JUNE 18, 1990

Business Insurance®

Reporting weekly for corporate risk, employee benefit and financial executives / $5.00 a copy; $75 a year

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19th ANNUAL AGENT/BROKER PROFILE ISSUE

Broker growth grounded

Brokers worldwide feel pinch of soft market

Continued rate cutting by property/casualty insurers around the globe last year took its toll on the growth of the world's 20 largest brokerages.

Collectively, the world's Top 20 insurance brokers grew 4.8% to nearly $9 billion in gross revenues in 1989.

Despite continued reductions in commissions on renewal business in 1989, the Top 20 brokers grew slightly more in 1989 than a similar, but not identical, group did in 1988. That group, which included Bayly, Martin & Fay International Inc. before its acquisition by Rollins Burdick Hunter Group, reported a 3.6% increase in revenues in 1988.

However, year-to-year growth reported for non-U.S. brokers is somewhat skewed by fluctuating exchange rates. For a comparison of growth rates among the Top 20 world brokers based on their own currency, see page 4.

Business Insurance this year is featuring the world's 20 largest brokers on its cover instead of the 20 largest U.S.-based brokers because of the increasingly global nature of commercial insurance and risk management. *BI* first ranked the world's 20 largest brokers in 1985.

In addition, over the 19 years that *Business Insurance* has ranked U.S. brokers, the gap between the largest—Marsh & McLennan Cos. Inc.—and the 20th-largest broker has widened, straining comparisons between the companies.

BI continues to rank the 100 largest U.S.-based commercial insurance brokers, including the U.S.-based operations of foreign-based brokers, like Sedgwick James North America, Jardine Insurance Brokers Inc. and Republic Hogg Robinson Inc. (see page 3).

This year's *Business Insurance* report on commercial insurance brokerage includes financial and management information on 264 brokers in the United States and abroad. These brokers generated 1989 revenues of $10.7 billion, a 6.3% increase from their collective 1988 revenues of $10 billion.

An overview of the commercial insurance brokerage business begins on page 3, followed by articles on each of the Top 20 world brokers reporting significant corporate events in 1989 and the brokers' plans for 1990.

A report on the salaries paid the leaders of nine U.S.-based brokers that report compensation information under Securities and Exchange Commission rules begins on page 13.

Financial and management information on 247 brokers in the United States and Canada is reported in an alphabetical directory of the brokerages beginning on page 74.

A geographical index to all the offices of the brokers listed in this issue begins on page 99.

World's 20 largest brokers

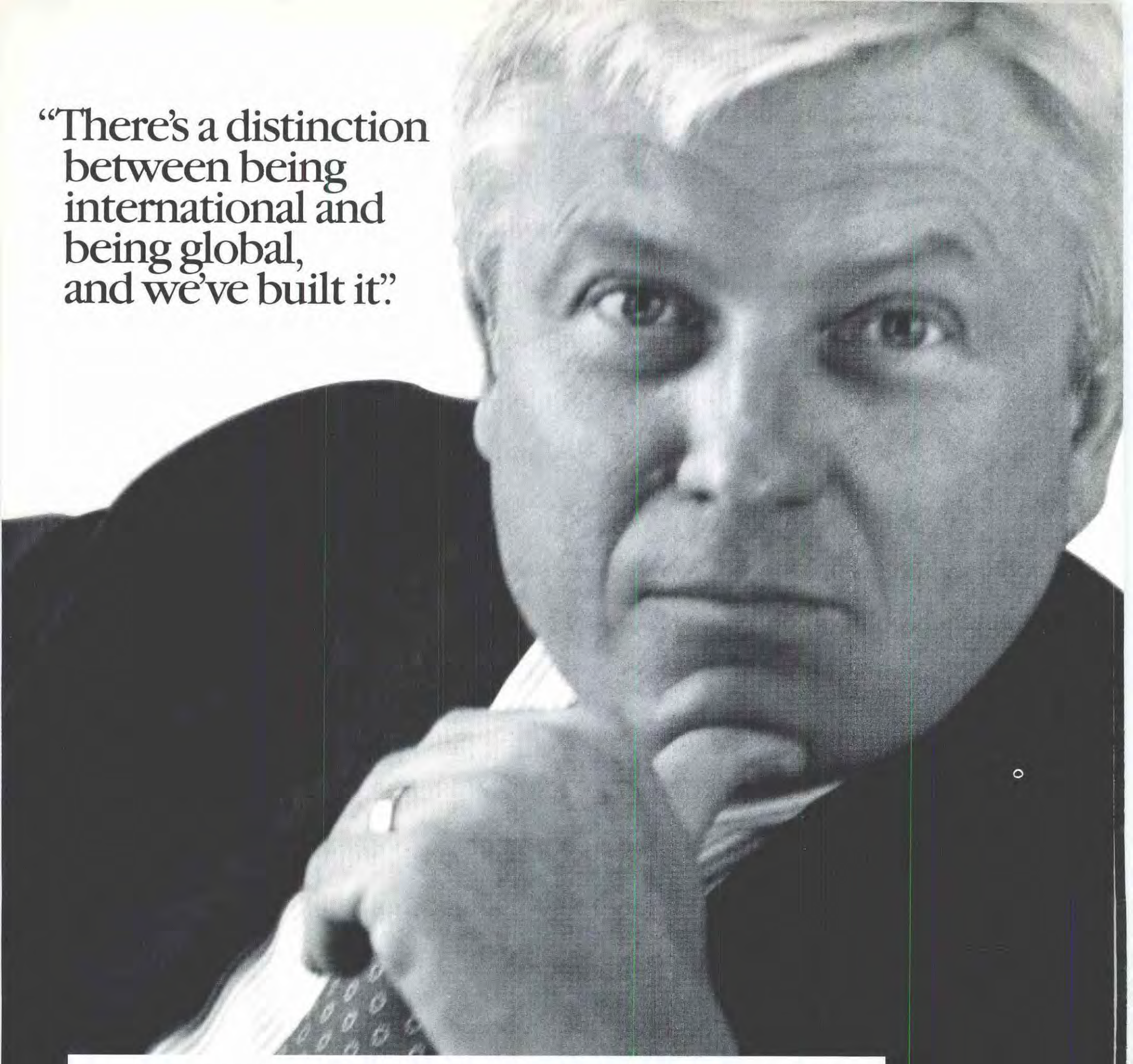
Company	Ranking 1989	Ranking 1988	Gross revenues 1989	Gross revenues 1988	Change	Employees 1989	Employees 1988	Change	Rev./Employee 1989	Rev./Employee 1988
Marsh & McLennan Cos. Inc.	1	1	$2,455,400,000	$2,295,100,000	7.0%	23,600	22,800	3.5%	$104,042	$100,662
Alexander & Alexander Services Inc.	2	2	$1,248,900,000	$1,227,700,000[1]	1.7%	16,000	16,300	-1.8%	$78,056	$75,319
Sedgwick Group P.L.C.	3	3	$1,042,153,000[2]	$1,082,199,000[2]	-3.7%	13,015	13,526	-3.8%	$80,073	$80,009
Johnson & Higgins	4	4	$785,945,000[3]	$731,112,000[3]	7.5%	7,654	7,396	3.5%	$101,373	$98,852
Corroon & Black Corp.	5	6	$456,826,000	$424,902,000	7.5%	4,961	4,700	5.6%	$92,083	$90,405
Willis Faber P.L.C.	6	5	$452,100,000[2]	$469,300,000[2]	-3.7%	6,141	6,313	-2.7%	$73,620	$74,339
Frank B. Hall & Co. Inc.	7	7	$383,712,000	$366,913,000	4.6%	4,831	4,800	0.6%	$79,427	$76,440
Rollins Burdick Hunter Group	8	9	$316,400,000	$266,900,000	18.5%	3,513	2,764	27.1%	$90,065	$96,563
Minet Holdings P.L.C.	9	8	$285,100,000	$293,800,000[5]	-3.0%	3,469	3,599[1]	-3.6%	$82,185	$81,634
Jardine Insurance Brokers Group[6]	10	10	$241,286,000[2]	$219,379,000[2]	10.0%	3,618	2,850	26.9%	$66,690	$76,975
C.E. Heath P.L.C.	11	11	$206,910,000[7]	$173,300,000[7]	22.2%	1,584	1,428	9.2%	$130,625	$121,359
Arthur J. Gallagher & Co. Inc.	12	14	$173,206,000	$158,295,000[1]	9.4%	1,900	1,776	7.0%	$91,161	$89,130
Bain Clarkson P.L.C.	13	12	$165,830,000[2]	$171,588,000[2]	-3.4%	2,733	3,043	-10.2%	$60,677	$56,388
Hogg Group P.L.C.	14	13	$164,500,000[2]	$156,600,000[2]	5.0%	2,567	2,527	1.6%	$64,083	$61,971
Faugere & Jutheau	15	16	$111,926,460[8]	$98,752,500[8]	13.3%	1,388	1,285	8.0%	$80,639	$76,850
Jauch & Hubener	16	15	$107,211,200[9]	$100,110,000[9]	7.1%	850	830	2.4%	$126,131	$120,614
Hudig-Langeveldt Group bv	17	18	$101,300,000[10]	$81,540,000[10]	24.2%	1,480	1,331	11.2%	$68,446	$61,262
Gras Savoye S.A.	18	19	$94,339,500[8]	$77,880,000[8]	21.1%	1,215	1,132	7.3%	$77,646	$68,799
Sodarcan Inc.	19	17	$89,665,016[11]	$82,924,296[11]	8.1%	1,275	1,370	-6.9%	$70,326	$60,529
Hilb, Rogal & Hamilton Co.	20	21	$78,310,541	$69,377,153[1]	12.9%	970	875[1]	10.9%	$80,733	$79,288
Totals/averages			$8,961,020,717	$8,547,671,949	4.8%	102,764	100,645	2.1%	$87,200	$84,929

1. Restated 2. British pound =$1.61 (Dec. 31, 1989); $1.81 (Dec. 31, 1988) 3. *BI* estimate 4. Fiscal year ends Sept. 30 5. Restated; fiscal year ends Sept. 30 6. Does not include revenues of Financial Guardian Group Inc., acquired May 1990 7. Fiscal year ends March 31; British pound = $1.65 (1990), $1.689 (1989) 8. French franc = 17.31¢ (Dec. 31, 1989); 16.5¢ (Dec. 31, 1988) 9. *BI* estimate; West German mark = 59.2¢ (Dec. 31, 1989); 56.4¢ (Dec. 31, 1988) 10. Dutch guilder = 52.41¢ (Dec. 31, 1989); 49.8¢ (Dec. 31 1988) 11. Canadian dollar = 86.37¢ (Dec. 31, 1989); 83.85¢ (Dec. 31, 1988)

Source: *BI* survey

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

NEWSPAPER



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

David Olsen, J&H President, on UNISON:

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

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

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

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

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

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JUNE 18, 1990

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Update

Congress approves unpaid leave despite veto threat from Bush

WASHINGTON—Brushing aside a veto threat from President Bush, the Senate last week approved a House-passed bill requiring most employers to offer unpaid medical and family leaves.

The legislation, H.R. 770, would require most employers with at least 50 employees to provide up to 12 weeks of job-protected unpaid leave per year. The legislation generally would take effect six months after enactment.

Employees who have been on the job

Continued on next page

Study supports claims that PPOs generate savings, satisfaction

By STACY ADLER

Preferred provider organizations can successfully reduce employers' health care costs while satisfying employees' expectations, says a new RAND Corp. study.

In the first study that provides in-depth analysis of the effectiveness of PPOs offered by several employers, RAND analyzed data from 1983 to 1986 compiled by five employers in California, Ohio and Florida, which were among the first organizations to offer a PPO option.

After two years of study, researchers found that the five PPOs had cut per-capita outpatient care costs, though the study does not furnish a specific percentage or dollar savings.

In addition, employees using a PPO visited doctors from two to four fewer times each year than those seeing non-PPO physicians, and the average charges for these visits were lower than those by non-member physicians in all five of the PPOs studied, according to RAND.

The PPOs studied by RAND attracted from 24% to 64% of the employees eligible to participate.

However, the researchers warn that evidence that supports the theory that PPOs can reduce the cost of hospital services was "less than conclusive." While hospital charges were consistently lower for employees in a PPO than for other workers, those differences were statistically significant for only two of the four employers for which inpatient data was available, the researchers say.

However, the study found, when outpatient and hospital costs were combined, annual per-employee health care costs for four of

Continued on page 113

House panel OKs McCarran changes

By JERRY GEISEL

WASHINGTON—The House Judiciary Committee this week is expected to approve legislation to strip insurers of most of their key exemptions from federal antitrust law.

Legislation, H.R. 1663, that would modify the 45-year-old McCarran-Ferguson Act cleared its first hurdle last week as the House Economic and Commercial Law Subcommittee approved it on a 9-6 party line vote, with Democrats supporting the bill.

The bill—sponsored by Judiciary Committee Chairman Jack Brooks, D-Texas—is expected to gain limited Republican support when the committee votes this week, but lobbyists do not expect the full House to vote on it this year.

"Further action is not likely this year," said David Farmer, vp-federal affairs for the Alliance of American Insurers in Washington.

Except for tax and appropriations measures, leaders in the House have been reluctant to take up "explosive" proposals in the session's waning months, said David Pratt, vp-federal affairs for the American Insurance Assn.

Lobbyists view last week's vote as a move to keep the issue on the congressional agenda next year.

"The committee action is a signal from Rep. Brooks that the issue will not die and that he intends to pursue the matter in the next congressional session," said Peter A. Lefkin, assistant vp and director of federal affairs for Fireman's Fund Insurance Co. in Washington.

"I'm sure Rep. Brooks will be back first thing next year," agreed Mr. Pratt of the AIA.

In 1988, the subcommittee approved similar legislation, but the full Judiciary Committee never took action on the measure.

Still, one lobbyist, noting the failure of an insurance industry full-court press against the bill at the subcommittee level, said a full House vote is possible this year.

No Senate action has been taken or scheduled on a somewhat different McCarran-Ferguson overhaul proposal by Sen. Howard Metzenbaum, D-Ohio (*BI*, Jan. 30, 1989).

The bill passed by the House subcommittee—the Insurance Competitive Pricing Act of 1989—would eliminate insurers' exemptions for, among other things:

- Price fixing. The bill does not elaborate on what would be considered price fixing, but it seemingly would allow insurers to jointly "collect, compile or disseminate historical loss data" and to "determine a loss development factor applicable to historical loss data."
- Tying the sale of insurance to any unrelated insurance product.
- Allocating specific geographical areas or customers among competitors.
- Activities that would force competitors out of specific markets.
- Monopolizing or attempting to monopolize "any part of the business of insurance."

For years, critics of the antitrust exemptions have charged that

Continued on page 117

Shipowner has $700 million in spill cover

By MICHAEL BRADFORD

GALVESTON, Texas—The Norwegian owner of the oil tanker crippled 60 miles off the Texas coast has up to $700 million of pollution liability coverage to pay cleanup and liability claims.

Cities on the Texas coast late last week were preparing for a major oil cleanup if salvage crews cannot contain the millions of gallons of light crude oil still aboard KS Mega Borg II in the Gulf of Mexico.

Even though the oil evaporates much faster than heavier crudes, the loss of the entire 38-million-gallon cargo could harm marine life in the area as well as seriously curtail tourism in coastal towns, observers said.

Fishing in the area generates billions of dollars in revenues annually, and tourism brings in close to $1 billion a year.

Authorities late last week were optimistic they could prevent a disastrous spill and that much of the oil that already had spilled would evaporate before reaching the shore.

The 853-foot tanker had spilled about 3 million gallons as of late last week.

According to the U.S. Coast Guard, most of the oil had dispersed or evaporated, leaving only 12,000 to 40,000 gallons in the water. Officials, though, predicted some oil would reach shore by last Friday or Saturday.

The tanker caught fire after it was rocked by explosions about 60 miles from Galveston in the Gulf of Mexico on June 9.

Two crew members died and two others were missing and presumed dead. Seventeen injuries were reported.

After the blaze was under control, salvage crews were attempting to right the listing vessel and remove the remaining oil late last week.



Robert W. Rizzo

The tanker KS Mega Borg II burned after it was crippled in the Gulf of Mexico June 9.

Coast Guard and the Norwegian government investigations of the explosions continued last week. The explosions occurred as the oil was being transferred to another vessel to lighten the tanker so it could move through shallow waters and into port.

Crew members from the tanker began testifying last week at an inquiry in Galveston initiated by the Norwegian counsel general.

The tanker's owner, Mosvolds Rederi AS, based in Farsund, Norway, is a member of the Arendal, Norway-based Assuranceforeningen Gard Gjensidig protection and indemnity club.

The Gard club offers standard P&I protection of $500 million to cover:

- Losses and damages resulting from the oil spill.
- The costs of any reasonable measures taken to avoid or minimize pollution and any liability for losses or damages to property resulting from those measures.
- Costs of, or resulting from, liabilities from complying with an order or direction from any government or authority to reduce pollution.

Gard retains the first $1.6 million of any pollution claims and the International Group of P&I Clubs retains the next $10.4 million.

The remaining $488 million is reinsured worldwide, primarily in London.

An additional $200 million in pollution liability coverage for the Mega Borg is written mainly in London, confirmed Geir Larsen, managing director of Mosvolds Rederi.

The London market met shipowners' request for the additional $200 million earlier this year. Shipowners were concerned that existing limits were insufficient for claims stemming from major spills.

Liability currently is not limited in the United States for ship or cargo owners involved in oil spills, but a congressional conference committee is considering capping liability in some cases (see story, page 119).

The Mega Borg's hull is insured for its current market value, an estimated $23 million,

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□ **Shell to curtail tanker operations in U.S. ports. Page 118**
□ **Oil spill liability legislation is bogged down in Congress. Page 119**
□ **Little damage caused by latest New Jersey oil spill. Page 119**

Update

Congress clears parental leave

Continued from previous page

for at least one year and have worked at least 1,000 hours over a 12-month period would be eligible. Leaves could be taken for the birth or adoption of a child; to take care of a seriously ill child, parent or spouse; and for an employee's own illness.

During the leave, an employee's health insurance would continue as if the employee had stayed on the job.

The Bush administration has threatened to veto the bill.

By approving the bill on a voice vote, senators left unclear whether there is sufficient support to override a veto. The House passed the bill 237-187, less than the two-thirds needed to override (*BI*, May 14).

Oregon comp premiums cut

SALEM, Ore.—More than 20,000 employers that purchase workers compensation insurance through Oregon's competitive state fund will have their final premiums reduced by about 10%—or $25 million overall—beginning July 1.

Most employers insured by the State Accident Insurance Fund Corp., which writes about $250 million in annual premiums, will share in the premium reduction.

Excluded from the reductions are employers whose classification is covered by federal law—like railroad workers and dock operators—and those paying minimum premiums.

SAIF, which is the state's largest workers compensation insurer, filed for the reduction because its financial performance improved following a reorganization last year. In addition, SAIF is optimistic that recent reforms in Oregon's work comp system will contain future costs, an SAIF spokeswoman said (*BI*, May 28).

Under Oregon's competitive rating laws, each insurer is free to file requests for its own rates, subject to regulatory approval.

Excess coverage trigger

SAN JOSE, Calif.—An excess insurer must drop down and pay long-latent injury claims when the policyholder's underlying primary insurance is exhausted, even if primary insurance from other policy periods is intact, a California appellate court has ruled.

In reversing a lower court decision (*BI*, May 16, 1988), the appellate court ruled: "We see no reason why an excess insurer should not be required to contribute for that portion of a continuous injury that occurs during its policy year."

As a result of the court's May 18 ruling, Associated International Insurance Co. of Los Angeles must drop down and contribute to claims against E.D. Bullard Co. of Sausalito, Calif. Hundreds of construction workers are suing Bullard, claiming that safety masks produced by the company did not protect them from inhaling microscopic particles of crystalline-free silica. The workers allege they subsequently developed silicosis, a respiratory disease similar to asbestosis.

Bank sales of insurance

SPRINGFIELD, Ill.—Independent agents and insurers are fighting a bill passed last week by the Illinois House allowing banks in the state to sell all lines of insurance through subsidiaries.

S.B. 100, which passed 61-52, was approved in the Senate last year. But, the bill now returns to the Senate for consideration of a House amendment requiring banks that want to sell insurance to purchase an agency that is at least a year old.

The bill would not allow banks to underwrite insurance and would restrict sales to Illinois, unlike a Delaware law that allows banks there to sell and write coverage nationwide (*BI*, June 4).

However, the Illinois law would not prevent banks from buying agencies licensed in other states and marketing coverage through them, contends an Alliance of American Insurers official.

W.R. Grace suits moved to N.Y.

BOSTON—Litigation between W.R. Grace & Co. and 67 of its insurers over coverage for the costs for thousands of asbestos bodily injury and property damage claims should be heard in New York state court, the Massachusetts Supreme Court ruled.

Affirming a lower court decision, the Massachusetts Supreme Court ruled on June 11 that New York is the most appropriate forum for the litigation because Grace and its broker—Marsh & McLennan Inc.—are based in New York and Grace's insurers conduct business in that state.

Insurers argued the suit should not be tried in Massachusetts.

In a separate decision, the state high court said it is premature to rule on where litigation between United Technologies Corp. and more than 200 of its liability insurers over pollution coverage will be heard.

"Until the dispute between UTC and its insurance companies has matured so that the contested issues can properly be identified, no reasoned determination can be made whether Massachusetts is an inappropriate forum," the state high court said.

A lower state court had ruled only litigation involving Massachusetts waste sites would be heard in the state (*BI*, March 13, 1989).

Toyota covered for crash award

TORRANCE, Calif.—Toyota Motor Sales U.S.A. Inc. says its product liability insurance will cover $5.3 million in damages awarded to a woman left a quadriplegic from a 1984 accident.

A Toyota lawyer says it plans to appeal the June 8 award to Cynthia Gosper, 35, of Garden Grove, Calif. A Los Angeles Superior Court jury also awarded $100,000 in damages to her two daughters, who suffered minor injuries in the same accident.

The Torrance, Calif.-based unit of Toyota Motor Corp. is covered by

Continued on page 120

Errors & omissions

• Lincoln Savings & Loan was incorrectly referred to as Lincoln National Savings & Loan in the June 11 issue. In addition, Lincoln was incorrectly identified as the most expensive S&L failure.

California commissioner issues rate-of-return rules

By LOUISE KERTESZ

SACRAMENTO, Calif.—The California attorney general vows to fight "excessive" property/casualty insurance rates that he expects will result following a decision last week by Insurance Commissioner Roxani Gillespie.

Ms. Gillespie, agreeing with an earlier recommendation by an administrative law judge, said that insurers should be allowed "a target return on equity between 11.2% and 19% " when future rates are determined (*BI*, May 14). The order goes into effect immediately.

However, Ms. Gillespie disagreed with Administrative Law Judge William Fernandez's recommendation when she ruled that insurers must roll back their rates and issue refunds to policyholders under a provision of Proposition 103 if they exceeded a benchmark 11.2% rate of return on their combined business between November 1988 and November 1989.

Under that provision, insurers were required to roll back rates for most lines of property/casualty insurance 20% from November 1987 levels unless they would be "substantially threatened with insolvency."

However, a May 1988 California Supreme Court ruling found that relief provision unconstitutional, noting the insurers are entitled to a "fair rate of return" (*BI*, May 8, 1989). The court did not define a fair rate of return.

Judge Fernandez had recommended last month that insurers be allowed up to a 13.2% rate of return in implementing the Proposition 103 rate rollbacks.

Regulations will be issued by the Insurance Department to implement Ms. Gillespie's ruling.

Individual company rate rollbacks, based on Ms. Gillespie's ruling, will be ordered beginning next month.

Attorney General John K. Van de Kamp last week called Ms. Gillespie's decision on future rate approvals "a total surrender to the insurance companies."

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NAIC boosts scrutiny of loss reserves, bonds

Solvency rules toughened

By MEG FLETCHER

BALTIMORE—Property/casualty insurers will have to certify the adequacy of their loss reserves under one of several new regulations state insurance regulators have approved to help them better police insurer solvency.

In addition, regulators will be more closely monitoring life and property/casualty insurers' junk bond holdings under regulations the National Assn. of Insurance Commissioners approved during their June 3-7 meeting in Baltimore.

Because each state accepts the NAIC annual financial statement blank and bond ratings, the changes will be implemented nationwide without action by individual state legislatures.

NAIC

Commissioners also amended a model law to clarify and limit the right of solvent insurers and reinsurers to offset amounts they owe insolvent companies by amounts they are owed (*BI*, June 11).

However, the controversial offset changes will not take effect until approved by individual states.

And the NAIC approved a formal process for state regulators to seek NAIC certification of an insurance department (*BI*, June 19, 1989).

All of these actions represent "substantial progress" toward improved regulation of insurer solvency, said NAIC President Earl Pomeroy, North Dakota's insurance commissioner.

The loss reserve certification regulation requires most property/casualty insurers to have an actu-

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FDIC, fidelity insurers reach accord

By DEBORAH SHALOWITZ

CHICAGO—The Federal Deposit Insurance Corp. is collecting a $60 million settlement from five insurers that wrote fidelity bonds for Continental Illinois National Bank & Trust Co. officers.

The settlement, which was reached in April but not disclosed until last week, is the largest ever collected by the FDIC from fidelity insurers.

The majority of the settlement—$35 million—is being paid by The American Insurance Co., a unit of Novato, Calif.-based Fireman's Fund Insurance Co.

The remaining $25 million is being paid in unequal portions by Hartford Insurance Co. of Illinois, a Hartford Insurance Group unit; Insurance Co. of North America, an affiliate of CIGNA Corp.; Aetna Casualty & Surety Co.; and Reliance Insurance Co.

The five insurers wrote $100 million in fidelity coverage from 1980 through 1982 for Continental.

The settlement stems from alleged dishonest acts from 1980 through 1982 by Continental Vp John R. Lytle, who acquired oil and gas-related loans for the bank from now-defunct Penn Square Bank in Oklahoma City. Chicago-based Continental nearly failed in 1984 after the bank wrote off about $1 billion in bad loans from Penn Square.

The FDIC bailed out Continental following its near collapse and assumed its fidelity bond insurance policies.

Following a mistrial caused by a hung jury that voted 11-1 to convict him, Mr. Lytle pleaded guilty

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Inside

✓ The National Assn. of Insurance Commissioners was right to advise states to limit the ability of reinsurers to offsets with insolvent ceding companies, says this week's editorial. **PAGE 8**

✓ Brokers' retail brokerage revenue growth lagged behind that of overall revenues last year, due to continued rate cutting in the property/casualty market. **PAGE 12**

✓ Only two brokerage execs earned more than $1 million in compensation last year—and both were employed by Marsh & McLennan Cos. Inc. **PAGE 13**

✓ Shifting the cost of dependent health care coverage to workers could increase the number of uninsured Americans, warns a new survey. **PAGE 116**

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Vol. 24, No. 25—*Business Insurance* (ISSN 0007-6864) is published weekly by Crain Communications Inc., 740 N. Rush St., Chicago, Ill. 60611-2590. Second-class postage is paid at Chicago, Ill., and at additional mailing offices. Postmaster: Send address changes to *Business Insurance*, Circulation Department, 965 E. Jefferson Ave., Detroit, Mich. 48207; 800-992-9970 or 313-446-1611. Copyright 1990 by Crain Communications Inc.

100 largest U.S. brokers

	Company	1989 gross revenues
1.	Marsh & McLennan Cos. Inc.	$2,455,400,000
2.	Alexander & Alexander Services Inc.	$1,248,900,000
3.	Johnson & Higgins	$785,945,000
4.	Sedgwick James North America	$489,155,000
5.	Corroon & Black Corp.	$456,826,000
6.	Frank B. Hall & Co. Inc.	$383,712,000
7.	Rollins Burdick Hunter Group Inc.	$316,400,000
8.	Arthur J. Gallagher & Co.	$173,206,000
9.	Jardine Insurance Brokers Inc.	$100,000,000
10.	Hilb, Rogal & Hamilton Co.	$78,310,541
11.	Republic Hogg Robinson Inc.	$67,204,000
12.	American Business Insurance Inc.	$57,000,000
13.	Poe & Associates Inc.	$41,674,000
14.	Walter Kaye Associates Inc.	$39,350,000
15.	McDonough Caperton Insurance Group	$34,800,000
16.	Lawrence Agency Corp.	$33,360,615
17.	BRI Coverage Corp.	$32,881,000
18.	Robinson-Conner Inc.	$30,838,923
19.	Brown & Brown Inc.	$28,880,193
20.	McGriff, Seibels & Williams Inc.	$28,417,912
21.	The Lockton Insurance Agency Inc.	$28,125,000
22.	John L. Wortham & Son	$27,613,000
23.	Frank Crystal & Co. Inc.	$26,925,000
24.	First Insurance	$25,200,000
25.	Near North Insurance Agency Inc.	$24,700,000
26.	Frenkel & Co.	$21,280,000
27.	The Cal-Surance Cos.	$21,122,000
28.	Kornreich Insurance Services	$19,600,000
29.	Tannenbaum-Harber Co. Inc.	$18,700,000
30.	Keenan & Associates	$18,000,000
31.	Robert F. Driver Co. Inc.	$17,600,000
32.	Meeker-Sharkey Financial Group Inc.	$17,418,745
33.	Herbert L. Jamison & Co	$16,172,000
34.	Andreini & Co.	$16,034,576
35.	Marshall & Sterling Inc.	$15,646,697
36.	Seaboard Financial Group Inc.	$15,072,850
37.	Rebsamen Insurance Inc.	$14,973,657
38.	Roanoke Agency Inc.	$14,750,000
39.	Palmer & Cay/Carswell Inc.	$14,407,200
40.	Associated Agencies Inc.	$14,400,000
41.	Mahoney & Wright Insurance Agencies Inc.	$14,353,000
42.	NIA Ltd./The NIA Group	$14,030,000
43.	Amalgamated Programs Corp.	$14,000,000
44.	LaGere & Walkingstick Insurance Agency Inc.	$13,827,550
45.	J. Smith Lanier & Co.	$13,735,117
46.	Meadowbrook Inc.	$13,300,000
47.	Arthur A. Watson & Co. Inc.	$12,655,000
48.	Holmes Murphy & Associates Inc.	$12,500,000
49.	Hastings-Tapley Insurance Agency Inc.	$11,807,000
50.	The Leavitt Group	$11,684,000
51.	Insurance & Risk Management	$11,498,000
52.	The Daniel & Henry Co.	$11,212,000
53.	Anderson & Anderson Insurance Brokers Inc.	$11,067,000
54.	John Burnham & Co.	$11,000,000
55.	Insurance Management Associates Inc.	$10,942,907
56.	The McElroy-Minister Co.	$10,842,871
57.	American Brokerage Corp.	$10,610,000
58.	Thomas E. Wood Inc.	$10,400,000
59.	MacIntyre, Fay & Thayer Insurance Agency Inc.	$10,352,321
60.	Van Beurden Insurance Services Inc.	$10,073,462
61.	Clair Odell Group	$9,918,696
62.	Harris & Harris Group Inc.	$9,861,000
63.	The Graham Co.	$9,800,000
64.	Parker, Smith & Feek Inc.	$9,700,000
65.	R.C. Knox & Co. Inc.	$9,448,000
66.	Mesirow Insurance Services Inc.	$9,411,998
67.	The Loomis Co.	$8,920,000
68.	Healthcare Insurance Services Inc.	$8,833,366
69.	Curtis Day & Co.	$8,649,922
70.	Mack & Parker Inc.	$8,405,485
71.	Van Gilder Insurance Corp.	$8,400,000
72.	Saldana & Associates Inc.	$8,325,000
73.	Anco Corp.	$8,250,000
74.	Dann Brothers Inc.	$8,173,000
75.	Wharton/Lyon & Lyon	$8,172,500
76.	Keller-Thorner Inc.	$8,163,984
77.	Schwartz Brothers Insurance Agency Inc.	$8,163,000
78.	The Thompson Group	$7,950,000
79.	The Woodsmall Cos.	$7,883,000
80.	Berwanger Overmyer Associates	$7,806,720
81.	Great Lakes Agency Inc.	$7,683,000
82.	The James B. Oswald Co.	$7,500,000
83.	Blumencranz, Klepper & Wilkins Inc.	$7,450,000
84.	Hylant-McLean Inc.	$7,250,000
85.	James Econn & Co.	$7,201,484
86.	The Simkiss Cos.	$7,190,000
87.	Richard & Goldman & Co.	$7,100,000
	Sterling & Sterling Inc.	$7,100,000
89.	Putnam, Knudsen & Wieking Inc.	$7,053,000
90.	Sander A. Kessler & Associates Inc.	$6,918,849
91.	Ulrich, Voorhees Warner Associates Inc.	$6,780,000
92.	Beardsley, Brown & Bassett Inc.	$6,600,000
93.	Starkweather & Shepley Inc.	$6,415,000
94.	Mammel, Schropp, Swartzbaugh, Engler & Jones Inc.	$6,376,583
95.	Seitlin & Co.	$6,311,000
96.	Robertson-Ryan & Associates Inc.	$6,293,160
97.	Bowers, Schumann & Welch	$6,077,389
98.	Fred A. Moreton & Co.	$6,062,408
99.	S.H. Gow & Co. Inc.	$6,026,000
100.	Haas & Wilkerson Inc.	$6,000,000
	Total	$7,823,715,681

Source: *BI* survey

Soft market blues

Brokers use similar strategies for survival in competitive market

By LINDA J. COLLINS

Three key strategies, alone or in combination, are responsible for much of the revenue growth in 1989 among the world's 20 largest insurance brokers and the 20 largest U.S. brokers:

- Domestic and foreign acquisitions.
- Strong performance from operating units that are insulated from property/casualty insurance market swings, like employee benefits consulting and third-party claims administration.
- Well-developed niche marketing programs.

These growth strategies paid off since in 1989, like 1988, rate competition throughout much of the world's commercial property/casualty insurance market suppressed the retail brokerage revenues of the largest world and U.S. brokers.

"It was a very difficult year for the brokerage business and BRI," said Howard Miller, a partner and director of production for BRI Coverage Corp. in New York, the 17th-largest U.S. broker.

"Prices never firmed up as we thought they were going to," he said.

"No one anticipated the deepness of the soft market" when New York-based Frank B. Hall & Co. Inc.—the sixth-largest U.S. broker and the seventh-largest in the world—put together its 1989 operating budget, stressed Chairman and Chief Executive Officer Donald R. Bell.

And, Christian Dahms, a partner of Hamburg, West Germany-based Jauch & Hubener, the world's 16th-largest world brokerage, blamed much of that company's lackluster revenue growth in 1989 on West German property insurance rate decreases averaging 20% and marine cargo insurance rate decreases averaging 10%. Those two lines of business comprise about 60% of Jauch & Hubener's retail brokerage revenues.

Likewise, Raymond W. Pettitt, chairman of Minet Holdings P.L.C. in London, the world's ninth-largest broker, attributed most of Minet's revenue drop in 1989 to soft property/casualty market conditions.

Minet was the only broker ranked among the 20 largest in either the world or the United States to report an actual decrease in revenues in 1989, although the revenues of three other London-based brokers fell when translated into U.S. dollars.

Brokerage executives agree that market competition continues to run its course in 1990, though some officials say rates are increasing slightly for some accounts.

"The market is getting softer and the discounts deeper" for many types of coverages, said J. Hyatt Brown, president of Daytona Beach, Fla.-based Brown & Brown Inc., the 19th-largest U.S. broker.

'I don't see any reason to plan on a turn in the market. There is nothing hard enough or significant enough in anybody's analysis or projections that gives us reason to change our plans for a continued competitive' operating environment, says Arthur F. Quern, chairman and president of Rollins Burdick Hunter Co.

"We're fighting tooth and nail to keep every renewal," he added.

"In general, the market is still softer than I think it ought to be," agreed William Mather, president of Lawrence Agency Corp. in Schenectady, N.Y., the 16th-largest U.S. broker.

"Essentially, the marketplace we see is flat and, if anything, drifting slightly down, despite protestations to the contrary," observed Lawrence Greenfield, president of Walter Kaye Associates Inc. in New York, the 14th-largest U.S. broker.

None of the brokers interviewed anticipate a change in the market anytime in 1990, and most brokers expect the soft market to continue throughout most of 1991.

"I don't see any reason to plan on a turn in the market. There is nothing hard enough or significant enough in anybody's analysis or projections that gives us reason to change our plans for a continued competitive" operating environment, said Arthur F. Quern, chairman and president of Chicago-based Rollins Burdick Hunter Co., the retail brokerage unit of Rollins Burdick Hunter Group, the seventh-ranked U.S. and ninth-ranked world broker.

The soft market will likely continue throughout 1990 and into 1991, predicted William B. Conner, president of Robinson-Conner Inc. in Erie, Pa., the 18th-largest U.S. broker.

"We're not counting on any changes until the middle of next year," Mr. Conner said.

However, he said the London market may begin to firm before the U.S. market, particularly because of the losses it sustained from the series of violent windstorms that swept through Europe earlier this year.

"How far (the soft market) will extend into '91 is anybody's guess—probably the entire year would be my guess," said Bruce C. Dunbar Jr., chairman and chief executive officer of Birmingham, Ala.-based McGriff, Seibels & Williams Inc., the 20th-largest U.S. broker.

Although all but one of the world's Top 20 brokers reported revenue gains in 1989 before currency conversion to U.S. dollars, only seven of those brokers reported double-digit growth (see chart, page 4).

All seven attributed a significant portion of their revenue gains to acquisitions.

Nine of the Top 20 U.S. brokers reported 1989 revenue gains exceeding 10%. While not all of those nine broker's revenues were bolstered by acquisitions, the other brokers saw strong revenue growth from their target marketing endeavors or from operating units that were insulated from swings in the commercial property/casualty insurance market or from both.

The broker that by far reported the most significant revenue gain in 1989 among all Top 20 U.S. or world brokers was San Francisco-based American Business Insurance Inc., the 12th-largest broker in the United States.

ABI Chairman and President Bernard H. Mizel attributed the company's whopping 48.1% revenue gain—to $57 million from $38.5 million—to a combination of all three strategies.

He explained that because of competitive market conditions, ABI has found "a number of opportunities out there for acquisitions" that meet ABI's well-defined criteria. ABI made four acquisitions in 1989 and is looking for other candidates this year.

ABI also offers many specialty programs that are generating new business, Mr. Mizel noted.

And, "we sell a number of products that are counter-cyclical to the property/casualty market," including "a lot of mass-marketed life insurance and employee benefit products," he said.

Mr. Mizel said that ABI's goal is to reach $100 million in revenues by 1993.

Several top brokers explained that they hit the acquisition trail during the past 18 months to strengthen operating units, enter new geographic areas, make inroads into specialty markets, or acquire talented new employees, or a combination of all of these.

"The thing we are concentrating on the most is on trying to be aggressive in the acquisition of businesses," said William F. Poe, chairman and chief executive officer of Poe & Associates Inc. of Tampa, Fla., the 13th-largest U.S. broker.

And, John Barton, the chief executive of London-based Jardine Insurance Brokers Group Ltd., the 10th-largest world broker, said that half of Jardine's revenue increase was attributable to acquisitions. Jardine acquired four brokerages in 1989 and has completed four additional acquisitions so far in 1990, he noted.

Among the world's 20 largest brokerages, Jardine recorded the largest revenue growth —22.7%—before currency conversions.

Continued on next page

Top brokers

Continued from previous page

In addition, some brokers looking to establish or enhance their international marketing capabilities—particularly in Europe, with the pending elimination of insurance trade barriers in the European Community this year—have either been making acquisitions and equity ownership investments abroad or are forging some other type of affiliation.

"Europe represents a tremendous challenge to insurance brokers," said Simon Arnold, chairman and chief executive officer of Bain Clarkson Ltd. in London, the world's 13th-largest world broker.

"We have a strategic objective that we have to be in Europe to service the needs of our retail clients. And we will be looking for opportunities to combine with any indigenous broker who would be interested in combining with us to form a partnership to service our clients," Mr. Arnold said.

"We do not have an extensive European retail network, and with 1992 approaching it is an area that we are focusing special attention on," said Peter Presland, joint managing director of London-based C.E. Heath P.L.C., the world's 11th-largest broker.

Heath is investigating all three principal routes to expand its presence in Europe: making acquisitions; opening new wholly owned offices; and forming joint ventures and correspondent partnerships, according to Mr. Presland.

As part of its European growth strategy, Dutch broker Hudig-Langeveldt Group bv, the 17th-largest world broker, will acquire "a minimum" of another three or four brokerages throughout Europe, said Chairman J.G.A. ten Bokkel.

Hudig also hopes to expand its existing European offices by buying other brokers' books of business and integrating new companies into the network, Mr. ten Bokkel said.

Top U.S. and world brokers explained that competitive market conditions and a need for more technical support and clout with insurers prompted many local and regional brokers to accept the larger brokers' proposals when they came courting.

'One thing about a tough market is that it does encourage some of the smaller independent (brokers) to look for shelter,' says James Vaughn, chairman of Hogg Group P.L.C. 'It's true in Australia. It's true in the U.S. And it's true in the U.K.'

And, many local and regional brokers actively sought out such marriages.

"We do not aggressively solicit" mergers and acquisitions, explained Robert H. Hilb, president of Richmond, Va.-based Hilb Rogal & Hamilton Co., the 10th-largest U.S. and 20th-largest world broker. HRH has made 57 domestic acquisitions since 1984.

"Practically every merger prospect comes to us as opposed to having a division that's out there trying to find these things," he said.

HRH "has an awful lot to offer (them) and we think that message is getting out because of our size," he added.

"The deals are certainly there to be done. One thing about a tough market is that it does encourage some of the smaller independent (brokers) to look for shelter," observed James Vaughn, chairman of London-based Hogg Group P.L.C., the world's 14th-largest broker.

"It's true in Australia. It's true in the U.S. And it's true in the U.K.," Mr. Vaughn added.

"We want to be present everywhere in France for the medium-sized clients and the big clients who are themselves decentralizing," said Robert Husson, chairman of Faugere & Jutheau in Paris, the world's 15th-largest broker.

Such acquisitions "also answer the wish of some of the small or medium-sized brokers to be part of a bigger network," Mr. Husson said. "That doesn't mean that they aren't necessarily big, but they can't be big enough to have international activities, in which case the local broker needs to have access to a certain expertise," he explained.

Acquisitions also were responsible for the absence of two of 1988's Top 20 U.S. brokers from the 1989 rankings.

Bayly, Martin & Fay International Inc., the 10th-largest U.S. and 20th-largest world broker a year ago with gross revenues of $74.7 million, was acquired by RBH in July 1989 (*BI*, May 29, 1989).

Aided by six months of BMF revenues, Chicago-based RBH moved up one notch to eighth place among world brokers in 1989, while remaining the seventh-largest U.S. broker.

And, late last month Jardine finalized its acquisition of Financial Guardian Group Inc., which reported more than $35.3 million in gross revenues in 1988 to rank as the 14th-largest U.S. broker (*BI*, Dec. 25, 1989).

FG is being merged with Jardine's U.S. subsidiary, Los Angeles-based Jardine Insurance Brokers Inc., which ranked as the ninth-largest U.S. broker this year.

However, FG's $34 million in 1989 revenues are not included in Jardine's results since the acquisition was not completed until 1990.

Dwarfing other recent brokerage combinations, though, is the impending merger between New

Continued on page 6



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Top 20 brokers' real revenue growth*

Broker	1989 revenue growth
1. Jardine Insurance Brokers	22.7 %
2. C.E. Heath	22.2
3. Rollins Burdick Hunter	18.5
4. Hudig-Langeveldt	18.1
5. Hogg Group	18.0
6. Gras Savoye	15.5
7. Hilb, Rogal & Hamilton	12.9
8. Arthur J. Gallagher	9.4
9. Bain Clarkson	8.6
10. Willis Faber	8.3
11. Sedgwick	8.3
12. Faugere & Jutheau	8.0
13. Corroon & Black	7.5
14. Johnson & Higgins	7.5
15. Marsh & McLennan	7.0
16. Sodarcan	5.0
17. Frank B. Hall	4.6
18. Jauch & Hubener	2.0
19. Alexander & Alexander	1.7
20. Minet Holdings	-3.0

*Increase in revenues before currency conversions.

Source: *BI* survey

BI/JOHN SMITHER

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Top brokers

Continued from page 4

York-based Corroon & Black Corp., the fifth-largest world and U.S. broker, and London-based Willis Faber P.L.C., the sixth-largest world broker.

Combined 1989 revenues of more than $908.9 million would make the new entity, London-based Willis Corroon P.L.C., the fourth-largest world broker, displacing New York-based Johnson & Higgins, with whom Willis Faber has maintained a long-standing correspondent relationship. Johnson & Higgins also is the third-largest U.S. broker.

The merger—which is expected to be completed in late September or early October, subject to shareholder and regulatory approval—also will greatly aid both brokers in their goals of becoming a truly global presence.

Besides acquisitions, some insurance brokers say revenue growth in 1989 and so far in 1990 has been aided by business areas that are insulated from commercial property/casualty insurance cycles.

For example, McGriff, Seibels' Mr. Dunbar said 1989 and 1990 revenues have been bolstered by new business generated by the brokerage's third-party administration unit.

He explained that businesses in the Southeast, where McGriff, Seibels is based, are increasingly self-insuring their workers compensation exposures.

"The TPA operation has grown with the comp crisis," as employers are forced to assume an exposure that is either unwanted by commercial insurance companies or too expensive to insure, Mr. Dunbar said.

Mr. Mather said that Lawrence Agency also reported strong results in its TPA operations, noting that revenues related to administering self-funded health care plans have risen 25% to 30%.

"We picked up a lot of accounts through our TPA services," Mr. Mather said.

And, Mr. Brown stressed that Brown & Brown's employee benefit business has been growing more rapidly than its property/casualty business.

'Bear in mind that we are a service company. We can not reduce expenses in any way, shape or manner that reduces the services our clients expect of us,' says Marsh & McLennan's Mr. Tasco of efforts to hold down expenses in a soft market.

At Sedgwick James North America, a unit of Sedgwick Group P.L.C. of London, the world's third-largest broker, operations like benefits consulting that are immune from the property/casualty cycle account for 43% of revenues.

Sedgwick James Chairman Richard M. Page noted that while the brokerage will not be able to reap full benefits once property/casualty insurance rates begin to rise, he prefers this strategy. The brokerage wants quality, stable earnings "rather than fluctuating earnings," he said.

Likewise, W. Marston Becker, president of McDonough Caperton Insurance Group in Charleston, W.Va., the 15th-largest U.S. broker, said that the company has a hedge against the soft market because 35% of its gross revenues are attributable to its employee benefits operations.

McDonough Caperton, like many other top brokers, also achieved revenue growth in 1989 through industry or risk-specific niche marketing efforts.

McDonough Caperton focuses these efforts on the health care, energy and construction industries and professional liability risks, Mr. Becker noted.

BRI's Mr. Miller said that his brokerage has seen steady growth from its specialty property/casualty programs for furriers and the trucking industry, as well as for demolition projects that have asbestos exposures.

Business flowing through industry-specific groups established by Johnson & Higgins, accounted for about 40% of the firm's new and additional business last year, according to Executive Vp Richard E. Meyer.

J&H's aim is for the industry groups to produce 50% of the firm's gross new and additional business in coming years, Mr. Meyer said.

Walter Kaye & Associates also emphasizes specialty programs, and premium volume generated by its restaurant program has grown 26% over the last 12 months, Mr. Greenfield said.

In addition, the broker recently launched a liability program in New York for building maintenance organizations, and it is planning to expand the program to other states in which it operates, he said.

While the soft market took its toll on the revenue growth of the Top 20 world brokers last year, the meager 4.8% revenue increase reported by the Top 20 in 1989 was not as small as the 3.6% increase in revenues reported by the 20 largest world brokers in 1988.

However, it pales in comparison with the 31.5% revenue increase reported by the Top 20 world brokers in 1985, the 19.1% increase in 1986 and the 14.3% increase in 1987.

To maximize profits in a year of slow revenue growth and falling property/casualty insurance prices, the Top 20 world brokers aggressively controlled their expenses.

For example, the world's 20 largest brokerages reported only a 2.1% increase in employees to 102,764 in 1989 from 100,645 in 1988.

Thus, despite the modest revenue growth, revenues per employee—an indicator of a broker's productivity—among the Top 20 world brokers jumped 2.6% to $87,200 in 1989 from $84,929 the previous year.

The "real key" to coping with the soft market for Alexander & Alexander Services Inc., the No. 2 U.S. and world broker, "is to increase productivity," which includes cutting expenses, said Chairman Tinsley H. Irvin.

A&A has expanded its business without boosting the number of employees.

That "means we've increased our productivity, and that's really the key to cost containment," Mr. Irvin said.

However, expense cutting can only go so far.

"Bear in mind that we are a service company. We can not reduce expenses in any way, shape or manner that reduces the services our clients expect of us," said Frank J. Tasco, chairman of Marsh & McLennan Cos. Inc., the nation's and world's largest brokerage.

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This story was based on reporting by Ms. Collins, Associate Editor Michael Bradford in Dallas and other BI reporters and correspondents.



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Opinions

Offset limits applauded

REINSURERS DON'T LIKE IT, but the National Assn. of Insurance Commissioners was correct in deciding to advise states to limit the rights of reinsurers to offsets with insolvent insurers and reinsurers.

Reinsurers that both assumed reinsurance from and ceded reinsurance to an insolvent insurer want to be able to deduct from what they owe as a reinsurer amounts due them as a ceding company.

Nice and neat, right?

Wrong.

Allowing reinsurers this so-called "assumed vs. ceded" offset allows reinsurers to collect from the insolvent insurer every dime they are owed as a ceding company when in fact state insurance laws require that reinsurers stand in line behind policyholders when collecting from an insolvent insurer.

The reason for allowing policyholders to collect first from insolvent insurers is quite logical: The policyholder paid a premium to protect itself against any risk of loss covered by the policy, while the reinsurer is in the reinsurance business to make a profit, and so also risks taking a loss.

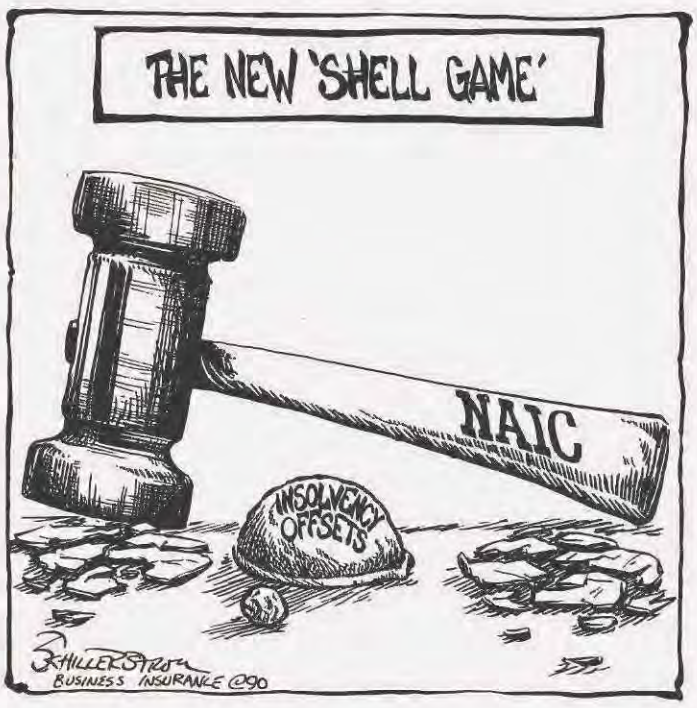
Furthermore, as critics of these offsets have pointed out, reinsurers are in a better position to assess the financial solvency of their business partners.

We have yet to hear any good reasons why these offsets should be permitted.

We don't believe the gloom and doom predictions of disruptions in the reinsurance marketplace if states stop the practice of assumed vs. ceded offsets in liquidations. If a company presents such a credit risk that the reinsurer won't want to do business with it unless it has the right to this offset in the event of insolvency, it seems to us the reinsurer shouldn't be doing business with the company at all.

We also aren't convinced that these offsets should be allowed so as not to impair the financial condition of solvent primary insurers that also underwrote reinsurance for cedants that become insolvent. The primary company should control its reinsurance underwriting so that it is not unduly exposed to such losses.

If a primary company, or a reinsurer, is driven into insolvency because it can't obtain this offset with another insolvent insurer, good riddance to two inadequately capitalized companies and the sooner the better.



There also is too much capacity in the reinsurance business chasing too little available business, driving rates down. To the extent this new restriction results in fewer inadequately capitalized insurers writing reinsurance and maybe an increase in reinsurance prices, you would think reinsurance executives would welcome it. It's also important to note that reinsurers will continue to be allowed to deduct from amounts owed an insolvent company the premium owed them.

True, the language adopted earlier this month by the NAIC to amend the Insurers Supervision, Rehabilitation and Liquidation Model Act may need technical corrections to make it say what the regulators had in mind. Namely, it needs to be clear that the amendments are not retroactive and that regulators can make exceptions to the prohibition on assumed vs. ceded offsets in an effort to rescue an ailing insurer.

We encourage state regulators to follow the NAIC's lead and seek needed legislative changes in their states to deny reinsurers of insolvent insurers preferential treatment over policyholders.

Letters

Mental care is overused, providers agree

To the editor: Congratulations on the excellent psychiatric overuse article by Dr. S. Alan Savitz, "Psychiatric Care Overused" (*BI*, June 4). He is right on target and not alone.

I recently served on the White House Drug Control Treatment/Prevention Forum representing the business and insurance community. As the only representative of medical payers in a room full of medical providers and drug program coordinators, I expected to be harangued that more money from employers and insurers was the only answer. I was wrong. The participating medical and drug assistance professionals vehemently expressed the same views Dr. Savitz gave in his article.

Instead of being at loggerheads, the White House meeting—and Dr. Savitz's article—show that the business community, insurers and many medical professionals in the mental and substance abuse field have tremendous areas of agreement on ways to improve care, other than by throwing more money at it.

Congratulations to *Business Insurance* for sharing that important insight via the article. We need that kind of interdisciplinary cross-fertilization.

Frederick D. Hunt Jr.
President
Society of Professional
Benefit Administrators
Washington, D.C.

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

Insurance industry earned bad image

To the editor: The bad image of the insurance industry has been "fully earned."

Insurers continuously engage in deception, intimidation and outright dishonesty to avoid their contractual obligations to their "insuring partners." Nothing could be more demonstrative of this fact than insurers' deception with regard to the risk of pollution and contamination.

The insurers, their legal people and everyone on the inside of the industry know full well that the intent of the pollution and contamination clause in the general liability contract was to deny coverage for "active polluters."

There is much documentation in the files of the Insurance Services Office Inc. to demonstrate that the casualty industry has always intended to insure fortuitous occurrences that result in some form of contamination but which cannot be categorized as active pollution.

Insurers also know quite well that fundamental insurance law dictates that the proximate cause of loss is the cause that fixes liability under an insurance contract.

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Published weekly at 740 Rush St., Chicago, Ill. 60611, Telex 6871241, Fax 312/280-3174, Cable CRAINCOM. Offices: 220 E. 42nd St., New York, N.Y. 10017, Telex 640207, Fax 212/210-0704, CRAIN COM NYK; 1 Northpark, East Suite 114, 8950 N. Central Expressway, Dallas, Texas, 75231, Fax 214/696-1936; Suite 814, National Press Building, Washington, D.C. 20045, Fax 202/638-3155; 6404 Wilshire Blvd., Los Angeles, Calif. 90048, Fax 213/655-8157; 20-22 Bedford Row, London WC1R 4EB, England, Fax 71/430-2176. $2.00 a copy. $75 a year in U.S. Canada and all other foreign add $32 for surface mail. Europe and Middle East only add $88 for air delivery. First-class mail to U. S., add $77; to Canada add $87. Bermuda only, $157 per year expedited delivery. WILLIAM STRONG, vp-circulation. SHEILA GORMLEY, circulation manager. LISA RIVERS, fulfillment director. Four weeks' notice required for change of address. Send subscription correspondence to Circulation Department, Business Insurance, 965 E. Jefferson Ave., Detroit, Mich., 48207, or phone 800-992-9970 or 313-446-1611, Fax 313/446-1650. Microfilm copies are available from University Microfilms, 300 Zeeb Road, Ann Arbor, Mich. 48013. Microfiche copies available: Bell & Howell, Micro Photo Division, Old Mansfield Road, Wooster, Ohio 44691. Portions of the editorial content of this issue are available for reprint or reproduction in other media. For information and rates to reproduce in general circulation media, contact: ART MERTZ, The Crain Syndicate, 740 Rush St., Chicago, Ill. 60611, 312-649-5303. For reprints or reprint permission contact: Reprint Department, Business Insurance, 220 E. 42nd St., New York, N.Y. 10017, 212-210-0229, Fax 212/210-0704.

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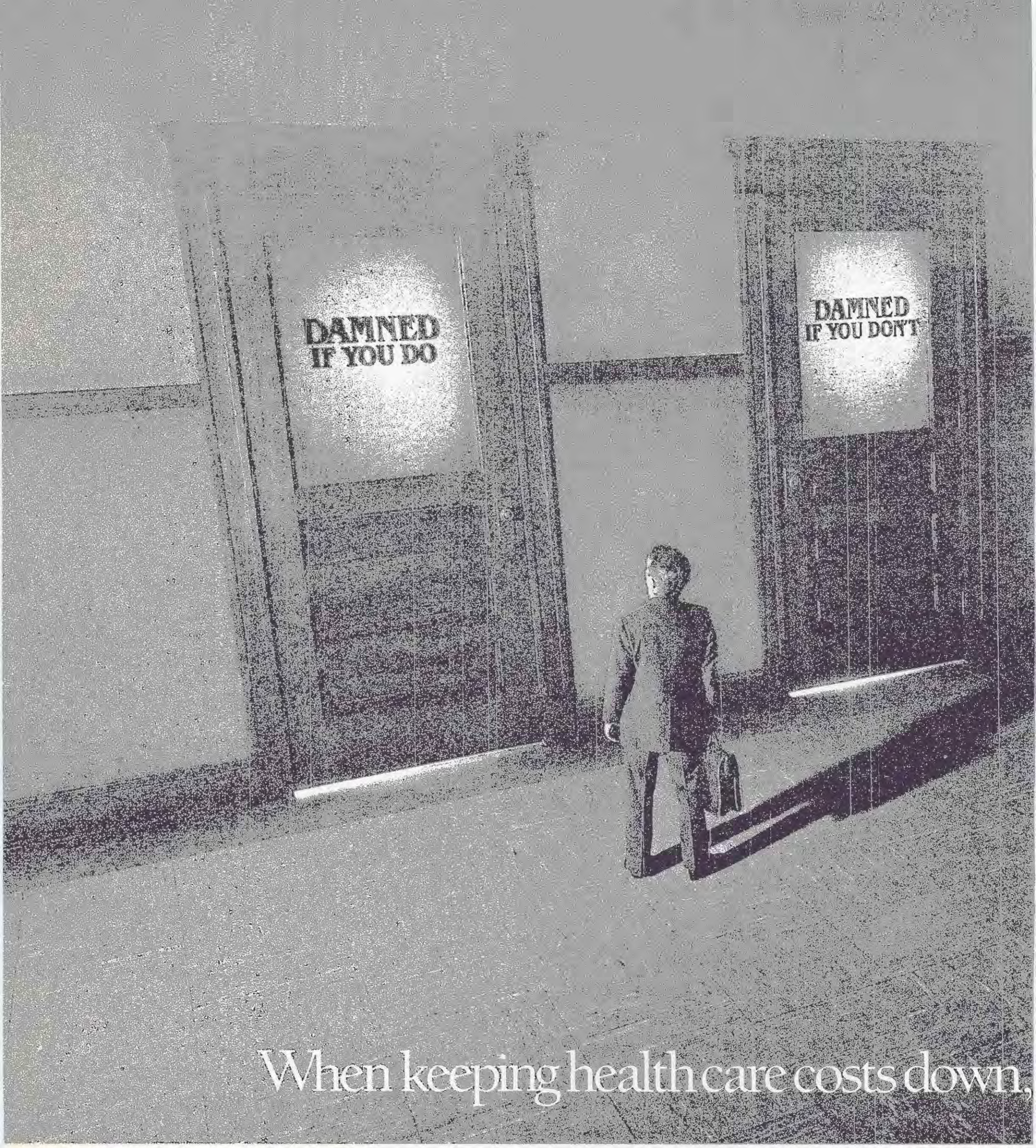
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Spotlight report

Retail brokerage growth trails overall performance

Growth in commercial retail brokerage revenues still lags growth in overall brokerage revenues due to continued rate cutting in the property/casualty insurance market.

Analyzing the 20 largest U.S. brokers solely on 1989 retail brokerage revenues reveals how the sluggish retail brokerage growth for most large companies (see chart). Nonetheless, some firms managed to post sizable gains in retail brokerage revenues.

These 20 brokers reported only a 2.8% gain in revenues last year from strictly commercial retail brokerage, compared with a 6.7% increase in overall revenues. Last year, a similar —though not identical—group posted a 2.9% gain in retail revenues (*BI*, June 26, 1989).

Declines in retail brokerage revenues at four brokers helped depress the Top 20's average: Jardine Insurance Brokers Inc. posted a 6.2% loss; Sedgwick James North America lost 4.1%; Johnson & Higgins' retail revenues dropped 2.7%; and Marsh & McLennan Cos. Inc. lost 0.5%.

Some companies, however, posted sizable gains in retail brokerage business last year.

In particular, American Business Insurance Inc. saw retail brokerage revenues jump 42.9% to $47.3 million last year from $33.1 million in 1988.

At Lockton Insurance Agency Inc. retail revenues rose 40% to $24.5 million last year from $17.5 million in 1988; and BRI Coverage Corp.'s retail revenues were up 21.3% to $27.9 million in 1989, from a restated $23 million the previous year.

Meanwhile, the overall revenue threshold for breaking into the Top 100 U.S. brokers remained unchanged at $6 million in 1989 (see chart on page 3).

Fifteen brokers are new to the Top 100 this year, including 10 that would have qualified last year but completed questionnaires for the first time in 1990. They are: No. 33, Herbert L. Jamison & Co.; No. 53, John Burnham & Co.; No. 61, Clair Odell Group; No. 62, Harris & Harris Group Inc.; No. 64, Parker, Smith & Feek Inc.; No. 80, Great Lakes Agency Inc.; No. 81, The James B. Oswald Co.; No. 86, Sterling & Sterling Inc.; No. 88, Putnam, Knudsen & Wieking Inc.; and No. 96, Bowers, Schuman & Welch.

Five brokers new to the Top 100 qualified this year but not last year: No. 85, The Simkiss Cos.; No. 91, Beardsley, Brown & Bassett Inc.; No. 92, Starkweather & Shepley Inc.; No. 95, Robertson-Ryan Associates Inc.; and No. 98, S.H. Gow & Co. Inc.

Several firms made impressive strides within the Top 100 between 1988 and 1989: Insurance & Risk Management moved to No. 50 from No. 77 in 1988; Hylant-McLean moved to No. 83 from No. 100; and Curtis Day & Co. moved to No. 68 from No. 88.

Thirteen companies dropped out of the listings. Of these, six were acquired, four did not return questionnaires, two were omitted due to limited retail brokerage revenues, and one was edged out of the rankings.

Bayly, Martin & Fay International Inc., the 10th-largest broker based on 1988 results, was acquired by Rollins Burdick Hunter Group; No. 24, Rhulen Agency Inc., was acquired by Markel Services Corp.; No. 27, Collier & Cobb & Associates Inc., was bought by Corroon & Black, which also acquired No. 44 Kendall Insurance Inc.; No. 50, Riehle Agencies, was bought by Amalgamated Programs Corp.; and No. 54, Talbot Agency Inc., was acquired by American Business Insurance Inc.

Not responding this year were: No. 52, Warren & Welsh Inc.; No. 61, The Alliance Group Inc./Alliance Brokerage; No. 90, Bolton & Co.; and No. 97, North American Insurance Agency Inc.

No. 47, Redland Group, was dropped because only 4% of its revenues come from retail brokerage. And No. 95, Wisconsin Insurance Management Inc., is no longer listed because only 36% of its business comes from retail brokerage.

And, Boynton Brothers & Co., which was No. 91 in 1988, fell below the 1989 threshold.

Not included in the rankings of the Top 100 U.S. brokers is ISU Corp., the largest independent agency franchise organization, because member agencies are individually owned. ISU's 110 franchises at year-end 1989 reported combined gross revenues of $162 million, less than half the $338 million reported by 282 members in 1988. As a group, the ISU network would rank as the ninth-largest U.S. broker and the 15th-largest broker in the world.

Combined, the 244 U.S.-based brokers listed in this issue—including the U.S. operations of three foreign-based brokers—employed 91,047 people and generated $8.3 billion in revenues by placing insurance as well as providing risk management and employee benefit consulting and other services. In 1988, these same brokers generated $7.7 billion in revenues and employed 87,643 people.

—By Paul D. Winston

20 largest U.S. commercial brokers

Based on estimates of retail brokerage revenues in millions of dollars.

All brokers	1989	1988	% change
Marsh & McLennan Cos. Inc.	$982.2	$986.9[1]	–0.5%
Alexander & Alexander Services Inc.	774.3	724.3	6.9
Johnson & Higgins	448.0[2]	460.6[2]	–2.7
Sedgwick James North America	308.2	321.5	–4.1
Corroon & Black Corp.	283.2	276.2	2.5
Frank B. Hall & Co. Inc.	268.6	260.5	3.1
Rollins Burdick Hunter Group Inc.	234.1	216.2[1]	8.3
Arthur J. Gallagher & Co.	95.3	88.6[1]	7.6
Jardine Insurance Brokers Inc.	64.0	68.2	–6.2
Hilb, Rogal & Hamilton Co.	51.7	48.6[1]	6.4
American Business Insurance Inc.	47.3	33.1	42.9
Republic Hogg Robinson Inc.	44.4	40.5	9.6
Walter Kaye Associates Inc.	32.3	28.8	12.2
BRI Coverage Corp.	27.9	23.0[1]	21.3
John L. Wortham & Son	25.1	24.2	3.7
The Lockton Insurance Agency Inc.	24.5	17.5	40.0
Lawrence Agency Corp.	23.2	19.4	19.6
Frank Crystal & Co.	23.2	20.2	14.9
Near North Insurance Agency Inc.	23.0	20.2	13.9
McDonough Caperton Insurance Group	21.9	19.5	12.3
Totals	**$3,802.4**	**$3,698.0**	**2.8%**

[1] Restated [2] *BI* estimate

Source: *BI* survey

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Top brokerage execs' 1989 compensation

Based on cash compensation and bonuses

Name Brokerage	1989	1988	% change	1989 net income (in millions)	% change
Frank J. Tasco Marsh & McLennan Cos. Inc.	$1,425,000	$1,265,000	12.6%	$294.9	-0.5%
Donald R. Bell Frank B. Hall & Co. Inc.	961,568	New CEO	–	-86.2	NM
Patrick G. Ryan Rollins Burdick Hunter Group Inc.	789,292	471,923	67.3	NA	NA
Tinsley H. Irvin Alexander & Alexander Services Inc.	652,083	461,107	41.4	60.1	-11.0
Richard M. Miller Corroon & Black Corp.	450,000	438,020	2.7	36.0	-68.9[1]
Robert H. Hilb Hilb, Rogal & Hamilton Co.	315,000	285,000	10.5	6.2	36.9
William F. Poe Poe & Associates Inc.	288,361	281,897	2.3	3.1	-24.3
Robert E. Gallagher Arthur J. Gallagher & Co.	270,000	245,000	10.2	17.3	7.6

[1]Reflects 1988 gain from sale of investment in Minet Holdings P.L.C. NM: Not meaningful NA: Not available

Source: Securities and Exchange Commission documents.

