet is protected, there must be an avenue for redress for those who are wronged. Individuals choosing to harm another or violate an agreement through speech on the Internet cannot hope to shield their identity and avoid punishment through invocation of the First Amendment,” the decision says.

The Immunomedics decision will be appealed to the New Jersey Supreme Court, said Jean Doe's attorney, Steven B. Stein, of Succasunna, N.J.-based Stein & Stein. Dendrite's attorneys could not be reached.

John Hancock, an attorney with

Fenwick & West in San Francisco, said, “There are a lot of trial courts that have been wrestling with this issue and trying to balance free-speech rights with the rights of people in business not to be defamed. So far, we haven't really seen standards coalesce on how these facts ought to be weighed.”

As a result, this first appellate court decision on the issue is significant and likely to be widely followed, said Mr. Hancock, who advises corporate clients how to deal with cybersmear cases.

The New Jersey decision introduces “some clarity into the situation of the Internet service providers and the Internet users who are the targets of the so-called cybersmear suits,” said Charles Kennedy, an attorney with the Washington-based law firm of Morrison & Foerster who represents Internet service providers.

“It's a substantial problem for Internet services providers. ISPs generally give their users some assurance of privacy, and when you're talking about these chat rooms devoted to these corporations especially, anonymity is their lifeblood for a forum like that.” Companies must still decide how best to respond to cases involving anonymous postings. “On the one hand, you don't want false, negative information going un rebutted,” said Fenwick & West's Mr. Hancock. But frequently a response can turn a minor issue into a major one, he said, “and often companies are best advised to let it slide.”

In cases of alleged stock price manipulation, though, “a fast, strong response is appropriate,” Mr. Hancock said.

“There are instances where a serious tort has been committed online and companies have every right to pursue a remedy against that individual,” said Megan Gray, an attorney with Baker & Hostetler in Los Angeles who has represented “John Does.”

“But simply calling your manager an incompetent butthead should not be the reason why a company files a lawsuit,” Ms. Gray said, “and that's what we're seeing so frequently. Somebody had their ego bruised.”

Dendrite International Inc. vs. John Doe No. 3, No. A-2774-00T3; Immunomedics Inc. vs. Jean Doe, No. A-2762-00T1. Appellate Division, New Jersey Superior Court.

Baltimore

Continued from page 3

The fire produced smoke that billowed across the city, raising concerns about the train's cargo. A CSX spokesman said eight cars had materials classified as hazardous. Tests of water and air in the area revealed no dangerous airborne contamination, however.

Mr. Jarry said the city is keeping track of “what the numbers are in terms of property damage and what we are spending in terms of manpower and materials.” He would not release those figures but said they “run into the millions.”

The tunnel, which is owned by the city, seems to have withstood the accident, Mr. Jarry noted. He said the structure, built in the 1800s, has been described by those familiar with its construction as “solid as a rock. Structurally, it's

fine.”

Insurance issues will be worked out once the cause of the derailment has been determined. Mr. Jarry said the city self-insures its liability exposures and carries a \$750,000 deductible as part of its property coverage. ACE Ltd. and other insurers write property coverage above the deductible.

The CSX spokesman would say only that the company “has insurance” that could respond if needed. “We are working with the city and local merchants on claims that they may have,” he added.

In addition, the Orioles will take a hit from the disruption in the team's schedule. One home game was lost, as it must be played at the opponent's park; two others were rescheduled for later dates in Baltimore.

A spokesman said the team will lose from \$1 million to \$1.5 million on the game that will be played out of town and an undetermined

amount from the rescheduling of the others. Factors such as how many fans attend the make-up games, and lost revenue from television advertising, parking and concessions must be considered in calculating the loss, he explained.

The spokesman would not reveal details of the team's insurance coverage, but he said policies are being scrutinized to determine whether they will respond to the losses.

WorldCom Inc. confirmed that it lost the use of fiber optic cables that were routed through the tunnel. Some customers in the Washington, D.C.-New York corridor lost telephone and Internet connections for as long as a day and a half, according to a spokeswoman.

She would not say what the financial impact of the disruption would be to the Jackson, Miss.-based company or whether WorldCom has insurance coverage that might cover losses related to the derailment. B

Credit

Continued from page 3
compared with 15% in 1997, and 69% offer dependent care flexible spending accounts, up from 58% in the earlier survey.

According to a SHRM spokeswoman in Alexandria, Va., child care referral services are especially helpful for an employee who is new to an organization, new to an area, or is a new parent who needs to assess what child care resources are available.

Many smaller companies may not have the need for onsite child care facilities, the new credit instead "is a huge incentive for smaller companies to bring in resource and referral," Ms. Barr-

Pape said.

She predicted that the number of companies implementing child care benefits would rise over the next couple of years.

"It does not happen overnight. You're talking a year to two years to get a child care center set up. So, really, what you're talking about is corporations making the decision to do this, and I think (the tax incentives) will help them make that decision more quickly," Ms. Barr-Pape said.

The SHRM spokeswoman agreed that offering child care benefits can be very costly in terms of both time and money.

"Anything that will assist employers in providing those benefits that will offset their financial burden in providing it will

be very beneficial—it can only stand to benefit employees in the long run," the spokeswoman said.

"We all know that money talks, and if this is ammunition that corporations can use to justify having onsite child care services or resource and referral services for their employees, we're all better off," Ms. Barr-Pape said.

Racine, Wis.-based SC Johnson operates its own onsite child care center, serving more than 500 children that ranging from newborn to 14 years of age.

The center offers year-round before- and after-school care, full- and part-time care for newborns through kindergartners, and summer day camp from June through August. The center's

services are offered across all three time shifts for employees.

"Knowing that our children are well cared for allows us to focus more on running our business," a company spokeswoman said.

While the child care benefit is not free to employees, SC Johnson does subsidize the center's operating costs.

SC Johnson also has arranged to subsidize the care of sick children care in local hospitals, paying 75% of costs up to \$50 per child per occasion or \$500 per year.

Additionally, SC Johnson offers subsidized overnight child care for situations such as employee business trips, up to \$50 per child per occasion or \$500 per year.

LETTERS

Continued from page 8
consumer.

The article also quotes Mr. Berger as saying environmental insurers have had their reputations tarnished by coverage litigation over Superfund claims. While this may be true, it is very important to note that the policies being litigated are not environmental insurance policies. Almost all of the coverage litigation for Superfund claims is based on general liability and umbrella liability policies issued prior to 1986.

The fact is, claims on genuine environmental insurance policies

are rarely, if ever, litigated. In a case of mistaken identity, the environmental underwriters' reputations have been tarnished by coverage litigation on less-specialized policies that they did not sell.

To avoid confusion on the subject of environmental claims litigation, the insurance community needs to distinguish between insurance policies that only mention "environmental" issues in the exclusion section and those that provide the coverage for environmental losses in the insuring agreement. Unfortunately, this distinction is rarely made in the

press, which adds to the confusion in the insurance marketplace on the claims-paying record and the value of genuine environmental insurance.

Environmental insurance continues to be one of the least understood and—when compared to the actual uninsured losses each year—one of the most underused forms of commercial insurance.

The Society of Environmental Insurance Professionals was created to help demystify the world of environmental insurance for risk management practitioners. We are an independent, not-for-profit organization dedicated to

providing the risk management community with timely and accurate information on environmental insurance through seminars, newsletters, networking and a Web site.

The coverage that *Business Insurance* provides on environmental insurance and risk management is of great value to the risk management community. Thank you for taking an interest in this subject.

David J. Dybdahl
Founder
Society of Environmental
Insurance Professionals
Middleton, Wis.

Individual copies of the SHRM 2001 Benefits Survey are available for \$59.95 for nonmembers and \$49.95 for SHRM members, by telephone at 703-548-3440, or by e-mail at shrm@shrm.org.

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PRELIMINARY SCHEDULE SUMMARY

Monday, November 12
Golf Tournament and Golfer's Luncheon
Conference Registration
The Benchmark Course/Captive Developments
New Ideas Roundtable
Welcome Reception with Exhibitors

Tuesday, November 13
Continental Breakfast
Keynote Address: *Betting on the Future*
with David Hale, Chief Global Economist,
Zurich Financial Services, Inc., Chicago
Employee Benefits & Investments
Buffet Luncheon
Healthcare & E-Commerce
Rent-a-Captives & Capital (In)Adequacy
Dinner and Entertainment