BI/HOLLY SEGUINE

M&M execs alone at $1 million level

By KATHRYN J. McINTYRE

Among the top executives of publicly traded U.S. insurance brokers, only two broke a million in cash compensation in 1989—and both were employed by Marsh & McLennan Cos. Inc.

But leaders of two other publicly traded U.S. brokerages are moving closer to the seven-figure mark, according to Securities and Exchange Commission documents.

For the third straight year, M&M Chairman Frank J. Tasco, 62, led the field in cash compensation, earning $1,425,000—a 12.6% increase from 1988 and the third-largest among the eight brokerage chief executives whose compensation is public record.

In addition, M&M President A.J.C. Smith, 55, earned cash compensation of $1,145,000—also more than the CEOs of all other publicly traded brokers.

Also at M&M, although not involved in insurance brokerage, 47-year-old Lawrence J. Lasser, president of The Putman Cos. Inc., an investment management unit, earned $1,250,000.

Moving toward the $1-million mark is Donald R. Bell, 54, chairman and chief executive officer of Frank B. Hall & Co. Inc. since May 1989.

Mr. Bell's cash compensation at Hall in 1989 totaled $961,568, including $750,000 in base compensation under a contract that runs to May 1994.

With a $220,000 bonus on top of his salary, Patrick G. Ryan, 52, chairman and chief executive of Rollins Burdick Hunter Group and its parent, Aon Corp., earned $789,292 last year.

Two other M&M executives outearned the chief executives at other brokerages in 1989: Robert J. Newhouse Jr., who retired as vice chairman in February at 65, earned $942,500 in 1989; and Robert Clements, 57, chairman of the retail brokerage unit Marsh & McLennan Inc., earned $755,000.

(See accompanying chart and individual profiles for the cash compensation of the five highest-paid officers of the U.S. publicly traded brokers ranked among the 20 largest in the world.)

Gains in cash compensation vary widely, though executive pay does not always reflect a firm's profits or losses in 1989 (see chart).

However, the most highly paid executives generally are large shareholders in their firms, and four of the brokerages posted impressive stock gains.

For example, M&M stock is trading up 20% from about a year ago, Arthur J. Gallagher & Co. is up almost 19% and Aon Corp. stock is up 16.9%. And Poe & Associates Inc., albeit at a relatively lower share price than the others, is trading up 37%.

None of the largest brokerages' stock is trading off appreciably from last year at this time.

Executives benefiting from their stock holding include M&M's Mr. Tasco, who is the largest shareholder among the company's directors with 241,472 shares as of March 2. Of these, 135,000 were subject to exercisable stock options; 66,104 were held with other than sole voting and investment power; and 40,368 were held with sole voting and investment power.

Based on M&M's share price of $76.375 on June 8, Mr. Tasco's holdings were worth $18.4 million. M&M stock was trading at $63.125 on June 16, 1989.

M&M this year reported stock options and stock appreciation rights awarded on a three-year accumulated basis.

For three years ending Dec. 31, 1989, Mr. Tasco had been granted options to purchase 60,000 shares and stock appreciation rights on 40,000 shares at an average price of $49.375. He realized a $350,556 gain on the exercise of options or SARs during the period.

Messrs. Smith, Newhouse, Clements and Lasser also were granted M&M stock options and SARs during the three-year period, ranging from a high of options on 42,000 shares and SARs on 28,000 shares for Mr. Smith, to a low of options on 25,000 shares and SARs on

Continued on next page

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Executive pay

Continued from previous page
15,000 shares for Mr. Lasser.

Mr. Newhouse realized the largest gain on options or SARs during the three years: just over $2 million. Mr. Clements realized a $518,018 gain; Mr. Smith, $199,313.

At Hall, Mr. Bell did not own any stock as of March 19, the proxy date. But, he was granted options in 1989 on 2.5 million shares at an average exercise price of $3.50.

Hall stock was trading at $3.625 on June 8, compared with $3.875 on June 16, 1989.

Mr. Bell succeeded Saul P. Steinberg as chief executive of Hall. Mr. Steinberg, chairman and chief executive of Reliance Group Holdings Inc., Hall's major investor, drew no salary from Hall.

Peter T. Pruitt, president and chief operating officer of Hall, was paid $500,036 in cash compensation in 1989, up 25% over 1988. He also was granted options on 150,000 shares of Hall stock at an average exercise price of $3.8125.

Mr. Pruitt, 57, held 51,489 shares of Hall common stock as of the proxy statement, including shares of common stock that could be acquired by conversion of his 675 shares of Series B preferred stock. Based on Hall's June 8 share price, Mr. Pruitt's holding is worth $186,648.

Other executives posted sizeable gains in cash compensation.

Aon's Mr. Ryan received a 67.3% increase in cash compensation to $789,292 in 1989, the largest among brokerage CEOs. The increase reflects a 20.6% rise in salary and a $220,000 bonus in 1989. He received no bonus in 1988.

Mr. Ryan directly or indirectly owned 8.7 million, or 13.3%, of Aon's common shares as of Feb. 27, including shares held by his family in which he disclaims any beneficial interest.

Based on Aon's share price of $40.625 on June 8, Mr. Ryan's holding is worth $354 million. Aon traded at $34.75 on June 16, 1989.

He neither received nor exercised any stock options in 1989.

Alexander & Alexander Services Inc. Chairman, President and Chief Executive Officer Tinsley H. Irvin, 56, enjoyed the second-largest gain in cash compensation last year, thanks to $200,000 in incentive compensation. His 1989 salary and benefits of $452,083 is actually down from $461,107 in 1988.

With 114,988 shares, Mr. Irvin is the second-largest shareholder on the A&A board, following retired chairman John A. Bogardus Jr., 62, with 186,894 shares as of March 1.

With A&A closing at $26.625 on June 8, Mr. Irvin's holdings are valued at $3.1 million. A&A's share price was $25.625 on June 16, 1989.

Three other A&A executives were paid sizeable cash compensation last year: Executive Vp William M. Wilson, 52, was paid $572,146, including $172,388 in incentive compensation; Executive Vp Michael K. White, 51, was paid $395,308, including $164,728 in incentive compensation; and Alexander & Alexander Inc. President James A. McCormick, 51, was paid $469,011, including $124,636 in incentive compensation.

In addition, A&A in 1989 granted executives stock options having SARs at an average exercise price of $25. Mr. Irvin was granted options on 20,000 shares; Messrs. Wilson and White, 15,000; and Mr. McCormick 11,000.

Mr. Wilson held 26,985 shares as of March 1 and Mr. White held 50,616.

Only Mr. McCormick exercised options in 1989, for a gain of $7,598. Mr. McCormick's total holdings are not disclosed because he is not a director of the company.

At Corroon & Black Corp., Richard M. Miller's $450,000 in cash compensation as president and chief executive officer in 1989 was strictly salary, which was a 12.5% raise from his 1988 salary of $400,000. His 1988 cash compensation included $38,020 in incentive compensation.

Among the CEOs, the largest 1989 pay increase was 67.3% to Patrick J. Ryan of Aon Corp. That reflects a 20.6% salary hike and a $200,000 bonus. Mr. Ryan—who took no 1988 bonus—now directly or indirectly owns 13.3% of Aon shares.

Robert F. Corroon, 67, who retired as chairman in 1989, earned a salary of $390,000, the same as in 1988. He was succeeded as chairman by Mr. Miller, 58.

John R. Lamberson, 56, who became president of Corroon & Black on Jan. 1, earned $340,000 as executive vp and chief operating officer in 1989.

Mr. Miller continues as the largest individual shareholder among Corroon & Black directors with 231,515 shares under beneficial ownership as of March 1.

Based on Corroon & Black's share price of $33 on June 7, Mr. Miller's holdings were valued at $7.6 million.

Corroon & Black was trading at $34.75 on June 16, 1989.

Mr. Corroon owned 153,081 shares as of March 1 and Mr. Lamberson owned 66,636 shares.

In the pending merger with Willis Faber P.L.C., Corroon & Black shareholders are to receive 7.8 shares of Willis Faber for every share of C&B stock.

While no awards were earned during 1989 under the company's long-term incentive plan, executives realized gains under a terminated stock option plan. Mr. Corroon realized a $164,167 gain and Mr. Miller a $90,887 gain.

At Hilb, Rogal & Hamilton Co., President Robert H. Hilb's $315,000 in cash compensation was a 10.5% raise from 1988.

Mr. Hilb, 63, owned 4.08% of the brokerage—or 313,700 shares—as of March 1. Based on a share price of $14.25 on June 7, Mr. Hilb's holding totals $4.5 million.

Hilb, Rogal's stock was trading at $14.50 on June 16, 1989, before a 5-for-4 stock split was declared on Nov. 7.

Upon shareholder approval of a new stock plan, stock options granted in 1989 to executives became effective, including options on 6,250 shares to Mr. Hilb at an exercise price of $14, expiring in 1999.

At Poe, Chairman and Chief Executive Officer William F. Poe, 58, took the smallest raise of the group —just 2.3% to $288,361.

But Mr. Poe owned nearly 1.1 million, or 27.8%, of the company's shares as of Feb. 27.

Based on a share price of $12 on June 7, Mr. Poe's holdings are valued at $12.9 million.

Poe was trading at $8.75 on June 16, 1989.

Mr. Poe did not receive any stock options in 1989, but he did realize a $54,984 gain on options exercised in 1989.

In addition, in January 1990 he realized a $289,406 gain on the exercise of options to purchase 33,750 shares.

Also at Poe, President V.C. Jordan Jr., 59, earned $192,861 in cash compensation in 1989; former Executive Vp Martin L. Vaughan III earned $173,428; Vp Earl S. Lipnick earned $168,789; and Executive Vp Bruce G. Geer earned $157,167.

At Arthur J. Gallagher & Co., President and Chief Executive Officer Robert E. Gallagher, 67, was paid $270,000 in cash compensation during 1989, a 10.2% raise. In addition, he was paid a $50,000 bonus in 1990 for services rendered in 1989, which is not included in the chart.

Mr. Gallagher owned 801,202 shares, or 7%, of the company's stock as of March 9, the largest holding by any director. His brother, Executive Vp John P. Gallagher, owned 698,226 shares.

Based on a $23.25 share price as of June 7, Robert Gallagher's holdings are valued at $18.6 million.

Gallagher stock was trading at $19.625 on June 16, 1989.

As members of the option committee, Robert and John Gallagher are not eligible to participate in the company's stock option plans, under which options were granted during 1989 to other executives. The options, from 7,500 to 10,000 shares, were granted at a weighted average exercise price of $19.50 per share. ■

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1

Marsh & McLennan Cos. Inc.

1166 Ave. of the Americas, New York, N.Y. 10020; 212-345-5000

	1989	1988
Premium volume	NA	NA
Gross revenues	$2.46 billion	$2.3 billion
Brokerage: Retail	40%*	43%*
Wholesale	2%*	2%*
Reinsurance	9%	10%
Services	42%*	39%*
Invest. income	7%	6%
Employees	23,600	22,800
Rev./Employee	$104,042	$100,662
Offices	450	450

* *BI* estimates.

Marsh & McLennan Cos. Inc. is forging ahead with plans to operate only through majority-owned brokerage units in Europe and elsewhere.

M&M, the world's largest insurance broker with $2.46 billion in 1989 gross revenues, unveiled the strategy in Europe last year, announcing plans to acquire Gradmann & Holler of West Germany and seeking to raise its stake in Faugere & Jutheau S.A. of France and Hudig-Langeveldt Group bv of The Netherlands.

Smaller acquisitions—or brokerage office openings—have also been completed or are in the works, M&M officials say.

"It is our desire to operate our business as a single entity," explained Robert Clements, chairman of Marsh & McLennan Inc., the New York-based brokerage unit.

"We don't think you can achieve maximum effectiveness in a world which requires you to be international if you do it through a combination of your own offices and minority-owned affiliates and correspondents.

"We think it's important to have your own offices in every part of the world in which there is a fully developed economy and a fully developed insurance market," Mr. Clements said.

M&M had held a 15% stake in Stuttgart-based correspondent Gradmann & Holler for 15 years, and completed its acquisition of the remaining 85% in January.

The cost has been estimated at $136 million to $190 million, making it M&M's largest purchase since it paid $569 million in cash and M&M stock for London-based C.T. Bowring & Co. Ltd. in 1980.

Through the Gradmann & Holler purchase, M&M also increased its stake in Marsh & McLennan Italia & Co. to about 83% from about 67%, Mr. Clements said. Gradmann was a shareholder of M&M's Milan-based affiliate.

Gradmann & Holler—with offices in West Germany, Austria and Switzerland—has already had an impact: M&M's first-quarter brokerage revenues jumped 11% to $270.7 million from $243.8 million in last year's first quarter. That increase is attributed largely to the West German acquisition.

Meanwhile, M&M should later this month complete its acquisition of EWI S.A., an insurance and reinsurance broker based in Geneva, Switzerland, according to M&M officials say.

In addition, the firm has increased its majority stake in Marsh & McLennan Espana S.A., a Madrid-based brokerage unit in which M&M has one remaining partner, said David D. Holbrook, president of M&M Inc.

M&M also opened its own office in Copenhagen, Denmark, after selling its interest in its former correspondent broker, Erik Dahl Jorgenson & Co., to a management group, Mr. Clements said.

"At this point, we are able to operate through our own offices everywhere (in the European Community) except in France and The Netherlands," he observed.

In France, M&M would like to increase its one-third ownership of longtime correspondent Faugere & Jutheau, Mr. Clements said. However, Faugere Chairman Robert M.G. Husson—who is also an M&M director—insists the broker will remain French-controlled (see story, page 63).

In The Netherlands, M&M also owns about one-third of Rotterdam-based correspondent Hudig-Langeveldt, whose management also is resisting M&M's efforts to acquire a larger stake (see story, page 66).

"We are optimistic that we will have resolved both of those one way or the other within the next 12 months, (and) possibly by the end of this year," Mr. Clements said.

How the firm will resolve its relationships with the French and Dutch brokers remains to be seen.

Although Mr. Clements asserted that "we would not as a matter of policy acquire a minority interest" in another brokerage, M&M is likely to continue its relationship with Paris-based Faugere & Jutheau even if it does not acquire a controlling interest, he suggested.

"All laws have grandfather provisions," he noted wryly.

The situation with Hudig-Langeveldt may be different, Mr. Clements suggested.

Hudig-Langeveldt—which acquired controlling interests last year in brokers in Austria, West Germany and France—"functions as our correspondent in The Netherlands, but in all other respects it's an international broker in its own right. And whether their plans and ours can be made to mesh is something that you would have to mark in the highly doubtful category at the present time," Mr. Clements said.

"And so we are actively exploring other alternatives," he said.

Explaining M&M's desire to operate only through its own offices, Marsh & McLennan Worldwide Services President John T. Sinnott observed that the firm has long operated its own U.S. offices and that there is no reason to do otherwise abroad.



Mr. Clements

"With the global nature of business today, that would clearly seem to be the best strategy," Mr. Sinnott said.

Among the many disadvantages of dealing with correspondents, adds Mr. Clements, are lack of accountability, lack of control over service quality, absence of a common ambition among U.S. and foreign employees and inability to offer "career opportunities" to overseas brokers.

When U.S. and British brokers first formed networks of correspondent brokers, most multinational companies were based in the United States and simply needed overseas service as their operations expanded, Mr. Clements explained.

"In their day, they worked well enough," Mr. Clements said of the networks.

Today, though, the correspondent firm is likely to have multinational clients of its own with U.S. operations.

"It is invariably the case that the correspondent broker needs a network of his own, and it's never the same network. There's no way to fit them all together, so you get tremendous conflicts as a result," Mr. Clements said.

"It does somehow surprise us that we see so little evidence of other brokers grasping the significance of this," he added, referring

Continued on next page

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Continued from previous page
primarily to competitor Johnson & Higgins, which relies on a correspondent network to supplement its own branch offices overseas.

J&H lost a partner of nearly 100 years, Willis Faber P.L.C., to a merger with rival Corroon & Black Corp. announced earlier this month (see stories, pages 34 and 38).

M&M says it would solidify control over its European operations even without the impending elimination of trade barriers within the European Community.

"1992 certainly magnifies the opportunities and it does help to focus your mind," but it is not the impetus for M&M's strategy, Mr. Clements said.

He added, however, that he expects the insurance industry "will grow faster in Europe than it will in North America."

"As we see the great growth of industrial and financial institutions in these places and as (legal barriers limiting insurance transactions) begin to come down. . .the growth potential for brokers in terms of their share of the insurance market is quite significant," he said.

Brokers like M&M are expanding globally as commercial insurance underwriting becomes more centralized and specialized, Mr. Clements observed, citing the aviation market as an example. Aviation insurers cover risks around the world through a relatively small number of centralized underwriting offices.

"Another good example is the Scandinavian market," Mr. Sinnott added. It "has become a large player in global or large national programs. There's no need for them to have a branch office here. We can access all those markets through our Stockholm" office.

In acquiring EWI, Mr. Clements added, M&M is motivated more by a desire for access to Swiss insurers than for new Swiss clients.

"There's not a huge market of steel companies and oil business in Switzerland, but there is a huge insurance market which takes business from all around the world," he noted.

'We think that it's tremendously important for the future of this business for it to be done at a lower overhead, and for the market to function not only more efficiently but with a good deal more stability than it has,' Mr. Clements predicts.

"This is a trend that we think is really significant," Mr. Clements said of increasingly centralized and specialized commercial underwriting. Centralization will "eliminate the unjustified cost of duplicate branch offices," while specialization will sharpen underwriting skills, he said.

"We think that it's tremendously important for the future of this business for it to be done at a lower overhead, and for the market to function not only more efficiently but with a good deal more stability than it has had in recent times.

"The trend in underwriting toward much more intensified specialization—both in terms of the client industry and in terms of certain kinds of insurance coverages —will be a significant factor in (producing) efficiency and stability in the marketplace," Mr. Clements predicted.

Other developments at M&M in the last year include:

- The acquisition of Fenchurch Scott Reinsurance Brokers, a U.K. brokerage, in August.

In February, M&M also acquired Strategic Planning Associates Inc. of Washington, D.C., an international management consulting firm that produced about $50 million in 1989 revenues. The firm has been merged into Temple, Barker & Sloane Inc., M&M's management consulting subsidiary.

- A move to new offices, begun last November and expected to be completed next month. M&M bought a 56% condominium interest in a 44-story Manhattan office building for $250 million in 1988. The move allows M&M to consolidate all its New York-based operations in one office.

- The retirement of Robert J. Newhouse Jr. as vice chairman of Marsh & McLennan Cos. March 1. Mr. Newhouse—who also resigned from the board of directors—had been named vice chairman in 1988 after serving as chairman of M&M Inc. from 1983 to 1988.

As they had in the two previous years, consulting operations accounted for most of M&M's revenue gains as the soft commercial property/casualty insurance market continued to depress commission income.

Total gross revenues rose about 7% to $2.46 billion last year from $2.3 billion in 1988, making M&M nearly double the size of Alexander & Alexander Services Inc., the world's second-largest broker.

Insurance services continued to produce the bulk of revenues, generating $1.4 billion last year, up 1.8% from $1.38 billion in 1988.

About 66% of this revenue was produced in the United States; 19% from the United Kingdom; 7% from Canada and 8% from other countries.

The insurance services sector comprises:

- The brokerage operations of M&M Inc. in the Western Hemisphere and Japan; Marsh & McLennan Bowring Ltd., which is responsible for brokerage elsewhere; and M&M Worldwide, which oversees specialized industry groups and coordinates marketing, risk management, captive management, loss control and other services among the firm's 450 offices.

Other M&M insurance units include The Schinnerer Group of Chevy Chase, Md., the largest U.S. wholesale underwriting manager.

Insurance brokerage revenues rose marginally to $906.8 million last year from $901.1 million in 1988 as declining rates continued to hold down commission and fee income.

- Reinsurance brokerage operations of Guy Carpenter & Co. Inc. in New York, the largest U.S. reinsurance broker, and C.T. Bowring Reinsurance Ltd. in London.

Reinsurance brokerage revenues dipped 2.8% to $224.4 million last year from $230.9 million in 1988 as reinsurance rates continued to decline and primary insurers maintained higher retentions on their business.

- Insurance program management business generated by Seabury & Smith Inc., formerly known as Marsh & McLennan Group Associates Inc. The unit provides insurance to individuals and affinity groups including corporations, institutions, franchises and associations.

Program business produced revenues of $132 million last year, up 2.8% from $128.4 million in 1988.

- Interest income on client premiums held in fiduciary accounts. This income jumped 18.9% last year to $137.1 million from $115.3

Continued on page 20

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Continued from page 18
million in 1988, reflecting higher average short-term interest rates, the company's annual report says.

While insurance services revenues inched up last year, consulting revenues jumped 18.7% to $754.3 million from $635.7 million in 1988.

U.S. consulting operations generated about 71% of M&M's worldwide consulting revenues, while U.K. operations accounted for 14%, Canadian operations for 10% and other countries for 5%, according to the annual report.

M&M consulting units include William M. Mercer Inc., the world's largest actuarial, benefit consulting and human resources management firm; Temple, Barker & Sloan Inc./Strategic Planning Associates Inc.; Clayton Environmental Consultants Inc.; National Economic Research Associates Inc., an economics and public policy consultant; and Lippincott & Margulies Inc., a corporate identity consultant.

Revenues from investment management operations, meanwhile, climbed 4.6% last year to $273.1 million from $261 million in 1988.

M&M's principal investment management unit, The Putnam Cos., handles more than 50 mutual funds and 200 pension fund accounts. It reported $43 billion in assets under management at year-end 1989.

Although gross revenues rose 7% last year, M&M's operating expenses climbed faster: 9.2% to $1.92 billion from $1.76 billion in 1988. This contributed to a slight drop in operating income, which fell to $509.5 million from $515.4 million in 1988.

The bulk of M&M's operating expenses last year—$1.22 billion—represented compensation and benefits paid to its 23,600 employees. That workforce expanded 3.5% from 22,800 at year-end 1988.

While overall employment is up, M&M Chairman Frank J. Tasco pointed out that head count is down in the insurance and reinsurance brokerage operations. He attributes that decline to attrition rather than a hiring freeze or layoffs.

"Bear in mind that we are a service company. We can not reduce expenses in any way, shape or manner that reduces the services our clients expect of us," he said.

After adding interest income on corporate funds and other income and expenses, M&M finished last year with net aftertax income of $294.9 million, a marginal decline from $296.3 million in 1988.

Because the average number of outstanding M&M shares fell between 1988 and 1989, net income per share rose to $4.10 in 1989 from $4.09 in 1988. Share prices last year ranged from $55.125 to $89.75.

The company's insurance services sector showed stronger growth during the first quarter of this year, though much of this was due to the Gradmann & Holler acquisition, according to documents filed with the Securities and Exchange Commission.

First-quarter insurance services revenues rose 9.3% to $413.6 million in 1990 from $378.5 million in 1989.

Within that sector, first-quarter insurance brokerage revenues jumped 11% to $270.7 million from $243.8 million in 1989. Gradmann & Holler accounted for much of this, while improved conditions in international markets also contributed, according to the SEC filing.

New business production offset a slight decline in premiums for U.S. business to generate a 2% gain in U.S. insurance brokerage revenue.

Reinsurance brokerage revenues, meanwhile, rose 7% to $76.4 million in the first quarter of 1990 from $71.4 million in the first quarter of 1989 as rates stabilized. Business may pick up further in the second half of the year as large losses that recently hit insurers spur market activity, the report says.

Program business for the first quarter rose to $32.5 million from $30 million in 1989, while interest income on fiduciary funds rose to $34 million from $33.3 million.

Consulting revenues posted another healthy gain in the first quarter, jumping 20.7% to $214.9 million from $178 million in 1989. Part of this growth reflected the February acquisition of Strategic Planning Associates.

Revenues for investment management operations rose only slightly, to $67.2 million for the first quarter from $66.2 million for the first quarter of 1989.

M&M's operating expenses jumped 14.1% in the first quarter to $533.9 million from $467.8 million in last year's first quarter, due to staff growth in the consulting segment and acquisitions, the SEC filing says.

First-quarter operating income rose 4.5% to $161.8 million from $154.9 million in 1989.

After adding interest income on corporate funds and other income and expenses, net aftertax income rose 6.7% to $94.2 million from $88.3 million in the first quarter of 1989.

M&M continues to draw sizable commission income from placements with A.C.E. Insurance Co. Ltd. and X.L. Insurance Co. Ltd., two offshore policyholder-owned excess liability facilities it helped form.

However, interest in forming new alternative facilities for various liability coverages has all but disappeared in the soft market, say M&M executives.

"We are not out to create markets that will become competitors in an overly competitive market," Mr. Holbrook observed.

M&M continues to divide its insurance brokerage business into "commercial brokerage accounts" —midsized commercial clients requiring relatively straightforward brokerage services—and jumbo "risk management" accounts, which require a more complex mix of insurance-related services.

Asked if the soft market has prompted M&M to increase fees or commissions, Mr. Holbrook replied that M&M continually discusses its compensation with its major clients and that its compensation in these cases is not strictly tied to insurance market conditions or the amount of insurance the client buys.

The toughest part of discussing compensation, Mr. Clements added, is that the broker and the client often don't agree on exactly what it is for: There is often no clear definition of the services a broker will provide.

M&M has stepped up efforts to define exactly what services it is offering for the fee or commission it negotiates, Mr. Holbrook said.

For example, M&M has taken the position that it will not service long-tail liability claims on expired policies unless it is the current broker on the policyholder's account, has reached an agreement with the client that the service will be one of its duties and has built the cost of the service into its compensation, M&M officials say.

"It does not make sense for our existing clients to subsidize the cost of all this work," Mr. Clements said.

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

Frank J. Tasco	$1,425,000
Lawrence J. Lasser	$1,250,000
A.J.C. Smith	$1,145,000
Robert J. Newhouse Jr.	$942,500
Robert Clements	$755,000

—By Douglas McLeod



2

Alexander & Alexander Services Inc.

1211 Ave. of the Americas, New York, N.Y. 10036; 212-840-8500; fax: 212-869-7535

	1989	1988*
Premium volume	NA	NA
Gross revenues	$1.24 billion	$1.23 billion
Brokerage: Retail	62%	59%
Wholesale	5%	5%
Reinsurance	8.5%	7%
Personal lines	4%	4%
Services	14%	18%
Invest. income	6.5%	5%
Other	0%	2%
Employees	16,000	16,300
Rev./Employee	$78,056	$75,319
Offices	300	300

* Restated.

Alexander & Alexander Services Inc. is looking beyond the exigency of the soft market to refocus on a global approach to insurance brokering, says Chairman Tinsley H. Irvin.

Expansion of A&A's capabilities abroad has been the broker's "whole thrust for the past five years," since its merger with Toronto-based Reed-Stenhouse Cos. Ltd., Mr. Irvin said.

The world's second-largest broker completed positioning itself around the world last year, Mr. Irvin said. "We feel that we are strongly placed in retail brokering around the world, with strong emphasis in North America and Europe and expanding emphasis in the Pacific Rim," including Australia and New Zealand, he said.

At the same time, A&A has begun building on the relationships that Alexander Howden Reinsurance Brokers has established as the predominant reinsurance broker in Eastern Europe over the past 40 to 50 years, Mr. Irvin said.

Alexander Howden employees have been traveling to Eastern Europe almost monthly for 20 years, he said.

"We're not just starting. We're just going to develop what we have in place," Mr. Irvin said.

"We think this gives us a network as the economies expand in Eastern Europe," he said.

Another highlight for A&A last year was expanding its consulting business and specialty marketing units, according to Mr. Irvin.

But while moving ahead in these areas, the brokerage was confronted by the continuing soft market. "We didn't quite envision it. But here we are, and here it is," Mr. Irvin said.

He described the market as the "same song, fourth verse."

But that tune hit the wrong note late year as A&A's gross revenues in 1989 were virtually flat, increasing just 1.7% to $1.25 billion from $1.23 billion in 1988.

Excluding the effects of foreign exchange rates, operating revenues actually increased 2.9%, Mr. Irvin said.

However, pretax operating income dropped 12% to $107.6 million from $122.2 million, and net income fell 11% to $60.1 million from $67.5 million.

Results were sluggish even though—for the first time—A&A did not post any extraordinary charges stemming from its 1982 acquisition of Lloyd's of London broker Alexander Howden Group P.L.C.

In 1988, A&A posted a $6 million charge that primarily represents the cost of a $50 million reinsurance agreement indemnifying A&A's Atlanta and Bermuda underwriting operations—which were part of the Howden acquisition—should future losses exceed reserves.

No additional losses from these operations are anticipated.

In any runoff "the unexpected can happen, but we certainly don't expect that," said Mr. Irvin.

He concedes that overall 1989 results "were not as good as we would like them to be."

Still, he pointed out, the brokerage kept operating expense increases down to 3.2%—to $1.14 billion from $1.11 billion.

With A&A assuming that the soft market will continue, "the real key is to increase productivity," which includes cutting expenses, he said.

A&A has expanded its business without boosting the number of employees. That "means we've increased our productivity, and that's really the key to cost containment," he said.

While revenues increased 1.7%, the total number of employees declined through attrition 1.8% to 16,000 from 16,300. Revenue per employee increased 3.6% in 1989 to $78,056 from $75,319.

A&A plans to add employees with the expansion of its consulting business, but retirements are expected to offset those additions. "I think generally our population will be flat but probably reallocated" among units this year, Mr. Irvin said.

The broker cut expenses in other areas as well.

But first-quarter results still reflected the soft property/casualty insurance market.

A&A reported gross revenues up 2.9% to $311.2 million from $302.5 million in the first quarter of 1989.

But operating income plunged 32.9% to $18.2 million from $27.1 million and net income dropped 56.7% to $5.2 million from $12 million.

Part of the reason for the drop in income was a 6.4% increase in expenses to $293 million during 1990's first quarter from $275.4 million a year earlier.

A&A reduced operating expenses by $7.9 million in last year's first quarter by purchasing annuities to fund pension obligations for certain U.S. retirees.

Without that non-recurring item, expenses would have increased only 3.4% in the first quarter this year (*BI*, May 14).

First-quarter results were in line with A&A's business plans, Mr. Irvin said. "And we expect our profits to improve for the rest of the year."

But one factor that could hurt A&A's results this year is the $40 million in punitive damages a jury awarded a Baltimore brokerage, B. Dixon Evander & Associates, in breach-of-contract litigation involving managing general agent Shand Morahan & Co., an A&A subsidiary from 1975 to 1985 (*BI*, May 7).

The award, if upheld on appeal, would not be covered by insurance. But Mr. Irvin said he is confident there ultimately will be no impact on financial results. "We think we'll get relief either from the trial judge, or on appeal, and we have strong opinion of counsel on that. It's just another example of what's happening in our judicial system."

A&A reports its business in two main segments:

- Insurance services, which includes insurance brokerage services such as negotiating and placing casualty, property and marine insurance; reinsurance brokerage; risk analysis and management; and self-insurance services.

This segment reported a 1.1% increase in revenues to $1.08 billion last year from $1.06 billion in 1988. However, operating income declined 9.1% to $119.3 million from $131.3 million.

- Human Resource Management Consulting, or the Alexander Consulting Group, which encompasses activities like actuarial and administrative services for pension, compensation and benefit plans, employee communications consulting and management consulting.

This unit's revenues last year increased 9.3% to $153.4 million from $140.3 million in 1988, while operating income increased 19.9% to $16.9 million from $14.1 million.

Other A&A business includes property tax consulting services and investment and other advisory services, which last year reported $20.2 million in revenues, a 15.8% decline from $24 million in 1988. Operating income dropped 120.8% to a $500,000 loss from a $2.4 million profit.

Retail brokerage operations generated $774.3 million, or 62% of revenues, in 1989, a 6.9% increase from $724.3 million in 1988, when they accounted for 59% of gross revenues.

Fees produced by non-brokerage services, such as claims administration and consulting, accounted for 14% of revenues, down from 18% in 1988. The decline was attributable to the 1988 sale of TIFCO, A&A's premium finance subsidiary.

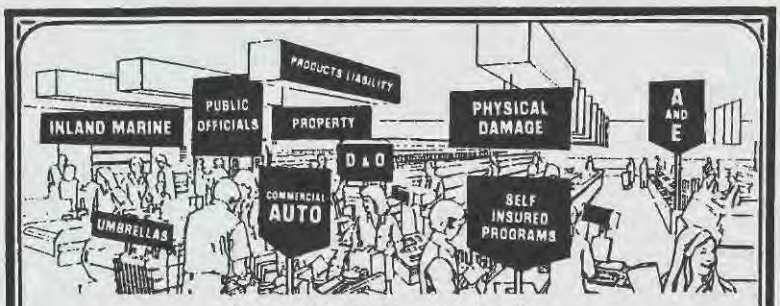
Reinsurance brokerage accounted for 8.5% of revenues in 1989, up from 7% in 1988.

Wholesale brokerage remained steady at 5% of revenues both years.

Revenues from investment income increased to 6.5% from 5% of gross revenues in 1988.

Personal lines accounted for 4% of total revenues, the same as in 1988, while there was no business

Continued on next page



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Continued from previous page
generated by miscellaneous activities, compared with 2% in 1988.

A&A also breaks down its business in geographical segments.

Gross revenues from U.S. business dropped 0.8% to $770.7 million in 1989 from $776.8 million in 1988. U.S. revenues reflected 61.7% of the broker's total $1.25 billion in revenues.

U.S. business generated $79.2 million in pretax operating income, a 22.4% decline from the $102.1 million in operating income generated by U.S. business in 1988. The 1989 total reflects 73.6% of A&A's $107.6 million in pretax operating income.

Alexander & Alexander Inc., A&A's U.S. retail brokerage subsidiary, produced $618 million in revenues in 1989, only about a 1% increase from $612 million the previous year, said Michael K. White, chairman and chief executive officer of A&A Inc. and executive vp of A&A Services.

A $7.7 million write-off of a software automation development program and a generally soft market both contributed to a decline in operating income, said Mr. White, though he would not be more specific about the sagging profits.

He predicted revenues would be either flat or up modestly and operating income would be higher in 1990.

Mr. White noted that the domestic retail brokerage operation continues to have two thrusts: business produced by local offices and national marketing efforts to serve the specialized needs of industry-specific organizations.

These A&A units specialize in public entities, aviation, construction, health care, financial products, energy and utilities, railroads and Japanese risks.

"It's become quite in vogue now" for brokers to set up these specialty units, Mr. Irvin said.

However, "that, quite frankly, is something not new to us," he said. A&A's energy group has been in existence for 50 years, and its aviation group has operated for at least 30.

The financial products unit has been doing very well, particularly in servicing financial institutions, according to Mr. White.

Energy and construction also continue to do very well, he said.

And the unit responsible for the direction and coordination of Japanese business is doing an outstanding job, he said.

This focus developed from the 1988 acquisition of Kadowaki Associates International Corp. in Pasadena, Calif., which specializes in insurance brokerage and risk management services for Japanese businesses with U.S. interests.

"Kadowaki is just fantastic," Mr. White said.

One major new thrust for A&A is a new worldwide network of 25 global business units for developing and servicing multinational accounts, Mr. Irvin said.

The units are located in six regions of the United States, 11 countries in Europe, Canada, Brazil and the Pacific Rim.

The establishment of these units not only provides A&A with more standardized procedures and quality service on an international level, but also the ability to respond to unique client demands and provide local services on a global basis, Mr. Irvin said.


Mr. Irvin

"We feel this is imperative to develop and serve the global economy being developed," he said.

Mr. Irvin described the global business units as an example of "matrix management."

Rather than falling exclusively under the direct jurisdiction of either Mr. White or, for example, of William Wilson, executive director of A&A Services and chairman of Alexander & Alexander Europe P.L.C., the units are supervised by a global retail board that helps coordinate operations around the world. Mr. White and Mr. Irvin are both members of that board.

Ron W. Forrest, A&A senior vp and managing director of global business development, has overall responsibility for the units.

However, Mr. White's responsibilities do include A&A's Canadian retail brokerage operation. Last year, the operation's revenues increased 1.5% to 2% to about $101.5 million to $102 million, and profits were up about 9%, Mr. White said.

"I think on the revenue side, it's not totally that different from the United States operation, but there were efficiencies gained in the operation that improved the bottom line," said Mr. White, explaining the profit increase. "We entirely downsized and closed some offices that were in small towns that really didn't fit our strategy."

Including revenues from Alexander Consulting Group and reinsurance, A&A's Canadian operations reported $125.6 million in revenues, up 7.5% from $116.8 million in 1988. Operating income increased 28% to $15.1 million from $11.8 million.

Revenues generated by foreign countries excluding the United Kingdom and Canada in 1989 increased 7.9% to $141.8 million from $131.4 million, while operating income doubled to $14.4 million from $7.2 million.

In the United Kingdom, revenues increased 4% to $210.8 million from $202.7 million, while operating income increased 1.1% to $27 million from $26.7 million last year.

Mr. Irvin downplayed the removal of insurance trade barriers among European Community countries this year, saying insurance always has moved fairly freely across borders.

The major effect of the elimination of trade barriers among E.C. countries in 1992 will be "a real thrust towards consolidation of business in Europe," Mr. Irvin said.

Europe will be a major opportunity for brokers "as each of the clients who operate in their own normal environments will have to operate in a European environment and in a global environment," he said.

In West Germany, A&A maintained a 20% equity interest in the new company formed when its partner, Industrie-Assekuranz GmbH & Co. merged with Carl Jaspers Sohn to become Jaspers Industrie Assekuranz GmbH, the third-largest West German broker.

"We're in all the major European countries with our operations," either by controlling management or having an equity interest, he said.

"We're quite well placed," agreed Mr. Wilson, who supervises retail insurance brokerage operations in the United Kingdom, Europe, Asia, the Middle East, Africa and the Pacific Rim.

Mr. Wilson also is responsible for A&A's worldwide wholesale insurance and reinsurance operations.

In addition, A&A will be arranging coverage for companies involved in joint ventures in Eastern Europe, Mr. Wilson said.

He noted A&A's role in the opening of a McDonald's restaurant in Moscow. Reed Stenhouse Ltd. in Toronto placed the property and casualty insurance for the restaurant and food processing plant on behalf of its client, McDonald's Restaurants of Canada, which opened the Moscow outlet.

However, it will be "quite some time" before the relationships A&A is developing in Eastern Europe come to fruition, he said.

In Latin America, with the exception of a 50% equity relationship in Brazil, the brokerage operates pri-

Continued on page 24



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Continued from page 22
marily through correspondent relationships.

Noting that Brazil has been suffering from rampant inflation, Mr. White, who supervises A&A's Latin American activities, said the Brazilian operation "did not achieve the financial plan. But considering what is going on, we were satisfied with the results."

"I think Latin America is much more of a real opportunity today than it was a year ago," said Mr. White, noting that many changes in governments have encouraged business.

Mr. Wilson also noted that the market in Australia and New Zealand, like that in the United States and Canada, is "very, very soft." A&A revenues there were flat last year.

Business in Asia is still in the developmental stage, though it remains "very important" because Japanese businesses are becoming more active in the region, Mr. Wilson said.

Africa represents a relatively small portion of A&A's business, he said.

And, while business in the Middle East has been "picking up" since the end of the Iran-Iraq war, it remains a "difficult area to operate in," Mr. Wilson said.

Mr. Irvin pointed out that A&A also has globalized its wholesale insurance brokerage operations, which include Alexander Howden Group in London and Alexander Howden North America, which operates in the United States and Canada.

For instance, A&A believes it has expanded to become the largest wholesale brokerage operation in Australia.

However, he said wholesale operations have probably been hit by the soft market more than any other part of A&A's business.

Mr. Irvin, noting that wholesale operations are more volatile than retail operations, said the United States is the most volatile market in the world.

Alexander Howden Ltd. reported a 5.5% revenue increase, but pretax profits were down slightly.

Alexander Howden North America's revenues were down 25%, and the company reported a $1.4 million pretax loss.

That operation, however, could be profitable by year-end, Mr. Wilson said.

A&A's reinsurance brokerage operations include Alexander Howden Reinsurance Brokers Ltd. in London and Thomas A. Greene & Co. in the United States.

Alexander Howden Reinsurance Brokers continued to increase its market share both in London and internationally, Mr. Irvin said. Its revenues increased 10% in 1989, and profits rose as well.

However, revenues and profits at Thomas A. Greene continue to slip, Mr. Wilson noted.

A&A's risk management services group includes Anistics, which offers risk management information systems, and Alexsis, the consulting unit that serves self-insurers.

Anistics has now established itself on a global basis, with 40% of its business generated outside the United States, Mr. Irvin said.

The unit was repositioned a year ago and has discontinued its mainframe-based risk management information systems. It continues to offer microcomputer RMIS consulting.

Meanwhile, Alexsis has been expanded considerably to reflect the continued development of self-insurance, particularly in the workers compensation area, Mr. Irvin said.

Alexsis' revenues increased about 20% to $81 million from $68.1 million. Profits also increased about 20%. "There's really

pensation," Mr. White remarked.

Other A&A risk management service units include Alexander Insurance Managers Ltd., which provides captive management services. "As a general characterization, we are in all of the major centers for captive management," Mr. Irvin said. Among those is a new Dublin office (*BI*, Oct. 2, 1989).

"Captive formation is not as great as it was, but we're more active in our property pool, which is reinsurance of captives," Mr. White said.

AIM works with Alexander Howden on the AIM Reinsurance Facility, which offers captive insurance companies property reinsurance limits of up to $100 million (*BI*, April 30).

Rounding out A&A's group of risk management services units is Alexander Trade Services, which specializes in political risk coverages.

One focus of the group is working on consulting agreements with China. But "that really came to a neutral position" after the Beijing government crushed the country's nascent democracy movement last year, said Mr. White.

In the benefits consulting area, Alexander Consulting Group continued its strong growth in 1989 with a good first quarter in 1990, increasing first quarter revenues 17.6% to $35.4 million from $30.1 million, Mr. White said.

A&A's operations also include Strategis, an asset valuation and management unit that helps manage and protect firms' financial assets. Its revenues dropped 20% last year to $12 million from $15 million in 1988.

Plans announced last year to sell the unit have been put on hold, said Mr. Wilson.

A&A repurchased 200,000 shares of its stock of the 5 million shares authorized by its board for $5.4 million in 1989.

As of the first quarter of this year, the brokerage had purchased 3.7 million shares of stock. "We're constantly making business judgments" as to investment decisions, Mr. Irvin said.

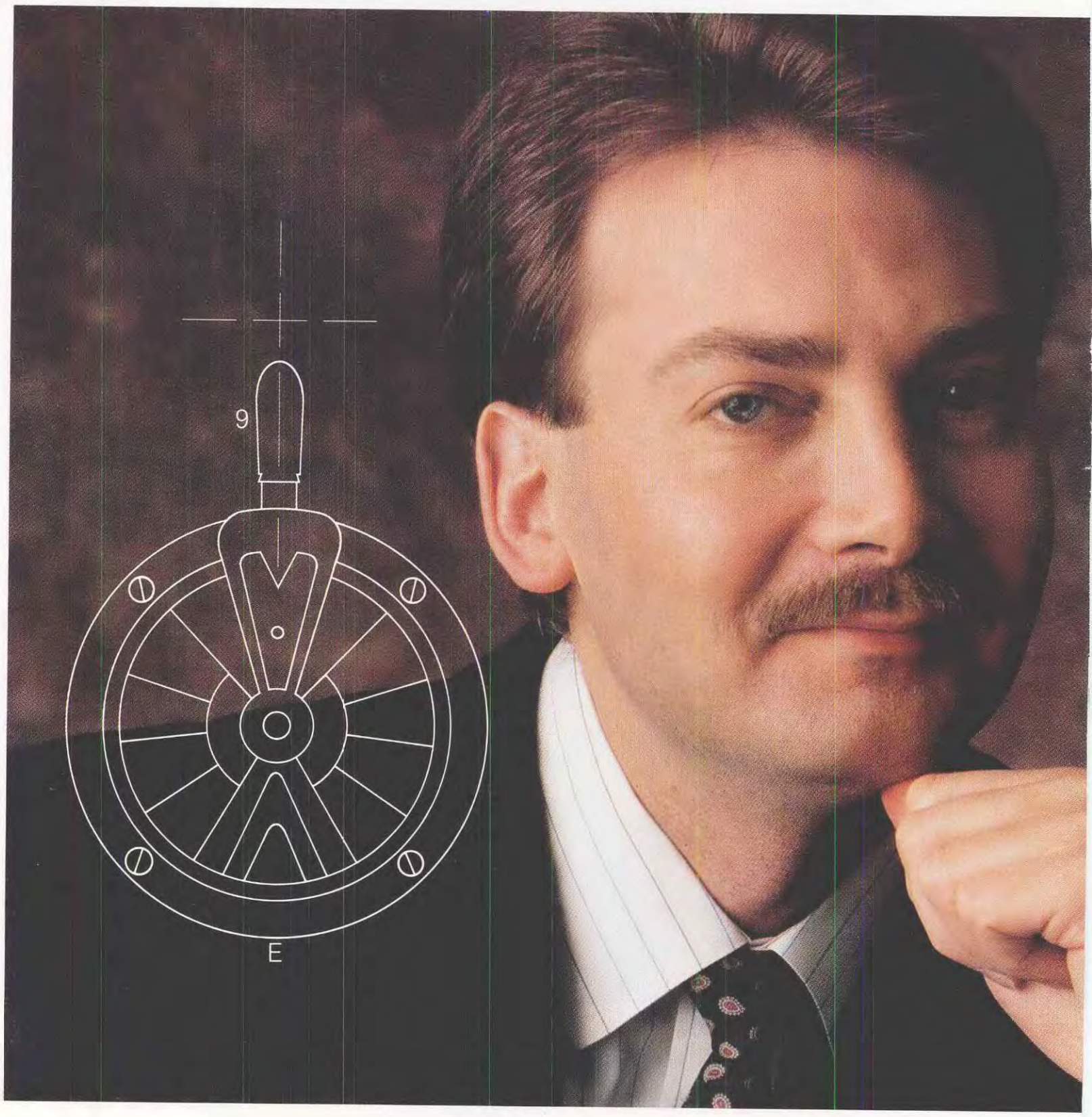
A&A stock, which is traded on the New York Stock Exchange, closed at $26.375 on June 8. Share prices ranged from $22.63 to $34 in 1989.

The cash compensation of the five highest-paid A&A executives in 1989, as reported to the Securities and Exchange Commission, follows:

Tinsley H. Irvin	$652,083
William M. Wilson	$572,146
Michael K. White	$560,036
James A. McCormick	$469,011
Paul E. Rohner	$331,033

—By Judy Greenwald

THE HOM



OLD PROS ON

3

Sedgwick Group P.L.C.

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71-377-3456; fax: 71-377-3199

	1989*	1989*
Premium volume	**$9 billion**	$9 billion
Gross revenues	**$1.04 billion**	$1.08 billion
Brokerage: Retail	**59%**	58%
Wholesale	**14%**	16%
Reinsurance	**10%**	11%
Personal lines	**3%**	3%
Invest. income	**10%**	9%
Other	**4%**	3%
Employees	**13,015**	13,526
Rev./Employee	**$80,073**	$80,009
Offices	**300**	300

* Converted at applicable exchange rates.

Restructuring along lines of business rather than geographic boundaries will allow Sedgwick Group P.L.C. to better focus on clients' needs, which in turn will boost revenues and profits, Sedgwick executives say.

Sedgwick, the world's third-largest insurance brokerage, is now divided into four main operating units, "each with its distinct role, yet with the objective of serving its clients best by using the full resources of the Sedgwick Group wherever necessary," said Sedgwick Chairman David Rowland.

"We introduced the changes for two reasons: for our clients, because it is our job to serve them as well as we can. . .and secondly by so doing to increase our revenues and increase our profits," said Mr. Rowland.

The restructuring, which was unveiled last spring, fully absorbs U.S. broker Fred S. James & Co. Inc., which Sedgwick bought in 1985, into the London-based parent company (*BI*, Jan. 15; March 6, 1989).

The four main units now are:

- Worldwide retail broker Sedgwick James Ltd., headed by Chairman Richard M. Page, who formerly was chairman of Fred S. James.

Sedgwick James, which also includes consulting and claims administration operations, produced 62% of Sedgwick Group's total revenues last year.

- Specialist retail and wholesale broker Sedgwick Broking Services Ltd., headed by Chairman Sax Riley.

Sedgwick Broking Services, which produced 14% of Sedgwick Group's revenues in 1989, includes Sedgwick's energy and marine brokerage units and North American wholesale brokerage operations, including Price Forbes Ltd. in London and wholesale brokerage units in the United States.

- Reinsurance broker E.W. Payne Cos. Ltd., headed by Chairman James M. Payne.

E.W. Payne, which comprises all of Sedgwick's reinsurance brokerage operations, including Sullivan Payne & Co. in the United States, produced 11% of the parent company's 1989 revenues.

- Lloyd's of London members' agency Sedgwick Lloyd's Underwriting Agents Ltd., headed by Chairman John M. Gordon. The agency contributed about 2% of Sedgwick Group's revenues last year.

"We knew that we were embarking upon a stage of our development which would take some time to have a full effect. And we're now seeing an early progress report. From my point of view, I can see a lot of progress and a lot of benefits beginning to come from it," Mr. Rowland said.

In particular, Mr. Rowland sees a lot of progress in the attitudes of Sedgwick James employees in the 60 countries around the world where it now operates. "It's had a very substantial effect on people's attitudes because we are seeing in Sedgwick James one business all over the world and a quite different attitude to serving their clients' developing international business to that which existed beforehand," he said.

Sedgwick Group now can provide its clients with a worldwide network of offices that delivers a high standard of service, added Mr. Page, who is based in New York.

Mr. Page noted that by combining Sedgwick's international and North American retail brokerage activities into one unit, "it all fits together for us in a cohesive package."

The formal restructuring in January was a "ho-hummer," he said, referring to the smooth transition. "I've been also delighted with the way our offices have accepted the change," he said, adding that clients have accepted it as well.

Responding to suggestions that the combination of the Sedgwick and Fred S. James operations into one entity took too long, Mr. Page said one of the difficulties of a merger between two international companies is adjusting their respective cultures. And, this is particularly true when the companies are of relatively equal size, as was the case with Sedgwick and Fred S. James.

Personality and turf clashes naturally arose, said Mr. Page. "You don't bring together a worldwide company overnight," he said. "You have to consider when it's the right thing to do."

Mr. Page stressed Sedgwick James is now a united company, not a group of partly owned companies or an entity consisting of correspondent relationships. "We are one company, and one international company," he said.

The restructuring also fits well into Sedgwick's U.S. operations, Mr. Page said. It is a "natural complement" to Sedgwick James' offices in large U.S. cities because it permits them to focus not only on clients that do business locally, but also to work with those accounts that do business internationally.

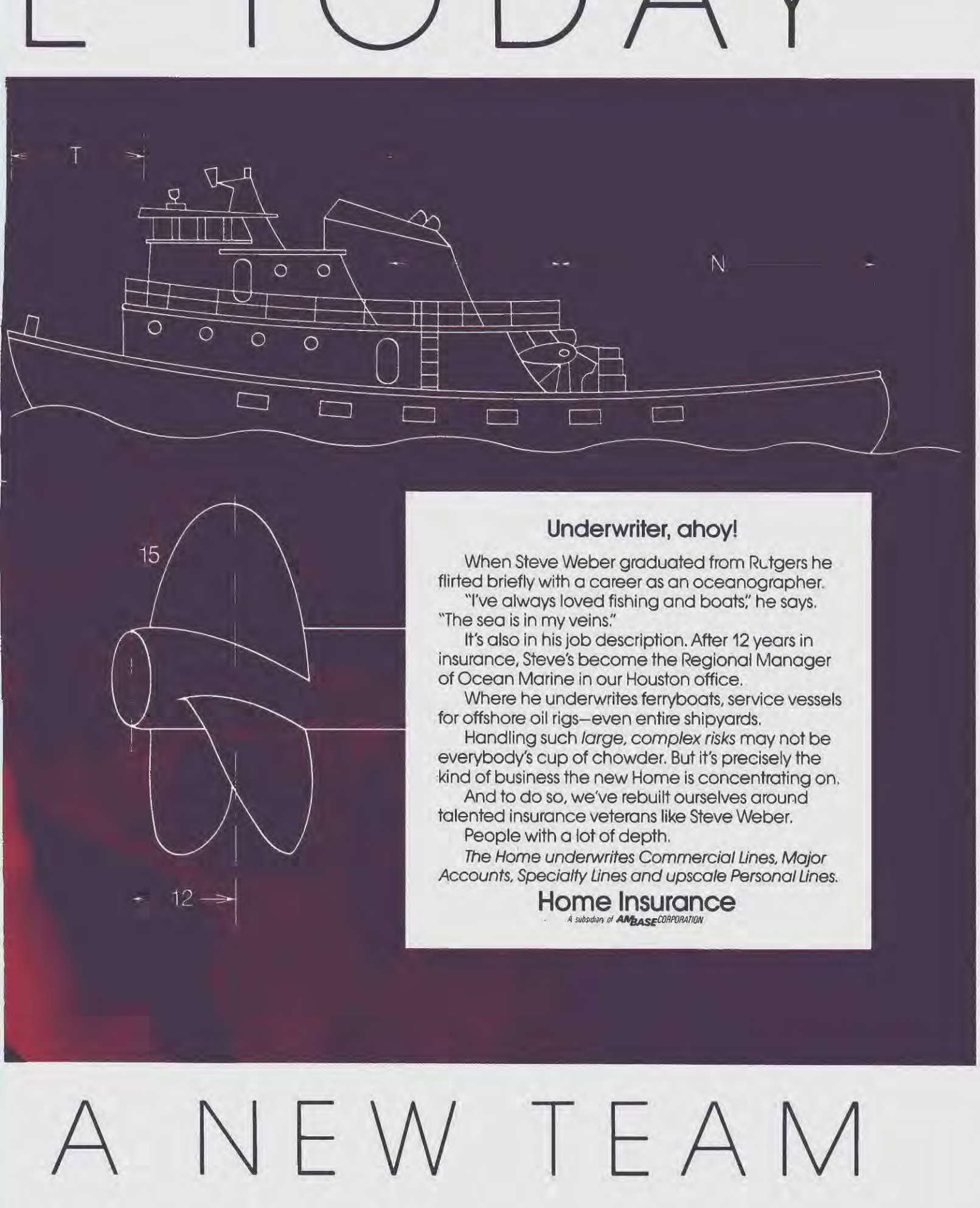
However, Sedgwick Group executives point out that it's too early to see any financial benefit from the major restructuring.

"It would be crazy to think that everything would be made wonderful overnight," said Mr. Rowland. "It's not like that. But what we need to do is lay the ground rules for what we are doing so we can trade better and more efficiently in the future."

"It's too early to tell" what the benefits will be, added Mr. Riley. "Watch this space. We are doing everything we can to make it succeed."

Continued on next page

E TODAY



Underwriter, ahoy!

When Steve Weber graduated from Rutgers he flirted briefly with a career as an oceanographer.

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A NEW TEAM

Continued from previous page

Sedgwick's revenues and profits had begun to rebound even before the restructuring.

Sedgwick's revenues grew 8.3% to 647.3 million pounds from 597.9 million pounds in 1988. However, a strong U.S. dollar reduced Sedgwick's dollar revenues by 3.7% to $1.04 billion from $1.08 billion in 1988.

Still, the company's 1989 performance stands out against its performance in the prior year, when revenues dropped 8.1% from 650.9 million pounds ($1.23 billion) in 1987.

Sedgwick Group's pretax profits improved last year, growing 9.4% to 85.2 million pounds ($137.2 million) from 77.9 million pounds ($141 million) in 1988.

Sedgwick's profits had plunged 19% in 1988 from 101.1 million pounds ($190.8 million) in 1987.

While Sedgwick's expenses increased 8.4% to 559.1 million pounds ($900.1 million) from 515.8 million pounds ($933.6 million) in 1988, Sedgwick hopes to reduce its expenses this year by leasing out a seven-story office building that it owns but no longer needs.

Sedgwick Group cut its worldwide number of employees by 3.8% to 13,015 at year-end 1989 from 13,526 on Dec. 31, 1988.

Sedgwick's revenue growth continued in the first quarter of 1991, when revenues grew 10.3% to 195.9 million pounds ($323.2 million) from a restated 177.6 million pounds ($335.3 million) in the first quarter of 1989.

Sedgwick is also now restating its 1989 results because of new British requirements that change the method of accounting for associated companies. Under this new accounting method, Sedgwick 1989 revenues would have been about 20 million pounds ($32.2 million) higher at 667.1 million pounds ($1.07 billion).

Additional provisions for errors and omissions claims in the first quarter increased expenses 8% to 152.1 million pounds ($251 million) from 135.2 million pounds ($255.3 million) in last year's first quarter.

As a result, pretax profit increased only 1.7% in the first quarter to 42.5 million pounds ($70.1 million) from 41.8 million pounds ($78.9 million) in 1989's first quarter.

The E&O provision is partially related to a $43 million judgment earlier this year against Sedgwick for failing to obtain proper reinsurance for Lloyd's underwriters.

The judgment stemmed from a then-record $300 million claim paid by insurers after three liquified natural gas tankers at the Avondale Shipyards in New Orleans in 1979 were declared unusable (*BI*, April 9, 1990).

The provision also boosts Sedgwick's current 30.1 million pounds ($50.6 million) in E&O reserves by an undisclosed amount to pay for any uncollectable claims from the H.S. Weavers (Underwriting) Agencies Ltd. line slip, noted Mr. Riley. Like most other brokers, Weavers had written a portion of Sedgwick's own E&O coverage.

Weavers stopped writing business in March when questions arose over the adequacy of reserves at Walbrook Insurance Co. Ltd., the leading underwriter on the Weavers slip, and six companies also owned by London United Investments P.L.C. that either participated on the slip or reinsured Walbrook. Those six insurers are no longer paying claims, though Walbrook continues to pay claims.

Aside from writing a portion of Sedgwick's E&O coverage, Weavers also was the largest client of Sedgwick reinsurance brokerage subsidiary E.W. Payne. Weavers' business accounted for 1% of E.W. Payne's revenues, Mr. Payne said.

Sedgwick Broking Services and Sedgwick James also have placed an undisclosed amount of business with Weavers. The loss of Weavers "will make a hole in the market, unquestionably," said Mr. Riley.

Sedgwick James and SBS are able to find other markets to replace Weavers on clients' programs, however, added Mr. Rowland.

Sedgwick has been one of the leaders—along with Marsh & McLennan Cos. Inc.—of an attempt to devise a "market rescue" for the LUI insurers. The brokers continue to try to raise money to support the orderly runoff of Weavers business.

"What we are doing is absolutely separate from our duty as brokers," emphasized Mr. Rowland. "But we have substantial self-interest and that's the reason we are (involved).

"The situation before us (is) as a major operator in the London market with a very substantial long-tail book of business facing the possibility of compulsory winding-up in some form or another. We know enough about the dilemmas of that in the British market to know that that is a hideous prospect in terms of the possibility of litigation (and) years and years of work in terms of dealing with the tail. Therefore, it seemed to us as sensible people to see if we could do something which might be better than that," he said.

North America produced more revenues for Sedgwick James than any other region, Mr. Page said.

Despite the soft commercial property/casualty insurance market, Mr. Page said Sedgwick James' North American operations had a good year in 1989.

For instance, Sedgwick James North America now is retaining almost 84% of existing business, he said, noting that the broker's account retention level has improved for four consecutive years.

And while the brokerage did not achieve the new business growth it would have liked, results were nevertheless "very acceptable" when the soft market and the business retention levels are taken into account.

Sedgwick James North America produced gross revenues of $489.2 million last year, up a marginal 1.9% from $479.9 million in 1988.

Still, Sedgwick James North America remained the fourth-largest U.S.-based brokerage operation.

The 1989 revenues include Sedgwick Group's North American-based wholesale brokerage operations, which are now part of Sedgwick Broking Services.

Sedgwick James is preparing its clients for the change to a hard market by keeping them advised of trends and their impact, so clients will not be caught by surprise once the turn occurs.

"You've got to keep in touch with your clients and you've got to let them know what is going on out there," said Mr. Page.

Ronald J. Berardi, executive vp and finance director of Sedgwick James, said Sedgwick also keeps its clients aware of their "total risk exposure," as well as the alternatives to the traditional risk financing market.

Sedgwick James continues to develop specialities. It has established a special unit to focus on retailers, like department stores. Other units specialize in national contractors, construction services, public entities, financial institutions and aviation.

Sedgwick James works with about 25% of the major retailers in the United States, noted Mr. Page.

Mr. Page noted that Sedgwick James also is active in identifying affinity groups—such as pesticide manufacturers, outboard engine manufacturers and waste disposal firms—for which the brokerage can establish self-insured liability programs and broker excess insurance.

Sedgwick James North America has continued to improve the quality of its earnings through its continuing effort to stress operations—like employee benefits consulting—that are not linked to the property/casualty underwriting cycle, said Mr. Page.

Non-cyclical revenues now account for 43% of Sedgwick James North America's revenues, compared with a goal of 40% set several years ago.

Continued on page 28

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Continued from page 26

Mr. Page said while the emphasis on non-cyclical business means the broker will be not be able to reap full benefits once property/casualty rates begin to rise, he prefers this strategy. The brokerage wants quality, stable earnings "rather than fluctuating earnings," he said.

Among the non-cyclical operations, benefit consulting is showing strong growth, Mr. Page said. He noted that James Employee Benefits in the United States and Sedgwick Tomenson Associates in Canada both now operate under the name Sedgwick James Consulting Group.

Sedgwick James is "very interested" in making acquisitions or mergers in the employee benefits area, said Mr. Page. "It's something we're always looking out for."

James Financial Services, another Sedgwick James unit, focuses on life insurance sales. It also has been working with Orange County, Calif.-based Athletes & Industry on a plan to introduce exercise programs that minimize the chance of injury among its clients' employees. However, that has not developed into a "major source of revenues," said Mr. Page.

James Financial Services also is investigating how it can position itself to address the issue of care for the elderly.

"James Financial Services is sort of our think tank," where the company likes to try things out and conduct pilot programs, he explained.

On the risk management consulting side, the Risk Services Division has been consolidated under the supervision of Senior Vp Jane Hill.

Its responsibilities include working with clients on forming captive insurers, Mr. Page explained, adding there has been "good, steady" captive growth despite the soft market. He noted that Sedgwick James has opened a new captive management company in Vermont and is in Hawaii as well.

Other Sedgwick James units include FPE Group, which provides fire protection services, and Claims Management Services, which provides services to corporations and municipalities with self-insured workers compensation programs.

Claims administration "has been a very, very important growth area for us," said Mr. Page, who added he believes it will continue to be so as concerns grow over the rising cost of workers compensation.

He noted that CMS goes beyond simply paying claims and tries to help control costs.

"We're not the cheapest in that particular area, and we don't intend to be," said Mr. Berardi.

A couple of municipal clients that had left Sedgwick James for firms that charge less subsequently returned when they realized they were not getting the claims administration services they had gotten from Sedgwick James, he noted.

Overall, commercial retail brokerage accounted for 63% of Sedgwick James North America's 1989 revenues, compared with 67% of revenues in 1988.

Fees for non-brokerage services like claims administration and consulting accounted for 19% of revenues, compared with 16% in 1988.

Personal lines produced 6% of revenues, the same as in 1988, while wholesale brokerage remained even at 4% and reinsurance brokerage was steady at 1% of revenues.

Investment income accounted for 6% of 1989 revenues, up from 5% in 1988, while miscellaneous activities accounted for 1% of gross revenues in both years.

The number of Sedgwick James North American employees declined by 4.5% to 5,949 from 6,230. About 175 of those left to take advantage of an early retirement program offered last year, said Mr. Berardi.

Referring to the decline in number of employees, Mr. Berardi said that with a soft market, "you just don't see the ability to invest heavily in new people. Instead, you're looking for the tried-and-true talent."

The number of Sedgwick James North America offices increased by three, to 119 from 116.

Second to the United States in revenues for Sedgwick James is continental Europe, followed by the United Kingdom—where Sedgwick James is the nation's biggest retail broker—and the Asia/Pacific region.

However, Sedgwick James is anticipating new retail brokerage growth in Europe.

"We think the German market has tremendous potential," Mr. Page said. While much of the market is now controlled by direct-writing insurers, "we feel the opportunity for brokering will grow," said Mr. Page.

France, Italy and Spain also represent good opportunities for Sedgwick James' retail brokerage operations, while it already has "very healthy" operations in Belgium, The Netherlands and Scandinavia.

Sedgwick James is now is re-examining all of its European operations, noted a Sedgwick spokeswoman. "Just about every company is being looked at."

Sedgwick James is considering opening an office in Moscow, and as industry becomes privatized, Mr. Page believes opportunities will emerge in other Eastern European countries, including Hungary, Romania and Czechoslovakia.

These opportunities will not arise overnight, he noted. "There's a lot that has to happen, but there's no question there's substantial opportunity there," he said.

Sedgwick James currently has an office in Peking, but in light of last year's political upheaval in China, "we still don't see it as an area of tremendous opportunity," he said.

Sedgwick James Risk Management Services also has a presence in Japan to place business on behalf of Japanese corporations doing business abroad through a joint venture with Ginsen Co. Ltd. of Tokyo, a Japanese insurance agency and subsidiary of Sumitomo Bank. A second office in Tokyo works on behalf of foreign companies doing business in Japan.

Sedgwick James also is the largest retail brokerage in Australia, and has operations in Singapore and Hong Kong.

Other Sedgwick James retail brokerage operations are in the Middle East, the Ivory Coast, and countries in Africa and Latin America.

Besides Messrs. Page and Berardi, Sedgwick James' principal officers in North America include: Sidney A. Stewart Jr., vice chairman; Quill O. Healey, president and chief operating officer in the United States; Donald K. Morford, senior executive vp; and Kenneth Martin, president of the Canadian operation, who has replaced the retired Ken Elliott.

Messrs. Page and Stewart are members of Sedgwick Group's board, as is Transamerica Corp. Chairman James Harvey and President Frank Herringer.

Transamerica, which sold Fred S. James to Sedgwick in 1985, is Sedgwick's largest shareholder with a 39% equity interest with 29.9% voting rights. Earlier this year, Transamerica amicably terminated an investment agreement it made with Sedgwick in 1985 under which Transamerica would not buy or sell Sedgwick stock.

Transamerica has not indicated that it plans to alter its stake in Sedgwick, said Mr. Rowland.

The everyday affairs of Sedgwick Group are run by an executive committee headed by Mr. Rowland and including Messrs. Page, Riley, Payne and Stewart; Sedgwick Group Finance Director Stuart Tarrant; and Rob White-Cooper, deputy chairman of Sedgwick James Ltd. and chairman of Sedgwick James Europe Ltd. and Sedgwick Financial Services Group Ltd.

—By Stacy Shapiro and Judy Greenwald

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4

Johnson & Higgins

125 Broad St., New York, N.Y. 10004; 212-574-7000; fax: 212-574-7039

	1989*	1988*
Premium volume	NA	NA
Gross revenues	$785,945,000	$731,112,000
Brokerage: Retail	57%	63%
Wholesale	1%	1%
Reinsurance	7%	6%
Services	29%	25%
Invest. income	6%	5%
Employees	7,654	7,396
Rev./Employee	$101,373	$98,852
Offices	106	99

* *BI* estimates.

Johnson & Higgins remains the largest privately held insurance broker in the world, though the cost of that distinction became apparent earlier this month when its longtime London correspondent Willis Faber P.L.C. jumped ship.

After years of fruitless merger talks with J&H—talks stymied by J&H's status as a private company—Willis Faber announced June 4 that it will merge with J&H rival Corroon & Black Corp. (see stories, pages 34 and 38).

The move is intended to satisfy the goal of both Willis Faber and Corroon to become a global insurance broker (*BI*, June 11).

The merger ends the nearly 100-year-old exclusive correspondent partnership between J&H and Willis Faber, and casts doubt on Willis Faber's continuing role in UNISON, the network of overseas correspondent brokers J&H maintains in lieu of a system of wholly owned branch offices.

Although J&H officials contend they were not surprised by Willis Faber's move, the New York-based broker is only beginning to weigh its options for handling future U.K. insurance placements.

For now, Willis Faber will continue to manage London placements for J&H clients, while J&H will continue to handle Willis Faber business in the United States, according to J&H President David A. Olsen.

Willis Faber produced about 10% of its $100 million in pretax 1989 profits from J&H-generated business.

J&H—which *Business Insurance* estimates had 1989 revenues of $785.9 million, making it the fourth-largest broker in the world—receives about as much business from Willis Faber, says J&H Executive Vp Richard E. Meyer.

This reciprocal arrangement, however, will last only "until such time as we are in a position to make some changes," said J. Kenneth Seward, a director in J&H's international department.

How and when those changes will occur remains unclear.

In the few days following the Willis Corroon merger announcement, J&H was contacted by nearly a dozen independent brokers in London—or by individuals or groups within those brokers—asking about the possibility of becoming exclusive J&H correspondents or being acquired, Mr. Olsen said.

The firm may also use Johnson & Higgins Ltd., its Lloyd's of London brokerage unit, to take over some of its London placements, though the unit isn't adequately staffed to handle the business now.

"It could in time. It can't now," observed Robert V. Hatcher Jr., J&H's chairman and chief executive officer.

An official with Jauch & Hubener, UNISON's West German partner, also suggested that Jauch & Hubener, J&H and French broker Gras Savoye S.A. could join to form a new UNISON retail broker in the United Kingdom, an idea Mr. Hatcher did not dismiss.

In addition, J&H may choose one of these options for retail brokerage operations in the United Kingdom while choosing another option for wholesale brokering, Mr. Meyer added.

"We have plenty of options," Mr. Olsen observed. "We just have to figure out which is the best option for our clients, primarily, and us secondarily."

Acquisition of a large overseas broker might require J&H—which is owned by its 42 directors—to go public, and Mr. Hatcher did not rule this out as an option, either.

J&H considered going public in 1962 and has revisited the idea "once or twice" since, he noted.

The last time J&H considered it was three years ago, when the firm hired an investment bank to explore the possibility of creating a new class of shares it could swap with Willis Faber to effect a merger, Mr. Hatcher said.

Willis Faber was not informed of this effort, which Mr. Hatcher described as an "internal project," and the idea was dropped after about 95% of J&H's directors opposed it, he said.

"We could not justify the costs for the benefits," he said, explaining that for tax reasons it was judged too costly for both the firm and its directors.

This could change, he suggested.

"Whatever our decision was is certainly not cast in concrete. One of these days, you may be writing a story about us going public. I don't know."

Mr. Hatcher—who is due to retire at the end of this year—also said J&H would have to want a merger partner "pretty bad" to take such a step, and that it would depend on factors including the partner's size and how well its operations fit those of J&H.

J&H's status as a private company remained an impassable roadblock through years of talks with Willis Faber about how the two firms might cement their informal partnership, officials of both firms agree.

"That's really the basis of the disagreement and the basis of the dissolution," Mr. Hatcher observed.

As merger talks stagnated, Willis Faber's goals became increasingly incompatible with those of its U.S. partner, Mr. Olsen suggested.

"Their aim was to be in the U.S., and we were here, so they couldn't be. Their aim was to be involved in Europe in a more direct way, but they couldn't be and still remain a partner of UNISON," he explained. "They weren't global because they weren't in the U.S. and weren't directly in Europe, so I think they had a dilemma."

Ties between the longtime partners had actually been unraveling for several years, J&H officials say.

J&H, which owns 5% of Willis Faber's stock, had sought its partner's permission to increase its equity stake to 29% in 1987, according to Mr. Hatcher, who said the idea was dropped when Willis Faber objected.

The same year, J&H acquired Lloyd's broker Carter Brito e Cunha—now J&H Ltd.—to handle non-North American reinsurance placements.

"That didn't delight (Willis Faber) very much, obviously," Mr. Olsen said. But "it was something we wanted to have in London in the event that something happened with our relationship."

J&H also unwound several joint ventures with Willis Faber in 1988, buying back Willis' 49% stake in New York-based Willcox Inc. Reinsurance Intermediaries and its 40% stake in Chicago-based surplus lines broker Neal, Lloyd & Co. Inc.

Continued on next page

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Continued from previous page

At the same time, Willis Faber acquired J&H's stake in Lloyd's broker Willis Faber & Willcox Ltd.

Mr. Olsen also suggested that Willis Faber was growing increasingly uncomfortable with developments in the UNISON network, "which you have to remember is our network."

"Some of the partners—most recently Gil y Carvajal—came to us for ownership and did not go to Willis. I think that had to concern them," Mr. Olsen said.

J&H bought a 25% stake in Gil y Carvajal of Spain in 1988, with an option to double its holdings.

With its exclusive relationship with Willis Faber finally ended, J&H also has to decide how it will resolve several surviving links with its British partner.

For example, J&H still owns 5% of Willis Faber's stock and has not decided what it will do with that holding.

In addition, J&H's 12 offices in Canada are joint ventures in which J&H has an 80% interest and Willis Faber a 20% interest, while offices in Australia and New Zealand are held 50/50, Mr. Olsen noted.

Perhaps more important, though, is the question of Willis Faber's future role in the UNISON network.

Although Willis Chairman Roger Elliott said earlier this month that his firm's ties to UNISON will not disappear overnight, J&H officials expect the London broker to withdraw from the network.

"One of the sad things is that Willis will be leaving UNISON," Mr. Seward said.

The withdrawal will include not only Willis Faber in the United Kingdom but also UNISON members in Ireland, South Africa, the United Arab Emirates and Zimbabwe that are wholly or partially owned by Willis Faber.

Willis will also be required to give up its 20% stake in UNISON S.A., the network's Belgian brokerage unit, of which J&H is managing partner and a 20% shareholder, Mr. Seward said. Ten other members hold the remaining shares, including Jauch & Hubener, Gras Savoye and Gil y Carvajal.

Under the Belgian company's bylaws, the Willis shares would be offered to the other UNISON S.A. shareholders proportionally based on their current shareholdings, according to Mr. Seward.

Despite the apparent loss of a key UNISON partner, J&H officials insist the network remains strong and actually gives them an advantage over rivals with wholly owned overseas operations.

J&H's UNISON partners in Europe are indigenous European companies, and thus have an advantage over other U.S. brokers perceived as foreigners entering the European market, J&H officials maintain.

"That is really the strength of UNISON. We are far more European than any of our competitors," Mr. Seward said.

A German risk manager, for example, "is still going to want to deal with a German broker, as opposed to a British or an American broker, provided he is confident that that German (broker) can get him the very best Europe has to offer," Mr. Seward observed.

J&H had hoped to consolidate UNISON, either by acquiring equity in its UNISON partners or convincing them to sell equity interests to UNISON S.A.

In addition to its stake in Gil y Carvajal, J&H is talking about acquiring equity in one other UNISON member, said Mr. Hatcher, who would not name the company.

Most other members, however, have expressed no interest in selling stock in their firms, though J&H has received commitments "from the major ones that when the time comes, they will look to us," he said.

Mr. Hatcher explained the difficulty of acquiring shares of its partners by citing a hypothetical example of a firm owned by a large extended family, most of whose members aren't directly involved in the business.

"There's a meeting called, and in walks the chairman. And he starts talking about selling equity in the firm to Johnson & Higgins. Aunt Bess raises her hand and says, 'Who is Johnson & Higgins?. . .You mean the American? My God.'

"That's what they are going through. It's tedious, painful, long and drawn out," Mr. Hatcher reflected.

J&H's approach, he added, differs markedly from that of other firms, which may try to force mergers by threatening to withdraw their business or by paying a premium for a target firm.

"It's always tougher in a service business, where the people make the firm," Mr. Olsen added. "If the people don't like their new employer, they are not obligated to stay."

Although privately held J&H has traditionally refused to provide details of its financial performance, *BI* estimates that the firm's revenues expanded 7.5% last year to $785.9 million from $731.1 million in 1988.

Results varied among J&H sectors.

For example, revenues at A. Foster Higgins & Co. Inc., the firm's employee benefits consulting unit, jumped 25%, said Mr. Olsen.

Revenues at reinsurance broker Willcox Inc., meanwhile, rose 17% last year, as did revenues from J&H's middle market accounts division, which handles property/casualty and employee benefits coverages for medium-sized clients, Mr. Olsen added.

Mr. Olsen attributed J&H's growth last year both to new and additional business production and to the fact that lost business was limited to less than 1% of revenues.

Business flowing through J&H's industry groups accounted for about 40% of the firm's new and additional business last year, according to Mr. Meyer.

The industry groups—including the ConstructionGroup, FinancialGroup, GovernmentGroup, HealthGroup and EnergyGroup—are intended to provide J&H branch offices with the support of experts in the insurance needs of various industries.

J&H's aim is for the industry groups to produce 50% of the firm's gross new and additional business in coming years, according to Mr. Meyer.

Overall, *BI* estimates that 57% of J&H's gross revenues last year came from retail insurance brokering, while 29% came from services such as benefit consulting, 7% came from reinsurance brokering, 1% from wholesale brokering and 6% from investment income on client fiduciary funds and corporate cash.

J&H maintained a "positive spread" between revenues and expenses last year, Mr. Olsen said, explaining that expenses grew at a slower pace than revenues.

The firm employed 7,654 people at year-end 1989, up 3.5% from 7,396 at year-end 1988. As of March 31, J&H's workforce had swelled to 7,753.

Mr. Olsen predicted J&H's revenues will grow as quickly this year as they did last year, but said the tough part will be keeping a lid on expenses.

The firm is hiring cautiously and has not had to implement a hiring freeze or institute layoffs, he said.

"We don't hire carelessly, so we don't have to lay off indiscriminately," he noted.

Continued on page 32

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Continued from page 30

J&H management intends to act as if a hard property/casualty market—and its rising commissions—will never return, he added.

The firm "will assume we'll have a soft market for the rest of our lives and act accordingly," Mr. Olsen said.

J&H opened offices in Rochester, N.Y., and Norfolk, Va., last year, bringing the total number of U.S. branch offices to 52.

With Willis Faber, the firm also opened an Ottawa, Ontario, office, bringing the number of Canadian offices to 12.

J&H also maintains 42 overseas offices, including offices in: Argentina, Australia, Brazil, Chile, Colombia, Hong Kong, Indonesia, Italy, Japan, Malaysia, New Zealand, Peru, Philippines, Saudi Arabia, Singapore, Taiwan, Thailand and Venezuela.

The firm opened new offices last year in Osaka, Japan, and in Bangkok, Thailand, where J&H established a joint venture with conglomerate PB Group.

J&H also operates through members of the UNISON network in 29 other countries.

Members are Jauch & Hubener in Austria and West Germany; Caribbean General & Marine Insurance Brokers Ltd. in Barbados; Boels & Begault in Belgium and Portugal; Universal Brokers S.A. in Bolivia; Bonnor & Co. A/S in Denmark; Ros & Asociados S.A. in the Dominican Republic; Consultores de Seguros Cia. Ltda. in Ecuador; and Consultores de Seguros C.A. de C.V. in El Salvador.

Also, Gras Savoye in France; Mercury Insurance Agencies Ltd. in Greece; Consultores de Seguros S.A. in Guatemala; Willis Wrightson (Ireland) Ltd. in Dublin; Allied Insurance Brokers Ltd. in Jamaica; Brockman y Schuh in Mexico; R. Mees & Zoonen Assurantien B.V. in the Netherlands; and Femi Johnson & Co. in Nigeria.

Also, Grieg Insurance A/S in Norway; Ducruet, Sasso y Greene S.A. in Panama; Gil y Carvajal in Spain and Portugal; Saldana & Associates Inc. in Puerto Rico; Willis Faber Enthoven (Pty) Ltd. in South Africa; AB Max Matthiessen in Sweden; Kessler & Co. in Switzerland; Agostini Insurance Brokers Ltd. in Trinidad & Tobago; Al Futtaim Willis Faber (PTE) Ltd. in the United Arab Emirates; Willis Wrightson Ltd. in the United Kingdom; and Willis Faber & Associates (Pvt) Ltd. in Zimbabwe.

Looking to expand client services in the growing self-insurance market, J&H last year formed a new Self Insurance Resource Group, supported by a computerized information system known as J&H*STARS, or Self Insurance Technology and Resource System.

The new self-insurance group, based in Chicago, offers consulting services on options including self-insured retention or deductible programs, retrospectively rated plans and captive development, says Mr. Meyer.

One of the main lines of coverage targeted by this group, he said, is workers compensation, where many clients are bearing the increasingly onerous costs of work comp residual market mechanisms.

Residual market loadings—the cost of residual market mechanisms passed through to work comp insurance buyers—can amount to as much as 80% of a policyholder's standard premium, Mr. Meyer observed.

"That's a big burden, and it's coming right out of our clients' pockets," he said.

The group operates separately from J&H's Global Captive Management Group, which is based in Bermuda and provides captive management services in domiciles including the Cayman Islands, Barbados, Luxembourg, the U.S. Virgin Islands and Vermont.

J&H is Bermuda's largest manager, with 176 captives with gross premium volume of $972 million last year (*BI*, April 30).

Separately, J&H last year also formed a new Risk Analysis and Strategy Group in New York to provide due diligence consulting services to clients involved in mergers and acquisitions.

The Risk Analysis group's job is to identify hidden liabilities in planned acquisitions, including unfunded employee benefit liabilities, pollution or product liability risks and workers comp exposures, Mr. Meyer noted.

Other J&H operations include:

- Henry Ward Johnson & Co. Inc., a new wholly owned subsidiary consolidating the operations of surplus lines broker Neal, Lloyd & Co. in Chicago and J&H's association accounts division, which handles affinity group programs.
- Johnson & Higgins/Kirke Van Orsdel Inc. of Des Moines, Iowa, which handles other association and group accounts.
- J&H Financial Services, a unit that markets group universal life and corporate-owned life insurance products.
- Sibson & Co. Inc. in Princeton, N.J., a compensation and salary planning consultant.
- Pacific Marine Associates Inc. in San Francisco and Shipowners Claims Bureau Inc. in New York, marine claims adjusters.
- Johnson & Higgins Willis Faber (U.S.A.) Inc., a syndicate manager involved in running off the business of several syndicates on the now-defunct New York Insurance Exchange.

Reflecting on his nine years as chairman of J&H, Mr. Hatcher cited his firm's inability to get together with Willis Faber as a major disappointment.

Among his accomplishments, Mr. Hatcher cited a "more collegial" style of management at J&H, which has become more decentralized under Mr. Hatcher than under previous chairmen.

He also cited the growth of J&H's employee benefits and overseas operations.

Mr. Hatcher's successor as chairman and chief executive has not been named.

J&H's board named three new directors last year: Alan G. Page in New York, the firm's chief information officer; Joseph P. Platt Jr. in Pittsburgh, chairman of J&H's industry groups; and Rufus J. Williams III in New York, head of Henry Ward Johnson & Co.

In addition to Messrs. Hatcher, Olsen and Meyer, top management at J&H includes Vice Chairman Kenneth A. Hecken and Executive Vps Walter H. Clemens and Richard A. Nielsen.

Corporate office directors in addition to Mr. Page are Gardner M. Mundy, Joseph D. Roxe, Burt N. Sempier and George H. Shattuck Jr.

New York office directors in addition to Mr. Seward are S. Robert Beane, George D. Benjamin, Gilbert H. Dunham and Richard J. Rice.

Branch office directors in addition to Mr. Platt are Sam W. Aiena, James D. Altman, Norman Barham, Peter A. Bergsten, David W. Bianchi, Edward J. Buchwald, Robert A. Cameron, Rodney D. Day III, Theodore J. Fuller, John W. Gussenhoven, Brian R. Hall, William S. Jennings, John P. Keyser, W. Mitchell LaMotte, James W. McElvany, Albert S. McGhee, George F.B. Owens Jr., Robert F. Powell Jr., Martin L. Rayner, William C. Remington, Gerald R. Swanson and E. Massie Valentine.

Directors at other J&H units in addition to Mr. Williams are Thomas G. Patzau at J&H Financial Services and Willis T. King Jr. at Willcox Inc.

—By Douglas McLeod



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5

Corroon & Black Corp.

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212-363-4100; fax: 212-422-9331

	1989	1988
Premium volume	**$3.8 billion**	$3.7 billion
Gross revenues	**$456,826,000**	$424,902,000
Brokerage: Retail	**62%**	65%
Wholesale	**11%**	10%
Reinsurance	**3%**	4%
Personal lines	**3%**	3%
Services	**10%**	6%
Invest. income	**6%**	6%
Other	**5%**	6%
Employees	**4,961**	4,700
Rev./Employee	**$92,083**	$90,405
Offices	**105**	94

Corroon & Black Corp.'s pending merger with broker Willis Faber P.L.C. "is a once-in-a-lifetime opportunity to put two tremendous companies together," says C&B Chairman and Chief Executive Richard M. Miller.

"It is a merger of equals," he said.

Based on 1989 gross revenues of $456.8 million, up 7.5% from $424.9 million in 1988, New York-based C&B is the world's fifth-largest broker.

Willis Faber ranks No. 6 with gross revenues of $452.1 million (see story, page 38).

With estimated 1990 revenues exceeding $1 billion, the combined company would displace Johnson & Higgins as the world's fourth-largest broker (*BI,* June 11).

Business Insurance estimates that J&H's 1989 revenues totaled $789.9 million.

The merger—which is subject to shareholder and regulatory approval—also is expected to alter J&H's long-standing correspondent relationship with Willis Faber. J&H generated about 10% of Willis Faber's 1989 pretax profits of $100 million. J&H says it receives about as much business from Willis Faber (see story, page 29).

For C&B, the merger would fulfill one goal—merging with or acquiring a Lloyd's broker—and be a great step toward another goal: increasing its global presence in the 1990s. C&B currently has no brokerage operations outside of the United States, though it maintains trading relationships with correspondent brokers worldwide.

The new entity, Willis Corroon P.L.C., will be based in London. Mr. Miller is to become chief executive officer, with Willis Faber Chairman Roger J. Elliott becoming chairman of the combined brokerage.

Both companies say they expect to complete the merger in late September or early October.

Willis Corroon would then focus on acquiring or taking an equity interest in brokers throughout the world and on continuing to build consulting and reinsurance brokerage operations, Mr. Miller said.

But, insurers had "begun to take notice of us" as an international presence even before the Willis Faber announcement, said Marnix L.K. Guillaume, president of Corroon & Black International.

C&B withdrew from INTERNET —an international consortium of insurance brokers of which it was a founding member—in April, saying its expansion plans in Europe could have created a conflict of interest.

C&B, though, maintains and continues to cultivate correspondent trading relationships with many foreign brokers, Mr. Guillaume explained.

In fact, C&B established trading relationships with NIKOLS Group in Milan, Italy, and CECAR in Paris earlier this year.

C&B International has had "an extremely successful year in taking advantage of reverse flow busi-

ness'—providing products or services for foreign multinational businesses with U.S. operations or investments, Mr. Guillaume said.

C&B International, which is part of the National Resources Division of the C&B's Brokerage Services Group, also has "significantly increased" its U.S. personnel, Mr. Guillaume said.

And, to better manage its planned overseas investments and acquisitions, C&B established a fourth operating division, New York-based C&B Overseas Holdings, in the fourth quarter of 1989, said John R. Lamberson, president and chief operating officer.

This gives C&B four operating divisions—along with the Benefits and Specialty Sales Group, the Brokerage Services Group and the Reinsurance Brokerage Group.

Mr. Miller serves as president and chief executive officer of C&B Overseas Holdings, and Bruce K. Howson, formerly the president of CIGNA Worldwide Inc. in Philadelphia, was hired last fall as the unit's senior vp.

C&B, which has maintained relationships with correspondent brokers throughout the world for several years, became interested in acquiring or merging with a Lloyd's broker following The St. Paul Cos. Inc.'s February 1988 acquisition of Minet Holdings P.L.C. (*BI,* Feb. 1, 1988; Dec. 14, 1987).

C&B sold its 29.9% interest in the Lloyd's broker to St. Paul, recording a $73.9 million non-recurring net gain in January 1988.

As a result of that deal, 1988 net income shot up 161.3% to $115.9 million from $44.4 million in 1987.

But, the 1989 figure dropped 68.9% to $36 million.

Even without counting that non-recurring gain in 1988 results, 1989 net income was down 14.3% from 1988.

C&B's expenses increased 11.8% to $398.2 million from $356.1 million in 1988, mostly due to the cost of seven acquisitions C&B made in 1989 as well as salary increases.

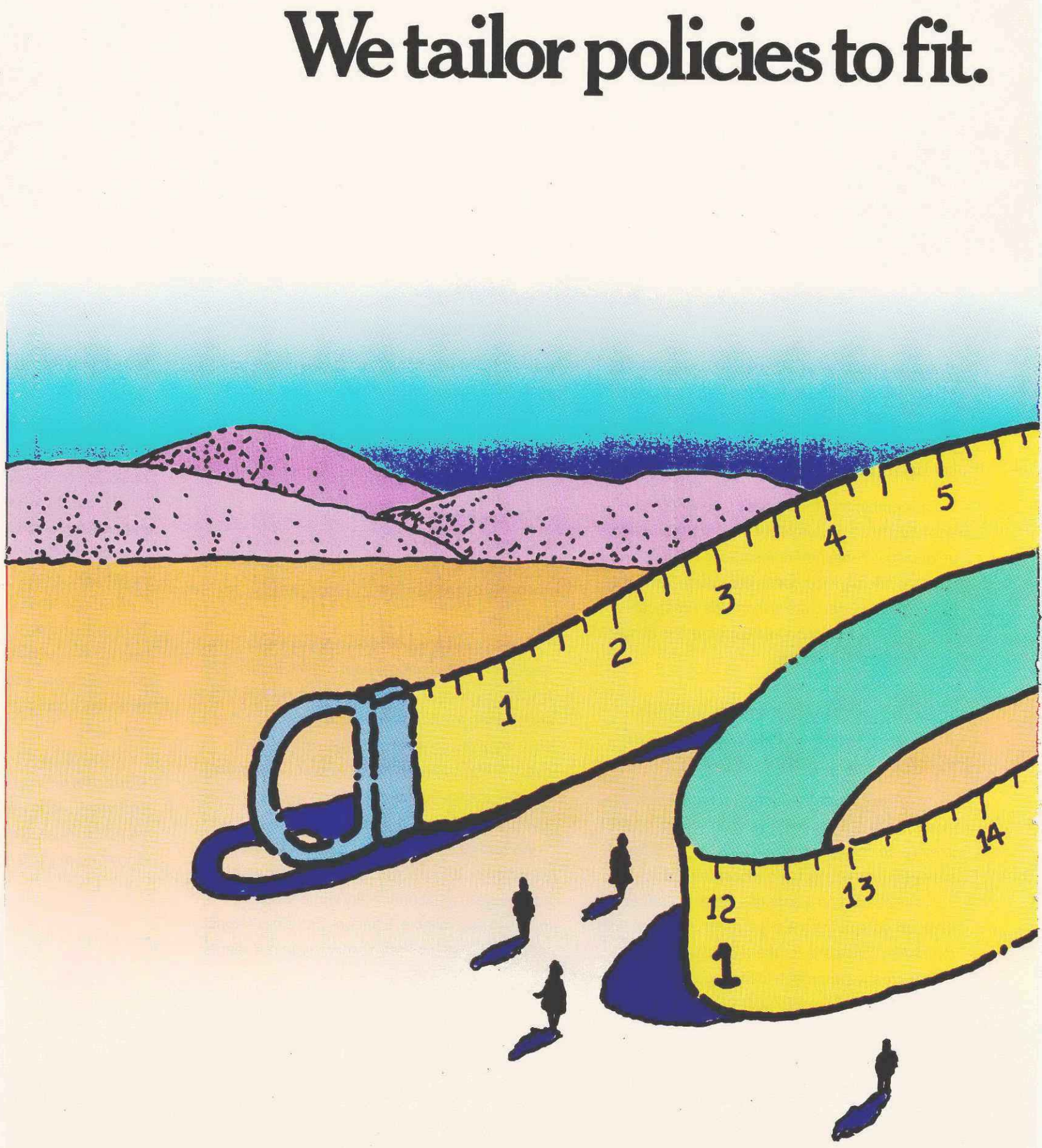
In the first quarter of 1990, revenues dropped 4.2% to $117.1 million from $122.3 million in 1989. Net income fell 29.2% to $9.1 million from $12.9 million in the first quarter of 1989.

Mr. Lamberson attributes most of the first-quarter revenue slide to the deteriorating results of Consumer Benefit Life Insurance Co. of Nashville, Tenn., a life insurance subsidiary.

After an increase in the severity and frequency of claims, the insurer had to re-underwrite its book of business and add to its reserves in the first half of 1989. It then lost

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We tailor policies to fit.



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clients to competitors offering lower rates, cutting its revenues $4.9 million in the first quarter.

However, Mr. Lamberson noted that Consumer Benefit also "recorded a $800,000 net profit in the first quarter against a loss in the prior year's quarter."

Mr. Lamberson explained that three major factors contributed to C&B's first-quarter net income drop: losses from Corroon & Black Benefits Inc., the broker's third-party claims administrator; acquisition-related expenses; and a reduction in investment income.

In an interview before the merger announcement, Mr. Lamberson said C&B planned to build its Benefits and Specialty Sales Group's employee benefits, health insurance, actuarial and consulting operations to represent at least 25% of its total revenues in 1995.

"With the changes Congress keeps making in pension, health and welfare funds, rules and regulations, we think there will be a consistent demand for that product," Mr. Lamberson explained.

Benefit group offices were opened in Birmingham, Ala., last year and in Dallas this year.

And, in February, C&B acquired Management Science Associates Inc. in Independence, Mo., through a pooling of interests.

The office, which generated about $7 million in consulting revenues in 1989, will remain freestanding, according to Mr. Lamberson.

In an interview after the merger announcement, Mr. Miller said that employee benefits and consulting would continue to be a priority of Willis Corroon.

"We see a major business opportunity in the consulting area, and our consulting business is the fastest-growing segment of C&B. The same holds true for Willis Faber," Mr. Miller said.

For C&B's Brokerage Services Group, a major event was C&B's acquisition of Collier Cobb & Associates Inc., a Charlotte, N.C., brokerage specializing in the construction industry.


Mr. Miller

Collier Cobb, which has 11 offices, was the 27th-largest U.S. broker in 1988 based on $22.3 million of revenues.

That acquisition, done through a pooling of interests, was completed the Friday before the merger with Willis Faber was announced.

Collier Cobb offices in Tampa, Fla.; Pittsburgh; Chapel Hill, N.C.; and Montgomery, Ala. will remain freestanding, while seven others will be combined with C&B offices.

The operations have been renamed Corroon & Black/Collier Cobb.

C&B has long been recognized as a construction industry specialist, and it is now "by far the largest U.S. broker in the construction industry," said J. Bransford Wallace, executive vp and chairman of Corroon & Black's Brokerage Services Group in Nashville.

Corresponding with the Collier Cobb acquisition, C&B's Brokerage Services Group—which encompasses its retail brokerage operations—has created a new Construction Industry Division.

The Nashville, Tenn.-based construction division will have branches in some C&B offices throughout the country and will be a resource to all C&B offices, Mr. Wallace said.

The construction division has "greatly expanded the resources" available to all C&B brokers, Mr. Wallace noted.

For example, the division can put together environmental impairment liability insurance programs for both remedial action contractors and asbestos abatement contractors, he said.

"We think we are way ahead of our competitors in terms of developing those programs for our prospects and clients," Mr. Wallace said.

Fitzgerald S. Hudson, formerly chairman and chief executive officer of Collier Cobb, has been appointed chairman and chief executive officer of the construction division.

And, Doug Judson, formerly chief executive officer of C&B's Pasadena, Calif., office, has been named executive vp and chief operating officer.

The Brokerage Services Group also experienced strong revenue growth in the health care industry in 1989 and so far this year.

In addition, the group this year has begun offering programs and services to the hospitality industry and is developing special programs for the transportation industry, especially trucking.

And, the brokerage is studying other industries, Mr. Wallace said.

"Specialization is the way you differentiate yourself from the competition," Mr. Wallace said.

"All industries require some degree of specialization, but some industries require a greater degree of risk management specialization than others," he said.

The group's National Resource Division in Nashville provides marketing and product support for its niche market efforts.

Mr. Lamberson also pointed out that the Brokerage Services Group "substantially" improved its business retention percentage in 1989 compared with 1988.

Other C&B retail brokerage acquisitions in 1989 and this year include:

- William H. Ratz & Associates Inc., a construction industry specialist in Houston, in February 1989.
- Herget Risk Management Inc. of Baltimore in March 1989.
- Noyes Services, which had offices in Media, Allentown and Harrisburg, Pa., in March 1989. Those offices remain free-standing following the acquisition.
- Puckett-Scheetz Insurance Agency of Greenville, S.C., in September 1989.
- Kendall Insurance Inc., a national specialist in providing coverage for ski areas and ski and equipment manufacturers, in December 1989. Kendall's Rochester, N.H., headquarters and branch offices in Manchester, N.H., and Midvale, Utah, remain free-stand-

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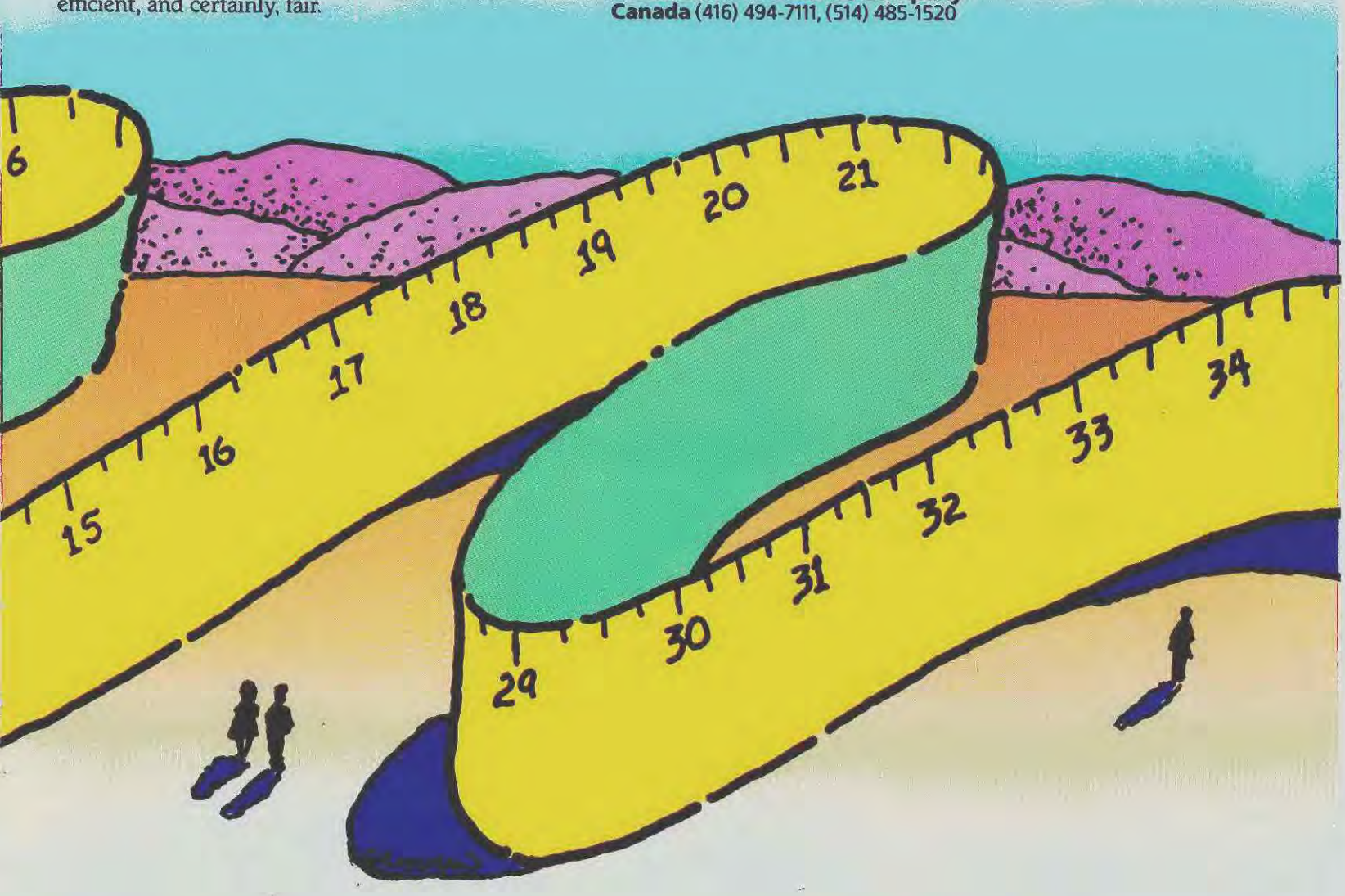
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Continued from previous page
ing following the acquisition.

- ALR Risk Managers Inc. of Parsippany, N.J., in December 1989.
- Galen L. Buisson/Martin W. Hilsher of Houston in January.
- Griffith/Sincock Insurance Brokers Inc. of Santa Ana, Calif., in January. That office remains free-standing.

Of those acquisitions, only Griffith/Sincock was completed as a pooling of interests. The rest were purchases.

C&B's Reinsurance Brokerage Group last week acquired R/I Inc., a Burlington, N.C.-based treaty reinsurance intermediary specializing in trucking, medical malpractice and non-medical professional liability.

Business Insurance estimated the gross revenues of C&B's G.L. Hodson & Son Inc. reinsurance brokerage at $23 million in 1988.

Reinsurance Brokerage Group President and Chief Executive Officer Stephen A. Crane estimates that R/I generates about one-third the amount of revenues that Hodson generates.

The terms of the merger, which was accomplished through a pooling of interests, were not disclosed.

With the merger, R/I Chief Executive Officer Jay Johnson became Hodson's Southern region manager and an executive vp.

And, Neil Currie, R/I's senior vp, became senior vp and manager of Hodson's Atlanta office, Mr. Crane said.

The merger satisfies two of the reinsurance group's strategic objectives: revenue growth and the acquisition of additional expertise, "which will be critical to Hodson's growth" in the future, Mr. Crane explained.

He said Hodson has strong reinsurance expertise in trucking, medical malpractice, lawyers professional liability, aviation and financial reinsurance.

Mr. Crane predicts financial reinsurance "will be a hot product in the 1990s."

In fact, Hodson established a special financial reinsurance division in January "as a resource to all of Hodson's offices," Mr. Crane says.

Merging with R/I Inc. satisfies two strategic objectives for G.L. Hodson & Son: revenue growth and the acquisition of expertise, 'which will be critical to Hodson's growth,' says Stephen A. Crane, president of Reinsurance Brokerage Group.

Hodson also plans to build its expertise in surety reinsurance to "dovetail" with C&B's expertise in construction, he added.

Mr. Crane—formerly C&B's senior vp and chief financial officer—was appointed president and chief executive officer of the Reinsurance Brokerage Group last November.

At the same time, Robert P. Cuthbert, former C&B vp and controller, was named first vp and chief financial officer.

And, Jennifer B. Cartmell, former vp and treasurer, was appointed first vp, treasurer and chief development officer.

Other corporate changes include:

- Mr. Miller's promotion in January to chairman of C&B. This was effective upon the retirement of Robert F. Corroon, C&B's chairman since 1975. Mr. Corroon remains a director and consultant to C&B.
- Mr. Lamberson's corresponding promotion to president from executive vp. He also remains chief operating officer.
- Frank F. White Jr.'s promotion to president of the Benefits and Specialty Sales Group last September and appointment as chief executive officer in May, replacing Donald R. King, who remains chairman of the group.

Mr. White previously was a divisional executive vp of C&B's Brokerage Services Group, overseeing the Central, Atlantic and Southern regions.

- Richard S. Schmidt's corresponding promotion in September to divisional executive vp of the Brokerage Services Group from director of its Midwest region.

In March, C&B entered into a contract for the construction of a 500,000 square-foot office building on a 37-acre site in Nashville at an estimated cost of $65 million.

The building, which is slated for completion in late 1991, will house about 1,000 employees and consolidate eight separate C&B Nashville offices and some ancillary corporate offices.

The new facility will give C&B, which currently leases all of its office buildings, "some long-term financial advantages," Mr. Lamberson said.

Mr. Lamberson noted that the facility also will house a full professional development center for in-house training. He estimated that 18,000 people will receive training in the center during its first year of operation.

While the average size of C&B's retail brokerage clients varies significantly office-by-office, the broker is best known for servicing clients whose annual premiums average $250,000 to $3 million, according to Richard A. Maxwell, senior vp-marketing and professional standards.

He estimates that 85% to 90% of C&B's retail brokerage revenues are commission-based and that the rest are fee-based.

Sixty-two percent of total 1989 revenues came from commercial retail brokerage, down from 65% in 1988; 11% from wholesale brokerage, compared with 10% in 1988; 3% from reinsurance brokerage, down from 4% in 1988; 3% from personal lines, unchanged from 1988; 10% from non-brokerage services like claims administration and consulting, up from 6% in 1988; 6% from investment income, unchanged from 1988; and 5% from miscellaneous activities, down from 6% in 1988.

During 1989, Corroon & Black common stock traded at between $30.75 and $41 on the New York Stock Exchange.

C&B stock closed at $33 on June 8.

C&B reported 4,961 employees at year-end 1989, up 5.6% from 4,700 at year-end 1988.

Revenues per employee increased 5.6% in 1989 to $92,083 from $90,405.

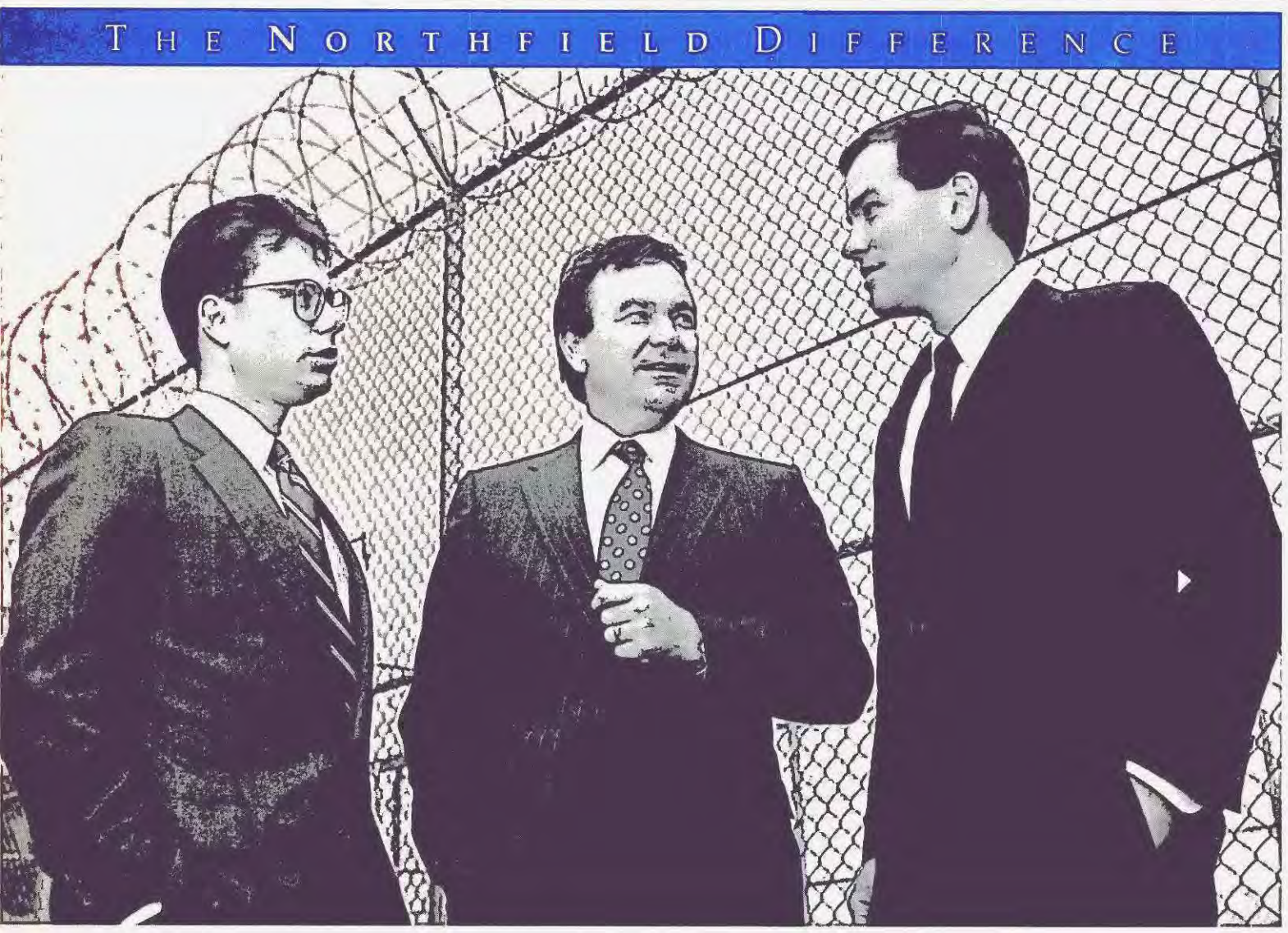
The brokerage reported about 105 offices at year-end 1989, compared with 94 at year-end 1988.

In addition to Mr. Miller, Mr. Lamberson, Mr. Wallace and Mr. Cuthbert, principal corporate officers include Joseph V. Ambrose Jr., senior vp and general counsel, and C. Jackson Blair, senior vp-administration and human resources.

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

Richard M. Miller	$450,000
Robert F. Corroon	$390,000
J. Bransford Wallace	$385,000
John R. Lamberson	$340,000
Donald R. King	$319,935

—By Linda J. Collins



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Spotlight report

6

Willis Faber P.L.C.

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	1989*	1988*
Premium volume	**$4 billion**	$4 billion
Gross revenues	**$452,100,000**	$469,300,000
Brokerage: Retail	**18%**	18%
Wholesale	**42%**	47%
Services	**8%**	8%
Invest. income	**12%**	10%
Other	**20%**	17%
Employees	**6,141**	6,313
Rev./Employee	**$73,620**	$74,339
Offices	**140**	140

* Converted at applicable exchange rates.

Willis Faber P.L.C. is embarking on the biggest transformation in its 166-year history.

Early this month the world's sixth-largest brokerage announced plans to merge with Corroon & Black Corp., the world's fifth-largest.

The merged brokerage, London-based Willis Corroon P.L.C., will be the world's fourth-largest based on the two companies' combined 1989 revenues of $908.9 million (*BI,* June 11).

Besides sheer size, the merger will give Willis Faber something it has long sought: a large retail brokerage presence in the United States, the world's largest insurance market.

"We needed a presence in America, which we have with the merger," said Willis Faber Chairman Roger Elliott. "We needed dollar earnings."

Brokers tend to "go where their clients go and the vast predominance of British investment is in the U.S. We have always reckoned that what we do in Europe depends on what we do in the U.S.," said Deputy Chairman Adrian Gregory.

The merger comes at a price: the inevitable disintegration of several of Willis Faber's traditional relationships with several other brokers.

In particular, its long-standing relationship with New York-based Johnson & Higgins undoubtedly will be weakened by the merger with Corroon & Black, one of J&H's major U.S. competitors.

And Willis Faber's future membership in UNISON, a worldwide network of correspondent brokers, is in doubt.

Moreover, the company is ready to pursue all these changes just months after finally recovering from its painful—and heavily criticized—1987 acquisition of London-based retail broker Stewart Wrightson P.L.C.

The London Stock Exchange greeted the proposed merger with dismay: Willis Faber shares slid from 2.91 pounds ($4.90) to 2.50 pounds ($4.21) in the 48 hours after the June 4 announcement.

Analysts expressed short-term concerns about the proposed merger, but most agreed it would be in Willis Faber's long-term interest.

They point out that the J&H-Willis relationship began deteriorating several years ago after J&H formed its own Lloyd's of London brokerage subsidiary in London. And some suggest that ties between the informal network of UNISON brokers were coming under increasing pressure.

Mr. Elliott says he was the fourth chairman to have approached Johnson & Higgins over the years attempting to create formal shareholding ties. However, J&H has always made it clear that it is not prepared to give up its status as a privately owned company, he said.

As a result, Willis decided to look at other alternatives to build up ties to the huge U.S. retail market, he said.

At the same time New York-based Corroon & Black was looking to expand its business beyond its home market. The resulting match meets both objectives, says Mr. Elliott.

Employees of both brokerages are excited about the merger, he said.

Willis Faber and Corroon & Black "fit beautifully," the chairman says. "No one's going to tread on anyone's toes and there is a lot of synergy."

This is a contrast to Willis Faber's acquisition of Stewart Wrightson three years ago, which led to a mass exodus by Stewart Wrightson employees and reduced morale among those remaining at the merged brokerage.

Problems from that acquisition, the chairman says, have been finally sorted out, leaving Willis Faber much healthier in the process.

"One of the most satisfying aspects of 1989 is that everyone settled down" as one company, said Mr. Elliott.

"We finally put the Stewart Wrightson merger to bed," agreed Mr. Gregory.

"The Stewart Wrightson boys settled down and we got profits up," said Mr. Elliott.

In fact, pre-tax profits rose 14.5% to 62.3 million pounds ($100.3 million) in 1989 from 54.4 million pounds ($98.4 million) the previous year, a significant achievement in a year of falling property/casualty insurance rates.

Gross revenues increased 8.3% to 280.8 million pounds in 1989 from 259.2 million pounds in 1988. However, a stronger dollar pushed gross revenues down 3.7% in dollar terms —to $452.1 million last year from $469.3 million in 1988.

Willis Faber's 1989 gross revenues include 225.2 million pounds ($362.6 million) of net retained brokerage and fee revenues, up from 216 million pounds ($391 million) in 1988; underwriting agency fees and commissions of 12.6 million ($20.3 million), down slightly from 12.7 million pounds ($23 million) in 1988; and investment income of 43 million pounds ($69.2 million), up from 30.5 million pounds ($55.2 million) in 1988.

Willis Faber reported an extraordinary profit of 47.7 million pounds ($86.3 million) in 1989, stemming largely from the sale of a 20.4% stake in British investment bank Morgan Grenfell Group P.L.C. Willis initially sold part of its holdings to Banque Indosuez and the remaining stake to Deutsche Bank of West Germany.

However, 2.4 million pounds ($3.9 million) was deducted from the extraordinary profit to settle claims with Lloyd's of London members of Spicer & White (Underwriting Agencies) Ltd., which became a Willis Faber subsidiary in 1982.

The settlement was made in connection with claims arising from losses sustained by syndicate 895, managed by Spicer & White, in the 1980, 1981 and 1982 underwriting years.

Meanwhile, rising U.K. inflation rates last year helped increase Willis Faber's expenses by 7.2% to 230.5 million pounds ($371.1 million) from 215 million pounds ($389.2 million) the previous year.

"We are not immune to general inflationary pressures, especially as costs of employment account for over 60% of our expenses," according to the company's annual report. "Of the 7% increase in total expenses to 230.5 million pounds, exchange rate movements accounted for 1.5%, giving an underlying rate of growth of under 6%."

In addition, the brokerage cut its staff 2.7% to 6,141 from 6,313.

Ironically, in light of the pending merger and name change, Willis Faber in November unveiled a new corporate identity to signal that Willis Faber and Stewart Wrightson had been blended into one entity.

The new corporate logo is a W made up of three diamonds and two inverted triangles in blue and green —the colors of the sea—to reflect Willis Faber's longtime expertise in maritime insurance. The new logo replaced the Lloyd's of London waiter that the brokerage had used as a trademark for years.

Willis Faber noted that "the waiter is an employee of another or-

Continued on page 40



Dateline 1990

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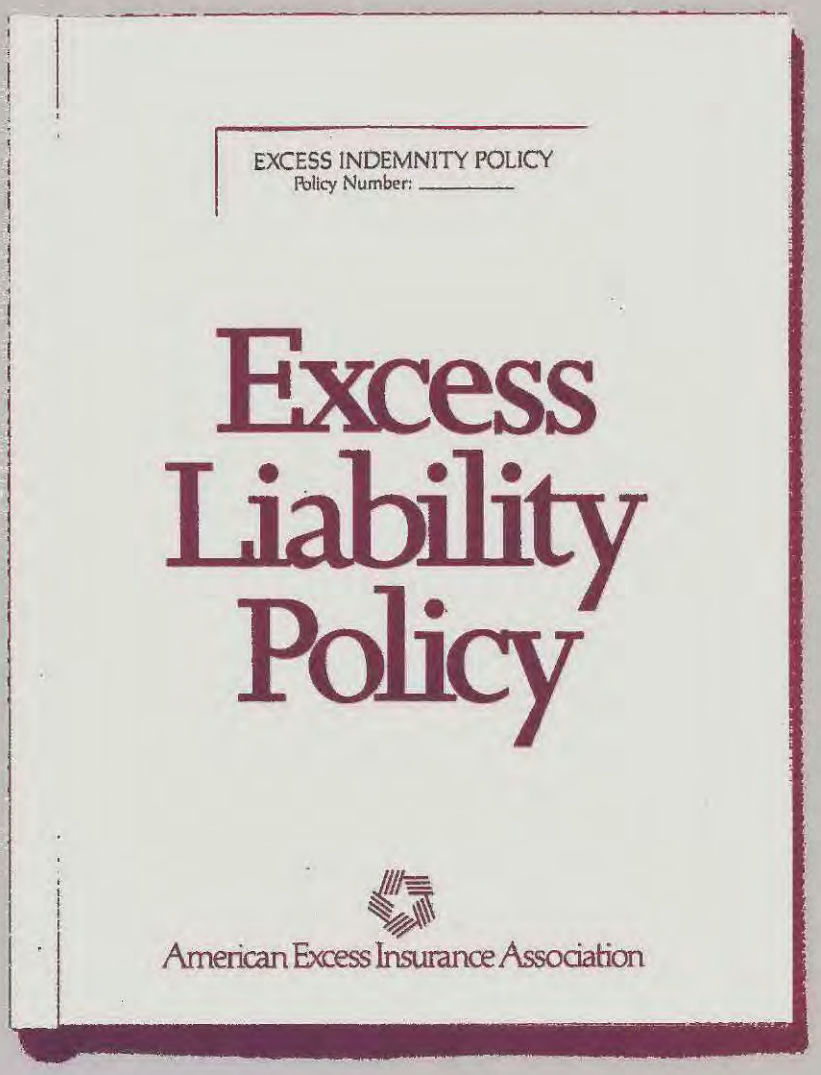
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Continued from page 38
ganization and the Lloyd's connection is more important to some parts of our business than others. We needed a symbol with more than partial relevance."

Moreover, "the group has fundamentally changed its scope since the 1987 merger. It is a better balanced business, with 40% of our brokerage and fee income now coming from our retail brokering and consultancy activities. If people were not to think of us in the old way, we needed to signal that change," the company added.

Mr. Elliott would not comment about whether the company will be changing its identity once again following the merger with Corroon & Black. However, he pointed out—with some amusement—the very different shapes of the angular and symmetrical Willis "W" and the curly, round curves of Corroon & Black's "CB" logo.

Initially, divisions will retain their individual operating names, like Corroon & Black as its main U.S. unit, Willis Wrightson as its U.K. retail brokerage arm and Willis Faber & Dumas Ltd. as its Lloyd's of London brokerage arm, said Mr. Elliott.

Willis named its U.K. and Irish retail brokerage operations Willis Wrightson after the 1987 acquisition to reflect Stewart Wrightson's important presence in the U.K. retail market. Willis Wrightson is headed by Maurice Kershaw as chairman and George Nixon as chief executive.

In 1989, Willis Wrightson was "successful" in "highly competitive trading conditions," says the Willis Faber annual report.

"Its ability to retain and attract business throughout all its offices has contributed brokerage and fee income growth of some 9% to 53.3 million pounds ($85.8 million) despite the premium rate reductions obtained from many of its clients," the report added.

And "as Willis Wrightson extends its client services capabilities, it is moving away from the traditional commission income to remuneration based on fees," the report noted, adding that "this protects the company's results against the swings of the marketplace and reflects a true valuation of the professional service given to clients."

Thirty percent of the parent company's retail brokerage revenues are derived from fees, compared with 70% from commissions.

Willis Wrightson's employee count increased 3.3% to 1,610 at year-end 1989 from 1,558 a year earlier. This was due in part to the acquisitions of retail brokers Martin Boag & Co. Ltd. of Liverpool in June and Durant, Wood Ltd. of Bradford in September.

Meanwhile, Willis Wrightson in January strengthened its operations in Ireland with the acquisition of Kindlon Ryan Insurances Ltd. in Dublin.

Among the products developed by Willis Wrightson during the year was a program—in conjunction with the Chemical Industries Assn. in Britain—to provide members with gradual pollution liability coverage.

During the past year, Willis Faber restructured its consulting operations to form a new holding company, Willis Consulting Group Ltd., under the chairmanship of former Willis Faber Financial Director John Robins.

Willis Consulting Group "has brought together operations which before 1987 had been managed separately in both Willis Faber and Stewart Wrightson, with the difficulties of integration exacerbated by regional dispersion," the annual report notes.

Willis Consulting Group includes:

- Willis Consulting Ltd., which combines employee benefits and pension consulting operations with the financial planning activities of Willis Wrightson Financial Planning Ltd.
- IRPC Ltd., a specialist in employee benefit consulting and employee assistance program services, "for which a rapidly expanding market is seen," according to Willis Faber's annual report.

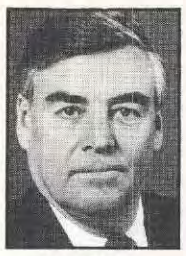
Revenues from Willis Faber's consulting operations increased 15% last year to 36.1 million pounds ($58.1 million) from 31.4 million pounds ($56.8 million) in 1988, even though the operation's workforce was cut to 829 from 850.

Meanwhile, "a substantial increase in overall profitability indicates the encouraging conditions for these operations," Willis Faber's annual report notes.

"The great weight of U.K. and European Community legislation and regulation in the field of taxation, social security, consumer protection and employee benefits is providing a fertile ground for the development of pensions and benefits consulting, of specialist consulting and counseling businesses and of personal financial advisory services," the report explains.

During 1989, Willis Faber also restructured Willis Faber & Dumas, its international wholesale, reinsurance and specialist brokerage operation.

The WF&D reorganization was necessary "because the structure of the company had remained the same for 50 years or so," explained Mr. Elliott.


Mr. Elliott

As a result of the restructuring, "we have brought some young fellows up and given them responsible jobs. We tried to make it into a team game," said Mr. Elliott.

Under the reorganization, "11 operating areas were realigned into five business groups, and a greater emphasis has been placed on the coordination of client servicing and business production on a territorial basis," the annual report explains.

Bob Keville is chairman of WF&D and Max Taylor has been appointed managing director. In addition, managing directors have been appointed with each operating unit.

WF&D's five business areas are:

- The aviation group, which "remains the world's largest brokering operation specializing in aerospace insurance and reinsurance," the company claims.
- The marine and energy group, which combines Willis Faber's marine brokerage with its 10-year-old oil and gas division.
- The non-marine group, which comprises the North American and international wholesale divisions, the professional and financial risks division, and Hughes-Gibb & Co. Ltd., which specializes in bloodstock risks.
- The U.K. and North American reinsurance group, which handles marine and non-marine reinsurance placements for London and North American insurers as well as London market excess-of-loss business.
- The international reinsurance group, which serves underwriters worldwide.

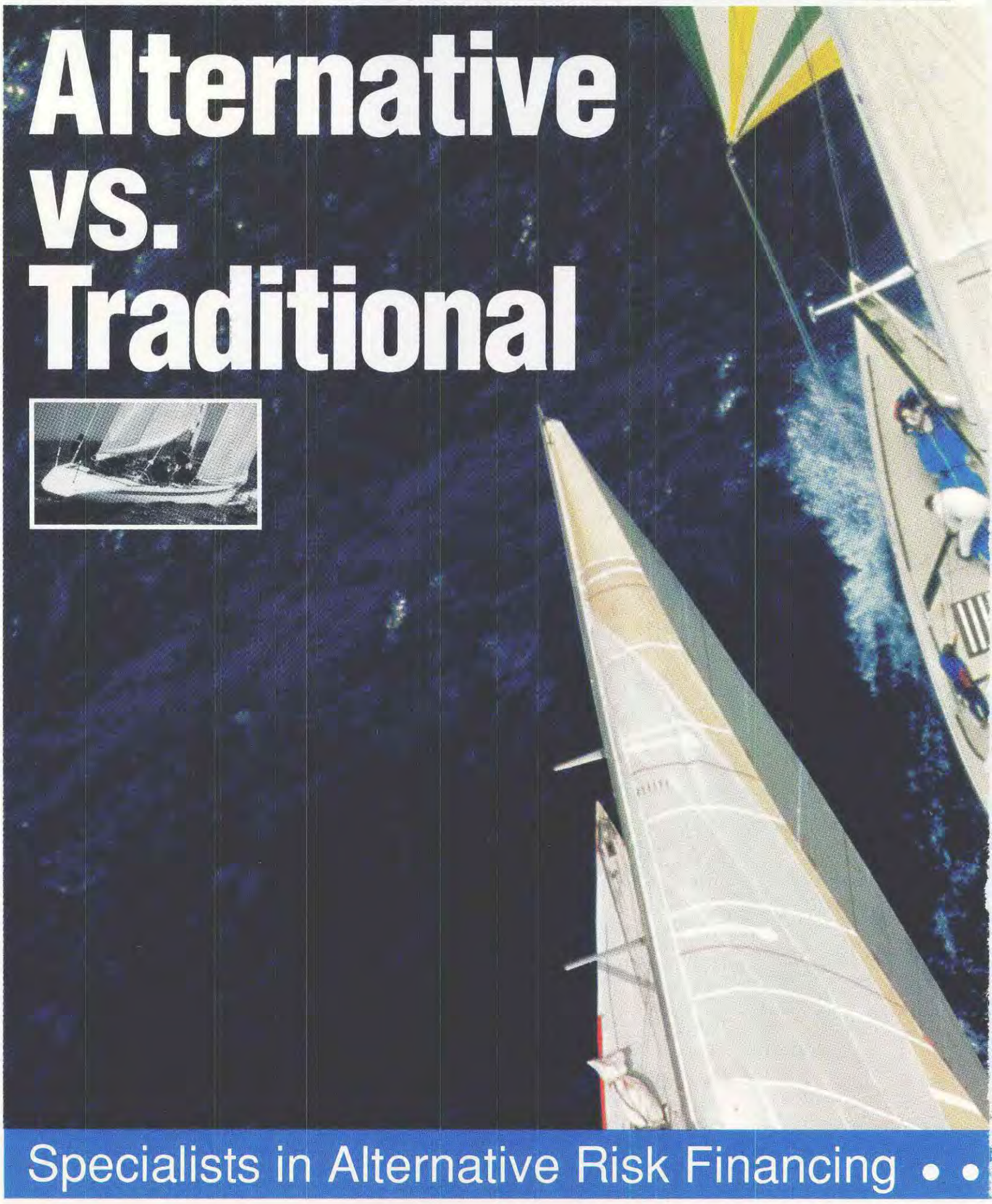
Another unit, Carter, Wilkes & Fane, remains a separate "more specifically focused" reinsurance brokerage operation than WF&D, according to Willis' annual report. CW&F specializes in reinsurance for North American, London market and continental European ceding companies.

In July 1989, Carter, Wilkes & Fane acquired E.W. Blanch (Group) Ltd., the London operation of U.S. reinsurance broker E.W. Blanch.

Overall, Willis Faber's international brokerage revenues fell slightly in 1989 to 108.8 million pounds ($175.2 million), compared with 110.9 million pounds ($200.7 million) in 1988. Its international brokerage workforce was cut to 2,055 from 2,094.

Willis' overseas-based retail brokerage revenues, meanwhile, increased 15% to 36.1 million pounds ($58.1 million) from 31.4 million

Continued on next page



Continued from previous page
pounds ($56.8 million) in 1988.

"Despite the continuing worldwide downturn, the growth at almost all our overseas offices contributed to a 15% increase in (revenues). . .with significantly better profits than in 1988, particularly from our North American brokering companies and recovery in Australia," the annual report says.

Willis Faber's U.S. subsidiaries include Willis Faber Holdings Inc., the third-largest U.S. wholesale broker.

Besides the United Kingdom, Ireland and the United States, Willis Faber has offices in Australia, Bahrain, Belgium, Bermuda, Brunei, Canada, Chile, France, Greece, India, Hong Kong, Kenya, Lebanon, Malaysia, New Zealand, Portugal, Singapore, Spain, South Africa, Sri Lanka, Switzerland, Thailand, the United Arab Emirates, West Germany and Zimbabwe.

In 1989 the company also acquired a 24% stake in Hansen & Klein Insurance Management Ltd., a Danish underwriting agent. Early this year, Willis Faber bought a 30% stake in Brazilian broker York S.A.

And in February, a representative office in Tokyo was opened "to assist in our service to our long-established insurance company clients there," says the annual report.

"Things are changing in Japan, Japanese companies want to consult brokers more now," said Mr. Elliott.

Income from Willis' company's underwriting agencies increased by some 17% in 1989, partly as a result of profit commission from Lloyd's 1986 accounting year, which closed in 1989.

But profits from Lloyd's members' agency Willis Faber & Dumas (Agencies) Ltd. fell in 1989. The agency handles the affairs of some 1,400 Lloyd's members with an aggregate underwriting capacity of about 5% of that of the entire Lloyd's market, according to Willis Faber.

—By Carolyn Aldred

7

Frank B. Hall & Co. Inc.

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

	1989	1988
Premium volume	NA	NA
Gross revenues	$383,712,000	$366,913,000
Brokerage: Retail	70%	71%
Reinsurance	5%	4%
Services	17%	17%
Invest. income	8%	8%
Employees	4,831	4,800
Rev./Employee	$79,427	$76,440
Offices	125	121

Frank B. Hall & Co. Inc. intends to be "fast, fluid and flexible" in looking for growth opportunities in the 1990s, says Donald R. Bell, chairman and chief executive officer.

Hall plans to grow by continuing to make strategic acquisitions and by hiring talented employees, both in the United States and abroad, Mr. Bell explained.

Over the past 17 months, the New York-based broker has purchased six U.S. companies, three in England, two in Australia and one in Scotland.

And for 2½ years Hall has been aggressively hiring top talent from other brokers and industries.

Many of those hired in that costly campaign were under noncompete agreements with their former employers. But with some of those clauses expiring, Hall anticipates strong new business growth from those employees.

After spending much of the last decade fighting lawsuits and substantial losses from its discontinued operations, Hall is now prepared to compete head on with other brokers, Mr. Bell insists.

"Hall is now perceived as the place to be for our employees and our clients," Mr. Bell said.

"People forget that we're a 128-year-old company that has had a few years of problems. History has a way of putting things into perspective," he said.

Results from the first quarter of 1990—Hall's first profitable quarter in two years—indicate the broker may be headed in the right direction.

First-quarter gross revenues grew 11.2% to $111.9 million from $100 million in 1989. And the broker reported $3 million in first-quarter net income compared with a $3.1 million net loss in 1989.

However, Hall still reported a 7 cent per share loss in the first quarter, after paying preferred stock dividends through the issuance of common stock.

Because this practice dilutes common stock values, most securities analysts do not recommend Hall stock, though several analysts recently noted improvement in the broker's operations (*BI*, May 14).

Reliance Financial Services Corp., a wholly owned subsidiary of Reliance Group Holdings Inc. in New York, holds more than 95% of Hall's 3 million preferred shares. As of March 15, Reliance also held roughly 68% of Hall's 31.7 million in outstanding common shares.