Wednesday, November 14
Continental Breakfast
Captive Case Studies
Reinsurance & Financing Business Risks
Buffet Luncheon

2001 WORLD CAPTIVE FORUM FEES

\$2,750.00	Exhibit Booth (Includes Booth Space and 1st Exhibitor Registration)
\$750.00	2nd and 3rd Exhibitor Registration
\$975.00	Risk Manager Registration
\$1,250.00	Non-Risk Manager Registration
\$150.00	Spouse/Guest Registration
\$200.00	Golf Tournament Fee

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Erie

Continued from page 1

al.—commonly known simply as the *Erie County* case—the court ruled that the Age Discrimination in Employment Act allows age discrimination suits against employers offering retiree health care plans (BI, Aug. 14, 2000). In order to defend itself against liability, an employer would have to prove that either the benefits provided to the two groups of retirees were equal or that the employers' costs were equal, a requirement that many, if not most, employers now do not meet.

That August 2000 ruling stunned benefit experts, who had long thought that the ADEA applied only when comparing benefits offered to younger and older employees and not to retiree health care plans.

Just two months after the *Erie County* ruling, the EEOC adopted the ruling's principals in its enforcement guidelines. Nothing in the ADEA, the EEOC stated, permits employers "to treat retirees differently with respect to health benefits based on Medicare eligibility."

If an employer eliminated health care coverage for retirees once they were eligible for Medicare or if the employer didn't offer equitable benefit coverage to older and younger retirees, "older retirees will get less coverage than younger retirees based on age," the EEOC said, which it would regard as an ADEA violation.

In the wake of that guidance, the EEOC informed an unknown number—though at least several dozen—of employers, many of them Wisconsin school districts, that their retiree health care plans violated the ADEA. No suits, though, have yet been filed.

But now initial determination of discrimination charges against those employers have been dropped and no charges will be made while the EEOC reevaluates its enforcement guidance.

"Everything is on hold," the EEOC spokesman said.

The EEOC's policy review comes after months of lobbying by employer and labor organizations, which have warned that if the *Erie County* decision is allowed to stand,

it could lead to the mass terminations of retiree health care plans.

This lobbying, the EEOC spokesman acknowledged, played a key role in the agency review of its enforcement guidance and its decision to suspend enforcement activity.

"We have listened to our stakeholders," the spokesman said, adding that a review of this policy is a "front-burner issue" for the agency.

The EEOC's decision to put its enforcement guidance on hold and suspend enforcement activities on *Erie County*-type cases is being welcomed by employer groups and others who said the EEOC's adoption of the appeals court decision was premature.

'The EEOC has stepped back and listened. The anxiety level of employers over the Erie County decision has been significantly reduced.'

—John Piro
Hewitt Associates L.L.C.

"You don't set national policy on the basis of one appeals court decision," said Mark Ugoretz, president of the ERISA Industry Committee in Washington.

"The EEOC has stepped back and listened. The anxiety level of employers over the *Erie County* decision has been significantly reduced," added John Piro, a consultant with Hewitt Associates L.L.C. in Norwalk, Conn.

That anxiety level had been sky-high, because of the huge number of employers with retiree health care plans potentially affected by the *Erie County* ruling. Most health care plans make distinctions between retirees that are and are not Medicare-eligible. In the case of younger retirees, employers often will provide the same health care coverage that they do for active employees.

But there is no need to do the same for older retirees, because they

receive basic coverage for medical and hospital care through Medicare. Many employers do supplement Medicare, though, by providing coverage for at least some of the health care-related expenses it does not cover, particularly prescription drugs. Others, like *Erie County*, offer Medicare-eligible coverage only through HMOs, and some have terminated health plan coverage for Medicare-eligible retirees while retaining health plans for retirees under age 65.

Trying to prove that benefits for the two groups are equal—an ADEA defense against liability—would be extremely difficult. For example, even though the HMO that *Erie County* offered Medicare-eligible retirees provided richer benefits than the point-of-service plan the county provided younger retirees, the appeals court said the HMO was "inferior" because enrollees could receive benefits only through network providers.

Even if the EEOC provided guidance for making benefits equal, achieving that goal could still prove difficult for employers. Companies that offer "unequal" health benefits would have to either improve benefits for Medicare-eligible retirees, which could be costly, or cut benefits to younger retirees, which would be very unpopular.