Saul P. Steinberg, chairman and CEO of Reliance Group Holdings, stepped down as chairman and CEO of Hall in May 1989, hiring Mr. Bell as his replacement (*BI*, May 22, 1989). Mr. Steinberg, who is also chairman of the executive committee of Hall's board of directors, owns about 79% of Reliance Group.


Mr. Bell

While Hall's first-quarter results show promise of an improving financial picture, 1989 was another difficult year.

Hall reported a 4.6% increase in gross revenues in 1989 to $383.7 million from $366.9 million in 1988—enough to hold its position as the seventh-largest broker in the world and the sixth-largest U.S.-based broker.

But, Hall also posted its sixth consecutive annual net loss—this time $86.2 million compared with $30.5 million in 1988.

A significant portion of the 1989 net loss was attributable to a $50 million infusion Hall made in the second quarter to reserves for discontinued operations.

Of that amount:

- $16 million was earmarked for its June 1989 settlement of a lawsuit relating to its discontinued underwriting subsidiary, Union Indemnity Insurance Co. of New York (*BI*, June 5, 1989).
- $15 million was related to a write-down of Hall's investment in Adjustco Inc., its discontinued claims adjusting subsidiary, to what it then perceived to be its realizable value.
- $19 million was added to bolster reserves related to two European reinsurance operations Hall has had in runoff since 1986.

James P. Corcoran, the New York insurance superintendent, sued Hall for $140 million in 1987, alleging that certain directors and officers and affiliates of Hall were responsible for the collapse of Union Indemnity (*BI*, March 16, 1987). The insurer was found to be insolvent by $138.5 million as of year-end 1984 and ordered into liquidation in July 1985.

A $48 million out-of-court settlement with the New York department is awaiting court approval. If approved, it would also settle two related suits, one brought by three insurers that placed reinsurance with Union Indemnity (*BI*, Aug. 10,

Continued on next page



The America's Cup competition had always produced a U.S. victory. However, in 1983 Australia II shocked the world with the introduction of the winged keel, a new alternative to the traditional keel design. The winged keel not only produced a victory for Australia II, it revolutionized yachting.

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Western Region
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Sacramento, California 95815
(916) 649-6580

American General Group Insurance Company

Continued from previous page
1987) and the other brought by the Connecticut, New Hampshire and Massachusetts guaranty funds (*BI*, June 20, 1988).

In its 1989 annual report, Hall notes that "upon final court approval of its terms and conditions, including the barring of any other claims against the company relating to Union Indemnity, the company will make a payment of $19 million. Additional payments of $29 million will be paid over a 10-year period without interest."

The report also noted that $20 million of the settlement amount will be paid by Hall's insurers.

According to Mr. Bell, Hall has not yet paid any of the settlement, but it has "already collected more than the first installment from the insurance company."

In the fourth quarter of 1986, Hall classified Walnut Creek, Calif.-based Adjustco as a discontinued operation and recorded a $15.2 million loss to its discontinued operations. Then, in the second quarter of 1989, it added an additional $15 million to its reserves for Adjustco.

In the fall of 1987, Hall had sold Adjustco to Emeryville, Calif.-based Leonard J. Russo Insurance Services, but it reassumed a 49% minority interest in June 1989 after Russo was unable to honor the terms of the purchase agreement (*BI*, July 17, 1989).

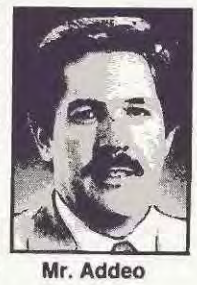
Then, in December 1989, Hall announced that it would resume full control of Adjustco from Russo, except for its property/casualty loss adjusting division and Hawaiian operations, which Russo retained. Those operations accounted for roughly 10% of Adjustco's $35 million in revenues in 1989 (*BI*, Dec. 25, 1989).

In February, Hall Senior Vp and Treasurer John A. Addeo was appointed chief executive officer of Adjustco, while Art Yoss was appointed president.

Since Adjustco is still classified as a discontinued operation, its revenues are not included in Hall's operating results. But, Mr. Bell estimates it will record "about a $700,000 profit" on about $31 million in revenues for the year ending May 31.

"We are running the operation as an ongoing operation, and it is selling new accounts," Mr. Bell stressed.

Mr. Addeo explained that he and Mr. Yoss have "repriced a number of" Adjustco's accounts to make them more profitable and have pared Adjustco's staff by more than a quarter to 640 from 850. "In reducing our revenues, we've improved profitability," he added.



Mr. Addeo

Adjustco is not the only Hall operation where profits lagged, Mr. Bell said, noting that he has improved profitability at several Hall offices since assuming control of the company last year. He says he has tried to bring "accountability" to Hall.

"We started off knowing we had to do some fixing," he explained, adding, "I don't believe in doing anything across the board.

"When you start doing across-the-board things, you invariably wind up with mediocre players and lose the real performers, and you create a civil service-type of mentality and culture, which is about as far away from my orientation as you can get," he said.

Instead, he and Hall President and Chief Operating Officer Peter T. Pruitt conducted an office-by-office analysis, and "in some cases department-by-department and individual-by-individual, to see what their contributions were vs. their cost," he said.

Many offices that were performing well were left alone. Instead, Hall focused on improving those operations where expenses were out of line with revenues, Mr. Bell said, adding that their approach differed depending on the circumstances.

"We made several managerial changes to try to get people into the right spot. Leadership became one of our most important criteria in terms of profit centers," Mr. Bell said, adding that "the time from strategizing to implementation was as little as five minutes to as much as five days."

Between mid-May and mid-October, "we had finished a complete analysis of every operation in the company" and made needed changes, Mr. Pruitt says.

Hall has also made several acquisitions over the past 18 months, both in the United States and

Continued on page 44

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Mr. Quern said that the affiliation with NCC has enhanced RBH Group's worldwide presence in the aviation insurance market. And, he noted that RBH Group's October 1987 purchase of Houston-based Adams & Porter International Inc. brought the brokerage "worldwide energy and marine capabilities."

And, to further its global marketing capabilities, RBH Co. opened a Frankfort, West Germany, office in early 1989 solely to nurture relationships with its affiliate brokers overseas. It opened a similar office in Amsterdam in The Netherlands about four years ago, Mr. Quern said. However, neither office actually produces business for RBH Co.

Mr. Ryan also noted that Aon's restructuring in late 1988 of its brokerage and related services group into four major operating units under the mantle of RBH Group is beginning to pay off nicely.

In addition to RBH Co., the retail brokerage unit, those units include:

- Aon Risk Services Inc., which provides reinsurance brokerage services to clients and Aon's own insurance company subsidiaries; wholesale brokerage services; and third-party claims administration. Its chairman and president is Michael D. O'Halleran.
- Miller Mason & Dickenson Inc., RBH's employee benefit consulting operations, under Chairman and Chief Executive Officer Daniel T. Cox.


Mr. O'Halleran

- Rollins Specialty Group Inc., which develops and manages specialty insurance programs and captives for financial institutions, associations and affinity groups. It is under Chairman and President Michael D. Rice.

All three executives, like Mr. Quern, also are RBH Group vps.

The "principal reason for the restructuring was to put into focus for each one of these four units specific goals for that segment of the brokerage business," Mr. Ryan explained.

Aon has traditionally allowed managers to build their operations with some degree of autonomy. The level of expertise developed from this approach brings Aon added advantages when unit managers interact on various projects and provides for a greater synergy among Aon units, Mr. Ryan explained.

In 1990, RBH Group is reaping "the benefits of the work done in 1988 and 1989 to get these respective segments positioned, both in terms of excellent growth and a dramatically improved competitive position," Mr. Ryan observed.

For Aon Risk Services, "1989 was a period of consolidation, growth and diversification," Mr. O'Halleran said. The unit's revenues jumped 165.6% to $29.8 million from $11.2 million in 1988.

And, in the first quarter of 1990, Aon Risk Services' revenues grew another 117.9% to $15.7 million from $7.2 million in the first quarter of 1989.

Aon's reinsurance brokerage operations—the largest revenue generator for Aon Risk Services—were not among the top 10 U.S. reinsurance intermediaries until RBH Group acquired Chicago-based Reinsurance Agency Inc. in September 1988. At that time, Reinsurance Agency, the seventh-ranked intermediary, was three times the size of Aon's existing intermediary, Cole, Booth, Potter Inc.

In 1989, the combined units—renamed Aon Reinsurance Agency Inc.—ranked sixth-largest among U.S. reinsurance brokers, based on 1988 revenue estimates of $26 million (*BI*, Nov. 6, 1989).

And, at Aon's annual meeting in April, Mr. Ryan said he wants ARA to become the second-largest U.S. reinsurance intermediary within the next two to three years.

That goal is realistic, Mr. O'Halleran said.

"If you look at our portfolio of clients, we are in a terrific position because we stick to the types of buyers who are always going to be reinsurance-dependent because of the nature of their business. Should we see any upturn in the insurance market, we will show huge (revenue) increases," he said.

ARA opened a new San Francisco office in October. It has also consolidated Cole, Booth, Potter's Old Bridge, N.J., office with ARA's New York office and closed the New Jersey facility.

And, in January, ARA purchased Taylor Reinsurance Intermediaries, adding an office in Seattle.

Bayly, Martin & Fay's American National General Agencies Inc., a wholesale brokerage operation, also became part of Aon Risk Services.

ANGA is a major provider of entertainment insurance and reinsurance, both in the United States and abroad. Its addition substantially boosted Aon Risk Services' revenues.

In July, ANGA will enter a new underwriting management arrangement with CNA Financial Corp. to offer insurance programs to organizations involved in motion pictures, television, cable TV, music and live entertainment, Mr. O'Halleran said.

While ANGA has only been serving U.S. policyholders, "we will now have a major push into the European continent as well as the Far East" through the CNA arrangement, Mr. O'Halleran said. "We are already in contact with people to give us access in those countries we feel are entertainment-dominated," he added.

In January, Aon Risk Services formed a new unit, Chicago-based Hayden Insurance Services, which will provide wholesale brokerage services for all types of property/casualty coverage.

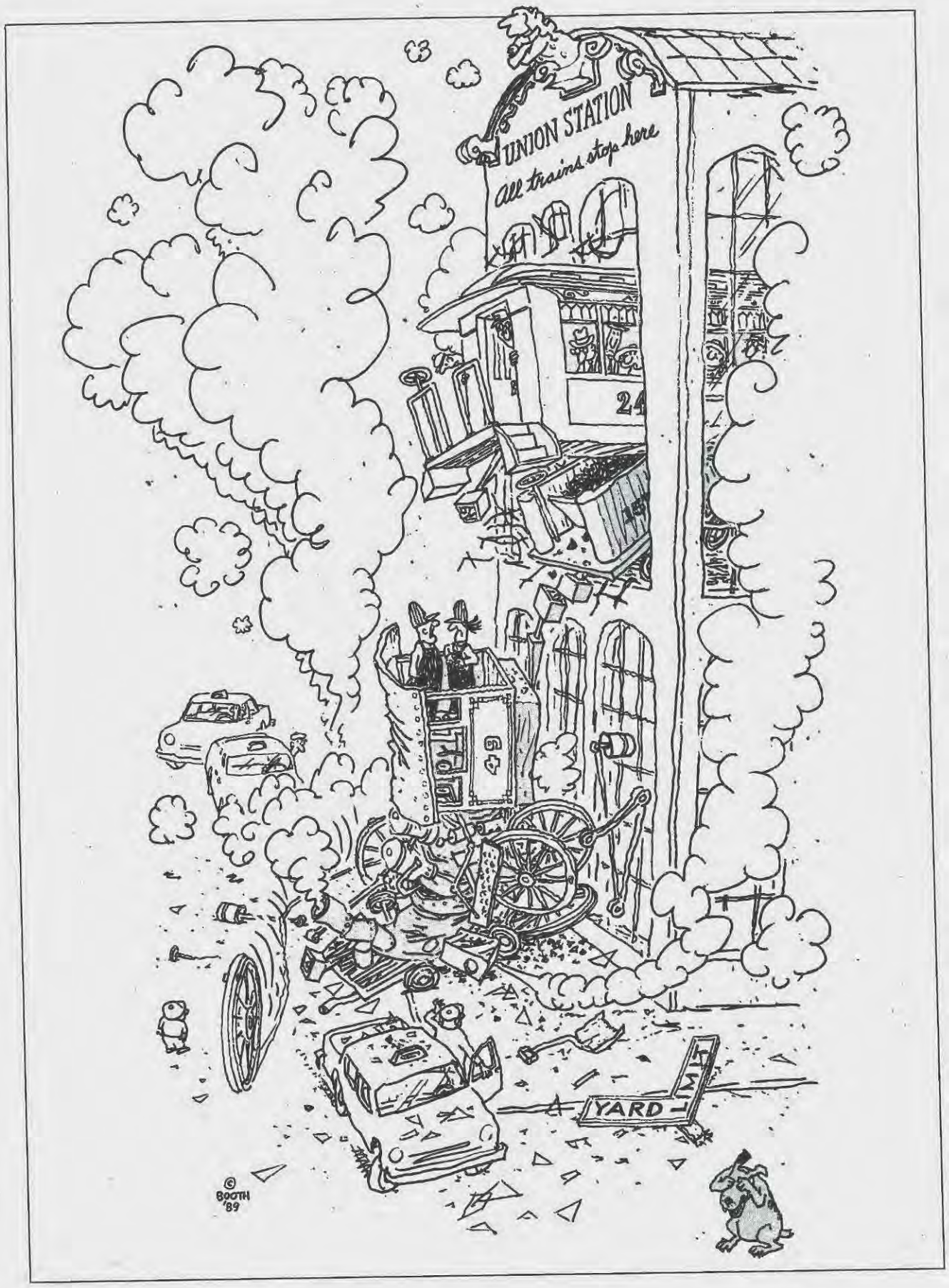
And, in February, Aon Risk Services acquired Martin Boyer Co., a workers compensation and general liability third-party administrator based in Chicago. Through that acquisition, it added offices in Peoria, Ill., and St. Louis.

Miller, Mason & Dickenson, RBH Group's benefit consulting subsidiary, also has tallied substantial growth in 1989 and the first quarter of 1990, Mr. Ryan said.

Continued on page 48



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Continued from page 46

"We weren't really even in the benefits business three years ago. Now we have a very successful operation," he pointed out. Aon acquired MM&D in the summer of 1987.

The benefit consulting operation reported revenues of $36.1 million last year, up 39.9% from $25.8 million in 1988 and a 324.7% increase from $8.5 million in 1987.

MM&D's revenues "will probably approach $50 million in 1990," Mr. Cox pointed out, adding that "our profits have been growing even faster than our revenues."

"We are building practice areas that we want to be in and that we think are important," Mr. Cox said.


Mr. Cox

For example, MM&D is expanding its consulting work in the areas of managed care, executive compensation and flexible benefits, and is also looking to expand its international practice, Mr. Cox said.

In January, Mr. Cox was promoted to chairman of MM&D from president, while retaining the title of CEO. Joseph J. Stahl II, formerly a vp and managing director of the Midwest region of Towers, Perrin, Forster & Crosby Inc., was hired as president and chief operating officer of MM&D.

MM&D opened offices in Los Angeles in July and in Houston in January.

Rollins Specialty Group, the fourth unit of RBH Group, is composed of: Rollins Financial Services, which develops products and services for the financial services industry; RBH Direct Group, which markets insurance products to affinity groups and associations; and Rollins Burdick Hunter Management Co., RBH Group's domestic captive management operation.

Mr. Rice said that Rollins Specialty Group has worked over the past 16 months to "integrate the skills of Rollins Financial Services into the prospecting and business development capabilities of the RBH retail network," because he feels that "local involvement is key to future growth in that particular area."

The RBH Direct Group will likely see "some fairly significant growth in the next 24 months," Mr. Rice predicted. He noted that the BMF acquisition brought the unit managing general agency capabilities needed for specialty program business.

San Antonio, Texas.-based MarinCo. Inc., a former BMF unit, markets municipal liability insurance programs under a managing general agency agreement with Reliance Insurance Co. of Philadelphia.

Mr. Cox sees a potential for expanding these MGA capabilities into other areas, but only for nationwide insurance programs.

Rollins Specialty Group is focusing its efforts on developing new business opportunities that involve other RBH Group units, such as retail and reinsurance brokerage, Mr. Cox said.

One such opportunity is a joint venture between Aon and Blue Cross & Blue Shield United of Wisconsin. The new entity—United Heartland Inc.—markets various workers compensation products to employer groups in Wisconsin in order to combat rising workers comp costs.

United Heartland is managed by RBH Management, while Aon units provide services to the joint venture.

Mr. Ryan pointed out that Aon may later expand this program "into other states, with or without BC/BS."

RBH Group last summer hired Marc J. Dettmann as vp and chief financial officer. Mr. Dettmann was formerly a financial executive with the Mayo Clinic in Rochester, Minn.

In early 1990, RBH Co. appointed Senior Vp Thomas A. McCaffrey as Western region manager; C. Don Smith, formerly an executive vp of BMF, as senior vp and South Central region manager; and senior vp Frederick Feldman as president of RBH International Inc.


Mr. Rice

While RBH represents a large number of middle-market clients, as well as smaller clients through its group program business, "our niche has clearly been and continues to be jumbo account business," Mr. Ryan said.

Seventy-four percent of RBH Group's 1989 gross revenues was produced by commercial retail brokerage, down from 81% in 1988; 8% came from reinsurance brokerage, up from 3% in 1988; 11% was from services such as claims administration and consulting, up from 10% in 1988; 6% from investment income, up from 5% in 1988; and 1% was generated by miscellaneous activities, unchanged from 1988.

The shift in percentages is primarily attributable to dramatic growth in RBH Group's reinsurance brokerage operations in 1989.

About 85% of RBH Group's retail brokerage revenues are commission-based, with the remaining 15% fee-based, Mr. Quern said. This percentage has not changed from 1988, he added.

At year-end 1989, RBH Group had 3,513 employees, a 27.1% increase from 2,764 employees at year-end 1988.

The group's office count rose to 91 from 66 over the same period, primarily as a result of the BMF acquisition.

Aon Corp.'s stock, which is traded on the New York Stock Exchange, closed at $40.63 per share on June 8.

The stock traded at between $27 and $43.25 per share in 1989.

The cash compensation of the top officers of Aon Corp. in 1989, as reported to the Securities and Exchange Commission, follows:

Patrick G. Ryan	$791,292
H. Robert Powell	$405,746
Ronald K. Holmberg	$388,269
Raymond I. Skilling	$379,615
W. Clement Stone	$300,000

—By Linda J. Collins



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	1989	1988*
Premium volume	$3.09 billion	$3 billion
Gross revenues	$293,800,000	$285,100,000
Brokerage: Retail	40%	38%
Wholesale	34%	40%
Reinsurance	9%	7%
Personal lines	1%	1%
Services	2%	2%
Invest. income	12%	10%
Other	2%	2%
Employees	3,469	3,599
Rev./Employee	$84,693	$79,216
Offices	140	100

Minet fiscal year ends Sept. 30.
* Restated.

Minet Holdings P.L.C. is handling more business than ever before, even if the broker's revenues don't necessarily show it, says Chairman Raymond W. Pettitt.

With 140 offices in 31 countries, Minet continues to develop in Europe, the Far East and the United States, the company points out.

"We have more business than we've ever had, and we are in more countries than we've ever been," Mr. Pettitt said.

But several factors, led by falling commercial property/casualty insurance rates, cut into 1989 revenues, he says.

Gross revenues fell 3% to $285.1 million for the year ended Sept. 30, 1989, from $293.8 million at the same time in 1988, dropping the broker one notch to ninth in the *Business Insurance* ranking of the Top 20 world brokers.

Minet is stating its revenues in dollars for the first time to parallel the financial reports of The St. Paul Cos. Inc., which bought Minet in 1988, and to comply with U.S. generally accepted accounting principles. It also restated its 1988 revenues in U.S. dollars.

Minet's results include all brokerages that report to St. Paul separately but which Minet manages. These include wholesale broker Swett & Crawford Group, and reinsurance brokers Intere Intermediaries Inc. and RFC Intermediaries.

Forty percent of its 1989 revenues are derived from commercial retail brokerage; 34% from wholesale brokerage; 9% from reinsurance business; 1% from personal lines; 12% from investment income; and the rest from consulting and other operations.

Brokerage fees and commissions slumped about 7% last year to $247.2 million from $265.1 million in 1988. Minet placed coverage totaling about $3.1 billion in premium volume last year, compared with $3 billion in 1988.

Operating expenses fell 2.5% to $257.7 million from $265.1 million in 1988, giving Minet an operating loss of $10.5 million last year compared with a $600,000 operating profit in 1988.

Mr. Pettitt attributes much of that lackluster performance to the soft market.

An internal study, he says, found that insurance prices are generally 40% cheaper today than in 1986.

Expenses, though they are being contained, are still battering profits and cannot be reduced much more, according to Mr. Pettitt. "There's a tremendous expense in new technologies, regulations, etc., so we are getting increased expenses at a time when rates are under pressure."

The February sale of its South African subsidiary—which had generated "significant" revenues—also hurt the brokerage, Mr. Pettitt said. He would not say what portion of Minet revenues the unit generated. The sale of that unit caused Minet's revenues in all of Africa to drop to 3% of the company's brokerage revenues in 1989, from 11% in 1988.

But revenues generated by two acquisitions were not included in Minet's results until 1989, which aided the broker's gross revenues. Those purchases were Intere Intermediaries Inc. of New York, the ninth-largest U.S. reinsurance brokerage, purchased for an undisclosed price (*BI*, Nov. 28, 1988); and Cork Bays & Fisher Ltd., a leading U.K. insurance broker specialing in the travel industry, which was bought for an undisclosed price at the beginning of 1989.

The sale of the South African unit, the two purchases and a reduction of staff at its U.S. excess/surplus lines operations left the brokerage with 3,469 employees last year, down 3.6% from a restated 3,599 in 1988.

Minet is expanding by acquisition in Europe and the Far East and "is always looking for a specialist acquisition" in the United States, says Mr. Pettitt.

Minet did not purchase any U.S. companies last year, but 57.4% of its business—the largest single source of Minet revenues—came from North America, he said.

The company may look for a U.S. retail broker following plans of its long-time correspondent broker Corroon & Black Corp. to merge

Continued on next page

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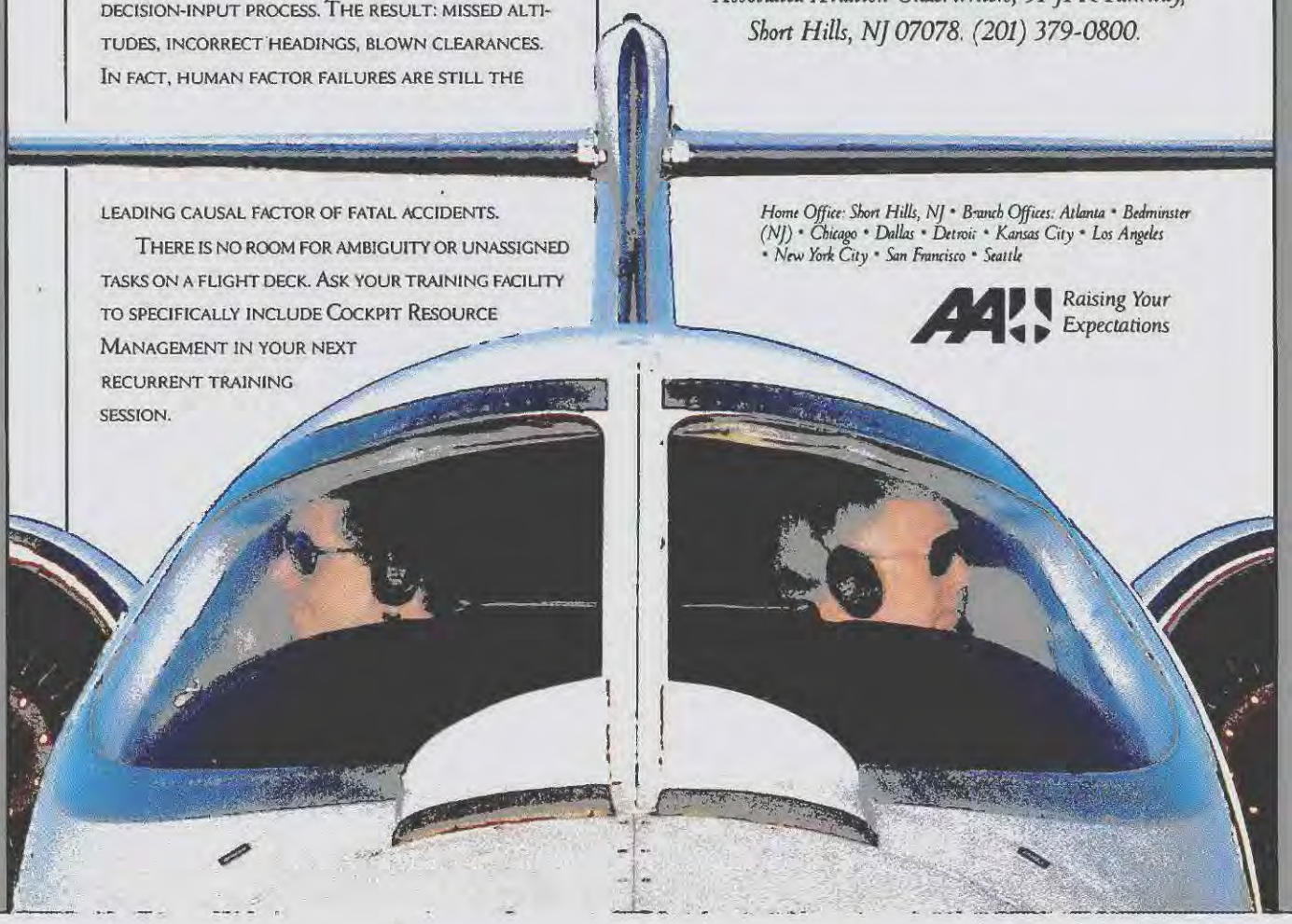
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Continued from previous page
with Willis Faber P.L.C.

However, finding U.S. retail brokerage partners is nothing new for the company.

Minet had a partnership with Fred S. James & Co. Inc.—now part of Sedgwick Group P.L.C.—from 1973 to 1978 before C&B bought 20% of Minet in 1979, Mr. Pettitt explained.

C&B continued to own as much as 29.9% of Minet stock before St. Paul bought Minet in 1988. C&B tendered its 23.3 million ordinary shares of Minet to St. Paul in January 1988 (*BI*, Feb. 1, 1988). Mr. Pettitt would not comment on why C&B and Minet never merged.

Nevertheless, C&B still places some of the $300 million in premium volume it places in the London market through Minet, and Mr. Pettitt has said he has been told by C&B officials that C&B will maintain its relationship with Minet (*BI*, June 11).

However, "it would be naive as years go by to think that there won't be some effect" in the amount of C&B business that comes to Minet, Mr. Pettitt said.

Business from the United Kingdom and Ireland accounts for 21.8% of Minet's revenues.

In April, Minet bought U.K. broker Denison & Co. Ltd. in York.

Only 3% of Minet's brokerage revenues are generated in continental Europe, according to company accounts.

Minet is a member of INTERNET, a network of European corresponding retail brokers, Mr. Pettitt pointed out.

However, Minet has set up a holding company, Minet Europe, to expand its interest in Europe, Mr. Pettitt said.

"We are busy looking for acquisitions," he said.

In October 1989, Minet purchased Anglo-Swiss Reinsurance Brokers in Basel, Switzerland.

And at the end of last summer, Minet set up Minet Italia in Florence to handle Italian business.

Minet also has a small office in France and correspondents in West Germany and Ireland.

"We are just on the verge of completing an acquisition in Scandinavia," said Mr. Pettitt, who would not elaborate.

"We would like to build a significant business in Europe within five years," he said.

Like other brokers, Minet also is watching with interest the events in Eastern Europe, but Mr. Pettitt believes that "the real opportunities there are somewhere down the road." Brokers are virtually unknown in Eastern Europe, so it is "difficult to see" immediate opportunities, he said.

Minet also is growing in Australia and the Far East, which account for 11.9% of its 1989 revenues, up from 9% in 1988.

In February, Minet bought Essar International Insurance Brokers in Hong Kong, which specializes in professional liability insurance.

About 3% of Minet's revenues come from the Middle East and North Africa.

Minet is headed by Mr. Pettitt and Deputy Chairmen Brian B. Chapple and Christopher W. Keey in London.

Minet's Lloyd's of London brokerage is J.H. Minet & Co. Ltd., which was established in 1929 and from which the Minet group evolved. Its staff of 600 handles the U.K. wholesale brokerage activities of the Minet group.

J.H. Minet, headed by Chairman and Chief Executive Jack T. Gore, sees its strengths in the oil and energy field and specialist areas such as banks, financial institutions, crop insurance and "general high value industrial (facultative) reinsurance needs," according to the company.

J.H. Minet says its fine arts and jewelry division is the largest broker of this class of business in London. The division can arrange more than $700 million of limits for these types of risks.

J.H. Minet's aviation division caters to airlines, aviation products manufacturers and companies involved in general aviation.

In addition, the Lloyd's brokerage has a multiple division North American unit. More than 100 staffers in London are divided into the North American Casualty and Benefits Division, the North American Property and Energy Division and the North American Marine Division.

Another Minet management division is Minet Specialty Management, headed by Chief Executive Peter S. Christie in New York.

MSM manages three operations:

- Minet International Professional Indemnity Ltd., headed by Chairman and Chief Executive Richard H. Murray. MIPI, which has 650 employees, operates from 18 offices in the Australia, Bermuda, Canada, Italy, the Netherlands, New Zealand, the United Kingdom and the United States.

MIPI, considered the largest professional liability brokerage in the world, provides coverage for the Big Six accounting firms.

It also consults on and manages mutual insurance companies providing coverage for accountants and lawyers and broker coverage for architects, design consultants and engineering practices in the United Kingdom and the United States.

Professional liability business, particularly for accountants and lawyers, traditionally has been led by insurers on the H.S. Weavers (Underwriting) Agencies Ltd. line slip.

But, the line slip's leading insurer, Walbrook Insurance Co. Ltd., suspended underwriting in March, though it is still paying claims (*BI*, April 2). And, London Underwriting Investments P L.C., the parent company of Weavers, is under court-ordered administration.

Mr. Pettitt admits Minet placed "a lot of" business with Weavers and that Minet is one of the leading brokers involved in trying to ensure an orderly runoff of the Weavers agency. "Those discussions are still continuing."

However, he noted: "We have replaced the vast majority of our business (with Weavers) primarily in the London market—also in the European and North American markets."

- Swett & Crawford Group, the largest U.S. wholesale broker.

Under the direction of Los Angeles-based executive management headed by Chairman and Chief Executive Warren S. Stanley. the company operates from 37 offices in 27 states.

Its staff of about 900 was substantially reduced after St. Paul acquired Minet in 1988. About 675 brokers, underwriters and support personnel are now on staff.

Swett & Crawford, founded in 1914 as a small general agency writing California auto business, now is a wholesale broker for more than 15,000 U.S. retail insurance agents and brokers.

- Prescot Management Ltd., a consultant on alternative risk financing mechanisms. Prescot operates from offices in Barbados, Bermuda, Guernsey, London, Luxembourg and Singapore.

Another Minet management division is Minet Reinsurance Brokers International Ltd., which handles all of the Minet group's reinsurance brokering.

Minet Re, headed by Chairman and Chief Executive Bryan J. Hayes, has grown to a staff of 480 servicing $1 billion of premiums from a staff of 130 in 1985 servicing $200 million of premiums.

Minet Re has eight specialist units, which broker reinsurance in Australia, Europe, the United Kingdom and the United States. Those units include:

- Intere Intermediaries in Atlanta, Chicago, Minneapolis, New York,

Continued on next page



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Philadelphia and San Francisco.

- RFC Intermediaries Inc. in Atlanta, Chicago, Hartford, Conn., New York, Philadelphia and San Francisco.
- Minet Burn & Roche Pty. Ltd. in Sydney, Australia.
- R&M Reinsurance Intermediaries Ltd. in Trinidad, Port of Spain.

Another division is Minet Insurance Brokers, headed by Mr. Keey. The division employs 1,400 people in 40 offices around the world, excluding the United States. MIB handles small to medium-sized commercial clients.

It also handles homeowners and auto coverage for more than 25,000 individuals.

MIB includes The Minet Risk Control team, which evaluates "threats to business and advises on how to control or eliminate those risks," says a Minet group brochure.

MIB also includes Aircrew Underwriting Agencies Ltd., which arranges loss-of-license insurance plans for regional, national and international airlines. With these plans, flight crew members receive financial compensation if they lose their flying licenses due to a disability caused by sickness or an accident.

The Minet group also includes Canadian retail operation J.H. Minet (Canada) Inc., or "Mincan," which is headed by Chairman Alan B. Middleton and President and Chief Executive Officer Derek G. Dobbs. Montreal-based Mincan has branches in Toronto and Vancouver and employs 50 people.

Meanwhile, Minet's London executives continue to watch the group's new 35 million-pound ($59.1 million) office building go up next door to its current headquarters on Leman Street. The new building will have 158,000 square feet of office space on seven floors for 2,000 employees when it is completed in 1992.

—By Stacy Shapiro

10

Jardine Insurance Brokers Group Ltd.

Jardine House, 6 Crutched Friars, London EC3N 2HT; 071-528-4444

	1989*	1988*
Premium volume.	$2.1 billion	$2.1 billion
Gross revenues...	$241,286,000	$219,379,000
Brokerage: Retail.	61%	65%
Wholesale....	12%	12%
Reinsurance..	11%	10%
Invest. income....	12%	9%
Other.....	4%	4%
Employees.....	3,618	2,850
Rev./Employee...	$66,611	$76,842
Offices.....	112	90

Does not include figures of Financial Guardian Group Inc., acquired May 1990.

* Converted at applicable exchange rates.

A 3-year-old emphasis on quality—including scrutinizing account-handling by each regional office—is paying off, according to Jardine Insurance Brokers Group Ltd.

"The focus on quality is really beginning to pay dividends," says John Barton, Jardine's chief executive in London.

For instance, despite the soft commercial property/casualty insurance market, Jardine's global gross revenues grew 22.7% to 150 million pounds in 1989 from 122.2 million pounds in 1988, primarily from new business, according to Mr. Barton.

A strong dollar, however, held revenue growth down to 10% in dollar terms to $241 million in 1989 from $219 million the year before.

Despite the revenue increase, Jardine remained in the No. 10 spot in the *Business Insurance* ranking of the world's 20 largest brokers.

"We've won over 60% of the new business we've been invited to quote on," Mr. Barton boasts, noting that half of Jardine's revenue increase came from internal growth while half came through acquisitions.

And the brokerage is turning around and reinvesting much of its profits: "We will be deploying more capital to develop the skills of our people," said George W. Brown, president and chief executive officer of Jardine's U.S. subsidiary.

San Francisco-based Jardine Insurance Brokers Inc., formerly known as Jardine Emett & Chandler Inc., contributed $100 million to the broker's 1989 revenues, up 4.2% from $96 million in 1988. JIB Inc. remains the ninth-largest U.S. brokerage.

In addition, JIB Inc.'s 1989 revenues totaled $135 million if the operations of Financial Guardian Group Inc., which had been ranked as the 14th-largest U.S. broker, are included. Jardine, which announced it would acquire FG in December, closed the deal last month.

Jardine cites an exchange program between London and U.S. employees as evidence of its stressing quality.

Regional officers must be well-trained because "it's Jardine's culture to delegate," Mr. Brown said.

He describes that culture as a blend of U.S. pragmatism, a Scottish-British cash-basis accounting system and an Oriental emphasis on long-term building of business.

Jardine's ultimate parent is Jardine, Matheson & Co., a Hong Kong-based international trading house founded in 1832.

"Every single profit center manager has input into company management," he said.

In fact, regional managers developed the quality standards program, according to Mr. Brown.

"We think of ourselves as a company made up of very strong regional offices," and "the business that we develop will emulate from the skills in each profit center," he said.

Over the last three years, "virtually every office has been through the audit process," said Mr. Brown. Those that passed received a credit on their errors and omissions insurance premium. Those that failed received a debit.

Employees, however, are motivated by "more than an E&O thing," Mr. Brown said. "The real thing that drives them is the pride."

The brokerage scrutinizes its internal operations and is also "very concerned about the quality" of insurers with which it places business, says Mr. Brown. He would not elaborate on how Jardine scrutinizes insurer solvency.

It was Financial Guardian's similar emphasis on quality that attracted Jardine, he says. "That's what Financial Guardian was into, which is why it was such a good fit.

"We did a very exhaustive due diligence," Mr. Brown said, explaining why the acquisition was not completed until last month.

Although time-consuming, it was "very organized. Everyone knew where they were going."

Donald Weber, chairman and chief executive officer of Financial Guardian, has moved to JIB Inc.'s San Francisco headquarters as executive vp and chief operating officer.

Mr. Weber is also on the boards of JIB Inc. in the United States and the parent company in London.

Darrell Prater, Financial Guardian's president and chief operating officer, remains in Kansas City as senior vp of JIB Inc. in charge of the company's central region. He is also on the company's board.

Mr. Barton says that the combination of JIB Inc.'s and FG's operations are proceeding smoothly.

Duplicate offices in New York and in Los Angeles, Santa Clara and San Jose, Calif., have already been combined, while offices in other cities where the two brokers both had a presence—including Chicago, Houston and Phoenix, Ariz.—will eventually be merged.

Both JIB Inc.'s and FG's regional offices boast individual specialties that give the brokerage a somewhat eclectic book of business.

Continued on next page



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Continued from previous page

The company's specialties include "everything from large manufacturers to fast-food operations," Mr. Brown pointed out.

According to the company's annual review, clients include: Columbia Pictures Entertainment Inc.; the Boy Scouts of America; McDonald's Corp.; health care systems; nuclear and petrochemical companies; produce packing concerns; and transportation and construction firms.

Mr. Brown says that last year Jardine "picked up a dozen or so accounts in the retail area that each generate over $250,000" in commissions.

Among the new accounts are the Los Angeles Bar Assn. and the California Assn. of Realtors, for which Jardine has the endorsement to market insurance products to members. Jardine also brokers insurance to the British Medical Assn., cities in Australia, the Union of New York State Employees and veterinary surgeons in the United Kingdom, Mr. Barton said.

Jardine plans to continue developing the niches of its regional offices, say Messrs. Barton and Brown.

Targeted growth areas include: health care, transportation, fast food, financial institutions and associations.

Most of Jardine's clients are "mid-sized"—that is, commissions range from $25,000 to $100,000—according to Mr. Brown.

Commercial retail brokerage generates 61% of gross revenues; wholesale brokerage contributes 12%; interest income, 12%; reinsurance brokerage, 11%; and other activities, 4%.

Approximately 80% of Jardine's business is generated by commissions, down from about 85% last year, according to Mr. Barton.

He attributes this in part to larger clients "becoming fee-based."

Besides its retail brokerage operations in the United States, JIB Inc.'s special services division includes five subsidiary companies:

- Galaher Settlements & Insurance Services Co. Inc., which specializes in structured settlements.
- Glanvill Special Risk Insurance Brokers, a surplus lines brokerage.
- Jardine Group Services Corp., a mass marketing specialist.
- Pinehurst Management Co. Ltd., a Bermuda captive manager.
- Risk Management Inc., which provides captive and self-insurance management and consulting services.

Jardine expects its greatest growth to come from the United States. But Europe and the Pacific Rim are generating significant business, and Mr. Brown said he expects the Far East to overtake Europe as the No. 2 revenue producer in the 1990s.

As part of its European strategy, Jardine is "building relations" with European brokers, according to Mr. Barton.

Most insurance business likely will remain in its country of origin, even when non-life insurance trade barriers are removed later this year, says Mr. Barton.

"Things aren't going to change in Europe overnight. It's a process of evolution," he said.

In Europe, Jardine is targeting captive management business. While U.S. companies have been using captives as a risk financing tool for years, the concept is relatively new in "the old country," Mr. Barton said.

But in the United States, Jardine is not doing much work on new captive development, primarily because the property/casualty insurance market remains soft, according to Mr. Brown.

The broker also is keeping an eye out for the next hard market, which Mr. Brown does not believe is imminent.

He predicts that what he calls recent assaults on the insurance industry—especially the antitrust suit filed by 19 state attorneys general—will have a significant impact on future insurance cycles.

"I have a feeling that if we get into another hard market, it won't be long-lived," he said.

Mr. Brown points out that recent natural and man-made calamities—ranging from last fall's California earthquake to the dissolution of the H.S. Weavers (Underwriting) Agencies Ltd. line slip—have not really put a dent in available capacity.

Rates and capacity for good earthquake risks have remained unchanged, he said, adding that finding replacement excess liability coverage for business once underwritten by Weavers took some work, but was manageable. "There always seems to be someone to fill in the gap."

He also believes a dwindling labor pool and greater government regulation will affect the insurance industry.

Jardine is "concerned about finding qualified people," especially now that it is focusing on quality products and services, he said. To meet its staffing needs, Jardine currently is hiring entry level people and is training them, he said.

And while Mr. Brown thinks repeal of the McCarran-Ferguson Act is unlikely, he does predict there will be some changes in how the federal government views the business of insurance.

"That's another reason for our emphasis on quality," he said. Jardine's efforts to polish its own image "indirectly will improve the industry image" as well, he said.

Jardine now has 112 offices worldwide, up from 90 in 1988.

Jardine's staff grew to 3,618 worldwide a year-end 1989 from 2,850 the year before. The staff increase does not include Financial Guardian's 385 employees.

Jardine completed four acquisitions in 1989, which accounted for about half of the staff growth:

- Anslow Wilson & Amery Ltd., a London reinsurance broker purchased in January.
- F.R. MacNeill & Son Inc., a Miami wholesale broker purchased in June.
- J.D. Sayer & Co. Inc., a Pennington, N.J., wholesale broker purchased in July.
- Leslie, Wright & Rolfe Ltd., a Vancouver, British Columbia, retail brokerage affiliate purchased in 1989.

Acquisitions that have been completed so far in 1990 include:

- The Mang Agency, an Albany, N.Y.-based retail brokerage acquired in February.
- Leef & Jones, a New York-based retail broker acquired in March.
- Nelson Hurst & Marsh, a Lloyd's members' agent purchased in April.
- Financial Guardian.

No major mergers are planned in the near future, says Mr. Brown, because "Jardine will be digesting these acquisitions for a while."

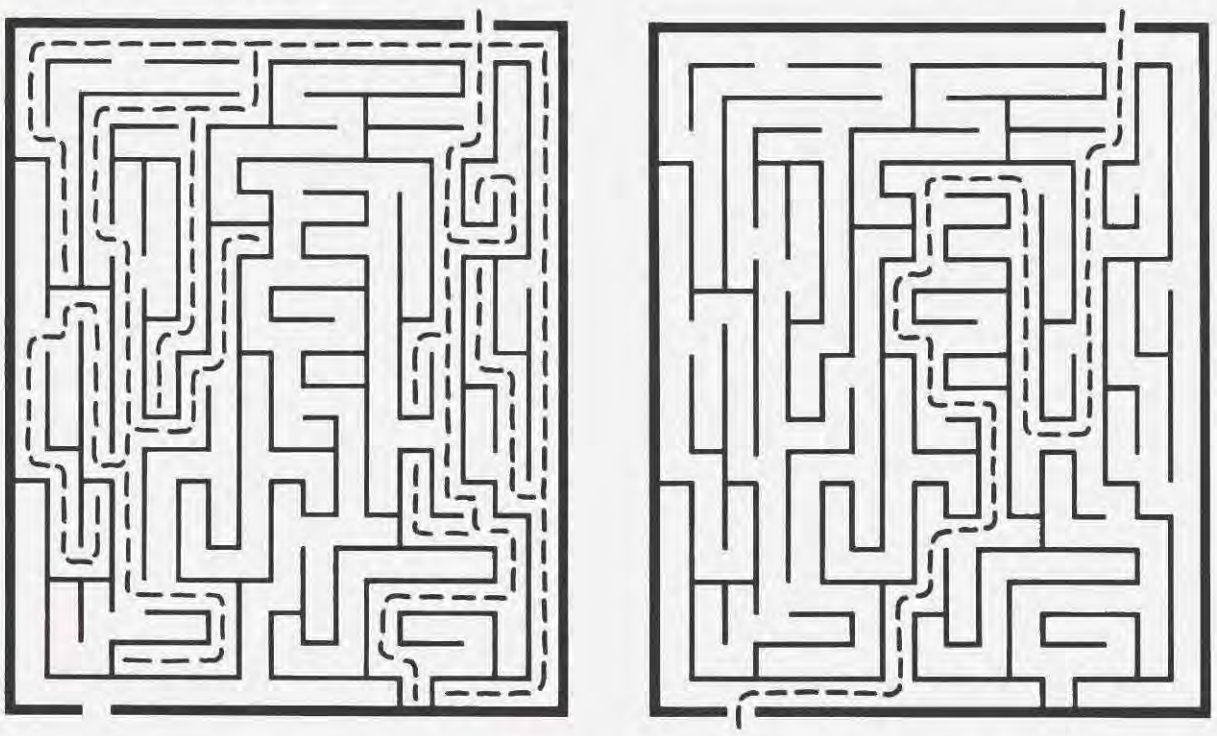
However, he hinted that JIB Inc. has its eye on another Financial Guardian-sized purchase sometime early this decade.

Other principal Jardine officers include: D.E. Corben, chief executive officer-reinsurance; R.D. Guy, chief executive officer-Australia; M.C.D. Gribbin, chief executive officer-international wholesale; M.J. Wakeley, chief executive officer-Asian retail; and A.J.S. Robertson, group finance director.

Besides Messrs. Brown, Weber and Prater, principal JIB Inc. officers include Chairman Richard A. Archer and Executive Vp Leonard P. Lawrence.

—By Joanne Wojcik

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11

C.E. Heath P.L.C.

Cuthbert Heath House, 150 Minories, London EC3N 1NR; 071-488-2488; fax: 071-488-4001

	1989*	1988*
Premium volume	NA	NA
Gross revenues	$206,910,000	$173,300,000
Brokerage: Retail	21%	21.8%
Wholesale	19%	17.4%
Reinsurance	9%	9.9%
Invest. income	10%	11.2%
Other	41%	39.7%
Employees	1,584	1,428
Rev./Employee	$130,625	$121,359
Offices	68	54

* Converted at applicable exchange rates; year ends March 31.

C.E. Heath P.L.C. is continuing to expand its U.K. retail brokerage operations to diversify its brokerage business and increase the stability of its revenues, according to two of its senior executives.

Since its 1909 founding, C.E. Heath has been one of London's foremost wholesale brokers. However, in recent years it has gradually expanded its presence in the U.K. retail market.

Now it earns slightly more in revenues from retail brokering than wholesale brokering.

"The reason we have pushed into retail in the U.K. is to improve the balance in our business," said joint Managing Director Peter Presland.

"Five years ago and more we were predominantly a wholesaler—suffering the swings and roundabouts of the wholesale market," he explained.

Those swings and roundabouts include fluctuating currency exchange rates, fluctuating revenues as local markets retain more or less business according to the state of the market and a dependency on "middlemen" for business, said Mr. Presland.

"The great beauty of retail business is that you control the business," he added.

Expansion of retail business "is something we've been working on in the U.K. for the last two years. It's a very exciting area," agreed Paul Hughes, financial director.

In particular, employee benefits—including group pension plans and medical insurance—is a rapidly growing area, both directors agreed.

It also is an area Heath "is thinking of spending more money on" in terms of recruiting skilled personnel and making further acquisitions, said Mr. Hughes.

Already Heath has 26 offices throughout the United Kingdom. Among the new offices are five additional offices in Scotland, acquired when the company bought Glasgow-based retail broker Collins Halden Ltd. earlier this year.

Heath also purchased small regional broker Forshaw Watson Insurance in Bolton in northwest England in January and acquired Westmain Insurance Services of Middlesbrough in northeast England in March 1989.

In addition, Heath has opened two offices in Peterborough and Bristol, England, during the last year.

Heath's employees grew to 1,584 as of March 31, its fiscal year-end, up 10.9% from a year ago.

Heath only last week released its latest fiscal year results. Heath's gross revenues totaled 125.4 million pounds in the latest fiscal year, up 22.2% from 102.6 million pounds ($173.3 million) for year-end March 31, 1989.

However, because of the stronger U.S. dollar, Heath's revenues in dollar terms increased only 19.4% to $206.9 million in fiscal 1989-90 from $173.3 million the previous year.

Heath continued to rank No. 11 in *Business Insurance's* ranking of the world's 20 largest brokers.

Heath's pretax profits also increased in the latest fiscal year to 27.3 million pounds ($45 million), up 36.5% from 20 million pounds ($33.7 million) the previous year.

According to Heath, retail brokerage revenues, excluding investment income, represent 21% of the group's gross revenues, while wholesale brokerage revenues for the year ended March 31, 1990, represented 19% of total gross revenues.

Reinsurance brokering accounted for 9% of total gross revenues and brokerage investment income accounted for about 10%.

Meanwhile, 41% of gross revenues stemmed from activities other than brokering, including underwriting agency fees and commissions and revenues from several computer service companies owned by the group.

Like most of London's largest and oldest brokers, Heath has both foreign subsidiaries and links with correspondent brokers throughout the world. Heath reports 42 offices outside the United Kingdom. The only continent without a Heath subsidiary is Africa, pointed out Mr. Hughes.

In North America, Heath has a 50%

Continued on next page



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Continued from previous page
stake in employee benefit consultant Canadian Actuarial & Consulting Group Inc. as well as a 51% shareholding of New York-based broker Cornwall & Stevens Co. Inc.

Heath also owns 90% of workers compensation insurer C.E. Heath Compensation & Liability Insurance Co. in Burlingame, Calif.

In South America, Heath owns an 80% stake in C.E. Heath (Sur) S.A. in Argentina and a 49% stake in Mexican broker Agencia Interoceanica Asesores e Intermediaros SA de CV. It also has offices in Venezuela and Colombia and correspondent brokers in Peru and Chile, said Mr. Presland.

In Australasia, Heath has six brokering offices in Australia and two brokering operations in New Zealand.

It also has an extensive underwriting operation in Australia, which was reorganized in 1988 following the state of Victoria's move to state-owned workers compensation insurance from private insurers (*BI*, June 26, 1989; Oct. 17, 1988).

The reorganization separated the runoff business of Heath's workers compensation underwriting from Heath's current property/casualty underwriting.

C.E. Heath Casualty & General Insurance Ltd., which was established to write new business, is doing well despite Australia's softening rates and continuing weak market, said Mr. Presland. "A lot of the business (Heath writes) is long-tail liability business, which has not suffered (reduced rates) to the extent property business has."

However, the Australian brokering subsidiaries, like many Australian-based brokers, "are finding it tough because they are being hit by lower property rates," said Mr. Presland.

In the Far East, C.E. Heath and Dutch broker Hudig-Langeveldt Group bv have several joint venture brokering companies throughout the region and Heath has an underwriting operation in Hong Kong.

The Far East still is an area of enormous potential growth, he said.

Meanwhile, Heath admits it lacks an extensive network of offices in Europe—the continent many view as the immediate growth market.

"We do not have an extensive European retail network and with 1992 approaching it is an area that we are focusing special attention on," said Mr. Presland.

The broker is investigating all three principal routes to expand its presence in Europe, said Mr. Presland: acquisitions; the formation of new offices; and the formation of joint ventures and correspondent partnerships.

But, so far it has associate companies or subsidiary offices in only West Germany, Spain and Italy.

However, Messrs. Presland and Hughes argue that Heath's small presence in Europe has not hindered it in attracting British retail clients.

"We win accounts on price, structure and ability to provide service for our clients," said Mr. Presland. If a client has operations in European countries, Heath will work with the most suitable broker in each country, he pointed out.

Heath never pitches for accounts on the basis that it has a network and "we have not found a lack of a network to be a disadvantage," said Mr. Presland.

"Whether that will change or not after 1992, I don't know," he said.

There are many problems for brokers trying to establish European brokering networks, both directors pointed out.

For example, "the problem with establishing joint ventures is that there are fewer and fewer independent brokers of any size" left in Europe, said Mr. Presland.

Also, corporate clients do not use brokers in several European countries to the same extent they do in the United Kingdom or the United States.

And, brokers with large wholesale accounts, such as Heath, can upset their wholesale relationships with retail brokers if they start to compete in the same territory for the same business, Mr. Hughes pointed out.

The 41% of Heath's revenues stemming from non-brokering activities principally involves underwriting operations and two computer service subsidiaries.

Aside from Australia, Heath's largest underwriting operations are based in Bermuda.

Heath's principal Bermuda subsidiary is Pinnacle Reinsurance Co. Ltd., which specializes in financial reinsurance, particularly time and distance policies (*BI*, April 30).

Pinnacle and several other defendants are being sued by the liquidators of Bermuda-based Mentor Insurance Co. Ltd. In April 1988 the case was dismissed from the U.S. courts and now has been transferred to the Bermuda court, said Mr. Presland.

However, Pinnacle has applied to have the lawsuit dismissed and disputes all allegations, he added.

Also in Bermuda, C.E. Heath has a 41% shareholding in financial insurer Prospect Insurance Ltd. Prospect was formed in 1988 as a joint venture with London-based Midland Bank P.L.C. to provide financial insurance products for corporate clients of Midland and Heath.

In the United Kingdom, Heath owns several computer service companies: Peterborough Data Processing Services Ltd., Peterborough Software (U.K.) Ltd., which also has offices in Australia and New Zealand; and Datasure Ltd. and Datasure (Lloyd's Underwriting Systems) Ltd.

Messrs. Presland and Hughes predict that computerization and networking is going to produce some of the greatest changes in the London market in the next few years.

"Networks are going to have a big impact and will bring about a change in attitude to the market as it's currently perceived," said Mr. Hughes.

"Brokers are going to have to learn to adapt" to computerization of many aspects of their business, agreed Mr. Presland.

Heath, like other wholesale brokers in the London market, also is focusing its attention on a more pressing issue: the future of H.S. Weavers (Underwriting) Agencies Ltd. and its principal insurer Walbrook Insurance Co. Ltd.

Walbrook suspended underwriting in March and now Weavers, along with its parent, London United Investments P.L.C., is in administration (*BI*, May 28).

Brokers and insurers, led by Marsh & McLennan Cos. Inc. and Sedgwick Group P.L.C., have been trying to put together a plan to ensure the runoff of Weavers' business will be carried out in an orderly way.

Weavers has for a long time been the leading London market for U.S. casualty business and many London wholesale brokers placed a large amount of business with the underwriting agency.

Much of Heath's U.S. casualty wholesale business had moved from Weavers since 1987 when several brokers left the company and took clients with them. Also since then, Rollins Burdick Hunter Co., which had placed much of its business in London through Heath, helped form a new London broker which it now uses as its principal wholesale broker, explained Mr. Presland.

However, Heath still is participating in the market effort to help resolve the situation to benefit clients, he said.

"We are participating in discussions as we think it is important that (the runoff) has some order to it. It won't do the London market's reputation any good if it's a mess," said Mr. Presland.

"I do think the London market has an obligation that if it's wound up, it is done so in an orderly and equitable way," he added.

—By Carolyn Aldred



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Arthur J. Gallagher & Co.

2850 W. Golf Road, Rolling Meadows, Ill. 60008; 708-640-8500; fax: 708-640-7055

	1989	1988*
Premium volume	NA	NA
Gross revenues	$173,206,000	$158,295,000
Brokerage: Retail	55%	56%
Reinsurance	1%	1%
Personal lines	1%	1%
Services	35%	33%
Invest. income	8%	9%
Employees	1,900	1,776
Rev./Employee	$91,161	$89,130
Offices	91	88

* Restated.

Robert E. Gallagher, president and chief executive officer of Arthur J. Gallagher & Co., had just begun presiding over the company's annual meeting last month when the lights went out.

An auditorium packed with shareholders, analysts and others was plunged into a darkness equal to a CEO's worst nightmare.

"That says enough about our first-quarter results," loudly quipped J. Patrick Gallagher Jr., vp of operations, from one of the front rows of auditorium.

The audience laughed and power was restored in a few minutes.

That incident demonstrates a Gallagher family trait that continues into a third generation of brokerage executives: An ability to respond quickly to current events while maintaining a long-range view of the brokerage's mission.

Currently, the continuing soft commercial property/casualty insurance market is creating "very intense" competition among brokers, pointed out Patrick Gallagher, Robert Gallagher's nephew and designated successor.

However, Gallagher's specialty of providing bundled and unbundled risk management services—along with brokerage services—continues to develop "just fine" and is expected to help continued growth despite the current market, Robert Gallagher said.

"Our growth is ahead of us," he added.

However, "the soft premium market continued to put pressure on overall commissions during the first quarter," Robert Gallagher said. "While we were extremely pleased with the continued new business development and account retention, the strong competitive market for new premiums generally kept rates at levels below the prior year."

That contributed to Gallagher's "disappointing" first-quarter 1990 results, Robert Gallagher said.

Net income fell 35.8% in the first quarter to $2.9 from $4.6 million in the first quarter of 1989, although first-quarter 1990 gross revenues of $45.7 million were up 9.3% over a restated $41.8 million the previous year.

The decline in profitability was due in part to a 17.9% jump in expenses, led by increased compensation for key employees and new hires. Salaries and employee benefits rose more than $3 million in the first quarter to $23.6 million compared with the first quarter last year.

Despite the deterioration in profits in the first quarter, Gallagher executives say they are fighting back with recent mergers and new programs both domestically and internationally to bolster a unique mix of self-insurance products, services and brokerage activities offered by the Rolling Meadows, Ill.-based company.

Gallagher executives still hope 1990 will be a repeat of 1989, which was "another record year for revenues, earnings and earnings per share," said Robert Gallagher.

Gross revenues rose 9.4% to $173.2 million in 1989, from a restated $158.3 million in 1988. Gallagher's 1988 results were restated to reflect the pooling of three brokerage acquisitions last year.

And, Gallagher's net income grew 7.6% to nearly $17.3 million last year from $16 million in 1988. Meanwhile, earnings per share increased at about the same pace to $1.42 from $1.30.

Revenue growth in 1989 pushed Gallagher up two positions to become the 12th-largest broker in the world, leapfrogging past British-based brokers Bain Clarkson P.L.C. and Hogg Group P.L.C.

In addition, Gallagher remained the eight-largest U.S.-based broker.

Gallagher attributes much of last year's revenue growth to continued growth of the alternative risk financing market, which created more demand for the risk management services that Gallagher markets to self-insured clients.

Also contributing to last year's growth was new brokerage business, increased contingent commissions paid by insurers and increased sales by Gallagher's employee benefits operations.

In addition, the growth also reflects the impact of three mergers for which financial results were pooled.

Gallagher in December acquired R.C. Stibor & Associates Insurance Brokers Inc., a Los Angeles insurance brokerage concentrating on the commercial real estate industry, in exchange for 350,000 shares of Gallagher stock.

In addition, Gallagher in November acquired Aviation Risk Managers Inc., a Denver-based insurance brokerage and service company that specializes in aviation risks, for 42,500 shares of Gallagher stock.

And, in May 1989, Gallagher acquired C.A. McLin & Co. Insurance Services Inc., an Orange, Calif.-based general property/casualty insurance brokerage, for 20,000 shares of Gallagher stock.

Those acquisitions bring to 16 the number of insurance brokerage and service businesses Gallagher has acquired in the past decade. It has also disposed of four operations during that period.

Gallagher reported an increased demand in 1989 for risk management services on both a bundled and unbundled basis.

However, gains were offset by some lost business and declines in renewal commissions resulting from premium rate cutting.

In addition, rising expenses hurt Gallagher earnings.

Salaries and employee benefits increased by $5.9 million in 1989, due in part to salary increases and a 6.9% increase in staff to 1,900 by year-end from 1,776 in 1988.

However, Gallagher tried to keep a lid on these increased expenses through a companywide program of containing unnecessary personnel costs and close scrutiny of the need for new employees.

Gallagher executives lifted the lid in 1990 when compensation was increased an unspecified amount to key personnel, which contributed to the company's first-quarter decline in profits.

In addition, Gallagher's other operating expenses increased 10% last year to nearly $62 million due to several factors including office facility expenses. And, such expenses are likely to increase in the future because Gallagher last year signed a 15-year lease to move in 1991 into a new corporate headquarters building in Itasca, Ill., a nearby Chicago suburb.

To combat the effects of the soft market and expenses while spurring future growth, Gallagher is launching some new programs and updating a few old ones.

Continued on next page



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"We started a small venture in utilization review in 1990," said Patrick Gallagher.

The unit, Gallagher Bassett Managed Care Services, is designed to help clients control health care costs, both for workers compensation and employee benefit programs, he said.

Gallagher also continues to enhance computer capabilities for clients who use microcomputers to access data stored on the brokerage's mainframe computer, Patrick Gallagher said.

For example, last year Gallagher introduced a "build-a-record" feature that allows a client to go into the system and build a record on a series of claims. "It really amazes the actuaries, the ways we can slice it and dice it," he said.

Gallagher also introduced new in-house programs to generate more growth. For instance, it developed new sales and management training programs and stepped up recruiting efforts by expanding its summer internship program for college students.

Gallagher also is working to broaden its international perspective.

Arthur J. Gallagher International Inc., a Rhode Island-based unit that serves foreign and U.S.-based multinational clients, began last year to offer risk management consulting and other services to clients abroad.

In addition, London-based subsidiary Gallagher Plumer Ltd., a Lloyd's of London broker, introduced a new excess property/casualty aggregate stop-loss insurance program for small and medium-size self-insured commercial accounts.

Europe offers "a most tremendous" opportunity in the next decade, Robert Gallagher said.

Also in the international sphere, the broker's Arthur J. Gallagher & Co. (Bermuda) Ltd. subsidiary offers clients access to the Bermuda marketplace as well as providing offshore captive formation and management services.

Gallagher's services are targeted to specific market niches, including religious and fraternal groups, government entities and educational and non-profit groups.

In addition, the company targets a wide range of commercial and industrial clients and made gains in 1989 in aviation, health care and agribusiness.

Commercial retail brokerage produced 55% of gross revenues in 1989, down from 56% in 1988.

The retail business brokered by Gallagher is primarily casualty insurance, followed by slightly lesser amounts of property insurance. Other lines of business—including marine and aviation insurance—make up minimal portions of Gallagher's retail book.

About 90% of its retail brokerage business is domestic and 10% international.

Gallagher has two other specialized domestic brokerage units:

- International Special Risk Services provides clients access to domestic excess/surplus lines insurers and domestic and international reinsurers.
- Gallagher Marine Services places marine insurance and offers related brokerage services.

Thirty-five percent of Gallagher's total revenues in 1989 were produced by non-brokerage services, like claims administration and consulting, up from 33% in 1988.

Two of Gallagher's largest operations are service-oriented divisions:

- Gallagher Bassett Services Inc., the brokerage's principal subsidiary, provides primarily self-insured clients with a wide range of services including claims management, risk control consulting and property appraisals.

Those services are available on either a bundled or unbundled basis.

Gallagher Bassett's total revenues increased by 16% in 1989. Contributing to that were continued development in risk management training programs for clients and a new computerized liability assessment profile to help police departments spot areas of high exposure.

- Gallagher Benefits Services, which provides employee benefit consulting and other services to both insured and self-insured employee benefit programs.

This division's revenues increased 22% in 1989.

Investment income generated 8% of Gallagher's total 1989 revenues, down from 9% in 1988. And, reinsurance brokerage and personal lines each contributed 1% of revenues last year, the same as during 1988.

The greatest percentage of Gallagher clients typically pay less than $50,000 in annual commissions. However, if fees for brokerage and other services also are included, many of clients pay "well over" $100,000, Patrick Gallagher said.

Gallagher operated 91 sales or services offices, up three from year-end 1988.

Among the highlights of 1989 for the firm was that Gallagher's team "is holding together extremely well" despite soft market pressures, Patrick Gallagher said. "We aren't losing our people."

The biggest disappointment is that the "market didn't turn after everyone predicted it would" in light of the series of natural disasters and other large property/casualty losses in the second half of 1989, he said.

The 1990s will bring added changes to Gallagher, including new top management.

As Robert Gallagher said, "The world knows that he (Pat) is my replacement." However, he declined to elaborate further about when the change will occur.

Gallagher's stock price ranged from a high of $26.50 per share to a low of $16.13 per share in 1989. The stock, which is traded on the New York Stock Exchange, closed at $23.25 per share on June 8.

The cash compensation and bonuses paid in 1989 to the five highest-paid Gallagher executives, according to documents filed with the Securities and Exchange Commission, follows:

Robert E. Gallagher	$270,000
John P. Gallagher	$260,000
Michael J. Cloherty	$260,000
J. Patrick Gallagher Jr	$215,000
Walter F. McClure	$197,000

—By Meg Fletcher

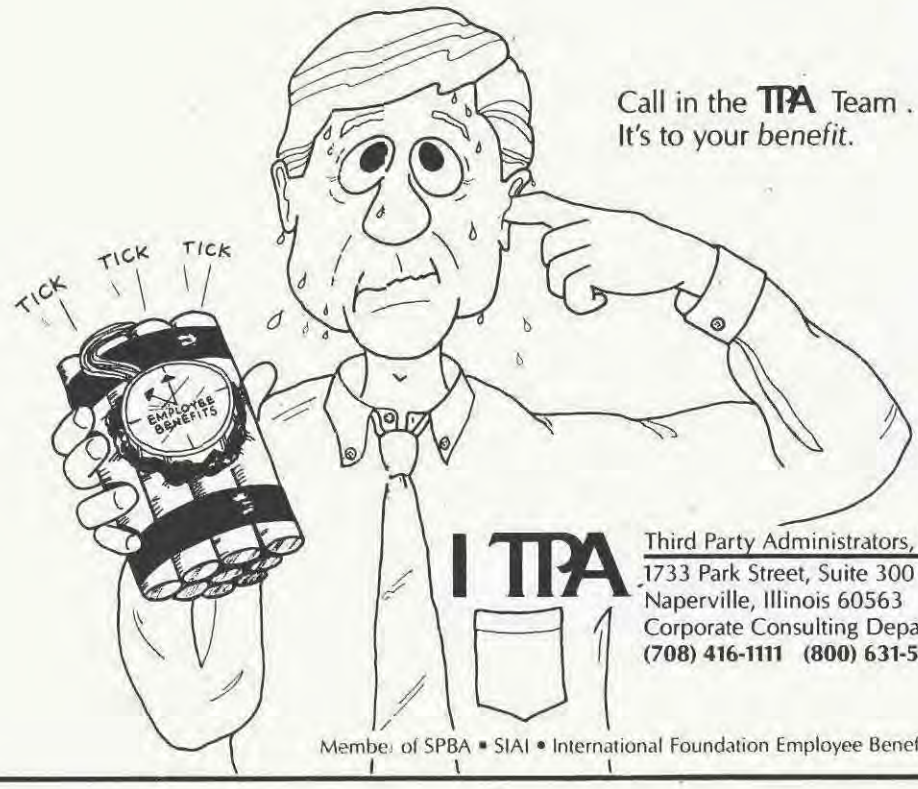
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Bain Clarkson Ltd.

Bain Clarkson House, 15 Minories, London EC3N 1NJ; 071-481-3232; fax: 071-480-6137

	1989*	1988*
Premium volume	NA	NA
Gross revenues	$165,830,000	$171,588,000
Brokerage: Retail	50%	49%
Wholesale	12%	15%
Reinsurance	12%	10%
Personal lines	5%	5%
Services	11%	11%
Invest. income	10%	10%
Employees	2,733	3,043
Rev./Employee	$60,677	$56,388
Offices	63	72

* Converted at applicable exchange rates.

Lloyd's of London broker Bain Clarkson Ltd. is celebrating 200 years of insurance brokering this year by looking forward, not back, says Chairman and Chief Executive Officer Simon Arnold.

Following a review of operations, Bain Clarkson has set 10 key tasks for the 1990s to help it reach its goal to "number amongst the top three European—based insurance brokers," according to the company's strategic plan.

"You may think that a lot has already occurred in insurance broking, but that is nothing compared to the change which can be anticipated over the next five to 10 years," Mr. Arnold wrote to all staff this spring.

Bain Clarkson, in its current form, was created in 1987 with the merger of London-based brokers Bain Dawes P.L.C. and Clarkson Puckle Ltd. However, its roots go back to 1790 with many mergers and takeovers along the way.

Today, Bain Clarkson is one of the U.K.'s largest retail brokers, with the majority of its revenues stemming from British commercial insurance buyers.

However, the broker has 50 subsidiary and associated outlets overseas, besides its 27 offices throughout the United Kingdom. And, as its customers continue to expand overseas, notably in Europe, Bain Clarkson plans to be wherever it's needed to service its clients, Mr. Arnold says.

Bain Clarkson's 1989 gross revenues rose 8.6% to 103 million pounds from 94.8 million pounds in 1988. However, in U.S. dollar terms, gross revenues fell 2.5% to $165.8 million last year from $171.6 million in 1988 because of the strength of the dollar against the pound.

Thus, Bain Clarkson dropped one spot to 13th place in the *Business Insurance* ranking of the world's 20 largest commercial insurance brokers. U.S.-based Arthur J. Gallagher & Co. jumped ahead of Bain Clarkson with slightly more real revenue growth and because of the dollar's strength.

Bain Clarkson's profits, meanwhile, jumped a massive 82% to 11.1 million pounds ($17.9 million) from 6.1 million pounds ($11 million) in 1988—a tough year for the newly merged company.

Mr. Arnold said last year that merger costs, a competitive marketplace and reduced interest rates combined to depress Bain Clarkson's 1988 profits to almost half of 1987 profits.

In 1989, "despite the difficult market conditions we faced, we produced an excellent result," he said.

Two areas of substantial growth last year were Bain Clarkson's U.K. division and London market excess-of-loss reinsurance, according to Mr. Arnold.

However, much of the improved profit resulted from "severe cost containment and a thorough review of the company's business," according to the 1989 annual report of services and marketing conglomerate Inchcape P.L.C., which owns Bain Clarkson.

Bain Clarkson over the last two years has adopted tough cost control measures—including cutting staff 10.2% to 2,733 last year, from 3,043 in 1988.

It also formed accountable profit centers and hired key managers.

Many of these steps resulted from Bain Clarkson's 1988 appointment of Strategic Planning Associates, a London-based management consulting firm, to study the broker's administration systems (*BI*, June 22, 1989).

"To prepare for the '90s, senior management in Bain Clarkson has spent a lot of time during the last six months devising plans for the future," Mr. Arnold said.

"The whole basis of the review arose from the grass roots of this company in that we invited comments, suggestions and criticisms of the company from the lowest-paid to the highest-paid" employee, he noted.

This exercise then "culminated in top-level discussion groups by senior directors to come up with a corporate plan," he added.

"What we have done over the last six months is to involve 15 senior executives in a planning exercise in which we looked at Bain Clarkson and the whole marketplace," explained Ian Marshall, the company's general manager.

The "1990s are going to throw up a lot of challenges for us all," warned Mr. Arnold.

London's brokerage community is facing several difficult issues, he said, including Europe's impending single market for non-life insurance and increasing polarization in the insurance industry.

There is extreme pressure on wholesale and reinsurance brokerage margins as more business is being retained in local markets instead of being placed in London and as more reinsurance business is placed directly by insurers with reinsurers, he said.

As a result, many of the larger brokers are "focusing more on the retail broking market as brokers are realizing there is a finite amount of wholesale and reinsurance broking business," he noted.

However, "retail broking has never been the most profitable sector, although we believe it can be if you get it right," he said.

The majority—about 61%—of Bain Clarkson's gross revenues is generated by retail brokerage and services, like risk management consulting. Another 12% is generated by wholesale brokerage; 12% reinsurance brokerage; 5% personal lines brokerage and 10% investment income.

Continued on next page



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More than 80% of the broker's retail business comes from the United Kingdom.

However, future growth lies beyond the United Kingdom in continental Europe, Mr. Arnold predicts.

"The growth of the pan-European market is going to lead to considerable competition for business. This is where the battleground will be for the 1990s," he speculated.

"The 1990s will present us with opportunities and challenges. However, as the industry polarizes, there are bound to be difficulties too," he said.

The first of Bain Clarkson's 10 "key tasks" was achieved in April when it reorganized to combine all its U.K. operations and continental European operations into one European Division.

"We are absolutely adamant that we have to be in Europe for when our clients want to move into Europe," said Mr. Arnold.

"Europe represents a tremendous challenge to insurance brokers," he said, referring to the forthcoming single trading market being created by the 12 member states of the European Community.


Mr. Arnold

Bain Clarkson "plans to strengthen further our existing network in Continental Europe, both through acquisition and new offices," the strategic plan states.

Currently, Bain Clarkson has offices in Greece, Switzerland, Spain, France, Sweden, Ireland and Belgium.

"We have a strategic objective that we have to be in Europe to service the needs of our retail clients. And we will be looking for opportunities to combine with any indigenous broker who would be interested in combining with us to form a partnership to service our clients," said Mr. Arnold.

"Currently, a substantial number of our U.K. clients have European operations and the number is increasing year by year," he said.

Bain Clarkson's second task is to ensure that "the new European Division will offer three principal services: general brokerage, financial services and credit insurance."

Financial services, which includes employee benefits, likely will play a larger part in Bain Clarkson's activities, Mr. Marshall predicts.

"The major expansion in Europe in the coming years will be employee benefits," he predicted.

The third task on its agenda involves "making a number of key appointments to strengthen our technical and advisory services in both general broking and financial services. During 1990, we intend to plan for the level of technical services required by large companies throughout the '90s."

Bain Clarkson also plans "to develop further the U.K. network of offices" as task No. 4.

"Bain Clarkson's presence will be strengthened where we can see opportunities for growth; pools of technical expertise will be created in specific offices; and money will be spent on offices where existing premises are not adequate," the document explains.

Currently, Bain Clarkson has 27 offices and more than 2,000 staff in the U.K. Worldwide, it has 63 offices and 2,733 employees.

Last year, Bain Clarkson had gross brokerage revenues of 51 million pounds ($82.1 million) from U.K. retail business and services on a client base of 17,000.

Task No. 5 is completion of its new retail computer system, which will link all Bain Clarkson's U.K. offices and eventually all its European offices. The computer also will allow the broker to link in with future insurance computer networks, such as the London Insurance Market Network, known as LIMNET.

Task No. 6 is the extension of the company's "best practice" exercise, started last year.

To establish better working habits throughout the company, Bain Clarkson asked all staff to identify their own, and their department's, best and most-efficient practices as well as their worst and least-efficient practices.

"Using the best of all practices as the norm for the future is a simple and efficient way of improving the efficiency of the company," said Mr. Arnold.

As task No. 7, Bain Clarkson intends to expand its presence in the Far East.

"Bain Clarkson has a network in the Far East which is stronger than most brokers. This is a fast-growing part of the world and so we intend to invest further in this area," its plan states.

Bain Clarkson's parent Inchcape, an international services and marketing company, has substantial interests and resources in the Far East.

Much of the 10 million pounds ($16.1 million) of Bain Clarkson's 1989 brokerage revenues generated by overseas retail operations in 15 countries came from Southeast Asia.

Bain Clarkson employs 200 people in its Hong Kong office alone, according to Mr. Arnold.

Task No. 8 is to strengthen its reinsurance operations as well as its wholesale and specialist retail operations in London.

"Our aim is to build up specialist operations where we offer a better service than any of our competitors," the plan says.

Bain Clarkson's international division, which is based in London with a staff of 300, reported gross brokerage revenues last year of 33 million pounds ($53.1 million) generated by 3,000 clients.

The international revenues stemmed 40% from reinsurance, 25% from marine and energy wholesale business, 25% non-marine wholesale and 10% aviation insurance.

Task No. 9 is to "invest in both systems and people," its plan states.

As a result, "in 1990 we are doubling the money spent on training and during the next few years we are determined to make Bain Clarkson's technical and management training second to none."

And, task No. 10 concludes, "in all areas of the business, we will strengthen accountability."

For example, the international division already "is being restructured so that managing directors are responsible for all stages of the operation. This process will continue throughout all parts of the business," the company wrote to staff.

Meanwhile, Mr. Arnold said there have been few developments in the ongoing litigation involving Bain Clarkson in regard to the now-defunct Environmental Risk Assessment Service (International) Ltd.

The facility, established by Clarkson Puckle Ltd., reinsured environmental impairment liability insurance policies written for U.S. companies from 1977 to 1983.

Reinsurers belonging to the facility are suing Bain Clarkson, alleging misrepresentation and breach of duty in the broker's role as ERAS' founder.

The facility has liabilities exceeding $100 million (*BI,* June 26, 1989).

Last year, Bain Clarkson paid more than $6 million to three members of the facility to settle claims stemming from one underlying policy the facility reinsured (*BI,* Feb. 6, 1989).

Meanwhile, Bain Clarkson is not as involved as many other London-based brokers with the troubled situation concerning the H.S. Weavers (Underwriting) Agencies Ltd. line slip.

Since most of Bain Clarkson's business is U.K. retail business, it placed a minimal amount of coverage with Weavers, said Mr. Arnold.

—By Carolyn Aldred

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Answer: c) All of the above

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Hogg Group P.L.C.

1 Portsoken St., London E1 8DF;
071-480-4000; fax: 071-480-4007

	1989*	1988*
Premium volume	NA	NA
Gross revenues	$164,500,000	$156,600,000
Brokerage: Retail	48%	49%
Wholesale	12%	11%
Reinsurance	4%	3%
Personal lines	8%	9%
Services	18%	18%
Invest. income	8%	7%
Other	2%	3%
Employees	2,567	2,527
Rev./Employee	$64,083	$61,971
Offices	76	70

* Converted at applicable exchange rates.

Hogg Group P.L.C. is entering the 1990s with a new name after closing out the previous decade successfully on both sides of the Atlantic.

Changing the name from Hogg Robinson & Gardner Mountain P.L.C. earlier this year gave the brokerage clearer identity, according to Chairman James Vaughn.

Since the brokerage split from a huge travel agency affiliate in July 1987, investors have had to cope with two companies with similar names, he noted.

The combined travel and brokerage services company had been called Hogg Robinson Group P.L.C. But after the split, the broker took the name of its Lloyd's of London brokerage subsidiary, while the travel agency became Hogg Robinson P.L.C. (*BI*, June 20, 1988).

"We really had some problems" in the stock market, said Mr. Vaughn, an American who became chairman of the brokerage company after the separation. "We had two very specific incidents with people trying to buy our stock and they bought the (travel agency) stock instead. And in one case the market fell off and the broker stood good for the stock.

"But we found that not only in the U.K. but in the outlying area and associated companies (that) all the people who come to London refer to us as Hogg's. And that seemed to be the generic name."

Hogg's Lloyd's broker also changed its name to Hogg Insurance Brokers Ltd. from Hogg Robinson & Gardner Mountain Insurance Brokers Ltd.

But the names of other subsidiaries, like Republic Hogg Robinson Inc. in the United States, remain the same, said Mr. Vaughn.

Meanwhile, the company posted outstanding results in 1989.

Gross revenues grew a sparkling 18% in 1989 to 102.1 million pounds from 86.5 million pounds in 1988. Revenues increased only 5% from 1987 to 1988.

A strong dollar, however, kept its revenue increase down to 5% in dollar terms: to $164.5 million from $156.6 million in 1988.

Despite increased revenues, Hogg fell one spot in the *Business Insurance* ranking of the world's 20 largest brokers to 14th place.

Pretax profits grew 30.3% last year to 13.62 million pounds ($21.9 million) from 10.45 million pounds ($18.9 million) in 1988.

"These results have been achieved in another difficult year which has seen no respite from the much-publicized overcapacity and rate cutting within the market," Mr. Vaughn said in Hogg's annual report.

The company also reported a banner year from its U.S. operation, Republic Hogg Robinson.

RHR revenues increased 16.1% to $67.2 million in 1989 from $57.9 million the previous year. By contrast, 1988 revenues increased a meager 0.2% compared with 1987.

RHR remained the 11th-largest U.S. broker.

Charles E. Keller, president and chief executive officer of the Boston-based operation, said it grew through a combination of attracting new business and retaining accounts.

An 88% retention rate on 1988 business and a 13% increase in new business allowed RHR to increase revenues, even though rates tumbled by as much as 40% for property insurance last year, he explained.

Purchases of three regional agencies in 1989 and another early this year also boosted revenues. However, RHR sold three regional brokerage offices, offsetting some gains from the acquisitions, Mr. Keller said.

"We completed some successful mergers and acquisitions and also our everyday business and new business were good," he said. "We stressed retention and, because we had satisfactory results there, I think the soft market affected us less than it could have."

Mr. Keller acknowledged, though, that the soft market did make revenue growth tough to come by in 1989. But, he added, RHR cannot dictate market conditions and must play on the same field as the competition.

"Our first job is that of an insurance broker, which doesn't depend on the market. We should explain the market to our client and get them the best product at the best price. Half the brokers out there want to redo the market. What this job really gets down to is service and personality, and if we're going to be in this business, we have got to succeed in all markets," he explained.

Last year, RHR continued to focus on clients that want their broker to act as the company's risk manager. Mr. Keller said RHR has been—and will continue to be—a leading broker for these types of companies.

"Our leading clients are still the companies without risk managers. Very often we'll grow with these accounts until they bring on a risk manager. But even then, we can help them with consultation," he said.

With the market remaining soft, RHR emphasized fee-for-service claims administration. Its main TPA unit, Penn General Services Corp., specializes in processing health care and workers compensation claims for self-insured companies with 250 to 1,000 covered lives.

PGSC's revenues climbed nearly 10% to $11.4 million from $10.4 million in 1988.

One key RHR acquisition was its January 1989 purchase of a 55% stake in G.W. Anderson Inc., a Marshfield, Mass.-based agency with offices in Atlanta, Bloomington, Minn., and Des Plaines, Ill.

Anderson, in turn, owns and operates a TPA called Group Insurance Services Center, which processes medical claims for self-insured companies with fewer than 100 lives.

GISC, which produced revenues of $3.4 million in 1989, was a valuable contributor to RHR's successful performance, said Mr. Keller.

The $14.8 million generated by PGSC and GISC accounted for 22% of RHR's gross revenues, and 100% of its service-related revenues.

Mr. Keller said the relatively small TPA units allow RHR to better serve small self-insured clients.

"Because of our size we can pay more attention to smaller clients. It often seems as though the bigger firms get, the less they do for their small clients. They seem to concentrate on the bigger firms instead," he explained.

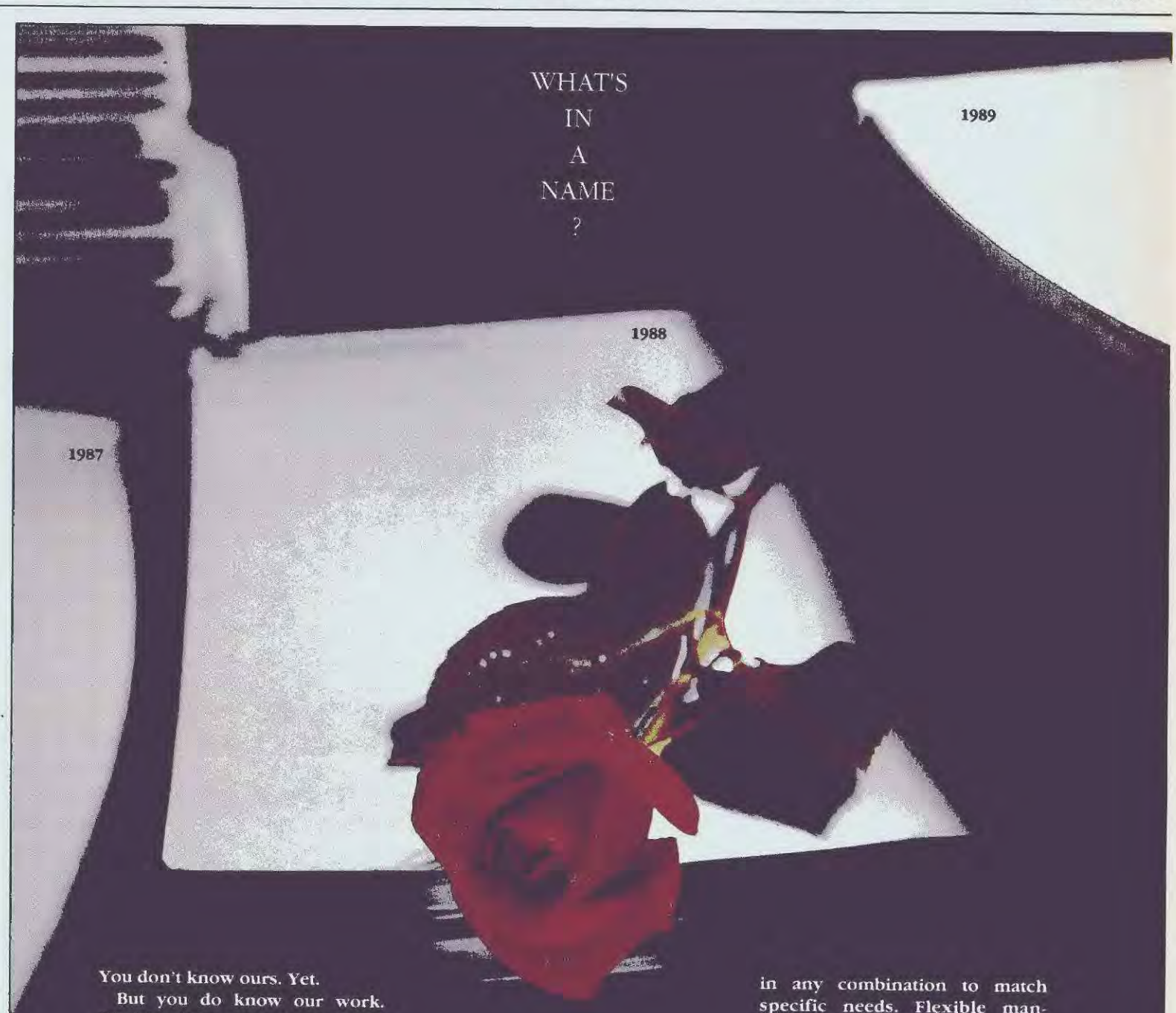
RHR pursues regional agencies for acquisitions, consistent with the brokerage's quest to expand into all areas of the country. Mr. Keller said last year he hoped to expand eventually to 100 offices.

Other 1989 purchases included Frankel Bros. Inc., an agency based in Cleveland that RHR has merged into its Pepper Pike, Ohio, office.

RHR also bought Stone & Michaud Inc. of Manchester, N.H. Mr. Keller said RHR wanted an agency in southern New Hampshire because many established high-tech firms are fleeing Massachusetts' higher taxes.

The office now operates as RHR of New Hampshire.

Continued on page 62



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Continued from page 59

Most recently, the broker purchased Gerald Gura Inc., a small New York agency specializing in coverage for printers. Gura's book of business was rolled into its New York office Jan. 1.

RHR continues to handle specialty accounts out of several regional offices. And Mr. Keller and M. Renwick Severance, vp-special services, say the brokerage is looking to expand its specialty services in 1990.

"We'd like to get involved with more professional liability," said Mr. Severance. "We're also exploring new and creative ways to do what we do now."

RHR's Boston office specializes in providing services for Chinese-owned businesses; its New York office now specializes in printers as well as fine arts coverage; the Burlington, N.C., and Atlanta offices handle much of RHR's long-haul trucking business; mobile home coverage is written primarily through its Southfield, Mich., office; while utility accounts are handled from the Palm Beach Gardens, Fla., office.

RHR also maintains a credit insurance unit, Credit Insurance Associates, with offices in New York and San Jose, Calif. That unit generated revenues of about $1.5 million last year, said Mr. Keller.

Another unit—Pension Planning Co., a New York office offering pension planning and consulting—grew by about 10% last year.

RHR also opened a brokerage operation in Bermuda last month to build contacts with large offshore insurers, explained Mr. Severance. "We have been surprised with how much interest we have already received in Bermuda. We may even look to start up a captive management facility there," he said.

RHR sold regional brokerage offices in Phoenix, El Paso, Texas, and Burlington, N.C., last year, though the brokerage still maintains its transportation specialty office in Burlington.

"This was rather disappointing considering we pride ourselves on being fixers and not sellers," said Mr. Keller.

RHR now has 36 offices in 16 states.

G.W. Anderson keeps its name in its four locations.

RHR added 103 employees last year, bringing its total to 865.

Meanwhile, Hogg Group's brokerage revenues in the United Kingdom increased 18% to 46.9 million pounds ($75.5 million) from 39.8 million pounds ($72 million) in 1988. Britain accounted for 50% of Hogg's total brokerage revenues of 93.9 million pounds ($151.7 million) last year.

Hogg also said revenues rose from operations in Australia, the Far East, Africa and the Middle East.

Overall 1989 revenue growth also benefited from acquisitions of:

- A controlling interest in Gardner Mountain Reinsurance Ltd. in Australia.
- Lloyd's of London members' agency K.C. Webb (Underwriting) Ltd. And, this year Hogg acquired Bain Clarkson Members' Underwriting Agency Ltd.

Both were incorporated into Hogg's own Lloyd's members' agency, Gardner Mountain & Capel-Cure Agencies Ltd., which now manages the affairs of about 600 Lloyd's members with 230 million pounds ($387.6 million) in premium capacity.

- What is now called Hogg Robinson Solomon Islands Ltd., making Hogg the only broker in the Solomon Islands.

According to Mr. Vaughn, the acquisitions will help fill the drain—amounting to up to 30% of profits—caused by the forced 1987 sale of Lloyd's managing agency Janson Green Ltd. to comply with Lloyd's rules. Under terms of the sale, Hogg receives part of Janson Green's profit commissions until 1992.

The acquisitions will continue, Mr. Vaughn said. "The deals are certainly there to be done. One thing about a tough market is that it does encourage some of the smaller independent (brokers) to look for shelter.

"It's true in Australia. It's true in the U.S. And it's true in the U.K," he said.

Mr. Vaughn says that Hogg is looking for "teams, for people, for product" and for location, particularly in the United States.

"If they fill those criteria, then we're very interested in looking at them," said Anthony Howland Jackson, Hogg's managing director.

Mr. Vaughn pointed out, however, that Hogg is not trying to make any "quantum leaps" by merging with other major brokers. "We are not content to stay the same size, but we want to grow on a sensible basis. Big isn't necessarily beautiful."

Roughly 48% of Hogg's revenues were derived from retail brokerage in 1989, down from 49% in 1988. About 12% came from wholesale brokerage, down from 14% in 1988; and only 4% from reinsurance brokering, up from 3% in 1988; 8% from personal lines, down from 9% in 1988; 18% in both years from other services, including the members' agencies; and 8% from investment income, up from 7% in 1988.

Hogg is divided into six divisions:

- RHR in the United States.
- The U.K. retail brokerage division.

With 13 offices throughout the United Kingdom, the division also offers risk management services including computer risk, health and safety, property and liability and strategic risk management planning.

The division also includes Birmingham-based Gardner Mountain Financial Services Ltd., formed in 1988 as a pension/life insurance unit, and Hogg's captive management operation in Guernsey.

This year, the U.K. group also formed Gardner Mountain Health Management Services Ltd., which consults on insured and self-insured health plans.

The U.K. division last year established with other European brokerages "Network Europe" to offer U.K. clients representation in other European markets and to obtain reciprocal business from the European correspondents.

Set up last year, the network has not had a major effect on revenues, though it has produced two new accounts, said Mr. Howland Jackson.

"It's an encouraging start," said Mr. Vaughn.

The network includes partners in Austria, Belgium, Ireland, France, Greece, Guernsey, Italy, Malta, The Netherlands, Spain, Sweden, Switzerland, and West Germany.

- Hogg's special operations division, which includes its credit insurance and reinsurance division; its political risk division; and insurance marketing services unit.

Hogg is proud of the fact that it has kept the size of its political risk unit to about 18 people, compared with 30 several year ago, since a team of 15 brokers defected to Lloyd Thompson Ltd. in 1987. "And we have done better than before," said Mr. Howland Jackson.

Credit and political risk operations generate about 10% of total revenues, said Mr. Howland Jackson.

Hogg Insurance Marketing Services Ltd., which provides specialist services necessary to market insurance products to clients' customers, is also growing, the Hogg executives say. This unit offers consulting and administrative services to companies like electrical manufacturers that provide extended warranties to their clients.

Hogg's other divisions are its international division, which includes wholesale brokerage and reinsurance; its members' agency; and its overseas management division, which is responsible for subsidiaries and associated companies overseas, with the exception of RHR.

—By Michael Schachner and Stacy Shapiro

FACT:

1989 FINANCIAL HIGHLIGHTS

Admitted Assets	$482,269,738
Policyholders' Surplus	111,786,062
Gross Written Premium	204,777,463
NWP/PHS	1.43
GWP/PHS	1.83
Combined Ratio	99.82

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Faugere & Jutheau S.A.

13 Rue de la Ville-L'Eveque, B.P. 280-08, 75360 Paris, France; 4-268-1500; fax: 4-268-0671

	1989*	1988*
Premium volume	NA	NA
Gross revenues	**$111,926,460**	$98,752,500
Brokerage: Retail	**90%**	90%
Reinsurance	**10%**	10%
Employees	**1,388**	1,285
Rev./Employee	**$80,639**	$76,850
Offices	**28**	25

* Converted at applicable exchange rates.

Faugere & Jutheau S.A. plans to remain a French-controlled company despite attempts by Marsh & McLennan Cos. Inc. to take control of the largest brokerage in France.

Faugere & Jutheau has been M&M's correspondent broker since 1969, and in 1974 traded one-third of its privately held shares for a minority interest in M&M.

Last year, M&M announced plans to establish a controlling interest in Faugere & Jutheau. At the same time, the brokerage giant said it was acquiring its West German brokerage correspondent, Gradmann & Holler (*BI*, Oct. 30, 1989).

M&M's opportunity arose last year when Vivian Jutheau, sister-in-law of Faugere & Jutheau Chairman Robert Husson and daughter of Raymond Jutheau—after whom the brokerage is named—decided to sell her shares.

However, Mr. Husson says he has a written commitment from Mrs. Jutheau allowing him to sell her shares to whomever he chooses at a fair market value.

And he says he hopes to raise the capital to keep the shares in the family and to complete the sale by September at the latest.

M&M may "increase their stock slightly during this process of reallocation of shares," but the broker "will remain under French control," says Mr. Husson.

Neither party would benefit from complete control by M&M, says Mr. Husson. "We want to remain, and I think Marsh also wants to remain, fair partners together, and wherever possible we should act as one firm. But to achieve that we don't want to be one firm equity-wise.

Executives at Marsh & McLennan say they are still interested in acquiring a larger share of Faugere & Jutheau (see story, page 17).

Faugere & Jutheau continues to depend on the Marsh & McLennan network to place business in most of Europe outside France, Mr. Husson said. For example, it works closely with Bowring Aviation Ltd. of London and M&M's New York-based aviation and aerospace division to place airline and satellite coverage.

The brokerage giant also cooperates when Faugere & Jutheau sees an opportunity in a country where M&M has no operations, said Mr. Husson.

For example, in 1988 Faugere & Jutheau bought 60% of broker Costa Duarte & Lima in Portugal after discussions with M&M, which was also looking for a Portuguese acquisition. "We told them (M&M) that we were in a position to sign. They dropped their opportunity," said Mr. Husson.

Faugere & Jutheau also owns 74% of Agencia General de Reasseguros in Spain, where M&M has no offices.

Meanwhile, Faugere & Jutheau reported modest revenue growth despite the soft worldwide commercial property/casualty market.

Gross revenues increased 8% to 646.6 million francs from 598.5 million francs in 1988.

A strong French franc in 1989 helped boost Faugere & Jutheau's revenues 13.3% in dollar terms—to $111.9 million from $98.8 million in 1988. Faugere & Jutheau now ranks as the world's 15th-largest brokerage, up one spot from a year ago.

The broker also expanded its workforce by 8% to 1,388 from 1,285 in 1988.

Mr. Husson partly attributes Faugere & Jutheau's growth last year to several domestic acquisitions:

- A 35% controlling purchase of brokerage Delaplanque & Cie in Lille, France.
- 40% of marine brokerage Societe Bureau Gogioso Eyssautier Courtage d'Assurances Maritime in Paris and Marseille.
- 66% of marine broker Societe OFCA-Spa in Paris.

Faugere & Jutheau has 28 offices in France and other nations, mainly in French-speaking Africa, up from 25 in 1988.

For Mr. Husson, the purchases of Delaplanque and Eyssautier represent a vital element of his strategy "to develop the presence of the group in the provinces with local offices and by entering into partnerships with local people."

"We want to be present everywhere in France for the medium-sized clients and the big clients who are themselves decentralizing," said Mr. Husson. The acquisitions "also answer the wish of some of the small or medium-sized brokers to be part of a bigger network. . .that doesn't mean that they aren't necessarily big, but they can't be big enough to have international activities, in which case the local broker needs to have access to a certain expertise."

Because it depends on the M&M network, Faugere & Jutheau made no European acquisitions last year other than in Spain and Portugal.

However, in Iran the brokerage signed a reinsurance brokerage partnership with IJAB. Faugere & Jutheau has worked with IJAB's principal, Gh. Djabbari, for many years, Mr. Husson, noted.

Iranians, still recuperating from a long war with Iraq, "have a lot of rebuilding to do and they will need

Continued on next page

Industry Specific Solutions to Industry Specific Problems

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Continued from previous page
a lot of Western contractors," said Paul Berges, head of Faugere & Jutheau's reinsurance department.

Mr. Husson concedes that business opportunities remain few and far between in Iran, but says they could grow if peace continues.

Faugere & Jutheau is also expanding into wholesale brokerage for foreign brokers, particularly British and American firms, he said.

The company does not breakout the source of its revenues, saying only that 90% is done in "direct" or wholesale/retail business and 10% in reinsurance brokerage.

The brokerage also is providing more consulting and other services.

For example, it now manages six captives, Mr. Husson said.

And, a spokeswoman estimated that Faugere & Jutheau derived 47 million to 50 million francs ($8.1 million to $8.7 million) from employee benefit services last year.

Most existing Faugere & Jutheau divisions are doing well despite the continuing soft market, brokerage executives say.

For example, its aviation and aerospace division, which generates about 5% of brokerage revenues, is acquiring new business.

Faugere & Jutheau was recently appointed the French broker for the EUTELSAT program, which will launch six satellites in 1991 and 1992, each worth 165 million ECUs (about $200 million), said Mohammed Dahbi, head of the aviation division.

The division also was involved in the settlement of claims for two satellites that were destroyed in a February Ariane rocket explosion, Mr. Dahbi said (*BI*, March 5).

Faugere & Jutheau's marine division, with about 55 employees, also survived the soft market last year, says its director, Jacque Flattard. Offshore oil and energy rates have steadied after years of decline, he noted.

However, "in 1989 we had quite a soft market" in hull and cargo business, he said.

In the international group, the "English-speaking" division also did well, said its head, Herve Blumenthal. "It's been a pretty good year" for placing coverage for French multinationals with overseas subsidiaries, he said.

The brokerage's life and employee benefits division, which employs about 50 people, also is doing well, said Mr. Husson. The division includes William M. Mercer Faugere & Jutheau, a joint venture with M&M, which is headed by Alain de Bondy.

Despite minuscule revenues thus far, Faugere & Jutheau continues to expand its personal lines business, according to Mr. Husson.

It is also developing insurance programs for corporate auto fleets.

However, several factors marred an otherwise successful 1989, Mr. Husson said.

First, Faugere & Jutheau in October lost its largest account: Societe Nationale Elf Aquitane, the huge French oil company. French broker CECAR won the three-year program in a bidding competition. Sedgwick Group P.L.C. remained the London broker.

The brokerage's traditionally strong niche in the nuclear energy industry has also "reached a plateau" and did not expand last year, Mr. Husson said.

And hardships continue to plague Africa, where Faugere & Jutheau generates about 20% of its revenues.

The broker's overseas division is headed by Rene Nestre and Yves Denier and has 25 employees, mainly working with clients in French-speaking Africa. Gerard Milan coordinates the African subsidiaries.

Despite these setbacks, Mr. Husson says he is optimistic.

"More and more you will have some key companies leading the market, some key brokers, leading the game. Globally speaking, you can see the trend is concentration," he said.

—By Isabelle Berglas

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Jauch & Hubener

Ruhr 1 Obere Saarlandstrasse 2, D4330 Mulheim, West Germany; 208-3071; fax: 208-307430

	1989*	1988*
Premium volume	**$710 million**	$564 million
Gross revenues	**$107,211,200**	$100,110,000
Brokerage: Retail	**60%**	60%
Reinsurance	**30%**	30%
Services	**10%**	10%
Employees	**850**	830
Rev./Employee	**$126,131**	$120,615
Offices	**12**	11

* *BI* estimates; converted at applicable exchange rates.

Jauch & Hubener, the largest West German insurance brokerage, is eyeing opportunities in Eastern Europe for new growth.

According to *Business Insurance* estimates, Jauch & Hubener's gross revenues only grew 2% to 181.1 million deutsche marks last year from 177.5 million deutsche marks in 1988.

Jauch & Hubener's revenues had grown an estimated 7% in 1988.

However, in dollar terms, Jauch & Hubener's revenues grew 7.1% to $107.2 million in 1989, from $100.1 million the previous year. Still, the firm fell one spot in *Business Insurance's* ranking of the largest world brokers to 16th place.

Jauch & Hubener's slow revenue growth in 1989 is blamed partially on West German property insurance rate decreases averaging 20%, which hit the broker hard, according to Christian Dahms, a partner of the Hamburg-based brokerage in its Mulheim office.

"That sector is almost a third of our retail book" of business, he said. "That's a lot to make up for."

Traditionally strong marine cargo insurance revenues also fell 10% from 1988, he said.

"A general fall in transport premiums strongly affected the market," said partner Joachim F. Scheele. Marine insurance makes up about 25% of the firm's retail brokerage revenue.

However, the toppling of the Berlin Wall will create new opportunities in East Germany, the brokerage's partners say.

"For all it's worth, Eastern Europe has become a major focus for us," said Mr. Dahms. "With Western industry moving into East Germany, there's tremendous need for brokers. . . .Every aspect of our work (for East German corporations) is important—particularly risk management consulting. We'll increase services between those who carry risk and the insured."

Jauch & Hubener is so enthusiastic about prospects in East Germany that it recently held a seminar in its Berlin office for the 150 East German state-owned companies known as "kombinates" to tell them about Western-style insurance and risk management (*BI*, June 11). Up until now, the East German companies depended on two state-owned insurers for various forms of coverage and then only purchased small limits.

"Reunification means these companies have to be informed of their options," said Mr. Scheele. "Most laws in West Germany will apply to East Germany. At one time, the state covered risk. Now individual companies have to do that. We hope to play a key role, when it comes to risk management."

Jauch & Hubener also is planning to set up offices in East Germany, according to Mr. Dahms.

"Eastern Europe is a particular challenge," he noted. "Infrastructures" like telephone systems, facsimile machines and other business facilities "as we know them don't exist. As a result it is important to be present on the spot. That means

Continued on next page

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P R O F E S S I O N A L L I A B I L I T Y

Continued from previous page
setting up offices in industrial centers like Leipzig."

Jauch & Hubener also will introduce insurance products in East Germany that are new to the country even though they are common in the West, said Mr. Dahms. For example, Jauch & Hubener hopes to offer contractors all-risk, casualty and marine coverages in East Germany.

"We know there's a lot of education to be done in terms of risk and in terms of insurance. Though some of these countries export to the West, I doubt they have ever been confronted with a product liability claim in the U.S.A.," said Mr. Dahms. "If they have, it was the state which paid for it. That's all changed."

The brokerage also hopes to sell East German companies employee benefit packages, which "is something East Germans desperately need," said Mr. Scheele. "Besides needing a social security system, you have to have something like an employee benefit system and a pension plan there."

Events in Eastern Europe have also led Jauch & Hubener to introduce a new insurance product to its Western clients investing in Eastern Europe called "investor's protection policy," according to Mr. Dahms. The package policy, underwritten by West German insurers, covers nearly all risks involved in setting up an investment in Eastern Europe, from property exposures to political risks.

"We are going to have to invent a lot of things," said Mr. Dahms, referring to conducting business in Eastern Europe. "The classical insurance system will not respond to some of the problems."

However, he added, "growth still depends on several unsettled factors. For example, who pays the bill for a totally polluted geographical area: the insurers or the state? Once that's decided, we'll take over with service and consultants in the areas like environmental impairment of air, water and soil."

Mr. Dahms believes the largest brokers in West Germany will have the skills to tackle the East German market, although the smaller "captive" brokerages, which are wholly owned subsidiaries of corporate policyholders, may not have the resources.

"The largest brokers have the know-how, there's no conflict of interest and the scope is international," he said. While the 10 largest West German captive brokers are strong entities, the independent broker is the best choice in dealings with the East German market, he added.

Mr. Scheele is confident that West German brokers, like Jauch & Hubener, will have an edge on competition from other European brokerages in the East German market.

"I've read the treaty between East and West Germany and just about everything connected with the economic and social structure will come from West Germany. We'll be working on known terrain. At the moment, it's just a matter of talking to the East Germans and sorting out how to turn an old shop into a profitable new one."

Jauch & Hubener's strategy in East Germany is not only important for its own growth, but for the growth of the UNISON worldwide brokerage network into Eastern Europe. As currently the third-largest member of UNISON after Johnson & Higgins and Willis Faber P.L.C., "our partners rely on us and we do the same with business in other countries," said Mr. Dahms.

"Every UNISON member is strong in its own country and the network lets each of us retain our national identity," he said. "Our clients don't have to deal with an anonymous multinational broker. We're German and that's a good thing right now."

With the market in East Germany opening, Mr. Dahms says that UNISON partners are looking to Jauch & Hubener to make inroads there. At the moment, however, he admits patience is a difficult commodity to sell. "We have to make the inroads," he said.

"It's not easy (though) to explain how much depends on getting a telephone installed. Often we'd like to help (a UNISON partner's client), but sometimes we can't."

Jauch & Hubener also relies on its UNISON partners to handle business across European borders and overseas. However, in light of the scheduled elimination of trade barriers for corporate non-life insurance next month, the West German brokerage is sending some of its staff to other UNISON offices to help handle German business and learn about other parts of Europe, he said.

Mr. Dahms also said the brokerage's executives "weren't surprised" by the announcement earlier this month that Willis Faber intends to merge with Corroon & Black Corp., a move that is jeopardizing Willis Faber's participation in UNISON (*BI*, June 11).

The other UNISON partners will be strong enough to fill the gap left by Willis Faber, said Mr. Dahms, who added that Jauch & Hubener and other UNISON members may establish a U.K. retail brokerage to take Willis Faber's place in the network.

Jauch & Hubener, formed in 1919 by Hamburg brokers Walter Jauch and Otto Hubener, employed 850 people last year, up from 830 in 1988.

The group handled about 1.2 billion deutsche marks ($710.4 million) in premium volume last year, up from 1 billion deutsche marks ($564 million) in 1988, according to Mr. Dahms.

Jauch & Hubener is considered the leading reinsurance broker in continental Europe with 100 employees in its reinsurance division, which comprises 30% of the brokerage's gross revenues.

About half of Jauch & Hubener's total European premium volume is generated by West German clients, and about half from foreign clients, said Mr. Scheele.

While Jauch & Hubener's revenues have been hurt by falling property/casualty insurance rates, the company has benefited from its position as the leading aggregate excess-of-loss reinsurance brokerage in West Germany.

"The market has moved more in that direction," said Mr. Dahms, referring to excess-of-loss reinsurance as compared to proportional reinsurance. "There's more room for imagination in constructing a reinsurance program than quota-share protection, and that gives a company higher net retention."

About 60% of the company's revenues come from retail brokerage. As an insurance broker, Jauch & Hubener places business with almost all companies in the West German insurance market as well as the major foreign insurers.

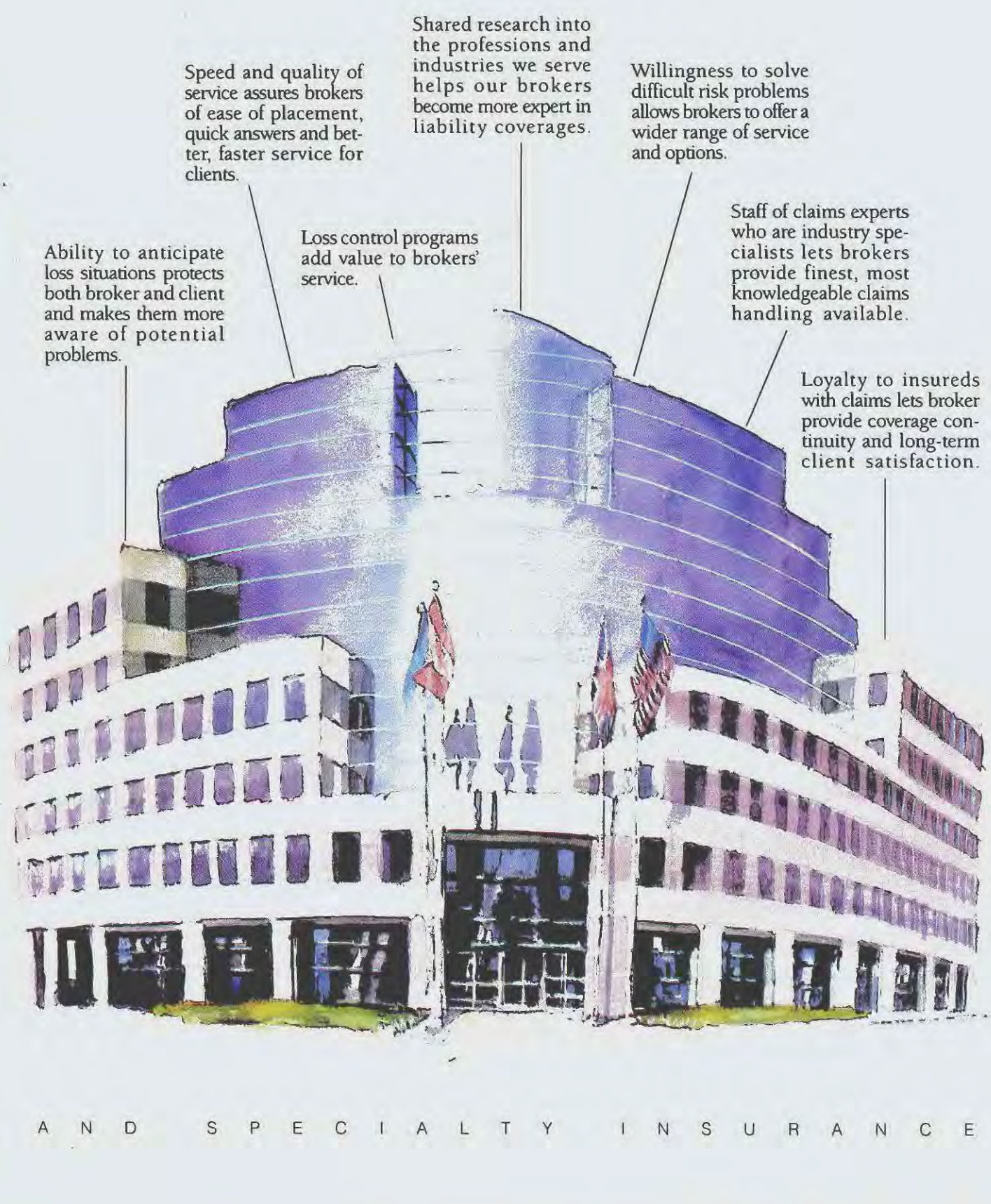
Jauch & Hubener's management is headed by four "partners" who are personally liable for any losses the company may suffer. Besides Messrs. Scheele and Dahms, Gert Groh and Jurgen Grupe are partners.

Jauch & Hubener has 12 offices, mainly in West Germany. New offices are planned in Leipzig or Dresden in East Germany and in Budapest, Hungary.

In addition to routine property/casualty risks, Jauch & Hubener also places aviation, credit, offshore energy, political risk and space-related insurance coverages.

—By Don Lewis Kirk

The House of Expertise.



A N D S P E C I A L T Y I N S U R A N C E

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Hudig-Langeveldt Group bv

Marconistraat 16, 3029 AK
Rotterdam, The Netherlands;
010-4488911; fax: 010-4253121

	1989*	1988*
Premium volume	**$660,900,000**	$594,000,000
Gross revenues	**$101,300,000**	$81,540,000
Brokerage: Retail	**85%**	87%
Reinsurance	**1%**	1%
Personal lines	**3%**	2%
Services	**5%**	5%
Invest. income	**6%**	5%
Employees	**1,480**	1,331
Rev./Employee	**$68,446**	$61,262
Offices	**44**	38

* Converted at applicable exchange rates.

Dutch broker Hudig-Langeveldt Group bv went on a shopping spree in 1989 to expand both its national and international networks, but the company's management still isn't satisfied.

Although the Dutch brokerage's domestic network is complete, Hudig-Langeveldt still seeks additional growth outside The Netherlands, says Chairman J.G.A. ten Bokkel.

Hudig-Langeveldt's filled out its domestic network with last year's acquisition of brokers Saat van Marwijk of Noordwijk, Van Bruggen & de Laat of Venlo and Bruns ten Brink Group of Amsterdam.

"We now have 11 offices in The Netherlands situated so we are no more than 40 kilometers from any of our clients. We now believe we have completed our Dutch network," Mr. ten Bokkel said.

However, "we still have to integrate all our services and optimize our staff," he acknowledges.

Hudig's international acquisitions also advanced last year at a considerable pace.

In 1989 Hudig-Langeveldt purchased Intassco Maklergesellschaft m.b.H. of Vienna, Austria; Heinz Hahn GmbH in Dusseldorf, West Germany, which has been integrated with Hudig's existing Dusseldorf office; and Jonny Pape GmbH & Cc. KG in Hamburg, West Germany, which was integrated with Hudig's existing office there.

In addition, Hudig bought the outstanding 51% interest in Moulin & Langeveldt S.A. of Paris that it did not already own.

Hudig's European network is now composed of five offices in West Germany, one in Belgium, four in Spain, four in Italy and one in Austria.

The boost from domestic and foreign acquisitions helped increase Hudig's gross revenues 18.1% last year to 193.4 million guilders in 1989 from 163.7 million guilders in 1988. In U.S. dollars, though, revenues surged 24.3% to $101.3 million from $81.5 million in 1988.

Based on its 1989 gross revenues, Hudig-Langeveldt ranks as the world's 17th-largest insurance brokerage, up one spot from 18th place last year.

However, Mr. ten Bokkel believes that Hudig is the No. 1 commercial retail broker of continental European business. Commercial retail brokerage comprised 85% of its business last year.

As part of its European growth strategy, Hudig will acquire 'a minimum' of another three or four brokerages in Europe, Mr. ten Bokkel says. It also hopes to expand its existing European offices by buying other brokers' books of business.

"If you take our total premium brokerage through our own offices, you cannot find anyone who is of a similar size on the continent," Mr. ten Bokkel said.

"Sedgwick (Group P.L.C.) is the biggest and the closest to us in size. We like them as colleagues and respect them, as they do us. But we still have a bigger European network than they do," he contends.

Nevertheless, Hudig is looking to further increase the size of its European network, said R.G.W. van der Wal, who joined the broker last year after it acquired Bruns ten Brink Group. Mr. van der Wal oversees corporate acquisitions for Hudig.

"We are aiming for 50% of our brokerage to be outside of Holland, and won't be satisfied until we reach this point," he said.

The European Community's planned liberalization of its trading practices will also give a big boost to Hudig's European growth plans, Mr. van der Wal said.

Beginning next month, large commercial buyers of insurance in most of the 12 member states of the European Community will be able to purchase property/casualty insurance from insurers licensed in any E.C. country.

The main European markets in which Hudig is looking for additional expansion are West Germany, France and Belgium.

Although Spain presents an "excellent market" and Italy a "growing market," Mr. ten Bokkel said the broker's acquisition plans, for the moment, tend to focus on the countries closest to The Netherlands.

In addition, Hudig is closely watching events in East Germany and is discussing the possibility of representation there.

As part of its European growth strategy, Hudig will acquire "a minimum" of another three or four brokerages in Europe, Mr. ten Bokkel says. It also hopes to expand its existing European offices by buying other brokers' books of business and integrating new companies into the network.

Hudig has created a European Board, made up of all the managers in its European network, who meet every three months to discuss European developments.

In addition to its European offices, Hudig has offices in the Far East as well as an extensive network covering up to 30 countries through its correspondent relationship with Marsh & McLennan Cos. Inc.

Marsh & McLennan, which holds 30% of Hudig's stock, announced last year that it wanted to acquire a controlling interest in Hudig as well as Paris-based Faugere & Jutheau S.A. following its purchase of its West German correspondent Gradmann & Holler (*BI*, Oct. 30, 1989).

Mr. ten Bokkel says that while Hudig is "very happy with its (M&M's) participation," it is adamant that 30% is "the maximum" M&M will own of the Dutch broker.

"We have been targeted for takeover, but we are resisting it," he said.

Hudig, as an M&M correspondent, places business on behalf of M&M not only from its Dutch offices but from its other European branches. And Hudig taps M&M's expertise in countries where Hudig does not have its own offices—particularly in Latin America and the United States.

Through this correspondent relationship, Mr. ten Bokkel says Hudig is able to serve clients in

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nearly all nations.

Hudig continues to woo its Japanese customers, and now claims to have about 80% of all Japanese business in Europe. It has set up special Japanese units in both West Germany and Spain to attract new business.

There are other factors that contributed to Hudig's robust performance.

"We had much higher investment income," Mr. ten Bokkel said. Investment income made up 6% of the broker's 1989 revenues, up from 5% in 1988.

"There was also an increase in profit performance of our existing broking organizations," he said.

Hudig's profits stayed about even last year, at about 22 million guilders ($11.5 million), up slightly from 21.2 million guilders ($6.1 million) in 1988.

Expenses increased by 50% to 42 million guilders ($22 million) in 1989, from 28 million guilders ($13.9 million) in 1988.

This was due mostly to the installation of a new computer system that will enhance the company's communication facilities and exchange of information between branches.

This figure excludes payroll and depreciation of fixed tangible assets.

Total operating expenses were 169.3 million guilders ($88.7 million), up from 147 million guilders ($73.2 million) in 1988, according to Hudig's annual report.

"The new system will help us combine our local selling power and our head office expertise, which will be particularly important for our multinational clients," Mr. ten Bokkel said.

The brunt of Hudig's 1989 revenues—85%—came from commercial retail brokerage, down from 87% in 1988.

Investment income accounted for 6% of 1989 revenues, down from 5%; services accounted for 5%, unchanged from 1988; personal lines brokerage accounted for 3% in 1989, up from 2% the previous year; and reinsurance brokerage posted 1% of revenues, unchanged from 1988.

Hudig-Langeveldt is looking at expanding its services to include wholesale brokerage, following the acquisition of Bruns ten Brink Group last year. Mr. ten Bokkel says that Hudig is now actively looking to acquire other wholesale brokerages.

Hudig-Langeveldt's workforce grew to 1,480 employees at year-end 1989, up from 1,331 in 1988.

In addition, revenues per employee increased by 11.7% to $68,446 last year, from $61,262 in 1988.

Although Hudig experienced a very good year, Mr. ten Bokkel notes that Hudig's profits are lower than they should be because of the very soft commercial property/casualty insurance market. Hudig-Langeveldt receives 100% of its compensation from commissions.

Generally, Dutch insurance companies had a good year with very few fire damage claims and good motor car results, according to Mr. ten Bokkel.

But this is bound to change in 1990, Mr. ten Bokkel said, as the beginning of 1990 saw the heaviest three storms The Netherlands has ever had (*BI*, March 5).

It is estimated that net claims on Dutch insurers following the storm total some 1.5 billion guilders ($787.8 million at current exchange rates), without taking into account any reinsurance claims.

Hudig-Langeveldt itself has paid claims of about 7 million guilders ($3.7 million) from the storm through its insurance company subsidiaries.

Hudig owns two insurance companies—Interlloyd Insurance Co. nv and Interlloyd Life Insurance Co. nv—whose results are not consolidated with those of the brokerage.

"Our insurance company is well-reserved, and we have no difficulty covering this loss," Mr. ten Bokkel said.

"We are better reinsured because we are smaller than the big Dutch companies, so it shouldn't prove too much of a problem," he said.

In addition to its insurance company subsidiaries, Hudig's main operating divisions are:

- Algemeen Pensioenbureau Hudig-Langeveldt, a consultant which handles pensions and life insurance.
- Hudig-Langeveldt reinsurance, a brokerage unit handling reinsurance.
- Tollener & Wegener, an underwriting agency subsidiary that brokers insurance and handles claims for several insurance companies.
- Computer Service Holland bv, a data processing firm.

In addition to Messrs. ten Bokkel and van der Wal, the brokerage's principal officers include: J.P.E. Teding van Berkhout, vice-chairman, and D.P.M. Verbeek, chairman of insurance brokerage operations.

—*By Denise Claveloux*

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Gras Savoye S.A.

115-123 Ave. Charles de Gaulle, Neuilly-sur-Seine, Paris, France; 4-738-7215; fax: 4-738-7107

	1989*	1988*
Premium volume	NA	NA
Gross revenues	$94,339,500	$77,880,000
Brokerage: Retail	76%	75%
Reinsurance	2%	2%
Personal lines	16%	17.5%
Services	2%	2%
Invest. income	4%	3.5%
Employees	1,215	1,132
Rev./Employee	$77,646	$68,799
Offices	41	39

* Converted at applicable exchange rates.

Broker Gras Savoye S.A. of Paris attributes stellar 1989 revenue growth despite last year's soft commercial property/casualty insurance market primarily to new clients and services, though a few domestic acquisitions also helped.

Gras Savoye "didn't buy anything of real importance" in 1989, says President Patrick Lucas. Instead, "we've tried to develop the different areas which we were developing in the past (and) we have tried to get a share of the (French) market in many lines of insurance."

That strategy seems to have paid off.

Revenues rose 15%—compared to 9% between 1987 and 1988—to 545 million francs last year, from 472 million francs in 1988, according to Mr. Lucas.

And a weak French franc also helped boost the group's revenues 21% in U.S. dollar terms to $94.3 million from $77.9 million in the previous year.

That makes Gras Savoye the 18th-largest brokerage in the world, up a spot from No. 19 last year.

France's second-largest brokerage attributes much of this growth to new services and clients.

The brokerage in 1989 established SAGERI, a Paris-based loss prevention consultant that specializes in product liability and environmental management. The consultant also advises clients on reducing their workers compensation claims, Mr. Lucas says.

SAGERI now employs 20 full-time loss control engineers and one environmental consultant, he noted.

At SAGERI "we work on a fee basis for prevention advice (on such things as) pollution and the environment," Mr. Lucas said. "We are trying to push that more and more because we figure it is part of the work of a broker, that very few brokers do it, and that there are market needs.

"All companies have these sorts of problems. Now we are equipped (with engineers) to follow work that is being done to make sure they are in line with our recommendations," he said.

Mr. Lucas noted that Gras Savoye also added some new clients last year, including:

- The 1992 Summer Olympic Committee, sponsor of the Games in Barcelona, Spain. Johnson & Higgins is the official broker and Gras Savoye the insurance consultant to the Games.

Gras Savoye will handle third-party liability insurance and cancellation insurance for certain television stations that purchase broadcast rights to the Summer Games.

- Hertz Corp., the Park Ridge, N.J., car rental agency. Gras Savoye is sole broker for Hertz's fleet of 7,500 cars in France.
- Aeroports de Paris, which controls the airports in Paris.

Gras Savoye also is the broker for construction of the latest terminal at Roissy Charles de Gaulle Airport in Paris.

- The Coca-Cola Co. of Atlanta. Gras Savoye handles the insurance programs for the soft drink company's industrial facilities in France.
- GENEST, one of the largest construction companies in France.

Gras Savoye also remains the broker for L'Arche de la Defense, a huge office complex completed last year near Paris. Gras Savoye placed insurance during construction and is now broker for the office complex's property manager.

Also last year, Gras Savoye—noted for its experience in art and antiques coverage—placed insurance for several large art exhibits, including a Degas show and an exhibit of Japanese art. This year, it is placing coverage for exhibits featuring the works of Cezanne and Modigliani.

"In France, there is a tremendous development in art exhibitions," said Mr. Lucas, who says his company can now place up to 2 billion to 3 billion francs ($350 million to $525 million) in property and surety coverage for an art exhibit.

But spiraling art prices could leave inadequate capacity for future exhibitions, according to Mr. Lucas.

Placing such coverage is "becoming more and more difficult because (art) prices are going up," he said. "In two years' time, we know that we'll have an order that will exceed any amount we could possibly imagine. . .We will have to try to think how we can work something out in the future."

Gras Savoye also is one of three brokers for the Eurotunnel, a rail tunnel beneath the English Channel that will link England and France.

Although eight people have died during the project and financial difficulties have caused numerous delays, "no claims of importance" have been filed on the project's insurance program, said Mr. Lucas.

Meanwhile, as part of a strategy to create a network of regional offices in France, Gras Savoye last year acquired three small, regional brokerages:

- Balay of Lyon on Jan. 1, for 12 million francs ($2.1 million at year-end exchange rate).
- C.F.A. in St. Etienne in July, for 2.5 million francs ($432,750).
- Auger in Orleans in July, for 1.5 million francs ($259,650).

Gras Savoye now has 25 offices in France, up from 21 last year.

And, Mr. Lucas says he hopes that by 1992, the brokerage will have 55 offices throughout France.

Gras Savoye also has 16 offices in 13 countries other than France, mainly in French-speaking Africa.

Gras Savoye has no plans for large-scale expansion in Europe, content instead to rely on its connections as a member of UNISON, a worldwide network of independent brokerages, according to Mr. Lucas.

"We have no plans to expand outside France, except in association with UNISON members," he said in an interview conducted before network member Willis Faber P.L.C. announced its merger with U.S. broker Corroon & Black Corp. (*BI*, June 11). That merger upsets the relationship that Willis Faber had with other members of the network, including Johnson & Higgins.

Mr. Lucas was not available for comment on the Willis/Corroon merger.

UNISON members met in May in Rotterdam, The Netherlands, to discuss future plans in Europe, Mr. Lucas confirmed. A Brussels, Belgium, subsidiary established by the network—UNISON S.A.—offers network members and their clients Europe-wide insurance programs and consulting services, he said.

The Brussels company is "dedi-

Continued on next page

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Continued from previous page
cated to offering services to clients who want a complete European approach dispensed by a European broker and not dominated by one nationality," said Mr. Lucas.

Gras Savoye also is depending on fellow network member Jauch & Hubener of West Germany to expand into Eastern Europe, he said.

In addition, he said, "we at Gras Savoye, on behalf of UNISON, are investigating possibilities in Poland. . . .UNISON intends to be present in Eastern Europe."

Meanwhile, Mr. Lucas says that he welcomes the introduction of a new French Insurance Code, which mandates that brokers buy a so-far undetermined amount of professional liability insurance and be registered in an official listing to be published July 1.

The registration of brokers is long overdue, Mr. Lucas said. "Until now, nobody knew for sure how many brokers operated in France," he said.

Gras Savoye is also proud of an award the company won last year for its in-house magazine by a French association of journalists and publications "in recognition of its high quality of coverage," said Mr. Lucas.

Gras Savoye employed 1,215 people at year-end 1989, up 7.3% from 1,132 in 1988.

Seventy-six percent of Gras Savoye's total gross revenues is derived from retail brokerage; 16% from personal lines business; 2% from reinsurance brokerage; 2% from other services, such as employee benefits; and 4% from investment income.

The private company, founded in 1907, is led by Mr. Lucas; Director General Daniel Naftalski, Assistant General Directors Emmanuel Gras and Claude Sautier; and Director Luc Malatre.

—By Isabelle Berglas

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Sodarcan Inc.

1140 de Maisonneuve Blvd. W., Suite 701, Montreal, Quebec H3A 1M8; 514-288-0100; fax: 514-282-1364

	1989*	1988*
Premium volume	$734,100,000	$712,700,000
Gross revenues	$89,665,016	$82,924,296
Brokerage: Retail	34.0%	39.8%
Reinsurance	9.1%	10.8%
Personal lines	15.3%	15.5%
Services	18.4%	14.4%
Invest. income	14.4%	10.3%
Employees	1,275	1,370
Rev./Employee	$70,326	$60,529
Offices	50	52

* Converted at applicable exchange rates.

Executives at Sodarcan Inc. can see the light at the end of the tunnel after three years of falling property/casualty insurance rates that have dampened the company's profitability.

Rates are virtually assured of rising in the next year, officials of Montreal-based Sodarcan agree, because insurers can no longer afford to underwrite coverage at cut-rate prices.

There also is pressure on rates from another front. While a new Canadian tax on goods and services, effective Jan. 1, does not apply to insurance products and services, Sodarcan believes underwriters will be forced to raise rates to make up for the increased cost of goods and services they must purchase.

And when insurance rates do begin to creep upward, Sodarcan believes the strategic planning and cost controls in effect in recent years will begin to pay dividends.

"We are very well-positioned for the swing of the market that is around the corner," says Mario Myre, executive vp of the insurance brokerage. While the market will continue to be "very soft" in 1990, he predicts, it will "start correcting itself in 1991."

Sodarcan has positioned itself during the soft insurance market by keeping tight controls on expenses, streamlining its operation through divestitures and focusing on business in the densely commercial area of Canada between Quebec City and Windsor, Ontario.

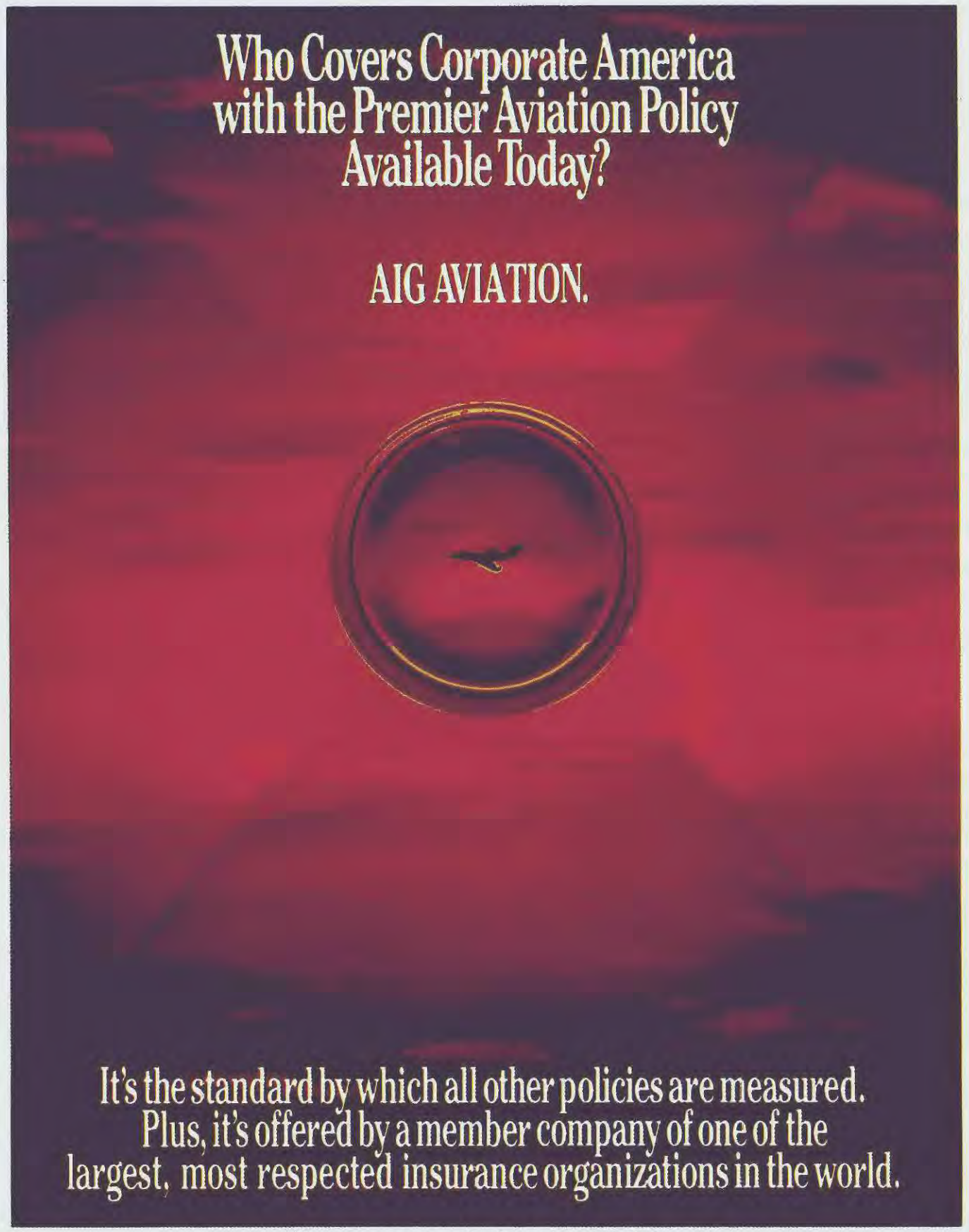
Mr. Myre said that when the market shifts, "we are structured so we can benefit from the swing."