While the EEOC's decision to halt enforcement of the *Erie County* decision is a relief to employers, the uncertainty generated by the ruling is far from over. The EEOC's action, for example, does not prevent individual older retirees from filing health care plan-related discrimination suits against their former employers.

"The EEOC's taking stock of the issue does not protect employers from suits by retirees. We still are holding our breaths," said Judy Mazo, a senior vp with The Segal Co. in Washington.

But at least some of that uncertainty could be removed if the EEOC issues new guidance on how employers can prove that their retiree health care plans do not violate the ADEA. Employer groups now are suggesting that the EEOC draft new safe harbors that, if met, employers could use to prove that their health care plans do not discriminate against Medicare-eligible retirees. **BI**

Zurich U.S. promoting benefits of managed transplant program

Launched last year to help self-insured employers cover the catastrophic cost of organ transplants, Zurich U.S.'s managed transplant insurance program has become the company's fastest-selling product.

There are currently more than 65,000 people on transplant waiting lists in the United States, and the number of completed transplants has doubled in the past 10 years. Steve Mueller, vp of sales, said that this trend, combined with the devastating cost of covering a transplant, led Zurich to develop the product.

"With all of the new technologies that are being developed, people are going to be able to live longer to wait for a transplant, and each year there are going to be more transplants," Mr. Mueller said. "Catastrophic events, like a transplant, cause huge spikes in an employer's insurance costs, and we're trying to smooth that out."

Managed transplant insurance carves the cost of the transplant out of an employer's regular medical plan. The costs, including immunosuppressant drugs, are covered entirely, from 10 days prior to the transplant through 365 days after the surgery. The insurance covers heart, heart-lung, lung, double lung, liver, kidney, pancreas and bone marrow transplants. Total first-year costs for transplants can range from approximate-

ly \$111,000 for a kidney transplant to almost \$500,000 for an intestine transplant.

Mr. Mueller said that a re-transplant often is a possibility and costs could therefore easily be much higher. An employee covered by Zurich's managed transplant insurance has a maximum lifetime benefit of \$1 million, which would be in addition to the maximum benefit of his or her primary health plan.

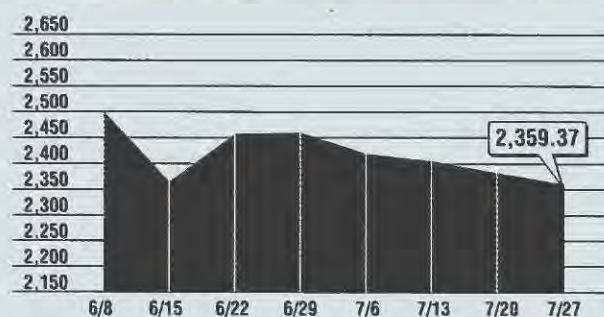
Zurich also takes over the management of the transplant patient. Zurich serves as the patient's advocate and negotiates care through a network of more than 40 academic medical centers specializing in transplants.

"This is about getting the best care possible for the employee," Mr. Mueller said. "When people are evaluated for a transplant, we don't want costs to determine the treatment. Within our network, we can get the best places in the world to make that evaluation."

Zurich has 48 managed transplant insurance accounts, with 32 corporate accounts and 16 health maintenance organizations that cover 2 million lives. Zurich currently manages 1,065 patients on transplant waiting lists, on dialysis or awaiting transplant evaluations, and it expects to handle 205 transplant operations this year.

—By Kate Williams

BI/Stock Index - 7/27/2001



		Price	Weekly % change	Year to date % change	Year to date		
					High	Low	Vol.(000)
Brokers							
Aon Corp.	NYS	34.91	0.63	1.93	42.31	28.13	4686
Brown & Brown	NYS	48.10	0.31	37.43	49.00	23.72	157
Clark Bards Holdings	NDO	28.50	-2.46	181.48	30.25	7.25	166
E.W. Blanch Holdings Inc.	NYS	13.50	0.00	-22.58	29.50	6.70	0
Gallagher Arthur J. & Co.	NYS	27.90	5.28	-12.30	34.25	21.88	1720
"Hibb, Rogal & Hamilton"	NYS	45.70	2.67	14.61	45.70	33.75	163
Marsh & McLennan	NYS	98.05	-0.33	-16.20	135.69	80.30	4381
Wills Group Holdings Ltd.	NYS	17.20	1.47	3.61	18.50	15.50	2300
BROKERS		AVERAGE	0.95	23.50			