Sodarcan continued the restructuring of its various operating sectors, including its withdrawal from direct insurance underwriting, with the sale last year of its 53% interest in The Insurance Group of Canada West Ltd. in Edmonton, Alberta. However, Sodarcan retains it reinsurance underwriting interests.

Now, the brokerage is concentrating on the divestiture of some offices, while acquiring others.

Sodarcan last year increased its

Continued on next page



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revenues related to brokerage activities by 5% to $103.8 million Canadian in 1989, from $98.9 million Canadian in 1988. In dollar terms, revenues are up 8.2%—to $89.7 million from $82.9 million in 1988.

Sodarcan dropped two notches to No. 19 on the *Business Insurance* list of the world's largest brokers.

Its gross revenues as reported to *Business Insurance* include investment income from reinsurance underwriting operations but exclude net earned premiums from underwriting.

Higher brokerage revenues, despite intense rate competition, "confirms that our clientele base has in fact expanded to offset the reduced rates in the market," says Gilles P. Grenier, senior vp of finance and treasurer.

Brokerage revenues alone—excluding investment income from underwriting operations—inched up 1.9% to $95.5 million Canadian ($82.5 million) last year from $93.7 million Canadian ($78.5 million) in 1988.

Last year, 61% of Sodarcan's $95.5 million Canadian ($82.48 million) in brokerage-related revenues was produced by Dale-Parizeau Group, the retail brokerage unit; 21% came from actuarial and consulting services; 12% from reinsurance brokerage; and 6% from other services.

Mr. Myre noted that Dale-Parizeau continues to sell some offices.

The continued streamlining and last year's sale of Montreal-based units Marine Underwriters of Canada Ltd. and Boyd-Phillips & Co. Ltd. helped Dale-Parizeau boost its net income to $1.8 million Canadian ($1.6 million) in 1989 from $512,000 Canadian ($429,312) in 1988.

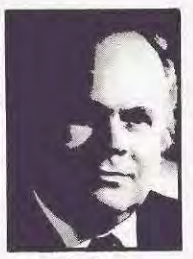
Brokerage offices in Newfoundland and Winnipeg were sold in 1989 and an Edmonton location was sold earlier this year. And, the divestiture of three offices in the Calgary area currently is under way.

"We don't want to stretch ourselves too thin across Canada," said Mr. Myre. "There are a few divestitures still to be made," he added. The company now has 50 offices.

Meanwhile, Dale-Parizeau is using funds from the divestitures to acquire offices in the heavily commercialized Quebec City-Windsor corridor.

Earlier this year, the brokerage acquired Lamarre & Associates in Victoriaville, Quebec, and expects to follow that purchase with a "multiplicity of these acquisitions," according to Mr. Myre.

Mr. Myre said Dale-Parizeau is focusing on this area because the brokerage feels it is "the leader for mid-market commercial risks."



Mr. Myre

He said the brokerage will target medium-sized risks because "that's where our strength lies." Sodarcan doesn't define a mid-sized risk in dollar amounts but considers it one that falls between the small commercial account and the "mega-account," Mr. Myre remarked.

Dale-Parizeau has chosen to make up lost income during the soft market by becoming a leaner and more efficient organization rather than increasing its rate of commission, say Messrs. Myre and Grenier. About 90% of its retail brokerage revenues are generated by commissions.

"We feel we have a leaner organization and have defined where we want to go and how we want to do it," said Mr. Grenier. He pointed out that Sodarcan's workforce has been trimmed through divestitures and attrition to about 750 this year from 1,000 in 1986.

The fastest growing segment of Sodarcan's operations has been in the area of actuarial and consulting services. MLH+A Inc. of Montreal, which provides those services, last year produced revenues of $19.1 million Canadian ($16.5 million), up 34.3% from $14.2. million Canadian ($11.9 million) in 1988.

The growth of MLH+A has come from acquisitions and the increasing demand for actuarial and consulting services brought on by federal regulations that govern pension plans and call for property/casualty insurers to certify their reserves.

While Dale-Parizeau concentrates on acquisitions in the Quebec City-Windsor corridor, MLH+A continues to spread out across Canada. In 1989, it acquired Bartlett, Trihey & Co. Ltd. in Toronto and B.N. Shepp & Associates Ltd. in Edmonton.

Mr. Grenier explained that "in the actuarial field, a very major source of business comes from pension plan administration. The pension plans across Canada are governed by provincial laws and the provincial legislation is quite different from one province to the other."

Therefore, he added, "it is very im-

Continued on next page

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portant for MLH+A to have the local expertise to service the market."

Sodarcan expects continued growth from MLH+A.

However, no major acquisitions are planned for MLH+A in 1990.

B E P International Inc., Sodarcan's reinsurance brokerage unit, continued its expansion into the U.S. market last year with the acquisition of Jersey City, N.J.-based reinsurance intermediary Nelson, Hurst & Bailey Inc.



Mr. Parizeau

Earlier this year, B E P opened a Seattle office.

In the coming years, B E P will retain its focus on the U.S. and Canadian markets, says Sodarcan President Robert Parizeau.

"The mission of Sodarcan is a North American one," said Mr. Parizeau, and there are no plans to expand into Europe despite the market changes that will occur there in 1992.

Still, he added, "We are involved in Europe in the sense that we're placing business in Europe, we're very active as a reinsurance broker" and as a reinsurer through The National Reinsurance Co. of Canada.

B E P will instead focus on bolstering its presence in the United States and expects by 1994 to produce as much reinsurance business in the United States as in Canada.

The continued erosion of reinsurance rates pushed revenues down 9.4% to $10.7 million Canadian ($9.2 million) last year from $11.8 million ($9.9 million) in 1988.

On the reinsurance underwriting side, Montreal-based The National Reinsurance Co. of Canada plans to increase the amount of business it writes after boosting its capital base to $25.5 million Canadian ($21.8 million) from $18.4 million Canadian ($15.4 million) in 1988.

Mr. Grenier pointed out that the reinsurer plans to double its business over the next three years.

In 1989, the reinsurance unit recorded gross premiums of $48.2 million Canadian ($41.6 million), a 19% decrease from $59.7 million ($50 million) Canadian the year before.

The National Reinsurance Co. showed net income of $4.4 million Canadian in 1989 ($3.8 million), up from a $1.4 million Canadian ($1.2 million) gain in 1988.

Overall, Sodarcan Inc.'s gross revenues—including reinsurance premium income—rose 4% last year to $124.7 million Canadian ($107.7 million) from $119.9 million Canadian ($100.5 million) in 1988.

Net income jumped 42.4% to $1.2 million Canadian ($1.04 million) in 1989 from $855,000 Canadian ($716,918) in 1988.

Sodarcan stock traded at $3 Canadian ($2.56) on June 1 on the Montreal stock exchange, compared to $3.15 ($2.64) on June 16, 1988.

Consolidated first-quarter revenues this year were $37.6 million Canadian, ($31.6 million), up 30% from $29 million Canadian ($25 million) for 1989.

However, Sodarcan posted a net first-quarter loss of $1.5 million Canadian ($1.3 million) in the first quarter, compared with a $395,000 Canadian ($341,162) deficit in first-quarter 1989.

Mr. Parizeau noted that the violent storms that lashed Europe earlier this year washed out first-quarter profits. The firm allocated $3.9 million Canadian ($3.3 million) for reinsurance claims related to storm damage.

Next year's profits will be affected by the new 7% tax on goods and services, slated to go into effect Jan. 1, 1991, according to Mr. Grenier. The levy will cost Sodarcan around $700,000 Canadian ($598,990) next year, he predicts.

However, he expects that shortfall to be covered by an expected 10% increase in insurance rates that translates into higher commissions. "The first 2½% to 3% increase in rates will compensate for the additional cost of the GST," he said.

"The industry will have to recover the additional cost," said Mr. Grenier. "The only way is by an increase in premiums. The only unknown factor is when that adjustment will take place."

In addition to Messrs. Parizeau, Grenier and Myre, principal officers of Sodarcan are: Marcel Le Houillier, executive vp-actuarial services and consulting and president and chief executive officer of MLH+A Inc.; Raymond Gilbert, executive vp-reinsurance brokerage and president and chief executive officer of B E P International Inc.; Claude M. Genest, executive vp-reinsurance underwriting and president and chief executive officer of The National Reinsurance Co. of Canada; and Harry Richardson, senior vp-systems.

—By Michael Bradford

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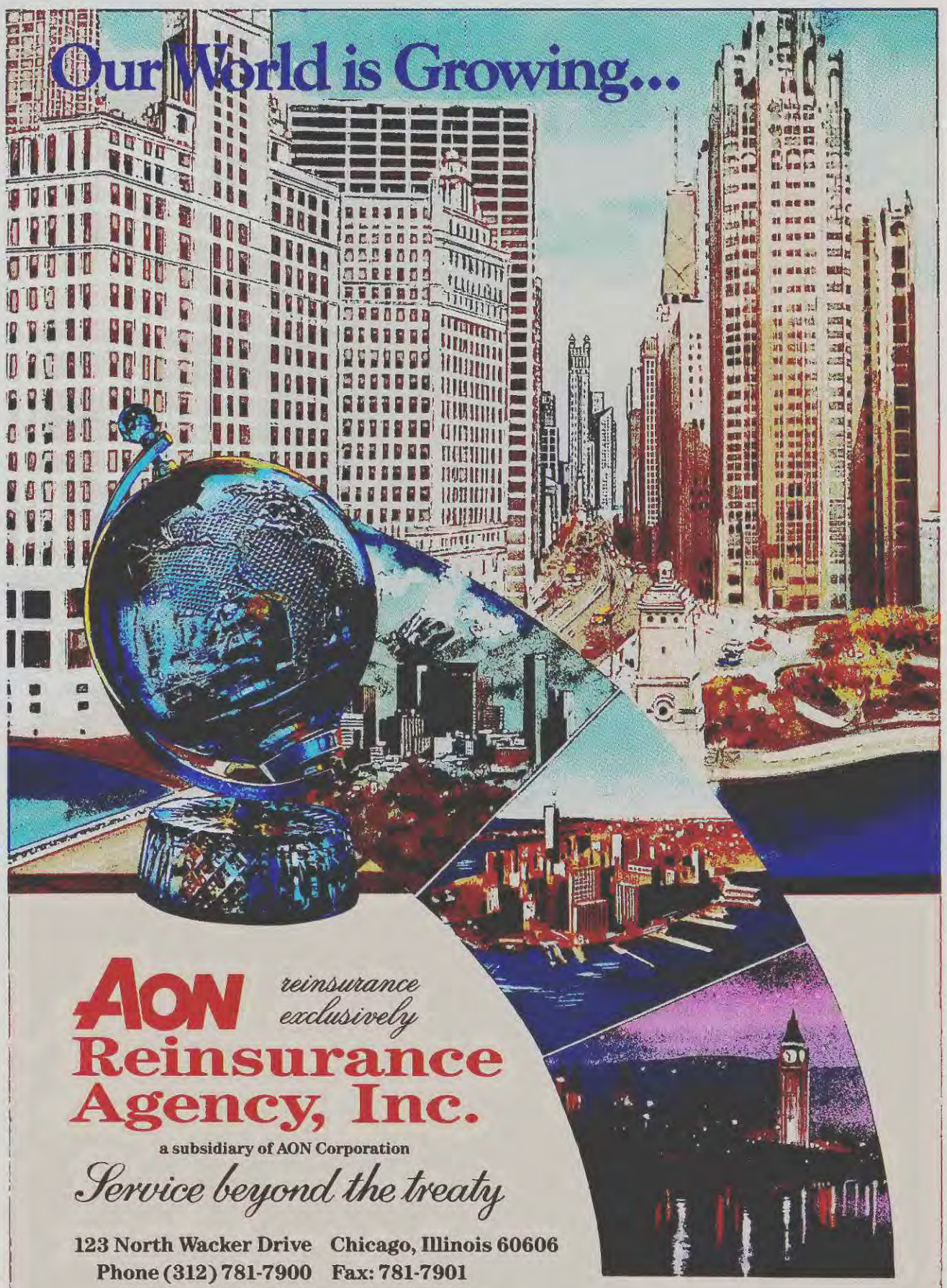
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Hilb, Rogal & Hamilton Co.

P.O. Box 1220, Glen Allen, Va. 23060-1220; 804-747-6500; fax: 804-747-6046

	1989	1988*
Premium volume	$500,000,000	$400,000,000
Gross revenues	$78,310,541	$69,377,153
Brokerage: Retail	66%	70%
Personal lines	24%	25%
Services	6.5%	1.5%
Invest. income	3.5%	3.5%
Employees	970	875
Rev./Employee	$80,733	$79,288
Offices	35	29

* Restated.

Hilb, Rogal & Hamilton Co. is on a mission.

"We are trying to become the largest independent insurance agency system in the world," declares Robert H. Hilb, president of the Richmond, Va.-based company. "If we're not there already, we're getting awfully close."

However, "we are not, nor do we expect to be, an alphabet house."

Mr. Hilb says his goal is to become the largest firm whose revenues come almost exclusively from insurance brokerage. He does not want to branch out into other areas like reinsurance brokerage or risk management consulting.

Currently, 90% of Hilb, Rogal & Hamilton's revenues come from placing commercial and personal lines coverage.

The broker's strategy is paying off. Aggressive acquisitions and steady internal growth have pushed it into the *Business Insurance* ranking of the world's 20 largest brokers for the first time at No. 20.

Since its first acquisition in 1984, the broker has purchased 57 agencies, including 17 last year and seven more this year. Hilb, Rogal & Hamilton plans to add a few more in 1990.

"We do not aggressively solicit" mergers and acquisitions, said Mr. Hilb. "Practically every merger prospect comes to us. . .as opposed to having a division that's out there trying to find these things."

Hilb, Rogal & Hamilton "has an awful lot to offer" agencies, he says, "and we think that message is getting out because of our size."

Mr. Hilb has championed the independent agency system and is adamant that it is "alive and well. Those folks who say it's dying are wrong. It's changing, merging together, but it's not dying."

Fewer independent agencies are in business today than 10 years ago, but largely because agencies have merged rather than disappeared, he said.

Gross revenues rose 12.9% in 1989 to $78.3 million from 1988 revenues of $69.4 million, which were restated because of pooling of acquisitions.

The growth moved the brokerage up a spot from No. 21 in 1989. It is now No. 10 on the list of U.S. brokerages, up two notches from 1989.

Mergers and acquisitions were responsible for about 80% of that revenue growth, with the remaining 20% coming from new sales, Mr. Hilb explained. In a "normal year," he added, the figures would be reversed.

From the standpoint of revenues, 1989 "turned out better than we expected," said Mr. Hilb. "We would have liked earnings to have been better, but we were pleased with the year."

He added that "we were extremely pleased with the new growth in mergers and acquisitions. . .but the constraint on pricing caused us not to have the profits we would have liked."

Disappointment notwithstanding, net income jumped 36.9% to a record $6.2 million from a restated $4.5 million in 1988. And net income per share last year was 81 cents, compared with 61 cents in 1988.

Mr. Hilb said, "Obviously, our strategy is to expand our company in a two-fold manner, through mergers and acquisitions and new sales."

New business growth, though steady, is not sufficient to offset premium reductions, Mr. Hilb said. "Therefore, we make acquisitions."

The 17 acquisitions completed in 1989 is one shy of the broker's record 18 the previous year. In 1989, 12 were made on a pooling-of-interests basis.

While Hilb, Rogal & Hamilton has acquired agencies across the United States, the brokerage looks mainly to the Sun Belt for new offices.

In 1989, its bought three Texas agencies: Moore & Canion Insurance in Victoria, and Stagg Renz Insurance Agency and the Robert D. White agency, both in Dallas.

It also acquired two agencies each in Florida, Georgia, Alabama, Virginia and Pennsylvania:

- Five County Insurance Agency in Fort Myers and J.L. Townsend & Associates Inc. in Daytona Beach, Fla.
- Turner, Wood & Smith in Gainesville and Trupp-McGinty Insurance Services Inc. on St. Simons Island, Ga.
- Altus Insurance in Mobile and Cohen Insurance Agency in Birmingham, Ala.
- Grinnan, Harris, Tabb & Co. in Richmond and Lee & Short Insurance Agency Inc. in Charlottesville, Va.
- The Frankel Co. and William K. Lieberman & Co. Inc., both in Pittsburgh.

Hilb, Rogal & Hamilton last year also acquired Evans & Drumm Inc. in Grand Rapids, Mich.; McEldowney, McWilliams, Deardeuff & Journey Inc. in Oklahoma City; Lasher-Cowie Agency Inc. in Phoenix; and Raymond A. Dufour & Co. Inc. in Washington.

Arizona and Oklahoma became the latest states to join the Hilb, Rogal & Hamilton network in 1989 when larger-than-usual acquisitions were made in those areas.

Continued on next page

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Continued from previous page

In Arizona, Lasher-Cowie—which also has offices in Tucson and Flagstaff—produces about $5.5 million in annual revenues. And annual revenues for McEldowney, McWilliams, Deardeuff & Journey of Oklahoma City are about $4.2 million.

But most of this year's acquisitions have been "very small," said Mr. Hilb. "They are agencies that have moved into our existing offices."

Those offices are Gainesville Insurance Agency in Gainesville, Fla.; The Warwick Agency Inc. in Brunswick, Ga.; Dodder Mutual Insurance Agency & Co. in Washington, D.C.; The Hutcheson Corp. Inc. in Orlando, Fla.; MFS Agency Inc. in Dallas; North American Insurance Agency in Houston; and Bradley Insurance Agency in Atlanta.

All of those agencies—except North American Insurance—had annual revenues of less than $500,000. North American Insurance's revenues exceed $2 million.

In 1990, only the Dodder Mutual acquisition was pooled; the rest have been purchases.


Mr. Hilb

Hilb, Rogal & Hamilton is primarily concerned with acquiring agencies "that we combine with our existing offices," said Mr. Hilb. "We think that is probably the finest way to grow within a given territory."

After picking up agencies in 10 states last year, the brokerage now will concentrate its efforts in fewer geographic locations, said Mr. Hilb. In fact, acquisitions could be limited to three or four states this year.

Keeping down the number of acquisitions means lightening the workload for the broker's headquarters staff, Mr. Hilb explained. "Due diligence, legal, personnel—all of those things are time-consuming."

Just as Hilb, Rogal & Hamilton targets certain types of agencies for acquisition, it also sets its sights on certain types of accounts: small to medium-sized clients that generate annual premiums between $50,000 and $250,000 and need risk management services.

"It is that type of account that is our bread and butter and will continue to be," said Mr. Hilb.

Acquisitions pushed up expenses in 1989 to $69.8 million from $62.8 million in 1988. Employee count increased 10.9% to 970 at year-end 1989 from 875 the prior year.

While the brokerage isn't cracking the whip on expenses, employees are aware that cost control is crucial right now, said Mr. Hilb.

"There is a total awareness on the part of all of our offices to maintain and adhere to strict expense control in the soft market," he says. "If every office can save $10,000 a year, that's $300,000 that's extremely important to us under the current conditions."

Mr. Hilb said that the current soft market must turn soon or the insurance industry will suffer further damage to its image.

"When is it going to change? Not in 1990," he remarked. "But if it doesn't change very, very soon, then we are going to lose our credibility totally," he added, because the market will then have to harden "on a panic basis" and buyers will be forced to pay drastically higher prices.

Unless the market firms slowly during 1991, policyholders will be facing price hikes of 50% to 100% in 1992 as insurers try to make up losses, Mr. Hilb predicted.

The soft market is decreasing the percentage of Hilb, Rogal & Hamilton's—and other brokers'—business produced by retail brokerage. Only 66% of its revenues were derived from commercial retail brokerage last year, down from 70% in 1988.

Personal lines contributed 24% of revenues in 1989, down from 25% the previous year.

However, revenues from non-brokerage services—primarily third-party claims administration—increased to 6.5% of the total, up from 1.5% the year before.

Hilb, Rogal & Hamilton's TPA business is handled by subsidiary Jones, Hill & Mercer Employee Benefits in Savannah, Ga., which was acquired in 1988.

Investment income was 3.5% of revenues in both 1988 and 1989.

Hilb, Rogal & Hamilton declared a 5-for-4 stock split on. Nov. 7. Hilb stock traded between $20.60 and $10.43 per share during 1989.

Hilb, Rogal & Hamilton shares, which are traded over the counter, closed at $14.25 on June 8.

The company has offices in 35 cities, up from 29 a year ago.

Alvin Rogal, one of the founders of the firm, resigned as an officer and a board member last year, but continues to produce business for the company. His son, Andrew L. Rogal, president of Hilb, Rogal & Hamilton in Pittsburgh, was appointed to the board to fill his father's unexpired term.

Besides Mr. Hilb, the company's principal officers are: John C. Adams Jr., senior vp-operations and president of Hilb, Rogal & Hamilton Co. of Daytona Beach, Fla; Dianne F. Fox, senior vp-administration and secretary; Timothy J. Korman, senior vp-finance and treasurer; Ann B. Davis, assistant vp-human resources; Carolyn Jones, assistant vp/controller; Vincent P. Howley, assistant vp-audit; and Walter L. Smith, assistant vp/ general counsel.

The cash compensation received by the highest-paid officers in 1989, according to documents filed with the Securities and Exchange Commission, follows:

Robert H. Hilb	$315,000
Alvin Rogal	$209,000
John C. Adams Jr.	$205,000
Timothy J. Korman	$83,333
Dianne F. Fox	$78,000

—By Michael Bradford

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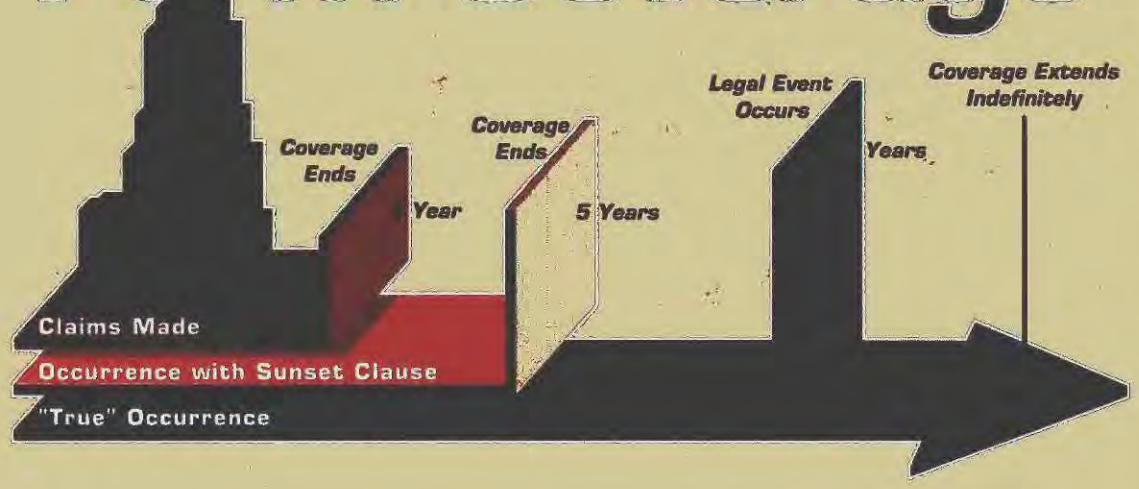
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19th annual directory of agents, brokers

A

T.J. Adams & Associates Inc.

2001 Spring Road, Oak Brook, Ill. 60521; 708-572-1550; fax: 708-574-3278

	1989	1988
Premium volume	$31,779,548	$28,329,960
Gross revenues	$5,205,876	$4,883,025
Brokerage: Retail	93%	93%
Personal lines	3%	3%
Invest. income	4%	4%
Employees	49	47
Offices	1	1

Year founded: 1967.
Brokerage: 95% commissions, 5% fees.
Licensed excess/surplus broker in: Illinois.
Principal officers: T.J. Adams, chief executive officer; Dennis D. Gamache, president; Edward A. Schell, executive vp; Carl B. Olson and John A. Kegaly, vps.
Contact: Dennis D. Gamache.

Alexander & Alexander Services Inc.

1211 Ave. of the Americas, New York, N.Y. 10036; 212-840-8500; fax: 212-869-7535

See profile on page 21.

Alliance Insurance Group

1777 W. Camelback Road, Phoenix, Ariz. 85015; 602-274-1100; fax: 602-279-4616

	1989	1988
Premium volume	$12,500,000	$15,000,000
Gross revenues	$1,976,000	$2,400,000
Brokerage: Retail	73%	76%
Wholesale	2%	2%
Personal lines	20%	17%
Services	3%	3%
Invest. income	2%	2%
Employees	31	48
Offices	2	1

Year founded: 1978.
Brokerage: 97% commissions, 3% fees.
Retail brokerage branch offices: Ontario, Calif.
Licensed excess/surplus broker in: Arizona.
Principal officers: Guy L. LaBelle, chairman/chief executive officer; James Rahilly, president.
Contact: Guy L. LaBelle.

Alper Agency Inc.

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

	1989	1988
Premium volume	$22,000,000	$20,000,000
Gross revenues	$3,300,000	$3,200,000
Brokerage: Retail	75%	75%
Personal lines	5%	5%
Services	12%	12%
Invest. income	3%	3%
Other	5%	5%
Employees	43	42
Offices	1	1

Year founded: 1966.
Brokerage: 95% commissions, 5% fees.
Parent company: Alper Services Inc.
Licensed excess/surplus broker in: Illinois.
Principal officers: Howard C. Alper, president/chief executive officer; John F. Wheaton, executive vp/chief operating officer; Russell M. Cortino and Herbert M. Singer, executive vps; John A. Hamilton, vp-marketing; Richard A. Swoik, vp-auditing; David R. Victoria Jr., Craig A. Kanter and Bobette Puckett, vps.
Contact: Howard C. Alper.

Alpha Aviation Insurance Agency Inc.

377 Route 17, Hasbrouck Heights, N.J. 07604; 201-288-4831; fax: 201-288-0782

	1989	1988
Premium volume	$13,000,000	$13,500,000
Gross revenues	$2,180,000	$1,984,000
Brokerage: Retail	89%	89%
Wholesale	1%	1%
Personal lines	5.9%	4.7%
Invest. income	4.1%	5.3%
Employees	20	20
Offices	2	2

Year founded: 1975.
Brokerage: 99% commissions, 1% fees.
Retail brokerage branch offices: Norwood, Mass.
Principal officers: Francis P. Brown, president; Lawrence Mettiello, vp; David Morse, vp-New England office.
Contact: Francis P. Brown.

Amalgamated Programs Corp.

85 John St., New York, N.Y. 10038; 212-312-9200; fax: 212-732-2055

	1989	1988
Premium volume	$125,000,000	$110,000,000
Gross revenues	$14,000,000	$10,550,000
Brokerage: Retail	80%	90%
Personal lines	14%	5%
Services	2%	2%
Invest. income	4%	3%
Employees	130	95
Offices	1	1

Year founded: 1929.
Brokerage: 90% commissions, 10%

Continued on next page



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How to use directory

The 1990 directory of agents and brokers is based on companies' responses to a *Business Insurance* questionnaire.

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

Listings begin with the address, telephone and facsimile machine numbers of the company.

Information on premium volume and gross revenues for both 1988 and 1989; and the percentage of gross revenues derived from commercial retail brokerage, wholesale brokerage, reinsurance brokerage, personal lines brokerage, fee-based services, investment income and other activities follows.

The number of employees and offices for 1988 and 1989 also are included.

Next, the **year founded** and the percentage of commercial retail **brokerage** generated by commissions and by fees are given.

Acquisitions, locations of **retail brokerage branch offices** and **non-retail brokerage subsidiaries**, the **parent company** (if applicable) and names and titles of **principal officers** are included. States in which companies are **licensed as excess/surplus lines brokers** are listed. For readers wanting more information on the company's services, the name of a **contact person** is provided. If the location and telephone number of the contact are different from those of the main office they are also provided.

If you wish to locate a company by state or country, you may refer to the geographic index following the directory listings. Locations of home offices as well as retail brokerage branch offices are included.

The information in each entry was compiled by *Business Insurance* based on data supplied by the agents and brokers. There are no public records available to allow *Business Insurance* to verify the information supplied by privately held brokers.

Continued from previous page
fees.

Acquisitions: John M. Riehle Inc., New York.

Licensed excess/surplus broker in: New York.

Principal officers: Alexander Fisher, chairman; Richard Eisenberg, vice chairman; Jeffrey L. Rubin, president; Jay Levy, secretary; Edmund M. Dunst, vp.

Contact: Jeffrey L. Rubin.

American Brokerage Corp.

1 American Row, Hartford, Conn. 06115; 203-275-5935; fax: 203-275-5296

	1989	1988
Premium volume.	$75,000,000	$80,000,000
Gross revenues...	$10,610,000	$11,300,000
Brokerage: Retail.	74.2%	74.3%
Wholesale....	2%	2%
Personal lines	21.3%	19.9%
Invest. income....	2.2%	3.4%
Other.....	0.3%	0.4%
Employees.....	144	153
Offices.....	6	8

Year founded: 1981.

Brokerage: 90% commissions, 10% fees.

Retail brokerage branch offices: American Brokerage Corp. of Philadelphia/BCA, Ardmore, Pa.; Kenney, Webber & Lowell Inc., Avon, Conn.; Erickson-Swan-Rowley Inc., Jamestown, N.Y.; McDowell Insurance, Chambersburg, Pa.; American Brokerage of Maine, Portland, Maine.

Licensed excess/surplus broker in: Pennsylvania.

Principal officers: Richard C. Shaw, chairman; Martin L. Vaughan, president; William E. Ryan, vp/chief financial officer; Jane Ambrose, director-administrative agency operations.

American Business Insurance Inc.

160 Spear Street, Suite 1540, San Francisco, Calif. 94105; 415-541-0404; fax: 415-541-0525

	1989	1988
Premium volume.	$475,000,000	$320,000,000
Gross revenues...	$57,000,000	$38,500,000
Brokerage: Retail.	83%	86%
Wholesale....	4%	4%
Personal lines	7%	6%
Services.....	1%	1%
Invest. income....	5%	3%
Employees.....	616	465
Offices.....	21	11

Year founded: 1984.

Brokerage: 96% commissions, 4% fees.

Acquisitions: Sierra Nevada Insurance Agency, Grass Valley, Calif.; Talbot Agency Inc., Albuquerque, N.M.; Harvey, Percy & Jones, Tampa, Fla.; Bay Pacific Insurance Brokers Inc., San Francisco.

Retail brokerage branch offices: American Business Insurance Agency Inc., Overland Park, Kan., and Minneapolis; American Business Insurance Agency of Illinois Inc., Schaumburg, Ill.; American Business Insurance Brokers, San Francisco; Crowder Jacobs Fendig Insurance, Tampa, Fla.; Frederick Rauh & Co., Cincinnati and Fort Mitchell, Ky.; Gold Cities Insurance, Grass Valley, Calif.; L.K. Lloyd & Associates, San Francisco and Los Angeles; The Reeves Co. Inc. Insurance Brokers, Lodi, Calif.; Wellington-Ross Insurance Services, Los Angeles; ABI International, San Francisco; Talbot Agency Inc., Albuquerque, Espanola, Las Cruces and Los Alamos, N.M.; Dallas; Seattle; Riverside, Calif.

Non-retail brokerage subsidiaries: ABI Special Risk Inc., Chicago.

Parent company: Great American Insurance Co.

Licensed excess/surplus broker in: Minnesota, Kansas, Illinois, Ohio, Missouri, Florida, California, Texas, New Mexico.

Principal officers: Bernard H. Mizel, chairman/president; Vincent H. Trapani, executive vp/chief financial officer; J. Terry Griffith, senior vp/general counsel; Edward J. Bowler, vp/controller; Karen S. Campbell, vp-human resources; James K. Thomas, vp/chief information officer.

Contact: Bernard H. Mizel.

Anco Corp.

16000 Barkers Point Lane, Houston, Texas 77079; P.O. Box 218060, Houston, Texas 77218-8060; 713-496-3400; fax: 713-496-6729

	1989	1988*
Premium volume.	$57,250,000	NA
Gross revenues...	$8,250,000	NA
Brokerage: Retail.	60.82%	NA
Wholesale....	0.25%	NA
Personal lines	10.66%	NA
Services.....	10.14%	NA
Invest. income....	6.78%	NA
Other.....	11.35%	NA
Employees.....	97	NA
Offices.....	2	NA

* Company reorganized in 1988.

Year founded: 1873.

Brokerage: 89.86% commissions, 10.14% fees.

Retail brokerage branch offices: Anco Insurance of Dallas, Dallas; Anco Insurance of Houston, Houston.

Non-retail brokerage subsidiaries: Regional Insurance Management Services Inc., Houston.

Licensed excess/surplus broker in: Texas.

Principal officers: John L. Van Osdall, chairman/president; Gerald M. Smith, senior vp/chief operating officer; John D. Collado, Robert E. Holloway, Randall F. Green and Glen A. Hefner, senior vps.

Contact: Gerald M. Smith.

Anco Insurance Managers Inc.

1733 Briarcrest Drive, Bryan, Texas 77802; 409-776-2626; fax: 409-776-1308

	1989	1988
Premium volume.	NA	NA
Gross revenues...	$4,314,584	NA
Brokerage: Retail.	56%	NA
Personal lines	33%	NA
Services.....	10%	NA
Invest. income....	1%	NA
Employees.....	72	NA
Offices.....	2	NA

Year founded: 1988.

Brokerage: 99% commissions, 1% fees.

Continued on next page

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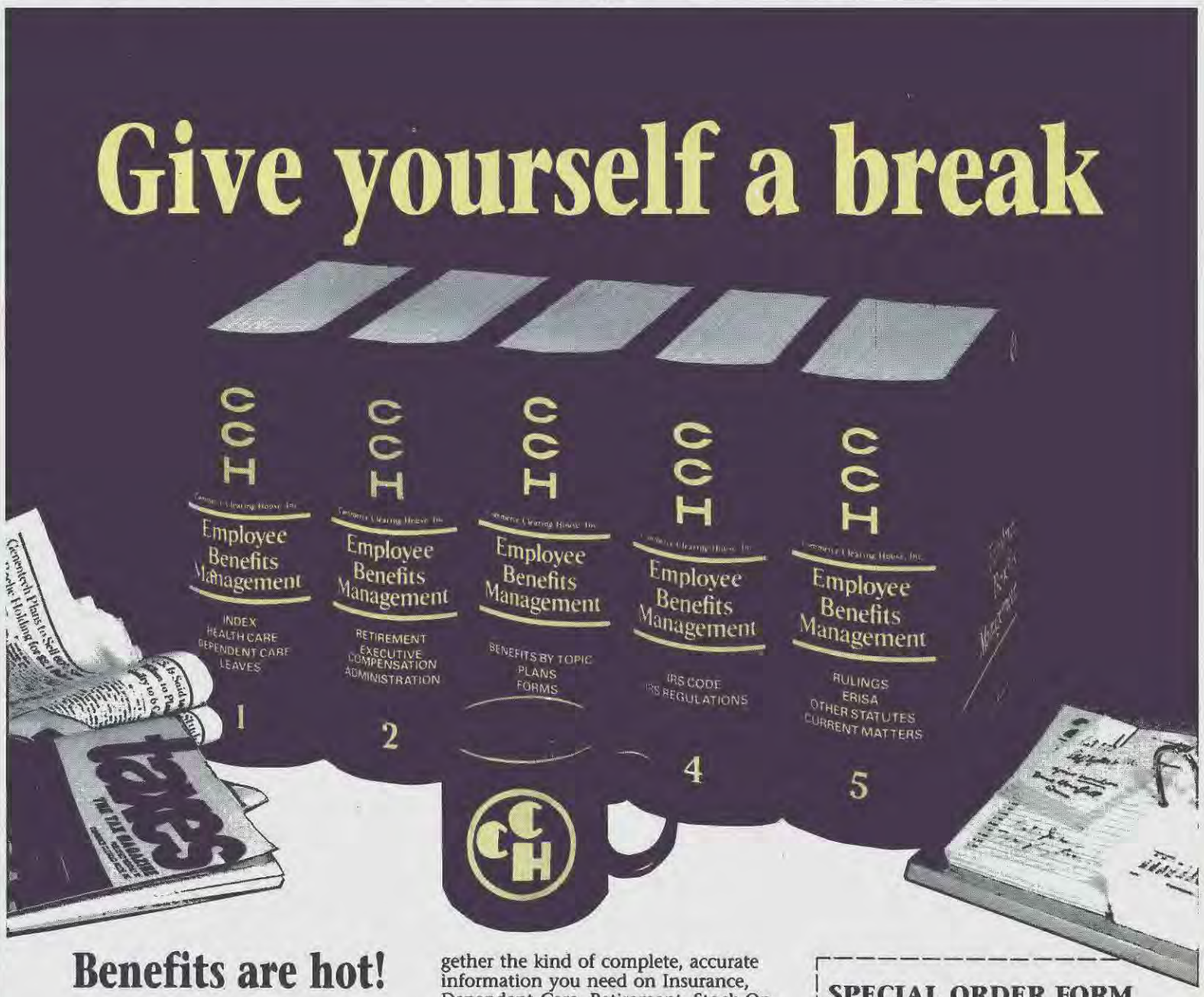
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Continued from previous page

Acquisitions: Keifer Marshall Insurance Agency Inc., Temple, Texas.

Retail brokerage branch offices: Belton and Temple, Texas.

Principal officers: M.L. "Red" Cashion, chairman; Dick B. Haddox, president; Richard Pollard, chief operating officer; Adrian G. McDonald Jr., director.

Contact: Susan K. Davidson, agency manager.

Anderson & Anderson Insurance Brokers Inc.

2495 Campus Drive, Irvine, Calif. 92715; 714-476-4300; fax: 714-752-7587

	1989	1988
Premium volume	**$88,000,000**	$70,000,000
Gross revenues	**$11,067,000**	$9,037,000
Brokerage: Retail	**80%**	75%
Personal lines	**5%**	6%
Services	**8%**	13%
Invest. income	**7%**	6%
Employees	**102**	90
Offices	**3**	2

Year founded: 1953.

Brokerage: 90% commissions, 10% fees.

Acquisitions: Osterloh & Durham, Van Nuys, Calif.

Retail brokerage branch offices: Anderson & Anderson of Orange County, Irvine, Calif.; Dohrmann-King & Sanguinetti, Stockton, Calif.; Anderson & Anderson/Osterloh, Van Nuys, Calif.

Non-retail brokerage subsidiaries: Captive Assurance Partners, Irvine, Calif.; CAP Managers Ltd., Hamilton, Bermuda.

Principal officers: Robert M. Anderson, president; John W. Roblee, senior vp/secretary/treasurer; Gregory W. Springer, senior vp-special projects; Edward C. Shumaker, senior vp/manager-Orange County branch office.

Contact: Robert M. Anderson.

Andreini & Co.

220 W. 20th Ave., San Mateo, Calif. 94403; 415-573-1111; fax: 415-378-4361

	1989	1988
Premium volume	**NA**	NA
Gross revenues	**$16,034,576**	$14,476,282
Brokerage: Retail	**85%**	85%
Personal lines	**8%**	8%
Invest. income	**7%**	7%
Employees	**186**	180
Offices	**9**	8

Year founded: 1952.

Brokerage: 100% commissions.

Retail brokerage branch offices: Fresno, Bakersfield, Coalinga, Ventura and Orange, Calif.; Atlanta; Portland, Ore.; Dallas.

Licensed excess/surplus broker in: California.

Principal officers: John Andreini, president; George Andreini, vp/chief financial officer; Michael Colzani, secretary; David Hoskins, executive vp. Andreini & Co. of Southern California: John Andreini, chairman; Bill Holdren, president; Ken Buller, vp; George Andreini, chief financial officer; Michael Colzani, secretary.

Associated Agencies Inc.

651 W. Washington Blvd., Chicago, Ill. 60606; 312-707-9000; fax: 312-559-3559

	1989	1988
Premium volume	**$164,500,000**	$144,000,000
Gross revenues	**$14,400,000**	$12,600,000
Brokerage: Retail	**74%**	74%
Wholesale	**5%**	5%
Reinsurance	**1%**	1%
Personal lines	**9%**	9%
Services	**11%**	11%
Employees	**196**	180
Offices	**2**	2

Year founded: 1890.

Brokerage: 95% commissions, 5% fees.

Acquisitions: American Builders & Contractors Insurance Agency, Costa Mesa, Calif.

Retail brokerage branch offices: Associated Agencies Inc. of California, Santa Ana Heights, Calif.

Licensed excess/surplus broker in: Illinois.

Principal officers: Robert M. Schrayer, president; A.A. Freeman, chairman; Irving E. Shainberg and Karen Z. Vacko, executive vps; Robert B. Milum, president-Associated Agencies Inc. of California.

Contact: Jymette Seager, assistant vp-public relations.

Association Administrators & Consultants Inc.

19000 MacArthur Blvd., Suite 500, Irvine, Calif. 92715; 714-833-0673; fax: 714-752-1568

	1989	1988
Premium volume	**$58,265,000**	$47,555,900
Gross revenues	**$6,802,000**	$5,747,000
Brokerage: Retail	**29.4%**	30.9%
Services	**67.1%**	65%
Other	**3.5%**	4.1%
Employees	**100**	83
Offices	**2**	2

Year founded: 1972.

Brokerage: 100% commissions.

Retail brokerage branch offices: San Francisco.

Non-retail brokerage subsidiaries: California Insurance Advisors and AA&C Investment Corp., Irvine, Calif.

Licensed excess/surplus broker in: California.

Principal officers: Wallace E. Jeffs, president; Egon A. Bartetzko, executive vp; Randall W. Jeffs, senior vp-marketing; Beverly A. Rehm, vp-finance; Nancy K. Hudson, corporate secretary.

Contact: Nancy K. Hudson.

Austin & Co. Inc.

307 Washington Ave., Albany, N.Y. 12206; 518-465-3591; fax: 518-465-3968

	1989	1988
Premium volume	**$13,000,000**	$12,250,000
Gross revenues	**$1,935,608**	$1,846,448
Brokerage: Retail	**79%**	80%
Personal lines	**17%**	17%
Invest. income	**4%**	3%
Employees	**28**	26
Offices	**2**	2

Year founded: 1853.

Brokerage: 100% commissions.

Retail brokerage branch offices: Stevenson Agency, Chestertown, N.Y.

Principal officers: Charles M. Liddle III, president; Helen K. Rack and Erwin F. Guetig, vps.

The Auten Group Inc.

1915 Southfield Road, Birmingham, Mich. 48012-3042; 313-258-6500; fax: 313-258-5618

	1989	1988
Premium volume	**$6,000,000**	$9,500,000
Gross revenues	**$895,250**	$1,358,824
Brokerage: Retail	**79.6%**	60.7%
Personal lines	**16.7%**	30%
Invest. income	**2.7%**	1.6%
Other	**1%**	7.7%
Employees	**14**	20
Offices	**1**	1

Year founded: 1984.

Brokerage: 97.3% commissions, 2.6% fees.

Licensed excess/surplus broker in: Michigan.

Principal officers: Bruce J. Auten, president; Michael D. Scott, marketing manager; Jean E. Hall, controller.

Contact: Bruce J. Auten.

Aviation Insurance Services Inc.

3200 Wilshire Blvd., 15th Floor, Los Angeles, Calif. 90010; 213-386-8120; 213-383-9346*

	1989	1988
Premium volume	**$17,400,000**	$15,500,000
Gross revenues	**$2,042,364**	$1,748,547
Brokerage: Retail	**74%**	73%
Wholesale	**9%**	10%
Reinsurance	**7%**	6.5%
Personal lines	**4%**	5%
Services	**1%**	1%
Invest. income	**5%**	4.5%
Employees	**20**	17
Offices	**4**	3

* New address as of July 1: 222 W. Sixth St., Suite 920, San Pedro, Calif. 90731; 213-521-0900; fax: 213-521-0910.

Year founded: 1977.

Brokerage: 95% commissions, 5% fees.

Retail brokerage branch offices: Aviation Insurance Services of Texas Inc., Houston; Aviation Insurance Services of Washington Inc., Seattle; Aviation Insurance Services of Nevada Inc., Las Vegas, Nev.

Parent company: Aviation Insurance Holdings Inc.

Licensed excess/surplus broker in: California, Texas, Washington, Nevada.

Principal officers: Ronald A. Hill, chairman/chief executive officer; Richard R. Gorsuch, executive vp/chief operating officer; Leslie C. DeWald, president; Linda M. Crosby, senior vp-Houston office; Elliott S. Tremaine, senior vp-Seattle office.

Contact: Ronald A. Hill.

B

BRI Coverage Corp.

156 William St., New York, N.Y. 10038; 212-233-7171; fax: 212-513-1859

	1989	1988
Premium volume	**NA**	NA
Gross revenues	**$32,881,000**	$27,100,000
Brokerage: Retail	**85%**	85%
Wholesale	**2%**	2%

Continued on next page

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Continued from previous page

Reinsurance	2%	2%
Personal lines	5%	5%
Services	4%	4%
Invest. income	2%	2%
Employees	244	253
Offices	1	1

Year founded: 1974.
Brokerage: 75% commissions, 25% fees.
Parent company: BRI Holding Corp.
Licensed excess/surplus broker in: New York, New Jersey.
Principal officers: Donald P. Ferrarini, president; Howard Miller, director-production; Bruno Rumignani, executive vp; Fred Ghawi, director-ocean marine; James Sweitzer, director-commercial underwriting; Burton Matfus, treasurer; Herbert Kramer, secretary; Roger Imperial, Mitchell May III, Clifford Miller, James J. O'Donnell, Harold K. Ross and Joseph Zweig, senior vps.
Contact: Howard Miller.

Bain Clarkson Ltd.

Bain Dawes House, 15 Minories, London EC3N 1NJ, England; 01-481-3232
See profile on page 57.

Bartlett Agency Inc.

2200 52nd Ave., P.O. Box 970, Moline, Ill. 61265; 309-764-9666; fax: 309-764-8153

	1989	1988
Premium volume	$13,500,000	$16,000,000
Gross revenues	$2,186,000	$2,222,000
Brokerage: Retail	84.8%	86.5%
Personal lines	8%	8%
Services	5.4%	3.5%
Invest. income	1.8%	2%
Employees	27	29
Offices	1	1

Year founded: 1942.
Brokerage: 97% commissions, 3% fees.
Licensed excess/surplus broker in: Illinois.
Principal officers: Richard J. Miles, president; Thomas K. Bracke and John T. Barrett.
Contact: Richard J. Miles.

Beal & Associates Insurance Counselors

5635 E. Thomas Road, Phoenix, Ariz. 85018; 602-990-1111; fax: 602-947-0454

	1989	1988
Premium volume	$10,000,000	$10,000,000
Gross revenues	$1,422,100	$2,397,000
Brokerage: Retail	60%	77%
Personal lines	20%	10%
Services	18%	10%
Invest. income	2%	3%
Employees	25	32
Offices	1	1

Year founded: 1958.
Brokerage: 77% commissions, 23% fees.
Licensed excess/surplus broker in: Arizona.
Principal officers: William A. Beal, president; Thomas W. Beal, vp; Norma J. Beal, secretary/treasurer.
Contact: William A. Beal.

Beardsley, Brown & Bassett Inc.

1000 Lafayette Blvd., Bridgeport, Conn. 06604; 203-366-1815; fax: 203-366-8561

	1989	1988
Premium volume	$45,000,000	$42,000,000
Gross revenues	$6,600,000	$5,700,000
Brokerage: Retail	60%	60%
Personal lines	20%	22%
Invest. income	2%	2%
Other	18%	16%
Employees	68	60
Offices	1	1

Year founded: 1884.
Brokerage: 100% commissions.
Licensed excess/surplus broker in: Connecticut.
Principal officers: James F. Tomchik, president; Brendan T. Shea, treasurer; Edward J. Cooke and Allan F. Tibbitts, vps; David B. Cole, secretary.
Contact: James F. Tomchik.

Berwanger Overmyer Associates

2245 North Bank Drive, Columbus, Ohio 43220; 614-457-7000; fax: 614-457-1507

	1989	1988
Premium volume	$52,000,000	$47,000,000
Gross revenues	$7,806,720	$6,817,864
Brokerage: Retail	75.64%	79.06%
Wholesale	1.7%	2%
Personal lines	5.16%	5.14%
Services	12.8%	9.2%
Invest. income	3.2%	3%
Other	1.5%	1.6%
Employees	99	92
Offices	1	1

Year founded: 1973.
Brokerage: 88% commissions, 12% fees.
Acquisitions: Thomas W. Curry, Columbus, Ohio.
Licensed excess/surplus broker in: Ohio.
Principal officers: Edwin L. Overmyer, president/chief executive officer; Joseph M. Berwanger and Richard H. Moore, executive vps; Jerry L. Esselstein, chief operating officer.
Contact: Edwin L. Overmyer.

Bigler-Ketchum Inc.

1030 Fifth Ave., Pittsburgh, Pa. 15219; 412-391-5525; fax: 412-391-2424

	1989	1988
Premium volume	$17 million	$13.6 million
Gross revenues	$2.8 million	$2.1 million
Brokerage: Retail	97.1%	94.3%
Services	0.8%	3.6%
Invest. income	2.1%	2.1%
Employees	30	34
Offices	1	1

Year founded: 1976.
Brokerage: 95% commissions, 5% fees.
Principal officers: Harold S. Bigler, president; Chandler G. Ketchum, chairman; Richard F. Galaraini, president-Bigler-Ketchum Benefit Consultants; David J. Hickey, vp-property/casualty sales.
Contact: Harold S. Bigler.

Blumencranz, Klepper & Wilkins Inc.

3000 Marcus Ave., Lake Success, N.Y. 11040; 516-328-8300

	1989	1988
Premium volume	$85,000,000	$75,000,000
Gross revenues	$7,450,000	$6,650,000
Brokerage: Retail	85%	85%
Wholesale	3%	3%
Personal lines	8%	8%
Services	2%	2%
Invest. income	2%	2%
Employees	71	62
Offices	1	1

Year founded: 1929.
Brokerage: 90% commissions, 10% fees.
Acquisitions: Bloomgarden & Liesner Inc., Great Neck, N.Y.; Freer Associates, Rockville Center, N.Y.
Principal officers: Roger A. Blumencranz, president; Aaron A. Wilkins, vp/secretary; Stuart B. Wilkins, treasurer; Marc J. Blumencranz, vp; Barry Bloomgarden.

Boockford & Co.

1 Oakbrook Terrace, Oakbrook Terrace, Ill. 60181; 708-932-4000; fax: 708-932-7315

	1989	1988
Premium volume	$40,000,000	$35,000,000
Gross revenues	$4,800,000	$4,100,000
Brokerage: Retail	91%	92%
Personal lines	2%	3%
Invest. income	7%	5%
Employees	51	45
Offices	1	1

Year founded: 1950.
Brokerage: 90% commissions, 10% fees.
Licensed excess/surplus broker in: Illinois.
Principal officers: William D. Boockford Jr., chairman; Charles J. Bretz, president; James F. Schuster, vp/secretary; Mario Remegi and Richard A. McGrath, vps.
Contact: Charles J. Bretz.

Bowers Schumann & Welch

Route 31 N., Washington, N.J. 07882; 201-689-1092; fax: 201-689-8825

	1989	1988
Premium volume	$38,000,000	$34,300,000
Gross revenues	$6,077,389	$5,212,044
Brokerage: Retail	80%	76%
Wholesale	2%	3%
Personal lines	13%	13%
Invest. income	2%	2%
Other	3%	6%
Employees	91	84
Offices	3	3

Year founded: 1967.
Brokerage: 100% commissions.
Retail brokerage branch offices: Blairstown, N.J.; Bethlehem, Pa.
Principal officers: Scott F. Welch, president; Glen R. Welch, Todd W. Welch, John Z. Witbeck and Michael J. Azar, vps.
Contact: James M. Lawless, marketing manager, 201-689-1092, extension 261.

Boynton Brothers & Co.

200 Jefferson St., Perth Amboy, N.J. 08862; 201-442-3300

	1989	1988
Premium volume	$35,000,000	$37,500,000
Gross revenues	$5,600,000	$6,700,000
Brokerage: Retail	80%	83%
Personal lines	11%	10%
Services	3%	2%
Invest. income	6%	5%
Employees	60	75
Offices	3	3

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VERY PROFESSIONALLY

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Maginnis & Associates/Hamilton Robinson & Co.
M&A Financing
DeLanoy & Kipp
Business Consulting
Raymond A. DuFour & Co./Hilb Rogal & Hamilton
Mergers & Acquisitions

TAN GROUP
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1700

Continued from previous page

Year founded: 1899.
Brokerage: 94% commissions, 6% fees.
Retail brokerage branch offices: Cherry Hill and Chester, N.J.
Licensed excess/surplus broker in: New Jersey.
Principal officers: Michael J. McMahon, president; Edwin Stewart, chairman; Kenneth Warchal, executive vp; James Robertello, vp.

Brandow Howard Kohler & Rosenbloom Inc.

7825 Washington Ave. S., Bloomington, Minn. 55437; 612-944-8885; fax: 612-944-9795

	1989	1988
Premium volume	**$34,900,000**	$33,900,000
Gross revenues	**$5,187,000**	$5,486,000
Brokerage: Retail	**82%**	84%
Personal lines	**11%**	10%
Invest. income	**7%**	6%
Employees	**63**	58
Offices	**1**	1

Year founded: 1963.
Brokerage: 93% commissions, 7% fees.
Parent company: Minnemax Corp.
Licensed excess/surplus broker in: Minnesota.
Principal officers: John Kohler, chairman; John Van Dyke, president; David Molke, chief executive officer; Amos Rosenbloom and Brad Hepp, executive vps.
Contact: Amy Peterson, director-finance.

Breckles Insurance Brokers Ltd.

100 Cowdray Court, Scarboro, Ontario M1S 5C8; 416-292-2020

	1989	1988
Premium volume*	**$17,508,010**	$10,020,575
Gross revenues*	**$2,679,743**	$1,689,130
Brokerage: Retail	**33%**	30%
Personal lines	**61%**	60%
Invest. income	**2%**	2%
Other	**4%**	8%
Employees	**54**	34
Offices	**2**	2

* Using applicable year-end exchange rates.
Year founded: 1950.
Brokerage: 100% commissions.
Acquisitions: Lewis & Lewis, Don Mills, Ontario.
Retail brokerage branch offices: Unionville, Ontario.
Principal officers: T.M. Hannan, president; S.A. Marsh, general manager; B.M. Hamerston, commercial manager.
Contact: T.M. Hannan.

Brooks & Stafford Co.

75 Public Square, Cleveland, Ohio 44113; 216-696-3000; fax: 216-621-7336

	1989	1988
Premium volume	**$13,500,000**	$12,000,000
Gross revenues	**$2,600,000**	$2,250,000
Brokerage: Retail	**60%**	60%
Personal lines	**40%**	40%
Employees	**39**	36
Offices	**1**	1

Year founded: 1849.
Brokerage: 100% commissions.
Licensed excess/surplus broker in: Ohio.
Principal officers: C.C. Parsons, chairman; R.E. Hutchinson, president; W.J. Coming, first vp; R.E. Kunze, secretary/vp.
Contact: R.E. Hutchinson.

Brown & Brown Inc.

220 S. Ridgewood Ave., Daytona Beach, Fla. 32114; P.O. Drawer 2412, Daytona Beach, Fla. 32115; 904-252-9601

	1989	1988
Premium volume	**$259,000,000**	$232,000,000
Gross revenues	**$28,880,193**	$25,026,880
Brokerage: Retail	**56%**	56%
Wholesale	**9%**	9%
Personal lines	**14%**	14%
Services	**18%**	17%
Invest. income	**3%**	3%
Other	**0%**	1%
Employees	**422**	391
Offices	**17**	18

Year founded: 1939.
Brokerage: 95% commissions, 5% fees.
Acquisitions: Willis Insurance Agency, Hollywood, Fla.
Retail brokerage branch offices: Orlando, West Palm Beach, Delray Beach, Boynton Beach, Fort Myers, Sarasota, Eustis, Kissimmee, Saint Cloud, Hollywood, Brooksville, Port Charlotte and Sanibel Island, Fla.
Non-retail brokerage subsidiaries: MacDuff Underwriters, Daytona Beach, Fla.; Halcyon Underwriters and United Self Insured Services, Orlando, Fla.
Licensed excess/surplus broker in: Florida, Georgia, Alabama, Texas, Illinois, North Carolina.
Principal officers: J. Hyatt Brown, chairman/president; Kenneth E. Hill, executive vp; H. Van Massey, senior executive vp; Jim Henderson, Greg Brewer, Linda Downs and Pete Thomas, senior vps.
Contact: Tom E. Riley, vp/chief financial officer, 904-239-5796.

Brown-Hiller-Clark & Associates

5500 Euper Lane, Fort Smith, Ark. 72903; P.O. Box 3529, Fort Smith, Ark. 72913; 501-452-4000; fax: 501-484-5185

	1989	1988
Premium volume	**$14,841,168**	$17,182,621
Gross revenues	**$2,329,682**	$3,559,852
Brokerage: Retail	**80%**	60%
Personal lines	**17%**	14%
Invest. income	**2%**	1%
Other	**1%**	25%
Employees	**55**	66
Offices	**7**	9

Year founded: 1915.
Brokerage: 100% commissions.
Retail brokerage branch offices: BHC of Eureka Springs, Eureka Springs, Ark.; BHC of Oklahoma Inc., Sallisaw, Okla.; BHC Life & Group Specialists Inc., Fort Smith and Eureka Springs, Ark.; BHC/Hensley Insurance Agency Inc. and BHC/Lakeland Insurance Agency Inc., Muskogee, Okla.
Licensed excess/surplus broker in: Arkansas.
Principal officers: Sam B. Hiller, president/treasurer; Larry R. Clark, executive vp/secretary; William J. Green, senior vp; Thomas L. Cooley, vp.
Contact: Janice A. Butler, vp-administration.

P. Brunet Assurance Inc.

1100 Cremazie Blvd. E., Suite 500, Montreal H2P 2X2; 514-725-1500; fax: 514-729-4057

	1989	1988
Premium volume*	**$30,412,800**	$28,324,400
Gross revenues*	**$6,307,200**	$5,824,100
Brokerage: Retail	**79.2%**	79.3%
Personal lines	**15.7%**	16.2%
Invest. income	**5.1%**	4.5%
Employees	**117**	112
Offices	**1**	1

* Using applicable year-end exchange rates.
Year founded: 1962.
Brokerage: 94.7% commissions, 5.3% fee.
Principal officers: Pierre Brunet, chairman; Jules Brunet, vice chairman; Bernard Bleau, president/chief executive officer; Michel Langlois and Jacques Bouchard, senior vps.
Contact: Bernard Bleau; Dianne Ayotte, secretary to the president.

John Burnham & Co.

P.O. Box 2910, San Diego, Calif. 92112; 610 W. Ash St., Suite 1800, San Diego, Calif. 92101; 619-231-1010; fax: 619-236-9134

	1989	1988
Premium volume	**$115,000,000**	$100,000,000
Gross revenues	**$11,000,000***	$10,000,000*
Brokerage: Retail	**92%**	92%
Wholesale	**1%**	1%
Personal lines	**4%**	4%
Services	**3%**	3%
Employees	**142**	133
Offices	**3**	3

* *BI* estimate.
Year founded: 1891.
Brokerage: 90% commissions, 10% fees.
Retail brokerage branch offices: Irvine, Calif.; Trumbull, Conn.
Licensed excess/surplus broker in: California.
Principal officers: Robert Lichter, president; Robert Dow and Jack Lupien, senior vps; Randy Williams, Steve Beck and Ron Hensley, vps.
Contact: Robert Dow.

Byrne, Byrne & Co.

20 N. Wacker Drive, Chicago, Ill. 60606; 312-346-2150; fax: 312-346-4637

	1989	1988
Premium volume	**$17,000,000**	$16,100,000
Gross revenues	**$1,500,000**	$1,371,000
Brokerage: Retail	**74%**	71%
Wholesale	**1%**	1%
Personal lines	**18%**	19%
Services	**6%**	8%
Invest. income	**1%**	1%
Employees	**16**	16
Offices	**1**	1

Year founded: 1898.
Brokerage: 90% commissions, 10% fees.
Principal officers: Richard Byrne, president; John O'Hara, chairman; Stephen Byrne, executive vp; William Reif and Daniel Byrne, vps.
Contact: Stephen J. Byrne.

Continued on next page

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C

Cal-Central Insurance & Management Services Inc.

2455 W. Shaw Ave., Suite 101, Fresno, Calif. 93711; 209-222-4471; fax: 209-225-5041

	1989	1988
Premium volume	NA	NA
Gross revenues	**$1,493,000**	$1,322,000
Brokerage: Retail	**49%**	55%
Wholesale	**32%**	31%
Personal lines	**1%**	1%
Services	**14%**	10%
Invest. income	**4%**	3%
Employees	**10**	10
Offices	**2**	2

Year founded: 1983.
Brokerage: 82% commissions, 18% fees.
Retail brokerage branch offices: Ventura, Calif.
Principal officers: R.J. Stewart, president; J.E. Williams, executive vp; D.B. Frainer, vp; C.A. Adams and S.E. Keppler, assistant vps.
Contact: R.J. Stewart.

The Cal-Surance Cos.

2790 Skypark Drive, Torrance, Calif. 90505; 213-530-5555; fax: 213-539-0049

	1989	1988
Premium volume	**$125,805,000**	$93,500,000
Gross revenues	**$21,122,000**	$18,580,000
Brokerage: Retail	**72.4%**	71.9%
Reinsurance	**0.6%**	0%
Personal lines	**0%**	0.7%
Services	**19.4%**	20.6%
Invest. income	**5.4%**	4.4%
Other	**2.2%**	2.4%
Employees	**160**	170
Offices	**2**	2

Year founded: 1962.
Brokerage: 100% commissions.
Retail brokerage branch offices: Cal-Surance Associates Inc., Torrance and Orange, Calif.; Cal-Surance Benefit Plans, Torrance, Calif.
Non-retail brokerage subsidiaries: Lancer Claims Services Inc., Orange, Calif.; United Network of Insurance Services Inc. and Sterling Reinsurance Intermediaries Inc., Torrance, Calif.; Sterling Insurance Co. Ltd., Hamilton, Bermuda.
Parent company: Chartered Financial Services Corp.
Licensed excess/surplus broker in: California.
Principal officers: Donald E. Martin, chief executive officer; Daniel P. Kuzio, president-brokerage operations; Donald H. Mehlig, chief executive officer-Cal-Surance Benefit Plans; Jim Hall, president-Cal-Surance Benefit Plans-group benefits division.
Contact: Lynn Kimmel Johnson, vp/chief financial officer.

Carlin Insurance Agency Inc.

233 W. Central St., Natick, Mass. 01760; 617-237-1272; 508-655-0522; fax: 508-655-8853

	1989	1988
Premium volume	**$25,000,000**	$23,000,000
Gross revenues	**$3,300,000**	$3,000,000
Brokerage: Retail	**80%**	80%
Personal lines	**20%**	20%
Employees	**45**	45
Offices	**1**	1

Year founded: 1967.
Brokerage: 100% commissions.
Licensed excess/surplus broker in: Massachusetts.
Principal officers: Samuel W. Wakeman, president; Frank J. Smith, vp-surety; James J. Kerasiotes, executive vp; Rosemary W. Fulham and Kevin M. Daly, vps.
Contact: Samuel W. Wakeman.

Cashan & Co.

11 S. Third St., Hammonton, N.J. 08037; 609-561-2600; fax: 609-567-3576

	1989	1988
Premium volume	NA	$15,000,000
Gross revenues	**$2,700,000**	$2,560,000
Brokerage: Retail	**69.3%**	72.6%
Wholesale	**3.7%**	3%
Personal lines	**14.2%**	13.7%
Services	**3%**	2%
Invest. income	**2%**	1.3%
Other	**7.8%**	7.4%
Employees	**43**	44
Offices	**1**	1

Year founded: 1946.
Brokerage: 92.3% commissions, 7.7% fees.
Non-retail brokerage subsidiaries: Cashan Corp., Hammonton, N.J.
Principal officers: Nicholas Cashan III, chief executive officer; Paul J. Miola and Calvin Cashan, vps.
Contact: Paul J. Miola.

Century Financial Services Inc.

9040 Kimberly Blvd., Suite 61, Boca Raton, Fla. 33434; 407-479-1313; fax: 407-487-0165

	1989	1988
Premium volume	**$11,000,000**	$9,000,000
Gross revenues	**$2,000,000**	$1,700,000
Brokerage: Retail	**53%**	54%
Personal lines	**20%**	20%
Services	**25%**	23%
Invest. income	**1%**	2%
Other	**1%**	1%
Employees	**23**	22
Offices	**2**	2

Year founded: 1983.
Brokerage: 90% commissions, 10% fees.
Retail brokerage branch offices: Pembroke Pines, Fla.
Licensed excess/surplus broker in: Florida.
Principal officers: Ronald Reshefsky, president; Richard J. Leonard, vp-employee benefit consulting; Gary Morris, vp-risk management services; Ellen R. Taylor, secretary/marketing manager.

Clair Odell Group

120 W. Germantown Pike, Plymouth Meeting, Pa. 19462; 215-825-5555; fax: 215-825-3349

	1989	1988
Premium volume	**$59,249,673**	$32,506,400
Gross revenues	**$9,918,696**	$4,350,970
Brokerage: Retail	**95%**	90%
Personal lines	**5%**	10%
Employees	**110**	59
Offices	**1**	1

Year founded: 1932.
Brokerage: 95% commissions, 5% fees.
Mergers: Clair Insurance Agency Inc. merged with Waber-Odell Co. January 1, 1990. Information given above for 1989 include results for both companies.
Licensed excess/surplus broker in: Pennsylvania.
Principal officers: Robert A. Clair, chief executive officer; Jerry A. Odell, president; David A. Collins, Michael S. Studner and Frank D. Svitek, executive vps.
Contact: Robert A. Clair.

Compro Insurance Services Inc.

550 S. Winchester Blvd., Fifth Floor, San Jose, Calif. 95161-1090; 408-236-3000; fax: 408-246-8266

	1989	1988
Premium volume	**$49,000,000**	$42,000,000
Gross revenues	**$5,600,000**	$5,100,000
Brokerage: Retail	**83.2%**	82.4%
Personal lines	**12%**	13%
Invest. income	**4.8%**	4.6%
Employees	**62**	55
Offices	**1**	1

Year founded: 1987.
Brokerage: 95% commissions, 5% fees.
Principal officers: Philip R. Barry, president/chief executive officer; Thomas Stone, chief financial officer; Walter Fenchel, secretary; Janice Kellogg and Kevin Quinn, principals.
Contact: Philip R. Barry.

Corroon & Black Corp.

Wall St. Plaza, New York, N.Y. 10005; 212-363-4100; fax: 212-422-9331

See profile on page 34.

Frank Crystal & Co. Inc.

40 Broad St., New York, N.Y. 10004; 212-344-2444; fax: 212-509-1292

	1989	1988
Premium volume	NA	NA
Gross revenues	**$26,925,000**	$24,040,000
Brokerage: Retail	**86%**	84%
Personal lines	**10%**	11%
Services	**4%**	5%
Employees	**160**	144
Offices	**4**	4

Year founded: 1936.
Brokerage: 98% commissions, 2% fees.
Retail brokerage branch offices: Frank Crystal & Co. Inc. (Texas), Houston; Frank Crystal & Co. of Florida Inc., Fort Lauderdale, Fla.; Frank Crystal & Co. Inc. (Midwest), Kansas City, Kan.
Licensed excess/surplus broker in: New York, Texas, Florida.
Principal officers: James W. Crystal, chairman/chief executive officer; Andrew Potash, president; Arthur H. Littmann, executive vp/chief financial officer; Kenneth W. Liebman, executive vp; William Mann, senior vp.
Contact: James W. Crystal.

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DSI Insurance Services

1 California St., Suite 2700, San Francisco, Calif. 94111; 415-772-7033; fax: 415-772-7099

	1989	1988
Premium volume	**$40,000,000**	$34,000,000
Gross revenues	**$5,250,000**	$4,000,000
Brokerage: Retail	**91.25%**	90.5%
Wholesale	**2%**	2%
Personal lines	**2%**	3%
Services	**1%**	1%
Invest. income	**3.75%**	3.5%
Employees	**50**	45
Offices	**2**	2

Year founded: 1985.
Brokerage: 91% commissions, 9% fees.
Retail brokerage branch offices: San Jose, Calif.
Non-retail brokerage subsidiaries: SHG Ltd., San Francisco.
Licensed excess/surplus broker in: California.
Principal officers: Douglas W. Shorenstein, chairman; Scott R. Heldfond, president/chief executive officer; Barbara A. Guernsey, executive vp/chief operating officer; Ritch E. Gingrich, senior vp.
Contact: Scott R. Heldfond.

The Daniel & Henry Co.

100 N. Jefferson, St. Louis, Mo. 63103; 314-421-1525; fax: 314-444-1990

	1989	1988
Premium volume	**$65,472,000**	$69,011,000
Gross revenues	**$11,212,000**	$11,364,000
Brokerage: Retail	**70.8%**	71%
Personal lines	**15.5%**	12.8%
Services	**5.8%**	4%
Invest. income	**3.8%**	1.9%
Other	**4.1%**	10.3%
Employees	**197**	201
Offices	**2**	2

Year founded: 1921.
Brokerage: 99% commissions, 1% fees.
Licensed excess/surplus broker in: Missouri.
Principal officers: C. Peyton Daniel, president/chief executive officer; Charles S. Drew Jr., chairman; Clifton C. Wistner, treasurer/chief operating officer; Jon A. Harrison, senior vp; John S. Childress, executive vp.

The Daniels Agency Inc.

Route 22 Box F, Pawling, N.Y. 12564; 914-855-3300; fax: 914-855-3300

	1989	1988
Premium volume	**$13,200,000**	$12,872,745
Gross revenues	**$2,373,877**	$2,350,657
Brokerage: Retail	**68%**	68%
Personal lines	**29%**	29%
Invest. income	**3%**	3%
Employees	**40**	38
Offices	**3**	3

Year founded: 1926.
Brokerage: 100% commissions.
Acquisitions: Ricray Agency, Patterson, N.Y.
Retail brokerage branch offices: Brewster and Poughkeepsie, N.Y.
Licensed excess/surplus broker in: New York.
Principal officers: Charles R. Daniels III, president; James A. Keogh, senior vp; H. Joseph Duffy, John T. Melby and Anna Lopez, vps; Erika Lidl, treasurer.
Contact: James A. Keough.

Dann Brothers Inc.

650 Dundee Road, Northbrook, Ill. 60062; 708-564-8700; fax: 708-564-8760

	1989	1988
Premium volume	**NA**	NA
Gross revenues	**$8,173,000**	$8,134,000
Brokerage: Retail	**85%**	85%
Personal lines	**5%**	5%
Invest. income	**4%**	4%
Other	**6%**	6%
Employees	**75**	76
Offices	**2**	2

Year founded: 1929.
Brokerage: 100% commissions.
Retail brokerage branch offices: Chicago.
Licensed excess/surplus broker in: Illinois.
Principal officers: Charles Dann, chairman; Scott Dann, president; Armand L. Dann and Russell Dann, senior vps.
Contact: Scott Dann.

Curtis Day & Co.

50 Fremont St., Suite 300, San Francisco, Calif. 94105; 415-543-3140

	1989	1988
Premium volume	**$71,613,304**	$57,667,348
Gross revenues	**$8,649,922**	$6,946,279
Brokerage: Retail	**90%**	91.5%
Wholesale	**1.5%**	0.3%
Personal lines	**1.8%**	2%
Services	**0.2 %**	0%
Invest. income	**6.5%**	6.2%
Employees	**78**	69
Offices	**1**	2

Year founded: 1966.
Brokerage: 97% commissions, 3% fees.
Licensed excess/surplus broker in: California.
Principal officers: Phillip J. Buchanan, president; Julie Ferro executive vp; Harry F. Clifford III, senior vp; Edward Ferro and Phyllis Bascomb, vps.
Contact: Phillip J. Buchanan.

Delta Financial Corp.

400 E. Diehl Road, Naperville, Ill. 60563-1358; 708-505-8000; fax: 708-505-8055

	1989	1988
Premium volume	**$4,175,045**	$5,578,700
Gross revenues	**$2,828,230**	$2,992,500
Brokerage: Retail	**20.9%**	22%
Wholesale	**5%**	13%
Services	**73.5%**	64%
Invest. income	**0.6%**	1%
Employees	**68**	52
Offices	**1**	1

Year founded: 1969.
Brokerage: 100% commissions.
Licensed excess/surplus broker in: Illinois.
Principal officers: Joseph T. Ambrose, president; Michael E. LeVault, executive vp; Ronald O. Anfenson, secretary/treasurer; Douglas Rothery and J.R. Morran, vps.
Contact: Joseph T. Ambrose

Diversified Insurance Brokers

136 E. South Temple, Suite 2300, Salt Lake City, Utah 84111; 801-532-6387; fax: 801-521-5945

	1989	1988
Premium volume	**$10,000,000**	$7,000,000
Gross revenues	**$2,200,000**	$1,500,000
Brokerage: Retail	**45%**	48%
Personal lines	**4%**	1%
Services	**50%**	50%
Invest. income	**1%**	1%
Employees	**36**	15
Offices	**5**	3

Year founded: 1963.
Brokerage: 90% commissions, 10% fees.
Retail brokerage branch offices: St. George, Utah.
Non-retail brokerage subsidiaries: Phoenix, Ariz.; Boise, Idaho; Albuquerque, N.M.
Licensed excess/surplus broker in: Utah.
Principal officers: Kenneth F. Palmer Jr., president; Timothey P. Foley, senior vp; Kenneth F. Palmer, vp; Rebecca A. Palmer, secretary; Gordon Holladay, chief financial officer.
Contact: Kenneth F. Palmer Jr.

Robert F. Driver Co. Inc.

1620 Fifth Ave., San Diego, Calif. 92101; 619-238-1828; fax: 619-699-1323

	1989	1988
Premium volume	**$195,000,000**	$182,000,000
Gross revenues	**$17,600,000**	$16,500,000
Brokerage: Retail	**95%**	96%
Personal lines	**2%**	2%
Services	**1%**	1%
Invest. income	**2%**	1%
Employees	**217**	202
Offices	**3**	3

Year founded: 1925.
Brokerage: 93% commissions, 7% fees.
Retail brokerage branch offices: Newport Beach and Escondido, Calif.
Licensed excess/surplus broker in: California.
Principal officers: Irwin S. Sklar, president/chief executive officer; George F. Driver, senior vp; John T. Freeman, vp/chief financial officer; Thomas W. Corbett and Richard B. Gulley, executive vps.

E

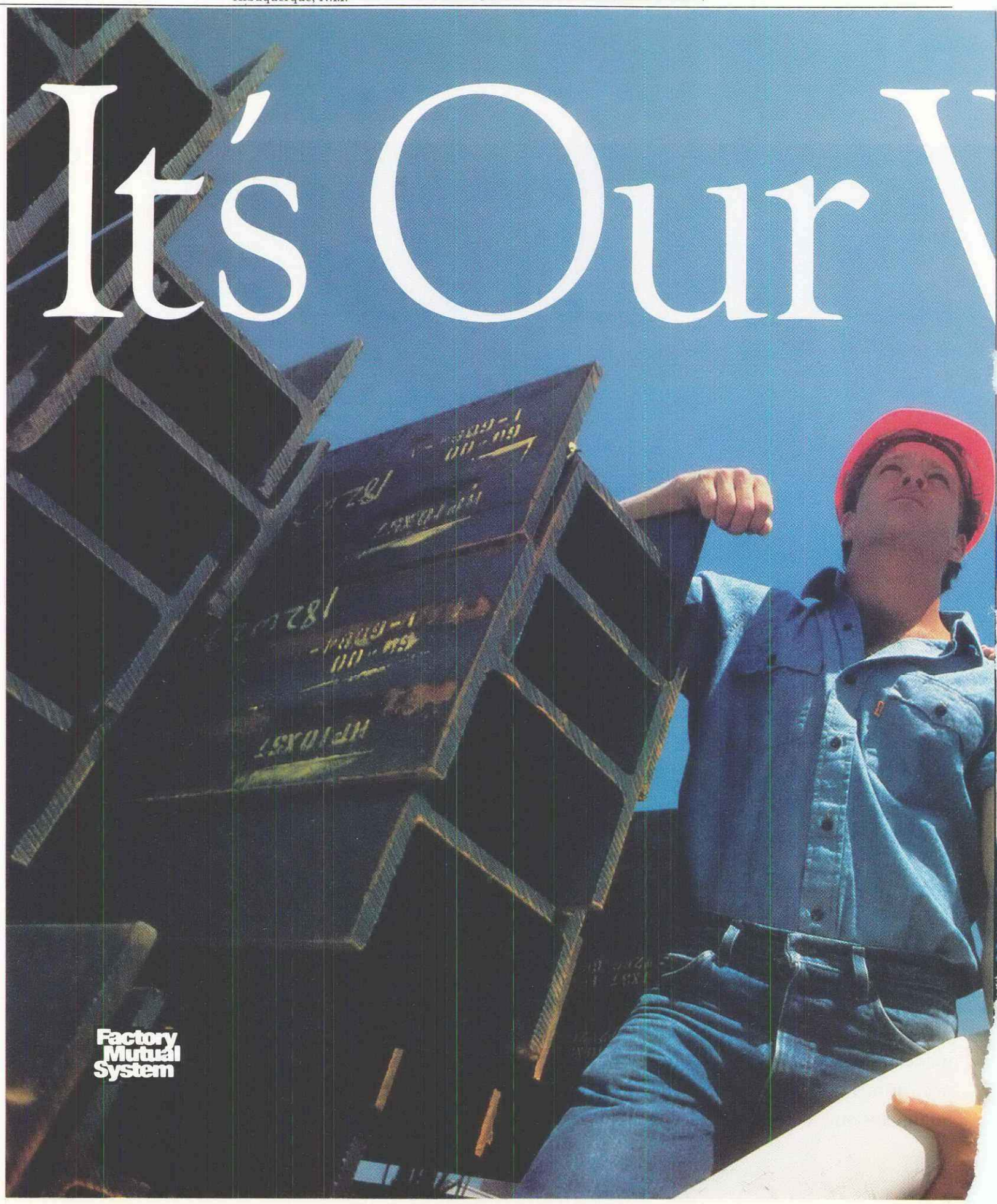
Eastman & Co. Insurance Brokers

2550 N. Hollywood Way, Suite 110, Burbank, Calif. 91505-3243; 818-841-2400

	1989	1988
Premium volume	**$12,600,000**	$13,500,000
Gross revenues	**$1,452,000**	$1,552,000
Brokerage: Retail	**87%**	85%
Wholesale	**0%**	1%
Personal lines	**11%**	10%
Invest. income	**2%**	3%
Other	**0%**	1%
Employees	**16**	20
Offices	**2**	2

Year founded: 1970.
Brokerage: 99% commissions, 1% fees.
Retail brokerage branch offices:

Continued on next page



Continued from previous page
Brea, Calif.

Principal officers: Robert Eastman, president; Linda Davidson, James Waldorf, Ed Kenz and Jim Leonard, vps.

Contact: Robert Eastman.

The Ebersberger Cos.

542 Ritchie Highway, Severna Park, Md. 21146; 301-647-4200; fax: 301-647-6385

	1989	1988
Premium volume	$24,000,000	$20,000,000
Gross revenues	$3,000,000	$2,500,000
Brokerage: Retail	85%	85%
Personal lines	10%	10%
Services	1%	1%
Invest. income	4%	4%
Employees	22	21
Offices	1	1

Year founded: 1953.

Brokerage: 99% commissions, 1% fees.

Licensed excess/surplus broker in: Maryland; District of Columbia; Virginia.

Principal officers: George H. Ebersberger Jr., president; Arthur D. Ebersberger, vp; Adolph W. Ebersberger, secretary/treasurer.

Contact: George Ebersberger.

James Econn & Co.

3055 Wilshire Blvd., Suite 800, Los Angeles, Calif. 90010; 213-386-3131; fax: 213-389-9460

	1989	1988
Premium volume	$54,724,721	$56,231,517
Gross revenues	$7,201,484	$7,694,691
Brokerage: Retail	92.1%	92.3%
Personal lines	2.7%	2.1%
Invest. income	5.2%	5.6%
Employees	48	49
Offices	2	2

Year founded: 1919.

Brokerage: 100% commissions.

Retail brokerage branch offices: Irvine, Calif.

Principal officers: James Econn, chief executive officer/chairman; B.F. Grier, chief operating officer/president; Richard C. Econn, executive vp; Gregory W. Econn and Donald Killian, vps; Richard A. Ficco, senior vp.

Contact: James Econn.

Eigner & Mazonson Insurance Agency Inc.

2 Corporation Way, P.O. Box 6071, Peabody, Mass. 01961-6071; 508-531-5200; fax: 508-531-7719

	1989	1988
Premium volume	$17,600,000	$16,140,000
Gross revenues	$2,225,000	$1,940,000
Brokerage: retail	85%	85%
Personal lines	10%	10%
Other	5%	5%
Employees	30	30
Offices	1	1

Year founded: 1986.

Brokerage: 100% commissions.

Licensed excess/surplus broker in: Massachusetts.

Principal officers: Paul M. Mazonson, president; Thomas F. Goode, director; R. Bruce MacDougall, manager-sales.

Contact: Paul M. Mazonson.

Elliott, McKiever & Stowe Inc.

2828 W. Flagler St., Miami, Fla. 33135; 305-667-4001; fax: 305-642-1038

	1989	1988
Premium volume	$11,000,000	$12,500,000
Gross revenues	$1,271,128	$1,733,550
Brokerage: Retail	80%	80%
Personal lines	19%	18%
Invest. income	1%	2%
Employees	19	23
Offices	1	1

Year founded: 1937.

Brokerage: 100% commissions.

Licensed excess/surplus broker in: Florida.

Principal officers: Larry B. Stowe, president.

Contact: Larry B. Stowe, 305-642-7170.

Euclid Insurance Agencies Inc.

977 Oaklawn Ave., Elmhurst, Ill. 60126; 708-833-1000; fax: 708-833-1747

	1989	1988
Premium volume	$35,003,200	$31,001,740
Gross revenues	$5,600,553	$4,959,804
Brokerage: Retail	90.3%	91%
Personal lines	3.9%	3.7%
Invest. income	5.8%	5.3%
Employees	60	56
Offices	1	1

Year founded: 1963.

Brokerage: 99% commissions, 1% fees.

Licensed excess/surplus broker in: Illinois.

Principal officers: Peter G. Colis, president; William F. Loeb, vp.

F

Fairlane Associates Inc.

15350 Commerce Drive N., Dearborn, Mich. 48120; 313-271-8200; fax: 313-271-1255

	1989	1988
Premium volume	$18,900,000	$17,300,000
Gross revenues	$2,710,000	$2,580,000
Brokerage: Retail	68%	67%
Personal lines	29%	30%
Services	1%	1%
Invest. income	2%	2%
Employees	36	34
Offices	1	1

Year founded: 1926.

Licensed excess/surplus broker in: Michigan.

Principal officers: Robert Maldegen, chairman; Michael Maldegen, president; Carl Fricke, executive vp; Robert Charette, vp.

Contact: Michael Maldegen.

Falkins Insurance Group Ltd.

911 Baker St., Cranbrook, British Columbia V1C 1A4; 604-426-2205; fax: 604-426-7499

	1989	1988
Premium volume*	$9,504,000	$8,380,000
Gross revenues*	$1,036,800	$921,800
Brokerage: Retail	50%	50%
Personal lines	50%	50%
Employees	24	22
Offices	4	4

* Using applicable year-end exchange rates.

Year founded: 1897.

Brokerage: 100% commissions.

Retail brokerage branch offices: Coles Insurance Services, Sparwood, Fernie and Elkford, British Columbia.

Principal officers: Simon N. Murphy and Donald H. Smith, managing partners; Sandra Westover, administrative manager/partner.

Contact: Simon N. Murphy.

Faugere & Jutheau S.A.

13 Rue de la Ville L'Eveque, 75008 Paris, France; 4-267-1500

See profile on page 63.

First Insurance

8000 W. 78th St., Suite 400, Edina, Minn. 55439; 612-829-4800; fax: 612-829-4744

	1989	1988
Premium volume	$202,200,000	$210,263,000
Gross revenues	$25,200,000	$26,200,000
Brokerage: Retail	35%	39%
Personal lines	30%	34%
Services	1%	1%
Invest. income	1%	1%
Other	33%	25%
Employees	272	282
Offices	20	20

Year founded: 1929.

Brokerage: 98% commissions, 2% fees.

Acquisitions: Swanson Insurance, Billings, Mont.; Schaefer Agency, Adams, Minn.

Retail brokerage branch offices: First Insurance Albert Lea, Albert Lea, Minn.; First Insurance Alexandria, Alexandria, Minn.; First Insurance Austin, Austin, Minn.; First Insurance Cloquet, Cloquet, Minn.; First Insurance Duluth, Duluth, Minn.; First Insurance East Grand Forks, East Grand Forks, Minn.; First Insurance (Edina), Edina, Minn.; First Insurance Fairmont, Fairmont, Minn.; First Insurance Hibbing, Hibbing, Minn.; First Insurance Mankato, Mankato, Minn.; First Insurance St. Cloud, St. Cloud, Minn.; First Insurance Willmar, Willmar, Minn.; FBS Insurance Billings, Billings, Mont.; FBS Insurance Butte, Butte, Mont.; First Insurance Helena, Helena, Minn.; First Insurance Fargo, Fargo, N.D.; First Insurance Grand Forks, Grand Forks, N.D.; First Insurance Jamestown, Jamestown, N.D.; First Insurance Minot, Minot, N.D.; FBS Insurance Wyoming-Hoiness LaBar, Worland, Wyo.

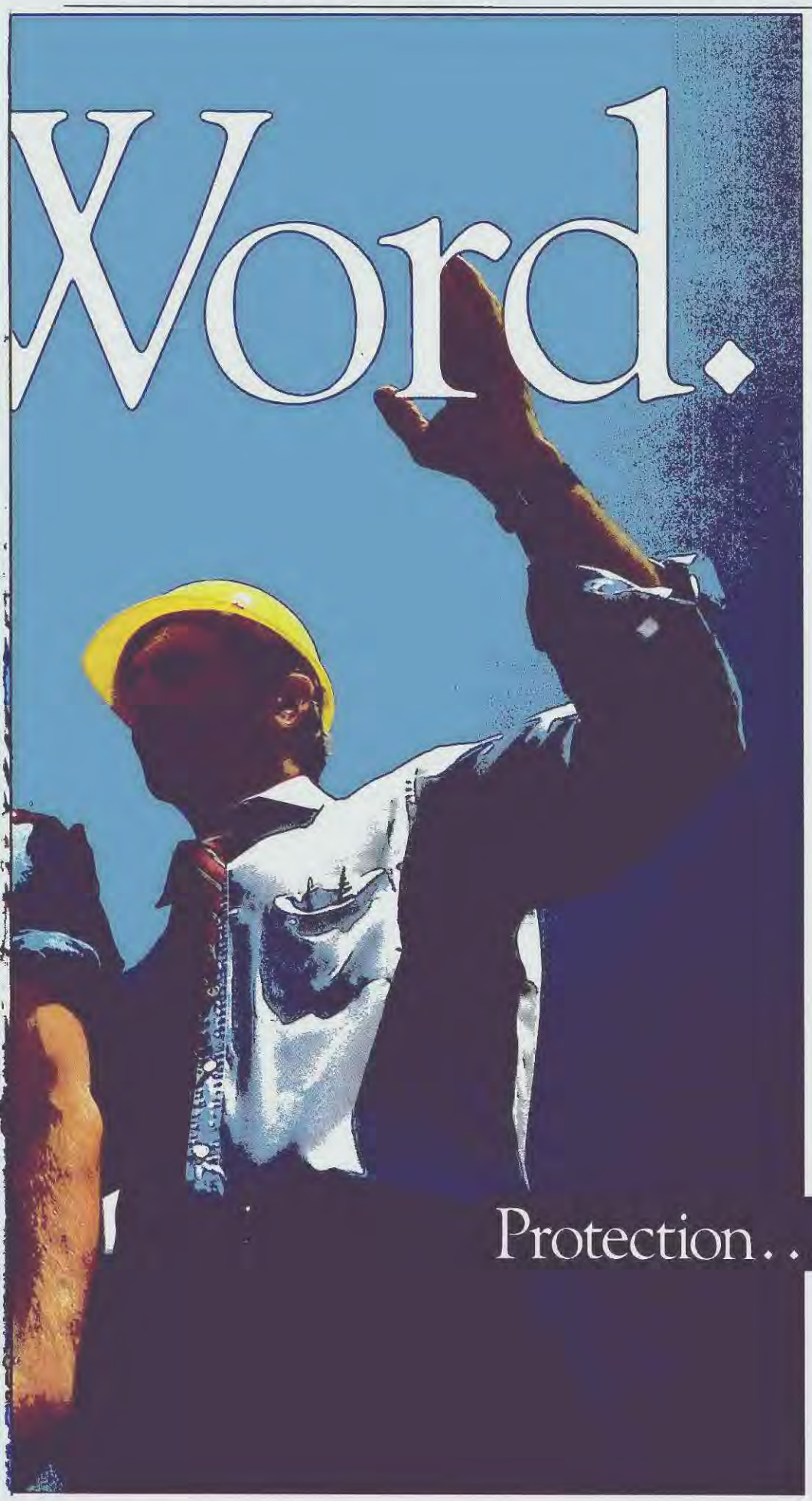
Non-retail brokerage subsidiaries: First Bank System Life Insurance Co., Phoenix, Ariz.

Parent company: First Bank System Inc.

Licensed excess/surplus broker in: Minnesota.

Principal officers: C. Timothy Morris, president; John Larson, general manager-First Direct Insurance Marketing.

Continued on next page





If insurance is your only defense against property losses, you may be risking more than you realize. Even minor accidents can mean downtime. Downtimes means your customers go elsewhere. Maybe permanently.

Loss prevention engineering from Protection Mutual is your front line safeguard against losses – major and minor. From physical protection to emergency procedures to loss control training, our consulting engineers help you execute a total strategy in property conservation. The benefits of our years of scientific research and practical field experience are yours. And if a loss does occur, we'll perform for you as we have for leading businesses since 1887.

It comes down to one word... protection. With physical *and* financial protection, we will secure the future of your business.

Dean E. Johnson
Chairman of the Board, President and Chief Executive Officer

Protection... It's Our Word.

Protection Mutual

Part of the Factory Mutual System.

300 South Northwest Highway
Park Ridge, Illinois 60068 708.825.4474

Continued from previous page

Fitzgerald, Clayton, James & Kasten Inc.

757 N. Broadway, Milwaukee, Wis. 53202; 414-271-3717; fax: 414-271-2935

	1989	1988
Premium volume	$10,500,000	$10,000,000
Gross revenues	$1,600,000	$1,485,000
Brokerage: Retail	72%	76%
Wholesale	12%	9%
Personal lines	11%	10.5%
Invest. income	5%	4.5%
Employees	24	23
Offices	1	1

Year founded: 1850.
Brokerage: 99% commissions, 1% fees.
Licensed excess/surplus broker in: Wisconsin.
Principal officers: Charles V. James, president/treasurer; Jeffrey A. Thiel, senior vp; Karen A. Rechlicz, vp/secretary; William D. Hoppenjan, vp.
Contact: Charles V. James.

Frenkel & Co. Inc.

123 William St., New York, N.Y. 10038; 212-267-2200; fax: 212-693-0298

	1989	1988
Premium volume	NA	NA
Gross revenues	$21,280,000	$20,268,000
Brokerage: Retail	89%	89%
Personal lines	5%	5%
Invest. income	6%	6%
Employees	206	201
Offices	1	1

Year founded: 1878.
Brokerage: 99% commissions, 1% fees.
Acquisitions: Trio Brokerage Inc., New York.
Licensed excess/surplus broker in: New York.
Principal officers: Charles W. Pachner, chairman; Alan S. Samuels, president/chief executive officer; Robert E. Shunk, senior executive vp; Harold D. Goldsmith, executive vp/treasurer; Martin L. Elkinson, executive vp.
Contact: Alan S. Samuels.

G

Arthur J. Gallagher & Co.

2850 W. Golf Road, Rolling Meadows, Ill. 60008; 708-640-8500; fax: 708-640-7055

See profile on page 55.

William Gallagher Associates

40 Broad St., Boston, Mass. 02109; 617-542-1610; fax: 617-542-3156

	1989	1988
Premium volume	$13,500,000	$10,000,000
Gross revenues	$1,800,000	$1,400,000
Brokerage: Retail	91%	92%
Personal lines	1%	1%
Services	1%	1%
Invest. income	7%	6%
Employees	24	21
Offices	1	1

Year founded: 1983.
Brokerage: 96% commissions, 4% fees.
Licensed excess/surplus broker in: Massachusetts.
Contact: William W. Gallagher III, president.

Gersten-Hillman Agency Inc.

P.O. Box 209, Anawana Lake Road, Monticello, N.Y. 12701; 914-794-5544; fax: 914-794-0430

	1989	1988
Premium volume	$6,400,000	$6,470,000
Gross revenues	$1,042,000	$940,000
Brokerage: Retail	58%	58%
Wholesale	1%	1%
Personal lines	38%	38%
Invest. income	1%	1%
Other	2%	2%
Employees	17	18
Offices	2	2

Year founded: 1932.
Brokerage: 100% commissions.
Retail brokerage branch offices: Middletown, N.Y.
Principal officers: Joyce A. Salimeno, secretary/treasurer; Julius Cohen, president.
Contact: Joyce A. Salimeno.

The Gleason Agency Inc.

Suite 204, BT Financial Plaza, P.O. Box 8, Johnstown, Pa. 15907; 814-535-8411; fax: 814-536-7266

	1989	1988
Premium volume	$30,617,821	$22,926,741
Gross revenues	$3,948,879	$2,993,118
Brokerage: Retail	89%	88%
Personal lines	3%	4%
Services	5%	4%
Invest. income	3%	4%
Employees	50	47
Offices	5	5

Year founded: 1924.
Brokerage: 95% commissions, 5% fees.
Retail brokerage branch offices: Philadelphia, Harrisburg, Altoona and Pittsburgh, Pa.
Licensed excess/surplus broker in: Pennsylvania.
Principal officers: Robert A. Gleason Jr., president; Christopher K. Gleason, executive vp; Carolyn Zierer, secretary.
Contact: Mary Anne Seebacher.

Richard N. Goldman & Co.

1 Maritime Plaza, Suite 2525, San Francisco, Calif. 94111; 415-981-1141; fax: 415-398-4986

	1989	1988
Premium volume	NA	NA
Gross revenues	$7,100,000	$7,000,000
Brokerage: Retail	86%	86%
Personal lines	10%	10%
Invest. income	4%	4%
Employees	72	72
Offices	1	1

Year founded: 1947.
Brokerage: 95% commissions, 5% fees.
Licensed excess/surplus broker in: California.
Principal officers: Richard N. Goldman, chairman; Stuart W. Seiler, president; John D. Goldman, Lawrence A. Colton, E. Bart Goldie and Keith G. Avery, senior vps.

S.H. Gow & Co. Inc.

344 Delaware Ave., Buffalo, N.Y. 14202; 716-856-1100; fax: 716-856-6179

	1989	1988
Premium volume	$41,000,000	$40,500,000
Gross revenues	$6,026,000	$5,850,000
Brokerage: Retail	86.4%	90%
Wholesale	0.5%	3%
Personal lines	2.8%	2%
Services	4.8%	3%
Invest. income	2.5%	2%
Other	3%	0%
Employees	94	88
Offices	4	4

Year founded: 1951.
Brokerage: 91% commissions, 9% fees.
Retail brokerage branch offices: Rochester, Syracuse and Albany, N.Y.
Non-retail brokerage subsidiaries: Gow Management Services Inc., Buffalo, N.Y.
Licensed excess/surplus broker in: New York.
Principal officers: Stephen H. Gow, chairman; Jeffrey J. Gow, president; Michael S. Gow, executive vp; Richard K. Mason, senior vp.

The Graham Co.

1 Penn Square W., Philadelphia, Pa. 19102; 215-567-6300; fax: 215-569-3025

	1989	1988
Premium volume	$57,200,000	$59,600,000
Gross revenues	$9,800,000	$9,300,000
Brokerage: Retail	90.5%	94%
Personal lines	2%	2%
Services	0.5%	0%
Invest. income	7%	4%
Employees	78	80
Offices	1	1

Year founded: 1950.
Brokerage: 68% commissions, 32% fees.
Licensed excess/surplus broker in: Pennsylvania.
Principal officers: William A. Graham IV, president/chief executive officer; Judith A. Dooling, executive vp; John B. McCormick, treasurer; Harry R. Johnson, vp.
Contact: Margaret Carbine Jones, assistant to the president.

Gras Savoye S.A.

115-123 Ave. Charles de Gaulle, Neuilly-sur-Seine, Paris, France; 4-738-7215

See profile on page 68.

Great Lakes Agency Inc.

120 S. Riverside Plaza, Chicago, Ill. 60606; 312-454-1220

	1989	1988
Premium volume	$7,683,000	$6,800,000
Gross revenues	$7,683,000	$6,800,000
Brokerage: Retail	66.9%	75.2%
Wholesale	23.7%	15.8%
Personal lines	3%	3.4%
Invest. income	5.3%	4.2%
Other	1.1%	1.4%
Employees	61	60
Offices	2	2

Year founded: 1947.
Brokerage: 100% commissions.
Retail brokerage branch offices: The Planning Corp., Reston, Va.
Licensed excess/surplus broker in: Most states.
Principal officers: Timothy N. Thoelecke, president; I. Henry Curtiss, Max R. Clay, Bert F. Jacob, and Kent J. Thoney, senior vps.

H

Haas & Wilkerson Inc.

4300 Shawnee Mission Parkway, Fairway, Kan. 66205; 913-432-4400; fax: 913-432-6159

	1989	1988
Premium volume	$50,000,000	$53,000,000
Gross revenues	$6,000,000	$6,300,000
Brokerage: Retail	83%	83%
Wholesale	3%	3%
Personal lines	3%	3%
Services	3%	3%
Invest. income	8%	8%
Employees	115	101
Offices	5	7

Year founded: 1939.
Brokerage: 98% commissions, 2% fees.
Retail brokerage branch offices: New York; St. Louis; St. Petersburg, Fla.; Philadelphia.
Licensed excess/surplus broker in: Missouri, Kansas, Michigan, Texas, Florida, New Jersey, New York, Massachusetts, California, Pennsylvania.
Principal officers: W. Ralph Wilkerson Jr., chairman; William R. Wilkerson III, president; J. Philip Coulson, treasurer; Dennis Murphy, executive vp; W. Wallace Wilson, vp-marketing.
Contact: W. Wallace Wilson.

James C. Haberman Inc.

46 Chestnut St., Springfield, Mass. 01103; 413-781-7000; fax: 413-733-9545

	1989	1988
Premium volume	$18,500,000	$18,500,000
Gross revenues	$2,240,000	$2,205,000
Brokerage: Retail	81%	80%
Personal lines	17.5%	19.1%
Services	1%	0.5%
Invest. income	0.5%	0.4%
Employees	38	38
Offices	1	1

Year founded: 1933.
Brokerage: 97% commissions, 3% fees.
Licensed excess/surplus broker in: Massachusetts.
Principal officers: Gilbert A. Haberman, president/treasurer; Paul T. Haring, senior vp; Helen M. Healy, vp/secretary/assistant treasurer; Robert St. Amand and Robert H. Loewenthal, vps; Kenneth Goddard, assistant clerk.
Contact: Gilbert A. Haberman.

Hackett, Valine & McDonald Inc.

140 Kennedy Drive, P.O. Box 2127, South Burlington, Vt. 05407-2127; 802-658-1100; fax: 802-658-9419

	1989	1988
Premium volume	$24,802,708	$22,767,952
Gross revenues	$3,934,330	$3,545,194
Brokerage: Retail	87.6%	88%
Personal lines	7%	8%
Invest. income	5.4%	4%
Employees	45	44
Offices	1	1

Year founded: 1970.
Brokerage: 100% commissions.
Parent company: HVM Corp.
Licensed excess/surplus broker in: Vermont.
Principal officers: Luther F. Hackett, president/chief executive officer; Duane A. Valine, executive vp/treasurer; Donald R. MacDonald, senior vp/secretary.
Contact: Duane A. Valine.

Frank B. Hall & Co. Inc.

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

See profile on page 41.

Harris & Harris Group Inc.

620 Fifth Ave., Suite 201, New York, N.Y. 10020; 212-307-4380; fax: 212-307-4384

	1989	1988
Premium volume	$36,200,000	$37,000,000
Gross revenues	$9,861,000	$8,621,000
Brokerage: Retail	42%	50%
Personal lines	1%	1%
Invest. income	3%	2%
Other	54%	47%
Employees	96	72
Offices	4	4

Year founded: 1983.
Brokerage: 99% commissions, 1% fees.
Acquisitions: Ag Services of America Inc., Cedar Falls, Iowa.
Retail brokerage branch offices: Harris & Harris of Kentucky Inc., Louisville, Ky.; Harris & Harris of Georgia Inc., Atlanta.
Licensed excess/surplus broker in: Most states.
Principal officers: Charles E. Harris, chairman/president/chief executive officer; C. Richard Childress, vp/treasurer; Lawrence W. Brown Jr., vp/controller; Happy R. Perkins, secretary; Barbara M. Page, assistant vp/assistant secretary.
Contact: Barbara Page.

Hastings-Tapley Insurance Agency Inc.

271 Cambridge St., Cambridge, Mass. 02141; 617-876-7510; fax: 617-876-7155

	1989	1988
Premium volume	$85,100,000	$76,700,000
Gross revenues	$11,807,000	$10,870,000
Brokerage: Retail	52%	52.4%
Personal lines	34.5%	35.3%
Services	12.8%	10.8%
Invest. income	0.7%	1%
Other	0%	0.5%
Employees	172	167
Offices	10	12

Year founded: 1866.
Brokerage: 95% commissions, 5% fees.
Retail brokerage branch offices: Danvers, Gloucester, Ipswich, North Reading, Randolph, Saugus, Watertown and Woburn, Mass.; Richard D. Chase Insurance Agency Inc., Quincy, Mass.
Non-retail brokerage subsidiaries: Lane England Associates Inc. and Hastings-Tapley Services Inc., Cambridge, Mass.
Licensed excess/surplus broker in: Massachusetts.
Principal officers: David J. Lane, chairman; Frederick J. England Jr., president; Marsha K. Burridge and E. Donald Lewis, executive vps.
Contact: David J. Lane.

Hayhurst Elias Dudek Inc.

4 Fort St., Winnipeg, Manitoba R3C 1C4; 204-943-0331; fax: 204-943-9597

	1989	1988
Premium volume*	$22,464,000	$19,274,000
Gross revenues*	$5,356,800	$4,944,200
Brokerage: Retail	66%	69%
Personal lines	4%	4%
Services	6%	5%
Invest. income	8%	8%
Other	16%	14%
Employees	72	71
Offices	2	1

* Using applicable year-end exchange rates.
Year founded: 1982.
Brokerage: 85% commissions, 15% fees.
Retail brokerage branch offices: Toronto.
Principal officers: Brian D. Hayhurst, chairman; Art G. Elias, president; Peter Siemens, general manager; John E. Dudek, brokerage manager; Chun K. Hao, treasurer/comptroller.
Contact: Art G. Elias.

Healthcare Insurance Services Inc.

820 Gessner, Suite 1000, Houston, Texas; 77024; 713-461-4000; fax: 713-461-4334

	1989	1988
Premium volume	$80,000,000	$67,000,000
Gross revenues	$8,833,366	$7,273,804
Brokerage: Retail	82.5%	59.4%
Wholesale	10%	28.1%
Reinsurance	1.3%	0%
Invest. income	6.2%	7.8%
Employees	34	31
Offices	3	2

Year founded: 1983.
Brokerage: 85.8% commissions, 14.2% fees.
Acquisitions: Professional Risk Management Services Inc., Washington, D.C.
Retail brokerage branch offices: Austin, Texas.
Parent company: The Galtney Group Inc.
Licensed excess/surplus broker in: Texas, Virginia.
Principal officers: William F. Galtney Jr., president; Joe L. Moore, treasurer; C. Garrison Cordell and William J. Reese, executive vps; William F. Galtney Sr. and Melissa Nunnelee, senior vps.
Contact: Joe L. Moore.

C.E. Heath P.L.C.

Cuthbert Heath House, 150 Minories, London EC3M 1NR; 017-488-2488

See profile on page 53.

Joseph Held Co. Inc.

127 John St., New York, N.Y. 10038-3604; 212-962-3122; 800-221-9940

	1989	1988
Premium volume	$15,750,000	$15,250,000
Gross revenues	$1,925,000	$1,850,000
Brokerage: Retail	75%	80%
Wholesale	17.5%	10%
Personal lines	2.5%	5%
Services	2.5%	2.5%
Invest. income	2.5%	2.5%
Employees	8	11
Offices	1	2

Year founded: 1897.
Brokerage: 95% commissions, 5% fees.
Affiliate: Standard Insurance Management Co. Inc./SIMCO, Boca Raton, Fla.
Licensed excess/surplus broker in: New York, Florida.
Principal officers: Kenneth S. Held, president/chief executive officer; Arnold M. Held, executive vp; Renee Held, vp/treasurer; Robert J. Steinroeder; Dana J. Sanders, president-Standard Insurance Management Co. Inc./SIMCO.
Contact: Kenneth S. Held.

Paul Hertel & Co. Inc.

Third & Chestnut Streets, Philadelphia, Pa. 19106; 215-925-7656; fax: 215-923-0342

	1989	1988
Premium volume	$40,000,000	$40,000,000
Gross revenues	$5,082,000	$4,590,000
Brokerage: Retail	69%	69%
Personal lines	26%	26%
Services	2%	2%
Invest. income	2%	2%
Other	1%	1%
Employees	72	72
Offices	4	4

Year founded: 1908.
Brokerage: 98% commissions, 2% fees.
Retail brokerage branch offices: Feasterville, Media and Roxborough, Pa.
Licensed excess/surplus broker in: Pennsylvania.
Principal officers: Paul R. Hertel, chairman; James J. McLaughlin, president; Jeremiah A. Caron, Robert J. Bush and George E. Mansfield, vps.

Hilb, Rogal & Hamilton Co.

P.O. Box 1220, Glen Allen, Va. 23060-1220; 804-747-6500; fax: 804-747-6046

See profile on page 72.

The Hirshorn Co.

14 E. Highland Ave., Philadelphia, Pa. 19118; 215-242-8200; fax: 215-247-6366

	1989	1988
Premium volume	$11,300,000	$9,536,000
Gross revenues	$1,481,000	$1,417,000
Brokerage: Retail	87%	86%
Wholesale	1%	1%
Personal lines	10%	11%
Services	1%	1%
Invest. income	1%	1%
Employees	19	18
Offices	1	1

Year founded: 1929.
Brokerage: 98% commissions, 2% fees.
Licensed excess/surplus broker in: Pennsylvania.
Principal officers: Ralph S. Hirshorn, chairman; B. Graeme Frazier III, president; Dennis P. Murphy and Stephen H. Wetherill, vps.
Contact: B. Graeme Frazier III.

Hogg Group P.L.C.

1 Portsoken St., London E1 8DF, England; 017-480-4000

See profile on page 59.

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Continued from previous page

Holmes Murphy & Associates Inc.

420 Keo, Des Moines, Iowa 50309; 515-286-4400; fax: 515-286-4494

	1989	1988
Premium volume	$80,000,000	$75,000,000
Gross revenues	$12,500,000	$11,100,000
Brokerage: Retail	93.1%	93.5%
Personal lines	3%	3%
Services	1.4%	1.5%
Invest. income	2.5%	2%
Employees	111	109
Offices	2	1

Year founded: 1932.
Brokerage: 97% commissions, 3% fees.
Acquisitions: Coughlin Agency and Gottlieb & Son, Des Moines, Iowa.
Retail brokerage branch offices: West Des Moines, Iowa; Holmes Murphy & Associates of Texas Inc., Dallas; Coughlin Agency Inc., Des Moines, Iowa.
Parent company: HMA Inc.
Licensed excess/surplus broker in: Iowa.
Principal officers: Robert Dee, president; Richard Noyce, executive vp; Douglas Reichardt, Marty Willis and Nicholas Henderson, vps.
Contact: Cynthia S. Adams, accounting manager.

T.D. Howe & Associates Inc.

P.O. Box 219168, Houston, Texas 77218; 713-558-8585; fax: 713-558-2246

	1989	1988
Premium volume	NA	NA
Gross revenues	$830,000	$745,000
Brokerage: Retail	80%	85%
Personal lines	9%	10%
Invest. income	2%	2%
Other	9%	3%
Employees	10	11
Offices	1	1

Year founded: 1966.
Brokerage: 100% commissions.
Licensed excess/surplus broker in: Texas.
Principal officers: T.D. Howe III, president; J.W. Franklin, vp/secretary.
Contact: Deane Brune.

Hudig-Langeveldt Group B.V.

Marconistraat 16, 3029 AK Rotterdam, The Netherlands; 010-4488911; fax: 010-4253121

See profile on page 66.

Charles E. Hyde Agency Inc.

5 Channel Drive, Port Washington, N.Y. 11050; 516-883-6300; fax: 516-883-6357

	1989	1988
Premium volume	$12,177,933	$10,641,495
Gross revenues	$1,895,691	$1,919,084
Brokerage: Retail	60%	60%
Personal lines	35%	35%
Invest. income	2%	2%
Other	3%	3%
Employees	25	29
Offices	2	2

Year founded: 1906.
Brokerage: 100% commissions.
Retail brokerage branch offices: Smithtown, N.Y.
Principal officers: John E. Hardy, president; James A. Kerin, vp; Charles H. Walker Jr., secretary.
Contact: John E. Hardy.

Hylant-MacLean Inc.

1505 Jefferson Ave., Toledo, Ohio 43624; 419-255-1020; fax: 419-255-7557

	1989	1988
Premium volume	$75,000,000	$70,000,000
Gross revenues	$7,250,000	$6,000,000
Brokerage: Retail	96%	96%
Personal lines	2%	2%
Invest. income	2%	2%
Employees	77	70
Offices	3	3

Year founded: 1935.
Brokerage: 60% commissions, 40% fees.
Retail brokerage branch offices: Troy, Mich.; Independence, Ohio.
Licensed excess/surplus broker in: Ohio, Michigan.
Principal officers: Patrick R. Hylant, president; J. Scott Stewart, Kyle R. Latham, Stephen T. Hylant and Michael M. Hylant, vps.

ISU/Beauchamp & McSpadden Inc.

231 W. Canal St., P.O. Box 687, Wabash, Ind. 46992; 219-563-8821

	1989	1988
Premium volume	$20,600,000	$20,400,000
Gross revenues	$2,840,000	$2,890,000
Brokerage: Retail	72%	70%
Personal lines	25%	27%
Invest. income	3%	3%
Employees	49	49
Offices	4	4

Year founded: 1927.
Brokerage: 100% commissions.
Retail brokerage branch offices: North Manchester and Warsaw, Ind.; ISU/Morrison Galliher, Muncie, Ind.
Principal officers: Robert W. Beauchamp, president; Joseph W. McSpadden, Larry D. McSpadden and Frederick H. Squires, vps; Michael J. Beauchamp, treasurer.
Contact: Robert W. Beauchamp.

ISU/Bible Insurance Agency Inc.

1600 E. Andrew Johnson Highway, Morristown, Tenn. 37814; 615-586-4320; fax: 615-586-4271

	1989	1988
Premium volume	$4,100,000	$3,800,000
Gross revenues	$784,638	$604,511
Brokerage: Retail	70%	72%
Wholesale	2%	2%
Personal lines	20%	21%
Services	2%	2%
Invest. income	1%	1%
Other	5%	2%
Employees	17	15
Offices	2	2

Year founded: 1931.
Brokerage: 98% commissions, 2% fees.
Acquisitions: David Hayes Agency, Jefferson City, Tenn.
Retail brokerage branch offices: Jefferson City, Tenn.
Licensed excess/surplus broker in: Tennessee.
Principal officers: Robert H. Bible Jr., president; Raymond E. Bible, executive vp/secretary; D. Ray Ousley, vp-sales; Richard W. Estes, vp/branch manager; Gean Ann B. Sing, treasurer.
Contact: Raymond E. Bible.

ISU/Blackwood Agencies

1503 Eighth Ave., P.O. Box 300, Beaver Falls, Pa. 15010; 412-846-1550; fax: 412-846-0845

	1989	1988
Premium volume	$9,500,000	$10,000,000
Gross revenues	$1,420,000	$1,438,000
Brokerage: Retail	69%	76%
Personal lines	13%	13%
Invest. income	8%	6%
Other	10%	5%
Employees	26	28
Offices	3	4

Year founded: 1957.
Brokerage: 100% commissions.
Retail brokerage branch offices: Beaver, Pa.
Licensed excess/surplus broker in: Pennsylvania.
Principal officers: W. Richard Blackwood, president; D. Irene Ridenour, secretary/treasurer.
Contact: D. Irene Ridenour.

ISU/Cassady Neeser & Brasseur Inc.

340 Columbia Place, South Bend, Ind. 46617; 219-233-9443; fax: 219-289-9504

	1989	1988
Premium volume	$20,000,000	$17,474,000
Gross revenues	$3,000,000	$2,457,000
Brokerage: Retail	80%	75%
Personal lines	12%	17%
Invest. income	8%	8%
Employees	29	34
Offices	2	1

Year founded: 1919.
Brokerage: 99% commissions, 1% fees.
Retail brokerage branch offices: Chicago.
Licensed excess/surplus broker in: Indiana.
Principal officers: Thomas R. Cassady Sr., president; Robert O. Neeser, executive vp; Gregg L. Brasseur, Thomas R. Cassady Jr. and David P. Fegley, vps.
Contact: Thomas R. Cassady Jr.

Continued on next page

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Continued from previous page

ISU/Corporate Insurance Management Inc.

1 Insurance Center Plaza, St. Louis, Mo. 63141; 314-434-3000; fax: 314-434-2917

	1989	1988
Premium volume	$9,619,293	$8,920,417
Gross revenues	$1,495,263	$1,339,270
Brokerage: Retail	75%	74%
Personal lines	22%	24%
Invest. income	3%	2%
Employees	16	18
Offices	2	2

Year founded: 1932.
Brokerage: 100% commissions.
Retail brokerage branch offices: ISU/Corporate Insurance Management of Columbia, Columbia, Mo.
Parent company: William H. Finke Insurance Agency Inc.
Licensed excess/surplus broker in: Missouri.
Principal officers: W. Dale Finke, chairman/chief executive officer; J.C. Timothy Caroba, president; James F. Yager, secretary/treasurer; Gerald M. Rogers and H.F. James, vps.
Contact: W. Dale Finke.

ISU/Davis & Graeber Insurance Services Inc.

401 E. Citrus, Redlands, Calif. 92373; 714-793-2373; fax: 714-798-6983

	1989	1988
Premium volume	$11,500,000	$10,000,000
Gross revenues	$2,000,000	$1,800,000
Brokerage: Retail	60%	60%
Wholesale	1%	1%
Personal lines	30%	30%
Invest. income	4%	4%
Other	5%	5%
Employees	33	30
Offices	2	2

Year founded: 1949.
Brokerage: 99% commissions, 1% fees.
Retail brokerage branch offices: Pomona, Calif.
Licensed excess/surplus broker in: California.
Principal officers: Peter Davis, chief executive officer; Martin Davis, chief financial officer; Beth Davis, secretary.

ISU/Derby Insurance Associates Inc.

211 S. Glendora Ave., Glendora, Calif. 91740; 818-963-8581; fax: 818-335-2160

	1989	1988
Premium volume	$5,300,000	$2,650,000
Gross revenues	$654,859	$429,874
Brokerage: Retail	80%	82%
Personal lines	19%	17%
Other	1%	1%
Employees	6	4
Offices	1	1

Year founded: 1973.
Acquisitions: Commercial Services Insurance Brokers, Covina, Calif.
Principal officers: Daniel M. Derby, president; Clarence William Youngberg, executive vp; Christine Edwards, secretary.
Contact: Daniel M. Derby.

ISU/Dillworth Lavin & Lobell Inc.

25-79 Francis Lewis Blvd., Bayside, N.Y. 11358; 718-352-3200; fax:718-352-8205

	1989	1988
Premium volume	$7,200,000	$6,000,000
Gross revenues	$1,300,000	$980,000
Brokerage: Retail	74%	74%
Personal lines	18%	18%
Invest. income	4%	3%
Other	4%	5%
Employees	22	22
Offices	1	1

Year founded: 1923.
Brokerage: 97% commissions, 3% fees.
Principal officers: Alvin Lobell, president; John Wall, executive vp; Gerald Cohen, vp; Shirley Walker, controller.
Contact: Alvin Lobell.

ISU/Dukar

10880 Wilshire Blvc., Suite 114, Los Angeles, Calif. 90024; 213-208-3777; fax: 213-474-3348

	1989	1988
Premium volume	$12,000,000	$9,000,000
Gross revenues	$1,700,000	$1,250,000
Brokerage: Retail	78%	78%
Personal lines	20%	20%
Invest. income	2%	2%
Employees	18	15
Offices	1	1

Year founded: 1974.
Brokerage: 100% commissions.
Principal officers: Alan R. Dukar, president; Robert J.M. Fyfe, senior vp.
Contact: Alan R. Dukar.

ISU/FIS Insurance Service

720 Paularino Ave., Suite 150, Costa Mesa, Calif. 92626; 714-241-9292; fax: 714-241-7324

	1989	1988
Premium volume	$6,500,000	$6,000,000
Gross revenues	$975,000	$900,000
Brokerage: Retail	75%	70%
Wholesale	20%	20%
Personal lines	5%	10%
Employees	10	10
Offices	1	1

Year founded: 1975.
Brokerage: 95% commissions, 5% fees.
Parent company: ZWC Insurance Service Inc.
Principal officers: Keith W. Clark, William L. Slemp, Stephanie L. Clark and Art Hawkins.
Contact: Keith W. Clark.

ISU/Bob Gabriel Co.

2325 Wilshire Blvd., P.O. Box 620, Santa Monica, Calif. 90406; 213-829-0305; fax: 213-453-0302

	1989	1988
Premium volume	$7,900,000	$7,400,000
Gross revenues	$1,300,000	$1,200,000
Brokerage: Retail	42%	45%
Wholesale	1%	1%
Personal lines	55%	52%
Invest. income	2%	2%
Employees	12	12
Offices	1	1

Year founded: 1954.
Brokerage: 100% commissions.
Principal officers: Bob Gabriel, owner.

ISU/General Southwest Insurance Agency Inc.

6900 E. Indian School Road, Scottsdale, Ariz. 85251; 602-990-1900

	1989	1988
Premium volume	$6,400,000	$4,800,000
Gross revenues	$1,024,000	$729,000
Brokerage: Retail	59%	58%
Wholesale	1%	1%
Personal lines	38%	39%
Services	1%	1%
Invest. income	1%	1%
Employees	11	10
Offices	2	2

Year founded: 1975.
Brokerage: 99% commissions, 1% fees.
Principal officers: Jay Binsfeld, president/chief executive officer; Joe M. Binsfeld, vp.
Contact: Jay Binsfeld.

ISU/Glendale Insurance Brokers

650 S. Cherry, Denver, Colo. 80222; 303-320-1717

	1989	1988
Premium volume	$10,000,000	$9,000,000
Gross revenues	$1,008,000	$910,000
Brokerage: Retail	95%	95%
Invest. income	5%	5%
Employees	16	15
Offices	1	1

Year founded: 1973.
Brokerage: 96% commissions, 4% fees.
Parent company: Glendale Agency Inc.
Licensed excess/surplus broker in: Colorado.
Principal officers: Louis H. Wiersma, president; Anthony P. Stimac, vp.

ISU/Insurance Services of San Francisco Inc.

100 Pine St., Suite 1700, San Francisco, Calif. 94111; 415-788-9810; fax: 415-397-5530

	1989	1988
Premium volume	$6,400,000	NA
Gross revenues	$650,000	NA
Brokerage: Retail	87.7%	NA
Personal lines	10%	NA
Invest. income	2.3%	NA
Employees	18	NA
Offices	1	NA

Year founded: 1989.
Brokerage: 100% commissions.
Principal officers: Thomas J. Ryan, president; Grace Ryan, executive vp; T.J. Ryan III, vp.
Contact: Thomas J. Ryan.

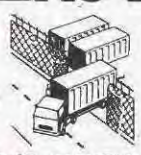
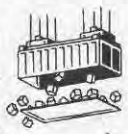
ISU/Professional Insurors Inc.

531 Franklin Square, P.O. Box 1124, Michigan City, Ind. 46360; 219-872-9109; fax: 219-873-1381

	1989	1988
Premium volume	$8,100,000	$7,500,000
Gross revenues	$891,000	$786,000

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Brokerage: Retail	79%	76%
Wholesale	1%	1%
Personal lines	16%	20%
Services	2%	2%
Invest. income	2%	2%
Employees	12	14
Offices	1	1

Year founded: 1975.
Brokerage: 100% commissions.
Licensed excess/surplus broker in: Indiana.
Principal officers: John A. Hermann, president; Daniel A. Nole, executive vp; Noel C. Friedley and Robert W. Lindenmeyer, vps.

ISU/Purdy Insurance Agency

136 Market St., Sunbury, Pa. 17801; 717-286-5855; fax: 717-286-0219

	1989	1988
Premium volume	$14,000,000	$13,800,000
Gross revenues	$2,050,127	$2,136,660
Brokerage: Retail	59%	57%
Wholesale	1%	1%
Personal lines	24%	24%
Invest. income	5%	5%
Other	11%	13%
Employees	24	23
Offices	1	1

Year founded: 1925.
Brokerage: 100% commissions.
Principal officers: T. Chris Purdy, president; J. Craig Purdy, vp; William H. Purdy, treasurer.
Contact: William H. Purdy.

ISU/J. Frank Raley Insurance Inc.

P.O. Box 1020, 9 Shangri-La Drive, Lexington Park, Md. 20653; 301-863-6625; fax: 301-863-6807

	1989	1988
Premium volume	$4,873,902	$4,546,041
Gross revenues	$872,977	$780,536
Brokerage: Retail	58%	52%
Personal lines	23%	27%
Invest. income	13%	2%
Other	6%	19%
Employees	15	17
Offices	2	2

Year founded: 1954.
Principal officers: Thomas B. Watts, president/treasurer; Gertrude Raley, vp/secretary.
Contact: Thomas B. Watts.

ISU/St. Charles Insurance

214 Compass Point Drive, St. Charles, Mo. 63366; 314-724-6363; fax: 314-946-7117

	1989	1988
Premium volume	$11,600,000	$10,500,000
Gross revenues	$1,600,000	$1,425,000
Brokerage: Retail	51%	61%
Wholesale	16%	6%
Personal lines	23.9%	22.8%
Invest. income	1.1%	1.2%
Other	8%	9%
Employees	30	29
Offices	2	2

Year founded: 1956.
Brokerage: 100% commissions.
Retail brokerage branch offices: Wentzville, Mo.
Non-retail brokerage subsidiaries: Volunteer Firemen's Insurance Services of Missouri Inc., St. Charles, Mo.
Principal officers: Joseph Daues, chairman; David Johnson, president; Rich Grumich, executive vp; Ken Heying, senior vp; Steve Heying and Jerry Sparks, vps.

ISU/T&M Insurance Services Inc.

301 Yamato Road, Suite 2100, Boca Raton, Fla. 33431; 407-342-8899; fax: 407-241-8944

	1989	1988
Premium volume	$7,165,000	$7,051,000
Gross revenues	$809,645	$796,763
Brokerage: Retail	97%	97%
Wholesale	1%	1%
Personal lines	0.5%	0.5%
Services	0.3%	0.3%
Invest. income	1.2%	1.2%
Employees	18	18
Offices	1	1

Year founded: 1984.
Brokerage: 98% commissions, 2% fees.
Principal officers: Thomas J. Marinaccio, president; Linda Marinaccio, treasurer/secretary; Robert J. Willis, executive vp; Kathleen Howard, chief operating officer; Kathy Balch, controller.
Contact: Thomas J. Marinaccio.

ISU/Todd Whinnery Allen

4051 Erie St., Willoughby, Ohio 44094; 216-951-6100

	1989	1988
Premium volume	$7,834,429	$7,417,762
Gross revenues	$1,621,948	$1,504,798
Brokerage: Retail	65%	60%
Personal lines	25%	30%
Invest. income	5%	5%
Other	5%	5%
Employees	28	27
Offices	2	2

Year founded: 1952.
Brokerage: 100% commissions.
Retail brokerage branch offices: Chesterland, Ohio.
Licensed excess/surplus broker in: Ohio.
Principal officers: Edgar J. Allen Jr., president; Roger Bultman, vp; Richard Tramte, secretary; Doug Sulzback, treasurer.
Contact: Edgar J. Allen Jr.

ISU/Transignal Insurance Brokers

9483 Haven Ave., Suite 100, Rancho Cucamonga, Calif. 91730; 714-944-6977; fax: 714-941-8389

	1989	1988
Premium volume	$22,786,000	$21,500,000
Gross revenues	$2,213,221	$1,805,000
Brokerage: Retail	100%	100%
Employees	25	22
Offices	3	3

Year founded: 1985.
Brokerage: 100% commissions.
Retail brokerage branch offices: El Centro and Fresno, Calif.
Principal officers: Michael S. Oliver, president; Judy L. Busam, vp; Patricia A. Flannery, secretary/treasurer.
Contact: Judy L. Busam.

ISU/United California Insurance Agency

6180 Laurel Canyon Blvd., North Hollywood, Calif. 91606; 213-877-3123; fax: 818-506-0657

	1989	1988
Premium volume	$16,477,157	$14,800,000
Gross revenues	$2,265,659	$1,985,836
Brokerage: Retail	84%	86%
Wholesale	1%	1%
Personal lines	12%	11%
Services	0.3%	0.3%
Invest. income	2.7%	1.7%
Employees	21	18
Offices	1	1

Year founded: 1963.
Brokerage: 98% commissions, 2% fees.
Licensed excess/surplus broker in: California.
Principal officers: C. Jack Rosemark, chairman/chief executive offi-

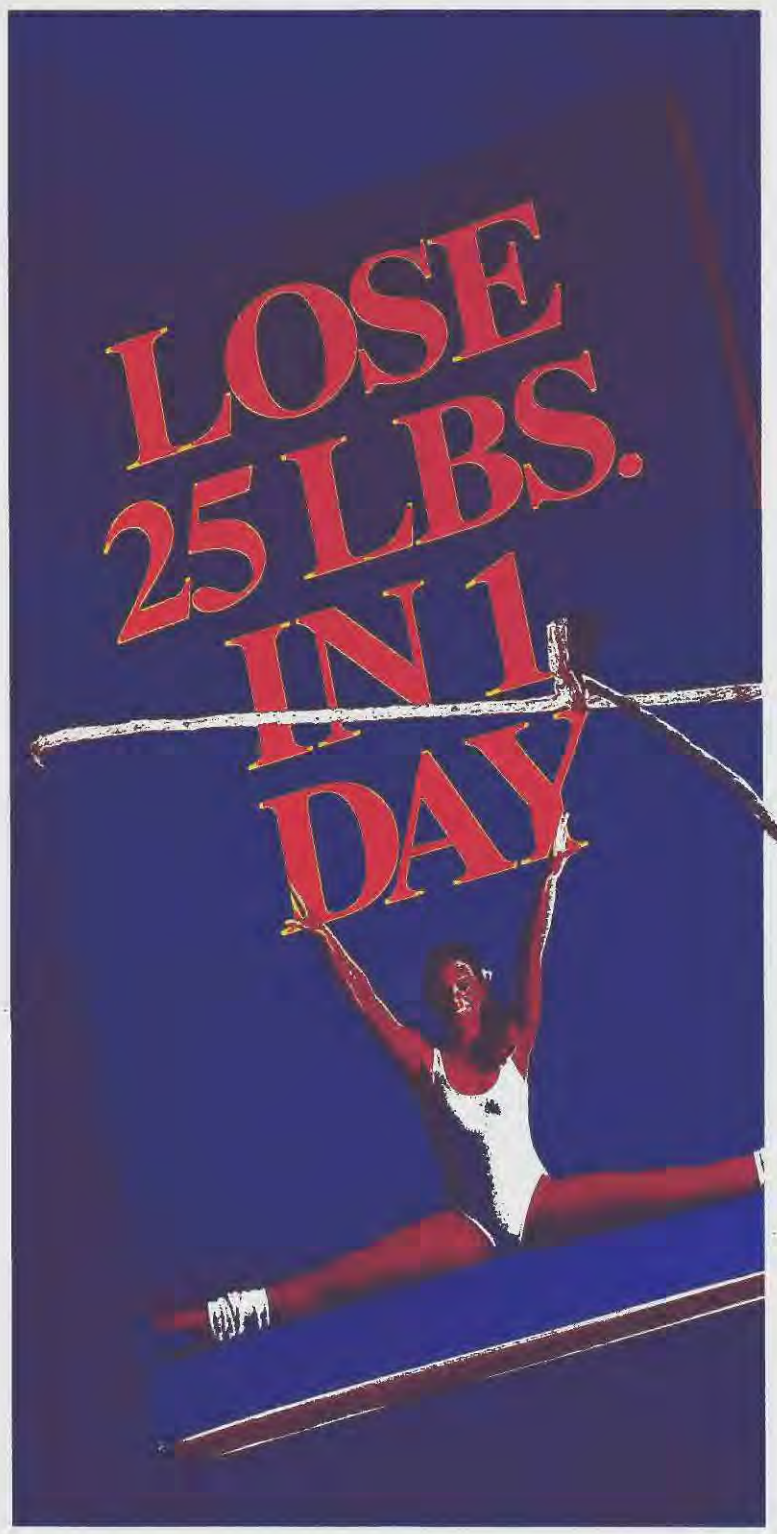
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cer; James J. Buttitta, vice chairman; Ronald F. Carlson, president.

ISU/Valley Insurance Service Inc.

861 S. Oak Park Road, Covina, Calif. 91723; 818-966-3664; fax: 818-966-3895

	1989	1988
Premium volume	$7,800,000	$7,500,000
Gross revenues	$980,000	$1,000,000
Brokerage: Retail	75%	75%
Personal lines	25%	25%
Employees	15	21
Offices	1	2

Year founded: 1940.
Brokerage: 98% commissions, 2% fees.
Principal officers: Harold J. Borak, president; Barbara J. Borak, vp/secretary; Marian Maas, treasurer.
Contact: Harold Borak.

Industrial Insurance Agency

2500 W. Higgins Road, Suite 550, Hoffman Estates, Ill. 60195; 708-884-6100; fax: 708-884-8019

	1989	1988
Premium volume	NA	NA
Gross revenues	$1,800,000	$1,880,860
Brokerage: Retail	90%	92%
Personal lines	10%	7%
Invest. income	0%	1%
Employees	22	26
Offices	1	1

Year founded: 1960.
Brokerage: 100% commissions.
Licensed excess/surplus broker in: Illinois.
Principal officers: Melvin E. Rodney Jr., chief executive officer; William Hoffman and Richard Van Egeren, vps.
Contact: Judy Feldman, account manager.

Insurance Benefit Consultants Ltd.

1000 Skokie Blvd., Suite 370, Wilmette, Ill. 60091; 708-256-8100; fax: 708-256-8155

	1989	1988
Premium volume	$36,500,000	$21,750,000
Gross revenues	$2,190,000	$1,305,000
Brokerage: Retail	80%	90%
Wholesale	0%	5%
Reinsurance	15%	2%
Services	5%	3%
Employees	23	12
Offices	1	1

Year founded: 1984.
Brokerage: 95% commissions, 5% fees.
Principal officers: Helene C. Migala, president; David N. Schwimmer, vp-sales/marketing; Steven B. Foreman, vp-operations.
Contact: David N. Schwimmer.