INSURERS/REINSURERS

ACE Ltd.	NYS	33.16	-1.78	-21.86	43.94	31.59	8989
Accel International Corp.	NDO	0.07	0.00	-76.42	0.69	0.06	0
Acceptance Insurance Cos.	NYS	5.84	7.16	11.24	6.94	3.70	196
AEGON N.V.	NYS	27.00	0.19	-34.84	43.00	25.92	705
AFLAC Inc.	NYS	29.13	-7.70	-19.29	37.47	23.38	28915
Allmerica Financial Corp.	NYS	52.48	-3.26	-27.61	74.25	46.30	762
Allstate Corp.	NYS	35.51	7.12	-18.48	45.90	26.88	28149
Amfac Financial Group	NYS	56.77	-0.58	-2.65	64.00	41.33	2331
American Financial Group	NYS	29.55	3.87	11.25	30.75	18.69	476
American General	NYS	45.35	-1.52	11.29	47.44	33.25	13365
American Intl Group	NYS	81.72	-2.73	-17.09	103.75	72.64	25944
American Safety Insurance	NYS	10.00	-0.20	63.27	10.36	3.25	9
Argonaut Group	NDO	18.73	4.40	-10.81	21.25	13.50	120
AXA-UAP Group	NYS	27.75	-1.00	-22.72	39.88	24.58	1142
Baldwin & Lyons Inc.	NDO	24.49	14.17	5.33	28.75	15.25	25
Berkley W.R. Corp.	NDO	41.42	7.17	-12.22	48.75	22.88	568
Berkshire Hathaway Inc.	NYS	68000.00	0.00	-4.23	74600.00	53500.00	1
Capitol Transamerica Corp.	NAS	16.20	8.00	30.25	16.50	10.31	695
Chubb Corp.	NYS	69.65	1.95	-19.48	90.25	63.30	5709
Cincinnati Financial Corp.	NYS	38.83	0.44	-1.85	42.92	32.56	1428
Citigroup	NYS	50.05	-1.01	-1.98	59.13	39.00	51456
CNA Financial Corp.	NYS	38.27	0.68	-1.24	41.94	32.06	388
CNA Surety	NYS	13.87	-0.79	-2.67	14.50	10.38	110
EMC Insurance Group Inc.	NDO	13.67	0.89	16.34	15.86	8.50	2
ESG Re Limited	NDO	3.57	6.25	93.63	4.00	1.72	96
Everest Reinsurance	NYS	69.16	3.87	-3.41	75.50	38.88	2620
Fremont General Corp.	NYS	5.46	7.48	94.13	6.97	1.50	845
Gaisco Inc.	NYS	1.16	-2.52	-55.81	4.75	1.10	119
Harleysville Group	NDO	28.30	-5.41	-3.25	30.63	17.88	554
HCC Insurance Holdings	NYS	22.70	-1.39	-15.73	29.66	17.63	887
ING Group N.V.	NYS	31.80	-0.62	-20.62	41.97	27.92	732
IPC Holdings Ltd.	NDO	24.00	6.90	14.29	25.05	14.00	251
Hartford Financial Services	NYS	63.40	1.20	-10.23	80.00	53.50	3711
John Hancock Fin. Services	NYS	39.20	-4.48	4.19	42.00	20.63	5424
Lincoln National	NYS	49.17	2.12	3.93	56.38	38.00	4873
MAIC Holdings Inc.	NYS	15.64	0.00	-6.28	18.50	10.50	0
Market Corp.	NYS	197.01	-0.63	8.85	207.47	133.50	80
MBIA Insurance Group	NYS	55.45	4.23	12.21	56.74	37.05	1644
Meadowbrook Insur. Group	NYS	3.20	-4.48	-60.62	8.38	2.45	5
MetLife	NYS	28.93	-3.73	-17.34	36.63	19.38	8326
Mutual Risk Mgmt. Ltd.	NYS	10.96	-2.92	-27.84	23.75	3.40	617
Navigators Group	NDO	20.10	5.79	50.99	20.86	9.75	54
NYMag Inc.	NYS	20.15	0.80	6.75	22.70	13.00	55
Ohio Casualty Corp.	NDO	13.33	4.80	33.30	13.44	6.13	1039
Old Republic Int'l	NYS	25.85	-0.77	-19.22	32.06	20.94	3988
Partner Re Ltd.	NYS	50.60	-1.54	-17.05	62.50	38.44	1798
Penn-America Group Inc.	NYS	10.05	0.50	31.80	10.60	6.69	1
PMA Capital Corporation	NDO	17.50	1.39	1.45	18.94	15.19	36
Philadelphia Cons. Holding	NDO	36.06	-0.25	16.79	37.50	16.13	451
PXRE Corp.	NYS	18.20	-1.89	7.85	20.10	12.56	29
RenaissanceRe Holdings Ltd.	NYS	70.10	1.67	-10.49	84.19	46.13	543
RLJ Corp.	NYS	41.95	-2.42	-6.13	46.16	34.00	46
St. Paul Cos.	NYS	44.14	8.05	-18.73	57.00	39.58	10242
SCOR	NYS	43.89	-1.68	-12.66	53.75	39.75	7
SAFECO Corp.	NDO	30.17	4.61	-8.23	35.88	21.50	3875
SCPIE Holdings Inc.	NYS	20.20	8.14	-14.50	31.40	17.78	NA
Seibels Bruce Group	NDO	2.50	-1.96	344.44	3.25	0.53	27
Selective Ins. Group	NDO	27.02	3.52	11.42	28.22	15.25	97
Tokio Marine & Fire	NDO	46.50	-2.00	-18.42	58.25	45.10	49
Torchmark Corp.	NYS	40.54	1.10	5.47	41.25	24.63	1673
Transatlantic Holdings	NYS	76.96	-1.54	9.03	84.16	56.13	128
Trenwick Group Ltd.	NYS	16.60	-22.93	-33.10	27.13	14.75	2306
Union American Corp.	NDO	6.33	-2.62	7.74	7.75	5.27	1
United Fire & Casualty	NDO	29.98	-1.67	51.80	34.52	16.19	50
Unitrin	NYS	36.75	-1.47	-9.54	41.94	27.19	153
UNUM Corp.	NYS	28.28	-7.16	5.23	33.75	19.25	9008
Vesta Insurance Co.	NYS	11.24	2.27	122.02	11.25	4.13	560
XL Capital Ltd.	NYS	74.60	1.36	-14.62	89.25	64.13	3725
Zenith National Ins.	NYS	29.05	-0.34	-1.11	30.70	20.00	80
INSURERS/REINSURERS	AVERAGE		0.51	5.59			

MANAGED CARE ORGANIZATIONS

Aetna Inc.	NYS	26.30	1.74	-35.95	42.69	23.02	3169
CIGNA Corp.	NYS	99.59	-0.36	-24.72	136.75	86.88	2536
Health Net Inc.	NYS	18.57	-0.43	-29.09	26.94	14.13	2291
Humana Inc.	NYS	9.30	-7.00	-39.02	15.81	6.63	3195
Oxford Health Plans	NYS	27.58	-1.68	-30.18	42.75	22.81	2008
Pacificare Health Sys.	NDO	12.31	-27.25	-17.93	68.69	9.81	9479
Sierra Health Services	NYS	9.20	2.34	142.11	10.27	2.44	1086
United HealthGroup	NYS	65.00	-1.25	5.91	67.41	40.44	5925
Wellpoint Health Networks	NYS	103.01	0.55	-10.62	121.50	79.50	3027
MANAGED CARE	AVERAGE		-3.70	-4.39			

ALL COMPANIES

Top advancing issues: Baldwin & Lyons Inc., SCPIE Holdings Inc., St. Paul Cos., Capitol Transamerica, Fremont General Corp. Leading decliners: Pacificare Health Systems, Trenwick Group Ltd., AFLAC Inc., UNUM Corp., Humana Inc. Most active issue: Citigroup. The BI Index decreased 0.95%; the Dow Jones 30 Industrials fell 1.51%; the S&P 500 was unchanged; and the NYSE Composite dropped 0.51%. Average P/E: Brokers, 25.21%; Insurers/reinsurers, 27.32 percent; and managed care companies, 15.12%.

Source: CNET Investor (investor.cnet.com) Boulder, Colo.

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