Insurance Brokers of America

319 N. Fourth St., Suite 800, St. Louis, Mo. 63102; 314-231-9340; fax: 314-231-4910

	1989	1988
Premium volume	$6,300,000	$6,200,000
Gross revenues	$972,932	$886,095
Brokerage: Retail	90%	90%
Personal lines	10%	10%
Employees	9	12
Offices	1	1

Year founded: 1983.
Brokerage: 98% commissions, 2% fees.
Licensed excess/surplus broker in: Missouri, Illinois.
Principal officers: Robert E. Concannon Jr., president; Irene C. Mitchell, secretary/treasurer.
Contact: Irene C. Mitchell.

Insurance Management Associates Inc.

250 N. Water, Suite 600, Wichita, Kan. 67202; 316-267-9221; fax: 316-266-6254

	1989	1988
Premium volume	$101,115,160	$85,613,032
Gross revenues	$10,942,907	$9,624,761
Brokerage: Retail	82.66%	83.7%
Personal lines	5.9%	7%
Services	5.46%	6.6%
Invest. income	5.26%	2.2%
Other	0.72%	0.5%
Employees	152	139
Offices	3	3

Year founded: 1974.
Brokerage: 89.7% commissions, 10.3% fees.
Retail brokerage branch offices: Topeka, Kan.; Denver.
Licensed excess/surplus broker in: Kansas, Colorado.
Principal officers: W.C. Cohen Jr., chief executive officer; J.C. Lukens II, president; Joe Moddrell Jr., chairman; Paul G. Starr, senior vp; R. Kay Barrett, division vp.

Insurance Management Co.

123 W. Ninth St., Erie, Pa. 16501; 814-452-3200; fax: 814-454-5598

	1989	1988
Premium volume	$22,500,000	$23,000,000
Gross revenues	$1,500,000	$1,600,000
Brokerage: Retail	95.2%	96.4%
Personal lines	0.8%	0.8%
Services	1%	0.8%
Invest. income	3%	2%
Employees	19	19
Offices	1	1

Year founded: 1933.
Brokerage: 99% commissions, 1% fees.
Licensed excess/surplus broker in: Pennsylvania.
Principal officers: William C. Bloomstine, president; Chris W. Bloomstine and John C. Bloomstine, vps; Beth A. Dubik, secretary/treasurer.
Contact: John C. Bloomstine.

Insurance Marketing Agencies Inc.

306 Main St., Worcester, Mass. 01608; 508-753-7233; fax: 508-754-0487

	1989	1988
Premium volume	$22,211,866	$20,248,168
Gross revenues	$3,063,357	$2,844,753
Brokerage: Retail	79%	83%
Personal lines	17%	13%
Invest. income	3%	3%
Other	1%	1%
Employees	43	43
Offices	2	2

Year founded: 1924.
Brokerage: 99% commissions, 1% fees.
Retail brokerage branch offices: Boston.
Licensed excess/surplus broker in: Massachusetts.
Principal officers: Sumner W. Herman, president/treasurer; Arnold J. Horowitz, executive vp; John J. Kelly, vp.
Contact: Sumner W. Herman.

Insurance Professionals Inc.

15 Prospect St., Paramus, N.J. 07652; 201-265-7110; fax: 201-843-4514

	1989	1988
Premium volume	$7,406,000	$7,185,000
Gross revenues	$1,210,000	$1,142,000
Brokerage: Retail	78%	76%
Personal lines	18%	20%
Invest. income	4%	4%
Employees	10	10
Offices	1	1

Year founded: 1966.
Brokerage: 99% commissions, 1% fees.
Principal officers: John Jones, president; James Dooley, vp.

Insurance & Risk Management

3811 Illinois Road, P.O. Box 1705, Fort Wayne, Ind. 46801; 219-436-1616; fax: 219-432-4083

	1989	1988
Premium volume	$78,000,000	$56,000,000
Gross revenues	$11,498,000	$7,882,000
Brokerage: Retail	66%	77%
Personal lines	15%	9%
Services	15%	9%
Invest. income	4%	5%
Employees	184	133
Offices	5	3

Year founded: 1963.
Brokerage: 85% commissions, 15% fees.
Acquisitions: Nepco Insurance Agencies Inc., Sylvania, Ohio; Detrick-Horman-Galliers, Defiance, Ohio.
Retail brokerage branch offices: Muncie and Indianapolis, Ind.; Defiance, Ohio; Nepco Insurance Agencies Inc., Sylvania and Defiance, Ohio.
Licensed excess/surplus broker in: Indiana.
Principal officers: Paul R. Poster, chairman; Bart E. Bircheff, chief operating officer; Duwan F. Tagtmeyer, secretary; John A. Hettwer, third party administration manager.
Contact: Merry Hahnert.

J

Daniel James Insurance & Financial Services

360 Three Meadows Drive, Perrysburg, Ohio 43551; 419-874-1974; fax: 419-874-3583

	1989	1988
Premium volume	$30,000,000	$27,000,000
Gross revenues	$5,008,370	$4,984,262
Brokerage: Retail	82.5%	83.3%

Continued on next page



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LINCOLN NATIONAL CORPORATION

Continued from previous page

Personal lines	15%	15%
Invest. income	2.5%	1.7%
Employees	58	50
Offices	4	4

Year founded: 1975.
Brokerage: 100% commissions.
Acquisitions: Trimpe Gilbert Insurance, Indianapolis.
Retail brokerage branch offices: Indianapolis; Columbus and Fremont, Ohio; Lambertville, Mich.
Licensed excess/surplus broker in: Ohio, Michigan, Indiana.
Principal officers: Daniel E. Dumbauld, president; James K. McWhinnie, executive vp; Jack N. Conley, vp-operations/secretary.
Contact: Jack N. Conley.

Herbert L. Jamison & Co.

345 Park Ave. S., New York, N.Y. 10010; 212-686-2233; fax: 212-686-9106

	1989	1988
Premium volume	$195,000,000	$170,000,000
Gross revenues	$16,172,000	$14,991,000
Brokerage: Retail	67.5%	68.1%
Personal lines	2%	2%
Invest. income	8.3%	7.8%
Other	22.2%	22.1%
Employees	117	110
Offices	2	2

Year founded: 1938.
Brokerage: 85% commissions, 15% fees.
Retail brokerage branch offices: West Orange, N.J.
Licensed excess/surplus broker in: New York, New Jersey, Florida.
Principal officers: Herbert L. Jamison Jr., senior partner; William A. McManus III, managing partner; Jesse J. Watkins, John G. Scranton and Frank M. Bolen, general partners.
Contact: William A. McManus III.

Jardine Insurance Brokers Inc.

333 Bush St., Suite 500, San Francisco, Calif. 94104-2878; 415-391-2600; fax: 415-773-4475

	1989	1988
Premium volume	NA	NA
Gross revenues	$100,000,000	$96,000,000
Brokerage: Retail	64%	71%
Wholesale	3%	2%
Personal lines	3%	4%
Services	24%	18%
Invest. income	6%	5%
Employees	1,039	983
Offices	46	39

Acquisitions: Financial Guardian Group Inc., Kansas City, Mo.; Leslie Wright & Rolfe (Jardine Rolfe Ltd.), Vancouver, British Columbia; Mang Agency, Albany, N.Y.; Leef & Jones, New York.
Retail brokerage branch offices: Los Angeles; New York; Kansas City, Mo.; Jardine Insurance Brokers New England Inc., Boston; Jardine Insurance Brokers Illinois Inc., Chicago; Jardine Insurance Brokers Dallas Inc., Dallas; Jardine Insurance Brokers Orange County Inc., Garden Grove, Calif.; Jardine Insurance Brokers Hawaii Inc., Honolulu; Jardine Emett & Chandler (Texas) Inc., Houston; Jardine Insurance Brokers Los Angeles Inc., Los Angeles; Jardine Risk Management Inc., Los Angeles; Pinehurst Management Co. Ltd., Hamilton, Bermuda; Jardine Insurance Brokers New York Inc., New York and Tampa, Fla.; Jardine Insurance Brokers Pennsylvania Inc., Philadelphia and Glastonbury, Conn.; Jardine Insurance Brokers Arizona Inc., Phoenix, Ariz.; Jardine Insurance Services Portland Inc., Portland, Ore.; Jardine Insurance Brokers San Diego Inc., San Diego, Calif.; Jardine Insurance Brokers San Francisco Inc., San Francisco; Jardine Insurance Brokers San Jose Inc., San Jose, Calif.; Jardine Insurance Brokers Upstate New York, Schenectady, Albany and Syracuse, N.Y.; Jardine Insurance Brokers Stockton Inc., Stockton, Calif.; Jardine Insurance Brokers Alaska Inc., Anchorage, Alaska; Financial Guardian of Texas Inc., Houston; Jardine Insurance Brokers Kansas Inc., Hutchinson, Kansas; Jardine Insurance Brokers Kansas City Inc., Kansas City Mo.; Jardine Insurance Brokers Kansas City Inc., Wichita and Topeka, Kan.; Motor Truck Owner's Conference Inc. (M.O.T.O.C.), Kansas City, Mo.; Jardine Insurance Services Michigan Inc., Troy, Mich.; Glanvill Special Risk Brokers Texas Inc., Houston; Jardine Group Services Corp., Albany, N.Y. and Chicago; Jardine Rolfe Ltd., Vancouver, British Columbia.
Non-retail brokerage subsidiaries: Los Angeles; Galaher Settlement & Insurance Services Co. Inc., Rancho Cucamonga, Calif.; Galaher Settlements: Boston; Atlanta; Chicago; Houston; Metairie, La.; New York; Rancho Cucamonga, Calif.; Glanvill Special Risk Brokers New York Inc., New York; Glanvill Special Risk Insurance Brokers, San Francisco; Jardine Group Services Corp., Los Angeles, Washington, D.C., New York and Schenectady, N.Y.; Professional Dental Reviewers Inc. (PDRI), New York.
Parent company: Jardine Insurance Broking Group Ltd.
Licensed excess/surplus broker in: New York, California, Texas.
Principal officers: Richard A. Archer, chairman; George W. Brown, president/chief executive officer; Donald R. Weber, chief operating officer; R.J.O. Barton, chief executive; Leonard P. Lawrence, executive vp.
Contact: Stephanie Davis, corporate communications manager, 415-773-4488.

Jardine Insurance Broking Group Ltd.

Jardine House, 6 Crutched Friars, London EC3N 2HT, England; 071-528-4444

See profile on page 52.

Jauch & Hubener

Ruhr 1, Obere Saarlandstrasse 2, D4330 Mulheim, West Germany; 208-3071

See profile on page 64.

Johnson & Higgins

125 Broad St., New York, N.Y. 10004; 212-574-7000; fax: 212-574-7039

See profile on page 29.

Johnson Kendall & Johnson Inc.

Route 413 & Doublewoods Road, Langhorne, Pa. 19047; 215-968-4741; fax: 215-968-0973

	1989	1988
Premium volume	$21,000,000	$20,393,181
Gross revenues	$3,200,000	$3,227,656
Brokerage: Retail	62%	66%
Personal lines	35%	31%
Invest. income	3%	3%
Employees	45	44
Offices	1	1

Year founded: 1959.
Brokerage: 100% commissions.
Principal officers: Douglas Peterson, president; Mary Rounsavill, secretary/treasurer; Richard Willis, senior vp; Edwin T. Johnson, chief executive officer; John Wright, David Johnson and Richard Davis, vps.
Contact: Mary Rounsavill.

K

Walter Kaye Associates Inc.

122 E. 42nd St., New York, N.Y. 10168; 212-210-9200; fax: 212-986-2808

	1989	1988
Premium volume	$600,000,000	$550,000,000
Gross revenues	$39,350,000	$34,704,000
Brokerage: Retail	82%	83%
Wholesale	9%	9%
Reinsurance	2%	2%
Personal lines	1%	1%
Services	2%	2%
Invest. income	4%	3%
Employees	360	340
Offices	7	7

Year founded: 1952.
Brokerage: 98% commissions, 2% fees.
Retail brokerage branch offices: American Administrators Corp., Chicago; Walter Kaye Corp. of New Jersey, Newark, N.J.; Walter Kaye Corp. of California, Beverly Hills, Calif.; Walter Kaye Corp. of Conn., Southport, Conn.; Walter Kaye Corp. of Rhode Island, Warwick, R.I.; Walter Kaye Corp. of Pennsylvania, Philadelphia.
Non-retail brokerage subsidiaries: Claims Administration Corp., New York; United Administrators Inc., Warwick, R.I.
Parent company: The Kaye Group of Companies.
Licensed excess/surplus broker in: New York, Connecticut, New Jersey, Rhode Island.
Principal officers: Walter Kaye, chairman; Howard Kaye and Lawrence Greenfield, co-presidents; Marc Silverman and Bruce Guthart, executive vps; Frank Shechter, first vp-administration; Edward Berliner and Laura LeValley, first vps; Stafley Feinberg, president-Walter Kaye Corp. of California; Richard Bass and Roger Levey, senior vps.
Contact: Marc Silverman.

Continued on next page

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Keenan & Associates

2355 Crenshaw Blvd., Suite 200, Torrance, Calif. 90501; P.O. Box 4328, Torrance, Calif. 90510; 213-212-3344; fax: 213-328-6793

	1989	1988
Premium volume	NA	NA
Gross revenues	$18,000,000	$16,078,000
Brokerage: Retail	59%	62%
Services	40%	36%
Invest. income	1%	2%
Employees	258	225
Offices	10	10

Year founded: 1972.
Brokerage: 50% commissions, 50% fees.
Retail brokerage branch offices: Chico, Sacramento, Emeryville, Campbell, Fresno, Westlake Village, Riverside, Santa Ana and San Diego, Calif.
Licensed excess/surplus broker in: California.
Principal officers: John R. Keenan, chief executive officer; Frederick A. Johnson, president; Harwood J. Bren and David J. De Wenter, executive vps; David Balak and Murton L. Munson, senior vps.

Kelter-Thorner Inc.

24600 Northwestern Highway, Southfield, Mich. 48075; 313-353-2200; fax: 313-353-7456

	1989	1988
Premium volume	$65,000,000	$67,000,000
Gross revenues	$8,163,984	$8,063,984
Brokerage: Retail	83.2%	85.4%
Wholesale	0.6%	1%
Personal lines	8.5%	8.6%
Services	1.8%	0%
Invest. income	5.4%	4.2%
Other	0.5%	0.8%
Employees	69	70
Offices	6	6

Year founded: 1952.
Brokerage: 100% commissions.
Retail brokerage branch offices: Kelter-Thorner Inc. of Michigan, Southfield, Mich.; Kelter-Thorner Inc. of New Jersey, Fords, N.J.; Kelter-Thorner Inc. of Southern California, Costa Mesa, Calif.; Kelter-Thorner Inc. of Northern California, Redwood City, Calif.; Kelter-Thorner Insurance Agency Inc. of Ohio, Middleburg Heights, Ohio.
Non-retail brokerage subsidiaries: Atlantic Underwriters Inc., Southfield, Mich.
Licensed excess/surplus broker in: Michigan.
Principal officers: Theodore R. Kelter, chairman; Marilyn Chernoff, president; Lisa Arthur, secretary/treasurer; John Washburn and Ronald A. Young, executive vps.
Contact: Lisa Arthur.

Sander A. Kessler & Associates Inc.

9570 W. Pico Blvd., Los Angeles, Calif. 90035; 213-278-8740; fax: 213-278-3136

	1989	1988
Premium volume	$50,000,000	$46,000,000
Gross revenues	$6,918,849	$6,661,713
Brokerage: Retail	78.7%	80.7%
Personal lines	4.7%	4.1%
Invest. income	6.5%	4.3%
Other	10.1%	10.9%
Employees	61	58
Offices	1	1

Year founded: 1956.
Brokerage: 95.8% commissions, 4.2% fees.
Licensed excess/surplus broker in: California.
Principal officers: Sander A. Kessler, chairman; Ronald A. Bloom, prsident; Kenneth L. Kessler, executive vp; Melvin M. Moss, senior vp; Steven K. Kessler, secretary/treasurer.
Contact: Ronald A. Bloom.

The Klein Insurance Group Inc.

P.O. Box 1357, La Crosse, Wis. 54602; 608-788-5200; fax: 608-788-2924

	1989	1988
Premium volume	$11,380,000	$10,975,000
Gross revenues	$2,101,000	$1,920,000
Brokerage: Retail	86%	85%
Personal lines	13%	15%
Invest. income	1%	0%
Employees	31	33
Offices	3	2

Year founded: 1890.
Brokerage: 100% commissions.
Retail brokerage branch offices: Onalaska and Hartland, Wis.
Licensed excess/surplus broker in: Wisconsin.
Principal officers: Edward C. Tanke, president; Steven P. Tanke, vp; Audrey Lloyd, operations manager, Mark McCauley, sales manager.
Contact: Steven P. Tanke.

R.C. Knox & Co. Inc.

300 Pearl St., Hartford, Conn. 06103; 203-524-7600; fax: 203-524-5098

	1989	1988
Premium volume	$67,000,000	$60,000,000
Gross revenues	$9,448,000	$8,800,000
Brokerage: Retail	76%	75%
Personal lines	18%	20%
Invest. income	6%	5%
Employees	90	87
Offices	7	7

Year founded: 1893.
Brokerage: 95% commissions, 5% fees.
Retail brokerage branch offices: Hartford, Middletown and Windsor, Conn.; Simsbury Insurance Agency, Simsbury, Conn.
Licensed excess/surplus broker in: Connecticut.
Principal officers: Norman C. Kayser, president; John F. Byrnes and E. Merritt McDonough, senior vps; Timothy H. Coppage and Robert T. Crowley, vps.
Contact: Norman C. Kayser.

Kornreich Insurance Services

919 Third Ave., New York, N.Y. 10022-3970; 212-688-9700; fax: 212-315-7509

	1989	1988
Premium volume	NA	NA
Gross revenues	$19,800,000	$19,000,000
Brokerage: Retail	78.6%	79.8%
Wholesale	13.4%	12%
Personal lines	5.4%	5.3%
Services	1.2%	1.4%
Invest. income	1.3%	1.4%
Other	0.1%	0.1%
Employees	151	136
Offices	4	1

Year founded: 1917.
Brokerage: 94% commissions, 6% fees.
Retail brokerage branch offices: Kornreich Insurance Services (Florida) Inc., West Palm Beach, Fla.; Singer Kornreich Inc. and Kornreich Insurance Brokerage Services of N.J. Inc., Teaneck, N.J.
Non-retail brokerage subsidiaries: Associated Programs Inc., New York.
Licensed excess/surplus broker in: New York.
Principal officers: Matthew R. Kornreich and Morton A. Kornreich, chairmen; Steven L. Grossberg, executive vp/chief operating officer; Sanford H. Hersh, vp/chief financial officer; Thomas A. Kornreich, James D. Kornreich and William D. Kornreich, executive vps; Lawrence W. Schott, senior vp; Philip Ruggieri, vp-benefits; Anthony Trappozzano, vp-marketing; Alan R. Rovin, senior vp-casualty; George R. Klink, senior vp-property; Thomas Bonhag, senior vp-life.
Contact: Steven L. Grossberg, James D. Kornreich, Thomas A. Kornreich or William D. Kornreich.

The Kring Benefit Group

1321 S. Maryland Parkway, Las Vegas, Nev. 89104; 702-385-7911; fax: 702-384-2543

	1989	1988
Premium volume	$15,000,000	$12,000,000
Gross revenues	$800,000	$550,000
Brokerage: Retail	68%	68%
Reinsurance	5%	5%
Services	25%	25%
Invest. income	2%	2%
Employees	14	9
Offices	1	1

Principal officers: Gerald E. Kring, president; Joe Lawrence, secretary/treasurer.
Contact: George Wade, director-marketing.

LaChance, Betrand, Benoit, Lavigne Ltd.

1100 Cremazie E., Suite 400, Montreal, Quebec H2P 2X2; 514-374-9600; fax: 514-374-8840

	1989	1988
Premium volume*	$7,862,400	$7,542,000
Gross revenues*	$1,771,200	$1,759,800
Brokerage: Retail	46%	45%
Personal lines	45%	44%
Services	7%	7%
Invest. income	2%	2%
Employees	34	33
Offices	1	1

* Using applicable year-end exchange rates.
Year founded: 1971.
Brokerage: 97% commissions, 3% fees.
Principal officers: Jean-Louis Benoit, president; A.R. Bertrand, vp/secretary; R. Lavigueur, C. Brassard, M. Descoteaux and M. LaPlante, directors.
Contact: Andre R. Bertrand.

LaGere & Walkingstick Insurance Agency Inc.

P.O. Drawer 409, 1008 Manvel, Chandler, Okla. 74834; 405-258-0804; fax: 405-258-0525

	1989	1988
Premium volume	$107,910,801	$82,961,738
Gross revenues	$13,827,550	$14,046,248
Brokerage: Retail	27%	29%
Wholesale	70%	65%
Personal lines	1%	1%
Services	1%	4%
Invest. income	1%	1%
Employees	123	117
Offices	1	1

Year founded: 1964.
Brokerage: 95% commissions, 5% fees.
Non-retail brokerage subsidiaries: Walkingstick, LaGere & Pair Underwriting Managers, Chandler, Okla.
Parent company: Chandler Insurance Co. Ltd.
Licensed excess/surplus broker in: Oklahoma.
Principal officers: Brent LaGere, chairman/chief executive officer; Ben T. Walkingstick, president/treasurer; Brenda B. Pair, executive vp; Richard L. Evans, vp-claims; Mark Paden, vp-finance/chief financial officer; Ernie Pierce, vp-sales.
Contact: Robert Crum, comptroller.

Lamb, Little & Co.

5301 Keystone Court, Rolling Meadows, Ill. 60008; 708-398-7060; fax: 708-398-7077

	1989	1988
Premium volume	$32,480,000	$31,500,000
Gross revenues	$5,137,736	$4,854,550
Brokerage: Retail	95%	95%
Personal lines	5%	5%
Employees	63	57
Offices	2	2

Year founded: 1947.
Brokerage: 98% commissions, 2% fees.
Retail brokerage branch offices: Chicago.
Licensed excess/surplus broker in: Illinois.
Principal officers: Raymond J. Clancy, chairman; Roy H. Holle, president; David B. Peck III, vp; Frank L. Hoffeller, executive vp; Bruce Wahlborg, treasurer.

J. Smith Lanier & Co.

300 W. 10th St., P.O. Box 70, West Point, Ga. 31833; 404-645-2211; fax: 404-643-0606

	1989	1988
Premium volume	$79,643,282	$72,011,218
Gross revenues	$13,735,117	$12,560,831
Brokerage: Retail	59.4%	60.3%
Personal lines	22.2%	23.4%
Invest. income	3.6%	1.6%
Other	14.8%	14.7%
Employees	190	200
Offices	11	12

Year founded: 1868.
Brokerage: 99% commissions, 1% fees.
Retail brokerage branch offices: Atlanta, Carrollton, Columbus, Fayetteville, Manchester, Newnan and Villa Rica, Ga.; Lafayette and Opelika, Ala.; Greensburg, Ky.
Licensed excess/surplus broker in: Georgia.
Principal officers: James Smith Lanier II, chairman/chief executive; William T. Parr, vice chairman; D. Gaines Lanier, president/chief operating officer; Thomas M. Botsford, secretary/chief financial officer.
Contact: D. Gaines Lanier.

Lawrence Agency Corp.

108 Union St., Schenectady, N.Y. 12305; 518-370-1720; fax: 518-370-4426

	1989	1988
Premium volume	$280,000,000	$250,000,000
Gross revenues	$33,360,615	$26,965,000
Brokerage: Retail	69.6%	71.9%
Wholesale	4%	7.2%
Personal lines	13.8%	8.3%
Services	9.1%	8.4%
Invest. income	2.9%	2.6%
Other	0.6%	1.6%
Employees	500	415
Offices	34	30

Year founded: 1954.
Brokerage: 95% commissions, 5% fees.
Acquisitions: Hackney Hood, Bakersfield, Calif.; Pro Insurance Services, San Diego, Calif.; Diversified Insurance Services, Greensboro, N.C.
Retail brokerage branch offices: A.W. Lawrence & Co.: Phoenix, Ariz.; Los Angeles; San Diego; Washington, D.C.; West Palm Beach, Clearwater and Fort Lauderdale, Fla.; Atlanta; Louisville, Ky.; Indianapolis; Waltham, Mass.; New York, Albany, Buffalo, Glens Falls and Lake Placid, N.Y.; Philadelphia and Harrisburg, Pa. Adapt Inc.: San Diego, Fresno, Bakersfield, Dinuba and Sanger, Calif. Lawrence United Corp.: Greensboro, N.C.; Albany, Cortland and Rochester, New York.
Non-retail brokerage subsidiaries: Lawrence Healthcare Administrative Services Inc., Syracuse, Albany and Buffalo, N.Y.; Lawrence Risk Management Corp., Schenectady, N.Y.; Independent Risk Management Corp. Inc., Albany.
Parent company: Lawrence Group Inc.
Licensed excess/surplus broker in: New York.
Principal officers: Albert W. Lawrence, chairman; William Mather, president; John Tomassi, Gary Keehfus, Tony Spataro and Gerald Pedinotti, division presidents.
Contact: William Mather.

The Leavitt Group

P.O. Box 2249, Salt Lake City, Utah 84110; 801-486-7602; fax: 801-486-7606

	1989	1988
Premium volume	$83,107,000	$78,035,000
Gross revenues	$11,684,000	$11,539,000
Brokerage: Retail	48%	45%
Wholesale	14%	17%
Personal lines	30%	30%
Invest. income	3%	3%
Other	5%	5%
Employees	163	157
Offices	28	28

Year founded: 1952.
Brokerage: 97% commissions, 3% fees.
Retail brokerage branch offices: Cedar City, Utah; Blonquist-Leavitt, Coalville, Utah; Bowen-Leavitt, Orem, Utah; Briggs-Leavitt, Salina, Utah; Bringhurst-Leavitt, Hurricane, Utah; Dixie Leavitt Agency, Cedar City, Utah; Leavitt Group of Heber City, Heber City, Utah; Leavitt Group of Kane County, Kanab, Utah; Leavitt Group of Northern Utah, Brigham City, Utah; Leavitt Group of St. George, St. George, Utah; Leavitt Group of Salt Lake, Leavitt Group Agency Assn., Salt Lake City; Leavitt Group of Spanish Fork, Spanish Fork, Utah; Day-Leavitt, Delta, Utah; Okerlund-Leavitt, Richfield, Utah; Nebo-Leavitt, Nephi, Utah; Atkinson-Leavitt, Provo, Utah; Wilkinson-Leavitt, Orem, Utah; Winter/Barrett-Leavitt, Phoenix, Ariz.; Interwest-Leavit, Cottonwood, Ariz.; Massey-Leavitt, Mesa, Ariz.; Clark-Leavitt, Leavitt Insurance Agency, Parus-Leavitt, Summerfield-Leavitt and Wegener-Leavitt, Las Vegas, Nev.; Long-Leavitt, Overton, Nev.; Waite-Leavitt, Mesquite, Nev.
Parent company: Security Enterprises.
Licensed excess/surplus broker in: Utah, Nevada, Arizona.
Principal officers: Michael O. Leavitt, president/chief executive officer; Dane O. Leavitt, executive vp/chief operating officer; Kelly R. Russell, secretary/treasurer.
Contact: B.J. Fuchs, vp-agency services.

Levinson Bros.

101 California St., San Francisco, Calif. 94111; 415-434-3200; fax: 415-398-3453

	1989	1988
Premium volume	$26,281,000	$25,790,000
Gross revenues	$3,001,000	$3,120,000
Brokerage: Retail	86%	98%
Personal lines	9%	2%
Invest. income	5%	0%
Employees	25	25
Offices	1	1

Year founded: 1956.
Brokerage: 95% commissions, 5% fees.
Licensed excess/surplus broker in: California.
Principal officers: Fred Levinson, president; Morton I. Levinson and David J. Levinson, vps.

The Lockton Insurance Agency Inc.

7400 State Line Road, Prairie Village, Kan. 66208; 913-676-9000; fax: 913-676-9180

	1989	1988
Premium volume	$225,000,000	$175,000,000
Gross revenues	$28,125,000	$20,145,000
Brokerage: Retail	87%	87%
Personal lines	3%	3%
Services	5%	5%
Invest. income	5%	5%
Employees	355	253
Offices	5	5

Year founded: 1967.
Brokerage: 90% commissions, 10% fees.
Acquisitions: J.H. Silversmith Agency, Denver.
Retail brokerage branch offices: Topeka, Kan.; The Lockton Insurance Agency of St. Louis Inc., St. Louis; Lockton-Silversmith Inc., Denver; Lockton-Rauch Inc., Houston; The Lockton Benefit Corp., Prairie Village, Kan.
Non-retail brokerage subsidiaries: Lockton-Risk Services Inc., Prairie Village, Kan.; Lockton-Risk Services of Colorado Inc., Denver.
Parent company: The Lockton Cos. Inc.
Licensed excess/surplus broker in: Kansas, Missouri, Colorado.
Principal officers: John T. Lockton III, president/chief executive officer; Michael C. Frost, managing vp/chief operating officer; Dave Lockton, executive vp; Gary Hambright and Tim Pateidl, senior vps.
Contact: Michael C. Frost.

The Lofberg Cos.

363 Cedar Lane, P.O. Box 308, Teaneck, N.J. 07666; 201-836-2100; fax: 201-836-7822

	1989	1988
Premium volume	$11,000,000	$10,000,000
Gross revenues	$1,300,000	$1,500,000
Brokerage: Retail	59%	59%
Personal lines	30%	33%
Services	10%	7%
Invest. income	1%	1%
Employees	23	24
Offices	1	1

Year founded: 1926.
Brokerage: 90% commissions, 10% fees.
Retail brokerage branch offices: Letz Lofberg Associates and Van Houten-Lofberg Agency, Teaneck, N.J.
Parent company: Clarence Lofberg Inc.
Licensed excess/surplus broker in: New Jersey.
Principal officers: Richard C. Lofberg and Paul W. Lofberg, presidents; David Holmgren, senior vp; Ralph Ortega, vp.
Contact: Paul W. Lofberg.

Lon Worth Crow Insurance Agency

3399 Ponce de Leon Blvd., Coral Gables, Fla. 33134; 305-443-1506; fax: 305-444-5410

	1989	1988
Premium volume	$19,600,000	$15,900,000
Gross revenues	$2,127,863	$2,109,024
Brokerage: Retail	84.5%	83.2%
Personal lines	13.3%	15.3%
Invest. income	2.2%	1.5%
Employees	37	35
Offices	1	1

Year founded: 1935.
Brokerage: 95% commissions, 5% fees.
Licensed excess/surplus broker in: Florida.
Principal officers: Gary Gregory, president; Barry MacEwan, executive vp; Jeffrey Haynes, vp.
Contact: Barry MacEwan.

The Loomis Co.

625 Spring St., P.O. Box 7011, Wyomissing, Pa. 19610; 215-374-4040; fax: 215-374-6578

	1989	1988
Premium volume	$81,100,000	$67,250,000
Gross revenues	$8,920,000	$8,270,000
Brokerage: Retail	69.1%	67%
Wholesale	0.5%	0.5%
Personal lines	13.5%	16%
Services	14.9%	14.6%
Invest. income	1.8%	1.7%
Other	0.2%	0.2%
Employees	107	106
Offices	4	4

Year founded: 1982.
Brokerage: 100% commissions.
Retail brokerage branch offices: Lancaster, Pa.; Annapolis, Md.; Fort Lauderdale, Fla.
Licensed excess/surplus lines broker in: Pennsylvania, Maryland, Florida.
Principal officers: James R. Loomis, president/chief executive officer; Robert A. Mason, vp/chief financial officer; H. Edmond Smith and Edward J. Cavanaugh, vps; Kathy Schlegel, treasurer.
Contact: Robert A. Mason.

Continued on next page

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M

MBAH Insurance

P.O. Box 5609, Lafayette, Ind. 47903; 317-423-5421; fax: 317-742-7693

	1989	1988
Premium volume	$15,940,000	$12,000,000
Gross revenues	$2,850,000	$2,650,000
Brokerage: Retail	74%	75%
Personal lines	24%	23%
Invest. income	2%	2%
Employees	48	45
Offices	4	2

Year founded: 1924.
Brokerage: 100% commissions.
Acquisitions: AIM, Lafayette, Ind.
Retail brokerage branch offices: Indianapolis, Rossville and Oxford, Ind.
Licensed excess/surplus broker in: Indiana.
Principal officers: R.E. Mayerstein, president; Steven K. Horner, vp; William W. Heath, treasurer; James S. Bain, secretary.
Contact: Miriam H. Osborn, director-agency operations.

MDM Associates

5730 Uplander Way, Culver City, Calif. 90231; 213-670-0172; fax: 213-338-1471

	1989	1988
Premium volume	NA	NA
Gross revenues	$4,427,574	$4,623,000
Brokerage: Retail	65%	70%
Personal lines	21%	20%
Services	8%	7%
Other	6%	3%
Employees	47	51
Offices	1	1

Year founded: 1970.
Brokerage: 94% commissions, 6% fees.
Principal officers: Morton A. Firestone, president/chief executive officer.

MLW Services Inc.

100 William St., New York, N.Y. 10038; 212-797-9600; fax: 212-425-0719

	1989	1988
Premium volume	$59,000,000	$52,000,000
Gross revenues	$5,400,000	$4,400,000
Brokerage: Retail	81.5%	90%
Wholesale	10%	0%
Personal lines	5%	6%
Services	1%	1%
Invest. income	2.5%	3%
Employees	49	37
Offices	1	1

Year founded: 1986.
Brokerage: 94% commissions, 6% fees.
Retail brokerage branch offices: French American Risk Advisors, New York.
Non-retail brokerage subsidiaries: Barkly Coverage Corp., New York.
Licensed excess/surplus broker in: New York.
Principal officers: Andrew H. Marks, president/chief executive officer; Charles J. Weisblum, chairman; Bert Linder, executive vp/chief operating officer; Silvana Vlacich, senior vp; Bruce Tindal, vp.
Contact: Bert Linder.

MacIntyre, Fay & Thayer Insurance Agency Inc.

60 Wells Ave., Newton, Mass. 02159; 617-332-5100, extension 252; fax: 617-527-6635

	1989	1988
Premium volume	$103,000,000	$97,000,000
Gross revenues	$10,352,321	$9,960,434
Brokerage: Retail	63.3%	63.3%
Wholesale	20.9%	20.9%
Personal lines	12%	12%
Services	1.2%	1.2%
Invest. income	2.6%	2.6%
Employees	125	97
Offices	3	2

Year founded: 1929.
Brokerage: 98.5% commissions, 1.5% fees.
Acquisitions: R.B. Liner Insurance Brokers, Chestnut Hill, Mass.
Retail brokerage branch offices: MF&T South, Melbourne, Fla.; MF&T International, Warwick, R.I.
Non-retail brokerage subsidiaries: Surplus Services Insurance Agency Inc., Marketing Associates Insurance Agency Inc. and Affiliated Credit Card Endowment Support System Inc., Newton, Mass.
Licensed excess/surplus broker in: Massachusetts.
Principal officers: Michael J. Susco, chairman/chief executive officer; John A. Striano, president/chief operating officer; Peter A. Ormiston, executive vp; Walter C. Frye and Sanford D. Elsass, senior vps.
Contact: Michael J. Susco.

Mack & Parker Inc.

55 E. Jackson Blvd., Chicago, Ill. 60604-4187; 312-922-5000; fax: 312-922-5358

	1989	1988
Premium volume	NA	NA
Gross revenues	$8,405,485	$7,270,039
Brokerage: Retail	96%	96%
Personal lines	4%	4%
Employees	75	75
Offices	1	1

Year founded: 1935.
Brokerage: 90% commissions, 10% fees.
Licensed excess/surplus broker in: Illinois.
Principal officers: Edward Mack III, president; Martin Hughes, executive vp; Veronica Campbell, vp/treasurer; Robert Jonak and James Kelly, vps/client service managers.
Contact: Veronica Campbell.

Mahoney & Wright Insurance Agencies

141 Tremont St., Boston, Mass. 02111; 617-482-4086; fax: 617-423-7937

	1989	1988
Premium volume	$89,000,000	$82,000,000
Gross revenues	$14,353,000	$13,702,000
Brokerage: Retail	53%	53%
Personal lines	47%	44%
Invest. income	0%	3%
Employees	204	188
Offices	25	25

Year founded: 1927.
Brokerage: 99% commissions, 1% fees.
Acquisitions: Walter M. Fowler Insurance Agency, Reading, Mass.; G.H. Dunn Insurance Agency Inc., Yarmouth, Mass.
Retail brokerage branch offices: Carver, Cohasset, Dedham, Fitchburg, Gardner, Harvard, Haverhill, Marion, Middleboro, Natick, Newton, North Attleboro, Peabody, Plymouth, Reading, Rockland, Rockport, Scituate, Tewksbury, Wakefield, Weymouth, Wrentham and Yarmouth, Mass.
Licensed excess/surplus broker in: Massachusetts.
Principal officers: Norman R. Wright, president; Richard D. Forrest, executive vp; Donald F. Beale, senior vp; Daniel N. O'Rourke and Richard A. Grant, vps.
Contact: Norman R. Wright or Richard D. Forrest.

Mammel, Schropp, Swartzbaugh, Engler & Jones Inc.

175 Embassy Plaza, 9110 W. Dodge Road, Omaha, Neb. 68114; 402-397-7000; fax: 402-398-2458

	1989	1988
Premium volume	$54,000,000	$53,000,000
Gross revenues	$6,376,583	$6,196,761
Brokerage: Retail	52.78%	54.94%
Reinsurance	0.46%	0.47%
Services	42.79%	41.6%
Invest. income	3.61%	2.6%
Other	0.36%	0.39%
Employees	108	110
Offices	1	1

Year founded: 1959.
Brokerage: 93.57% commissions, 6.43% fees.
Non-retail brokerage subsidiaries: Midwest Benefits Administrators Inc.
Licensed excess/surplus broker in: Nebraska.
Principal officers: Carl G. Mammel, president; Melvin B. Engler, Robert C. Schropp and Donn B. Jones, senior vps; Robert F. Swartzbaugh, secretary/treasurer; Mike Leick, vp-administration.

Markel Service Inc.

4551 Cox Road, Glen Allen, Va. 23060; 804-747-0136; fax: 804-965-1600

	1989	1988
Premium volume	$86,000,000	$76,000,000
Gross revenues	$15,050,000	$12,030,000
Brokerage: Retail	17%	20%
Wholesale	82%	80%
Personal lines	1%	0%
Employees	138	114
Offices	2	2

Year founded: 1930.
Brokerage: 95% commissions, 5% fees.
Acquisitions: Rhulen Agency Inc., Monticello, N.Y.
Retail brokerage branch offices: Rhulen Agency Inc., Monticello, N.Y.
Non-retail brokerage subsi-

Continued on next page



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Continued from previous page

diaries: Michael Maglaras & Co., Stamford, Conn.

Parent company: Markel Corp.

Licensed excess/surplus broker in: Alaska, Arizona, California, Connecticut, Delaware, District of Columbia, Indiana, Louisiana, Maine, Michigan, Minnesota, Missouri, Montana, Nebraska, Nevada, New Hampshire, New Jersey, New York, Oklahoma, Oregon, Pennsylvania, Rhode Island, South Carolina, South Dakota, Texas and Washington.

Principal officers: Alan I. Kirshner, president/chief executive officer; John K. Latham Jr., executive vp/chief operating officer; James W. Chapman and John A. Dunbar, senior vps.

Contact: John K. Latham Jr.

Marsh & McLennan Cos. Inc.

1166 Ave. of the Americas, New York, N.Y. 10036; 212-345-5000

See profile on page 17.

Marshall & Sterling Inc.

110 Main St., Poughkeepsie, N.Y. 12601; 914-454-0800; fax: 914-485-7804

	1989	1988
Premium volume	**$75,000,000**	$70,000,000
Gross revenues	**$15,646,697**	$14,600,186
Brokerage: Retail	**67%**	68%
Wholesale	**2%**	2%
Personal lines	**20%**	21%
Invest. income	**5%**	3%
Other	**6%**	6%
Employees	**175**	165
Offices	**6**	7

Year founded: 1864.

Brokerage: 99% commissions, 1% fees.

Retail brokerage branch offices: Newburgh, Middletown and Wappingers Falls, N.Y.; St. Croix and St. Thomas, U.S. Virgin Islands.

Licensed excess/surplus broker in: New York. U.S. Virgin Islands.

Principal officers: John P. O'Shea, president; Peter T. Bennett, Edward Mirabile, Harry E. Reis Jr., James E. Townsend and James D. Tunick, vps.

Contact: John P. O'Shea.

May-Davis Inc.

P.O. Box 11589, Spokane, Wash. 99211; 509-535-8783

	1989	1988
Premium volume	**$6,000,000**	$6,000,000
Gross revenues	**$750,000**	$750,000
Brokerage: Retail	**98%**	98%
Personal lines	**2%**	2%
Employees	**5**	5
Offices	**1**	1

Year founded: 1974.

Brokerage: 100% commissions.

Principal officers: Laurel E. May, chairman; William H. Davis, president; William A. May, secretary.

McConachie Insurance Agency Inc.

1420 Renaissance Drive. Park Ridge, Ill. 60068; 708-297-3640; fax: 708-297-5674

	1989	1988
Premium volume	**$7,000,000**	$6,500,000
Gross revenues	**$1,500,000**	$1,200,000
Brokerage: Retail	**64%**	72%
Personal lines	**19%**	11%
Services	**13%**	13%
Invest. income	**4%**	4%
Employees	**20**	20
Offices	**1**	1

Year founded: 1950.

Brokerage: 86% commissions, 14% fees.

Principal officers: Scot McConachie, president; John Coleman, vp; Dennis Klocke, assistant secretary; Kenneth Aspan, assistant treasurer.

Contact: Scot McConachie.

McDonough Caperton Insurance Group

P.O. Box 1551, Charleston, W.Va. 25326-1551; 304-346-0611; fax: 304-347-0697

	1989*	1988*
Premium volume	**NA**	NA
Gross revenues	**$34,800,000**	$32,535,000
Brokerage: Retail	**63%**	60%
Wholesale	**4%**	5%
Personal lines	**3%**	3%
Services	**27%**	29%
Invest. income	**3%**	3%
Employees	**550**	550
Offices	**19**	19

* Fiscal years ended April 30.

Year founded: 1936.

Retail brokerage branch offices: Beckley, Huntington, Morgantown, Parkersburg and Wheeling, W.Va.; Atlanta and Savannah, Ga.; Cleveland and Columbus, Ohio; Lexington, Ky.; Miami; Pittsburgh; Roanoke and Big Stone Gap, Va.; Dallas.

Non-retail brokerage subsidiaries: McDonough Caperton Benefit Services, Charleston, W.Va.; Caperton Special Risks, Atlanta; McDonough Caperton International, Hamilton, Bermuda.

Licensed excess/surplus broker in: Several states.

Principal officers: W. Marston Becker, president; Claudia F. Lindsey, chief financial officer; Andrew J. Paterno, Robert L. Ludwig, Charles S. Morton, Kenneth J. Juskowich, Paul E. McCarthy and Dennis J. Vogelsberger, managing partners.

Contact: Claudia F. Lindsey.

The McElroy-Minister Co.

141 E. Town St., Columbus, Ohio 43215; 614-228-5565; fax: 614-228-6985

	1989	1988
Premium volume	**$57,428,532**	$51,487,522
Gross revenues	**$10,842,871**	$9,697,593
Brokerage: Retail	**59%**	64%
Personal lines	**6%**	3%
Services	**30%**	29%
Invest. income	**4%**	3%
Other	**1%**	1%
Employees	**167**	170
Offices	**6**	6

Year founded: 1875.

Brokerage: 57% commissions, 43% fees.

Retail brokerage branch offices: Dayton, Ohio; Corporate Claims Services Inc., Columbus, Ohio; Davis & Associates, Columbus, Cincinnati and Canton, Ohio.

Licensed excess/surplus broker in: Ohio.

Principal officers: H. Thorp Minister Jr., chairman; John C. Glandon, vice chairman; Keith A. Pierce, president/treasurer; James R. Creek and William R. Gillam, executive vps.

Contact: Keith A. Pierce.

McGriff, Seibels & Williams Inc.

2211 Seventh Ave. S., Birmingham, Ala. 35233; P.O. Box 10265, Birmingham, Ala. 35202; 205-252-9871; fax: 205-254-3787

	1989	1988
Premium volume	**$246,834,261**	$234,206,698
Gross revenues	**$28,417,912**	$26,102,236
Brokerage: Retail	**75.1%**	76.7%
Wholesale	**7.1%**	7.1%
Personal lines	**1.9%**	2.1%
Services	**7.5%**	6.9%
Invest. income	**6%**	5.2%
Other	**2.4%**	2%
Employees	**321**	286
Offices	**8**	8

Year founded: 1886.

Brokerage: 100% commissions.

Retail brokerage branch offices: Florence and Mobile, Ala.; Pensacola and Orlando, Fla.; Atlanta; New Orleans.

Non-retail brokerage subsidiaries: Wood & Co., Atlanta.

Licensed excess/surplus broker in: Alabama, Florida, Georgia.

Principal officers: Bruce C. Dunbar Jr., president/chief executive officer; Malcolm K. Miller and Gary M. Cooney, vice chairmen; W. Michael Whitten and Charles O. Holladay, senior vps.

Contact: Bruce C. Dunbar Jr.

McInturff, Milligan & Brooks/Bennett & Edwards

P.O. Box 1600, Greeneville, Tenn. 37744; 615-639-5171; fax: 615-639-7129

	1989	1988
Premium volume	**$22,124,623**	$22,891,810
Gross revenues	**$3,439,138**	$3,384,386
Brokerage: Retail	**74%**	73%
Personal lines	**21%**	22%
Services	**4%**	4%
Invest. income	**1%**	1%
Employees	**52**	54
Offices	**2**	2

Year founded: 1910.

Brokerage: 90% commissions, 10% fees.

Licensed excess/surplus broker in: Tennessee, Virginia.

Principal officers: Charles S. Brooks, president/chief executive officer; S. Wylie Milligan, chairman; John W. McInturff Jr., Tom D. Cotten and Dan C. Jackson, vps; Barbara Peavler, executive vp.

Contact: Charles S. Brooks.

Meadowbrook Inc.

24370 Northwestern Highway, Southfield, Mich. 48075; 313-358-1100; fax: 313-358-1614

	1990*	1989
Premium volume	**$70,000,000**	$60,000,000
Gross revenues	**$13,300,000**	$12,000,000
Brokerage: Retail	**55%**	52%
Reinsurance	**3%**	4%
Personal lines	**3%**	3%
Services	**36%**	36%
Invest. income	**3%**	5%
Employees	**170**	145
Offices	**9**	7

* Estimated due to change in fiscal years.

Year founded: 1955.

Brokerage: 64% commissions, 36% fees.

Retail brokerage branch offices: New York; Grand Rapids and Traverse City, Mich.; Boca Raton, Fla.; Bloomington, Minn.; Montgomery, Ala.; Lincoln, Neb.; Hamilton, Bermuda.

Non-retail brokerage subsidiaries: Meadowbrook Intermediaries Inc. and Meadowbrook Risk Management Inc., New York; Meadowbrook Risk Management Ltd., Hamilton, Bermuda; Corporate Risk Consultants, Southfield, Mich., and Boca Raton, Fla.

Licensed excess/surplus lines broker in: Michigan.

Principal officers: Merton J. Segal, chairman; Robert Engle, president; Lee F. Kelly, vp/treasurer; Robert Cubbin, vp/general counsel; Cheryl L. Reno, vp/secretary.

Contact: Lee F. Kelly.

Meeker-Magner Co.

2360 E. Devon Ave., Suite 3010, Des Plaines, Ill. 60018-4604; 708-699-1400; fax: 708-699-6383

	1989	1988
Premium volume	**$15,000,000**	$14,300,000
Gross revenues	**2,173,000**	$2,000,000
Brokerage: Retail	**69%**	69%
Wholesale	**6%**	5%
Personal lines	**16%**	19%
Services	**4%**	4%
Invest. income	**3%**	2%
Other	**2%**	1%
Employees	**22**	25
Offices	**1**	1

Year founded: 1902.

Brokerage: 96% commissions, 4% fees.

Licensed excess/surplus broker in: Illinois.

Principal officers: T. Gerald Magner Jr., president; Silvio DeSerto, executive vp; Jacqueline

Continued on next page



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SAFETY SHORTS

Continued from previous page
Klager, vp.
Contact: T. Gerald Magner Jr.

Meeker Sharkey Financial Group Inc.

21 Commerce Drive, Cranford, N.J. 07016; 201-272-8100; fax: 201-272-9059

	1989	1988
Premium volume	$77,900,000	$67,000,000
Gross revenues	$17,418,745	$15,970,333
Brokerage: Retail	74%	73%
Personal lines	9%	9%
Services	12%	12%
Invest. income	2%	2%
Other	3%	4%
Employees	263	260
Offices	10	12

Year founded: 1864.
Brokerage: 98% commissions, 2% fees.
Retail brokerage branch offices: Cranford Agency/Provident Mutual Life Insurance Co. and Meeker Sharkey & MacBean, Cranford, N.J.; Meeker Sharkey & DiLeo, Piscataway, N.J.; Meeker Sharkey & Lane, Mount Laurel, N.J.; Meeker Sharkey Gervasio & Seeger, Trenton, N.J.: Edward F.C. McLaughlin, Rye Brook, N.Y.; Meeker Sharkey & Moffatt, Wall Township, N.J.
Non-retail brokerage subsidiaries: The MacKinnon Co. Inc., Fairfield, N.J.; Meeker Sharkey Consultants and Meeker Sharkey Realtors, Cranford, N.J.
Principal officers: Thomas J. Sharkey, chairman; Brian P. Leddy, Raymond B. Vaughn, William Dittmann, Robert A. Schieni and Thomas J. Sharkey Jr.
Contact: Robert A. Schieni.

Mesirow Insurance Services Inc.

350 N. Clark St., Chicago, Ill. 60610; 312-670-6000; fax: 312-670-6050

	1989	1988
Premium volume	$100,000,000	$97,000,000
Gross revenues	$9,411,998	$9,180,767
Brokerage: Retail	90%	89%
Personal lines	4%	5%
Services	3%	3%
Invest. income	3%	3%
Employees	93	86
Offices	1	1

Year founded: 1972.
Brokerage: 90% commissions, 10% fees.
Acquisitions: Reuben Ballis, Chicago.
Parent company: Mesirow Financial.
Licensed excess/surplus broker in: Illinois.
Principal officers: Richard S. Price, chief operating officer; Howard Engel, Arnold J. Pritsker, James C. Styer and Stephen J. Ware, executive vps.

Midwest Commerce Insurance

107 W. Franklin St., P.O. Box 1724, Elkhart, Ind. 46515; 219-293-4565; fax: 219-293-2496

	1989	1988
Premium volume	$30,000,000	$30,000,000
Gross revenues	$4,825,000	$4,750,000
Brokerage: Retail	74%	65%
Personal lines	11%	9%
Services	7.7%	5%
Invest. income	4.5%	3%
Other	2.8%	18%
Employees	61	61
Offices	3	3

Year founded: 1910.
Brokerage: 99% commissions, 1% fees.
Retail brokerage branch offices: Goshen, Ind.
Non-retail brokerage subsidiaries: Pyramid Benefit Services, South Bend, Ind.
Parent company: Midwest Commerce Corp.
Licensed excess/surplus broker in: Indiana.
Principal officers: Ward J. Merchant, president; Donald R. Anderson, vp-sales; Gaylord L. Russell, vp-administration; Jeffrey Whisler, vp-client services; Farrel J. Zehr, vp-underwriting/marketing.
Contact: Donald R. Anderson.

Minet Holdings P.L.C.

100 Leman St., London E1 8HG, England; 071-481-0707; fax: 071-488-9786

See profile on page 49.

Minuteman Services Inc.

90 Main St., Nashua, N.H. 03060; 603-883-1776

	1989	1988
Premium volume	$23,172,181	$22,416,936
Gross revenues	$3,086,740	$2,825,293
Brokerage: Retail	62.4%	62.5%
Wholesale	23.9%	24.4%
Personal lines	6.9%	7.7%
Services	1.5%	0%
Invest. income	1.5%	1.3%
Other	3.8%	4.1%
Employees	45	48
Offices	3	3

Year founded: 1986.
Brokerage: 98% commissions, 2% fees.
Retail brokerage branch offices: Montrose E. Hill Co. Inc., Old Orchard Beach, Maine; Slawsby Insurance Agency Inc., Nashua, N.H.
Non-retail brokerage subsidiaries: Surplus Line Managers, Nashua, N.H.
Licensed excess/surplus broker in: Maine, Massachusetts, New Hampshire, Vermont, Connecticut.
Principal officers: Jon C. Barton, president; William J. Stewart, execu-

Continued on next page

SET YOUR DATES

issue:	June 18 — Reader Service Bonus Distribution: NAIW
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issue:	June 25
closing:	June 13
conference report:	GHAA; PRIMA
issue:	July 2
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Continued from previous page
tive vp; Arthur A. Molderez, senior vp.
Contact: Arthur A. Molderez.

Julius Moll & Son Inc.

6160 N. Cicero Ave., Chicago, Ill. 60646; 312-286-7737; fax: 312-286-7398

	1989	1988
Premium volume	**$26,000,000**	$25,000,000
Gross revenues	**$3,350,000**	$3,300,000
Brokerage: Retail	**83%**	81%
Personal lines	**5%**	5%
Services	**4%**	5%
Invest. income	**3%**	3%
Other	**5%**	6%
Employees	**41**	40
Offices	**1**	1

Year founded: 1901.
Brokerage: 95% commissions, 5% fees.
Licensed excess/surplus broker in: Illinois.
Principal officers: Theodore S. Ross, president; Richard M. Moll, chairman.
Contact: Theodore S. Ross.

Mones & Associates Insurance Brokers Inc.

126, 6325 103 St., Edmonton, Alberta T6H 5H6; 403-435-4862; fax: 403-437-6768

	1989*	1988*
Premium volume	**$4,320,000**	$3,519,600
Gross revenues	**$864,000**	$712,300
Brokerage: Retail	**80%**	80%
Personal lines	**10%**	10%
Services	**5%**	5%
Invest. income	**5%**	5%
Employees	**11**	10
Offices	**2**	2

* Converted at applicable exchange rates.
Year founded: 1983.
Brokerage: 90% commissions, 10% fees.
Retail brokerage branch offices: Saskatoon, Saskatchewan.
Principal officers: James G. Mones, president; Mel E. White, Robert D. Mones and Mitch L. Lefebvre, vps; Brian G. Murphy.
Contact: James G. Mones.

Morency, Weible & Sapa Inc.

950 York Road, Hinsdale, Ill. 60521; 708-887-0910*; fax: 708-887-8890

	1989	1988
Premium volume	**$39,000,000**	$31,678,206
Gross revenues	**$5,950,000**	$4,943,777
Brokerage: Retail	**92%**	94%
Wholesale	**0%**	2%
Personal lines	**5%**	2%
Invest. income	**3%**	2%
Employees	**52**	42
Offices	**1**	1

* As of Aug. 1, new address will be 1717 Naper Blvd., Naperville, Ill. 60563; 708-955-0090
Year founded: 1960.
Brokerage: 98% commissions, 2% fees.
Acquisitions: Copenhaver Insurance, Naperville, Ill.; Teichen Insurance, Villa Park, Ill.; Hatcher Insurance, Aurora, Ill.
Licensed excess/surplus broker in: Illinois.
Principal officers: W.P. Weible, president; Glenn P. Sapa, financial vp; Richard T. Morency and James A. Lawson, vps; G.A. Morency, chairman.
Contact: Glenn P. Sapa or Mike Weible.

Fred A. Moreton & Co.

649 E. South Temple, Salt Lake City, Utah 84010; 801-531-1234; fax: 801-531-6117

	1989	1988
Premium volume	**$40,834,769**	$42,321,364
Gross revenues	**$6,062,408**	$6,136,000
Brokerage: Retail	**82%**	82%
Wholesale	**3%**	4%
Personal lines	**6%**	6%
Invest. income	**9%**	8%
Employees	**72**	74
Offices	**1**	1

Year founded: 1910.
Brokerage: 100% commissions.
Acquisitions: Curtis & Brandley, Salt Lake City.
Retail brokerage branch offices: Moreton Financial Corp, Salt Lake City.
Non-retail brokerage subsidiaries: Moreton General Agency, Salt Lake City.
Licensed excess/surplus broker in: Utah, Idaho.
Principal officers: Edward B. Moreton, president; Roland D. Cornell and Craig L. Smith, executive vps; William R. Moreton, treasurer; Jon Jepsen, vp.
Contact: Edward B. Moreton.

Morris & Mackenzie Inc.

1130 Sherbrooke St. W., Montreal, Quebec H3A 3K4; 514-499-0999

	1989*	1988*
Premium volume	**NA**	NA
Gross revenues	**$12,096,000**	$11,480,600
Brokerage: Retail	**80%**	80%
Personal lines	**20%**	20%
Employees	**161**	160
Offices	**4**	4

* Converted at applicable exchange rates.
Year founded: 1939.
Brokerage: 85% commissions, 15% fees.
Retail brokerage branch offices: Toronto; Calgary, Alberta; Vancouver, British Columbia.
Parent company: Mackmor Ltd.
Principal officers: Frank Dougan, president/chief executive officer; Alan L. Drumm, senior vp/director; Alfred Parke, Victor M. Allen and Maurice Sauve, vps/directors.
Contact: Frank Dougan.

N

NIA Ltd./The NIA Group

66 Route 17, Paramus, N.J. 07652; 201-845-6600; fax: 201-845-3011

	1989	1988
Premium volume	**NA**	NA
Gross revenues	**$14,030,000**	$14,519,000
Brokerage: Retail	**67%**	64%
Wholesale	**7%**	8%
Personal lines	**19%**	20%
Services	**4%**	5%
Invest. income	**3%**	3%
Employees	**176**	180
Offices	**5**	6

Year founded: 1926.
Brokerage: 92% commissions, 8% fees.
Acquisitions: The Insurance Store, Clifton, N.J.; M.D. Felson, Paramus, N.J.; Midtowne Agency, Paterson, N.J.; North Edison Agency, North Edison, N.J.
Retail brokerage branch offices: Freehold, Long Valley and Paterson, N.J.; New City, N.Y.
Licensed excess/surplus broker in: New Jersey, New York.
Principal officers: Paul L. Gross, president; William F. Meade, executive vp; Howard P. Cantor, vp-finance; David Arthur and Gregory A. Gross, vps.
Contact: Howard Cantor.

National Coverage Corp.

2174 Jackson Ave., P.O. Box 40, Seaford, N.Y. 11783; 516-826-8000; fax: 516-826-8005

	1989	1988
Premium volume	**$22,968,711**	$21,289,662
Gross revenues	**$4,157,661**	$3,970,177
Brokerage: Retail	**85.99%**	86.04%
Personal lines	**10.01%**	10.86%
Invest. income	**4%**	3.1%
Employees	**58**	56
Offices	**2**	2

Year founded: 1964.
Brokerage: 85% commissions, 15% fees.
Retail brokerage branch offices: National Coverage Corp. of Connecticut, Greenwich, Conn.
Principal officers: William A. Kulesh, chairman; John F. Betz, president; Russell J. Tillman, Ronald P. D'Alessandro and David E. Kimball Jr., vps.
Contact: William A. Kulesh.

National Insurance Agency

P.O. Box 6750, Corpus Christi, Texas 78466; 512-993-6700; fax: 512-993-0870

	1989	1988
Premium volume	**$7,805,448**	$7,603,318
Gross revenues	**$1,091,618**	$1,047,798
Brokerage: Retail	**68%**	68%
Personal lines	**32%**	32%
Employees	**23**	23
Offices	**1**	1

Year founded: 1965.
Brokerage: 100% commissions.
Principal officers: Robert E. Harris, president; Scot Oshman, Claude Watts and John McFall, vps.
Contact: Robert Harris.

Near North Insurance Agency Inc.

875 N. Michigan Ave., 23rd Floor, Chicago, Ill. 60611; 312-280-5600; fax: 312-280-5602

	1989	1988
Premium volume	**$223,000,000**	$181,000,000
Gross revenues	**$24,700,000**	$21,700,000
Brokerage: Retail	**93%**	93.2%
Personal lines	**4%**	4%
Invest. income	**3%**	2.8%
Employees	**221**	192
Offices	**5**	2

Year founded: 1962

Continued on page 94

NOW THE SUM OF THE PARTS IS GREATER THAN THE WHOLE.



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SHOW	TITLE	DATE	TIME
1	MECHANISM OF INSURANCE I	Tuesday 5/29/90 Saturday 6/02/90 Sunday 6/03/90	10:30 AM 7:00 AM 7:00 AM
2	MECHANISM OF INSURANCE II	Monday 6/04/90 Saturday 6/09/90 Sunday 6/10/90	10:30 AM 7:00 AM 6:30 AM
3	RATE ADJUSTMENT	Tuesday 6/12/90 Saturday 6/16/90 Sunday 6/17/90	10:30 AM 7:00 AM 7:30 AM
4	WHERE DOES THE PREMIUM DOLLAR GO?	Tuesday 6/19/90 Saturday 6/23/90 Sunday 6/24/90	10:30 AM 7:00 AM 7:30 AM
5	CIVIL JUSTICE	Tuesday 6/26/90 Saturday 6/30/90 Sunday 7/01/90	10:30 AM 7:00 AM 7:30 AM
6	LEGAL PROFESSION	Tuesday 7/03/90 Saturday 7/07/90 Sunday 7/08/90	10:30 AM 7:00 AM 7:00 AM
7	TORT REFORM	Tuesday 7/10/90 Saturday 7/14/90 Sunday 7/15/90	10:30 AM 7:00 AM 7:00 AM
8	CONSUMER REVOLT	Tuesday 7/17/90 Saturday 7/21/90 Sunday 7/22/90	10:30 AM 7:00 AM 7:00 AM
9	PERSONAL LINES — AUTO	Tuesday 7/24/90 Saturday 7/28/90 Sunday 7/29/90	10:30 AM 7:00 AM 7:00 AM
10	NO FAULT	Tuesday 7/31/90 Saturday 8/04/90 Sunday 8/05/90	10:30 AM 7:00 AM 7:00 AM
11	PERSONAL LINES — LIFE & HEALTH	Tuesday 8/07/90 Saturday 8/11/90 Sunday 8/12/90	10:30 AM 7:00 AM 7:00 AM
12	LOSS CONTROL	Tuesday 8/14/90 Saturday 8/18/90 Sunday 8/19/90	10:30 AM 7:00 AM 7:00 AM
13	CLAIMS	Tuesday 8/21/90 Saturday 8/25/90 Sunday 8/26/90	10:30 AM 7:00 AM 7:00 AM
14	ACTIVE VS. PASSIVE	Tuesday 8/28/90 Saturday 9/01/90 Sunday 9/02/90	10:30 AM 7:00 AM 7:00 AM
15	ACTUARIAL	Tuesday 9/04/90 Saturday 9/08/90 Sunday 9/09/90	10:30 AM 7:00 AM 7:00 AM
16	CAREERS IN INSURANCE	Tuesday 9/11/90 Saturday 9/15/90 Sunday 9/16/90	10:30 AM 7:00 AM 7:00 AM
17	FUTURE I	Tuesday 9/18/90 Saturday 9/22/90 Sunday 9/23/90	10:30 AM 7:00 AM 7:00 AM
18	FUTURE II	Tuesday 9/25/90 Saturday 9/29/90 Sunday 9/30/90	10:30 AM 7:00 AM 7:00 AM

Continued from page 92

Brokerage: 93% commissions, 7% fees.

Acquisitions: RMC Brokerage Associates, New York; Sentry Fire Extinguisher Service Corp., Chicago; International Film Guarantors Inc., Los Angeles.

Retail brokerage branch offices: New York, Los Angeles.

Licensed excess/surplus broker in: Illinois, New York.

Principal officers: Michael Segal, president; Steve Coleman, Dave Green and Bill Hines, senior vps-sales; Ken Clark, vp-operations.

Contact: Joy Adelizzi, 312-280-5659.

Northcutt, Cathey & Houseman

4809 Cole Ave., Suite 110, Dallas, Texas 75225; 214-522-4500; fax: 214-526-2152

	1989	1988
Premium volume	$16,000,000	$13,000,000
Gross revenues	$1,800,000	$1,500,000
Brokerage: Retail	70%	70%
Personal lines	27%	27%
Invest. income	3%	3%
Employees	18	20
Offices	1	1

Year founded: 1946.

Brokerage: 95% commissions, 5% fees.

Licensed excess/surplus broker in: Texas.

Principal officers: Ronald R. Cathey, president; Neil Harris and Don Houseman, vps.

Contact: Neil Harris.

O

R.P. O'Brien & Co. Inc.

411 Theodore Fremd Ave., Rye, N.Y. 10580; 914-921-0005; fax: 914-921-1078

	1989	1988
Premium volume	$8,000,000	$3,500,000
Gross revenues	$1,100,000	$450,000
Brokerage: Retail	91%	92.5%
Personal lines	1%	1%
Invest. income	8%	6.5%
Employees	6	3
Offices	2	1

Year founded: 1988.

Brokerage: 100% commissions.

Retail brokerage branch offices: Greenwich, Conn.

Licensed excess/surplus broker in: New York.

Principal officers: Rory P. O'Brien, president; Michael F. Power, vp.

Contact: Rory P. O'Brien.

O'Gorman & Young Inc.

159 Main St., Chatham, N.J. 07928; 201-635-1800

	1989	1988
Premium volume	NA	NA
Gross revenues	$5,488,871	$5,261,000
Brokerage: Retail	86%	84%
Personal lines	12%	13%
Invest. income	2%	3%
Employees	53	55
Offices	2	2

Year founded: 1894.

Brokerage: 100% commissions.

Retail brokerage branch offices: G.R. Murray Insurance, Princeton, N.J.

Principal officers: Simeon H. Rollinson III, president; Eugene V. Tracey, executive vp/treasurer; Richard Farnow, financial vp; Ernest J. Lawton III, Robert Laudati, Peter J. Redfern, Michael J. Regan, Robert Carson and Michael Sabbagh, vps.

The James B. Oswald Co.

1718 Bond Court, Cleveland, Ohio 44114; 216-241-0468; fax: 216-241-4520

	1989	1988
Premium volume	$59,000,000	$49,000,000
Gross revenues	$7,500,000	$6,300,000
Brokerage: Retail	56%	56%
Personal lines	14%	14%
Services	9%	8%
Invest. income	2%	1%
Other	19%	21%
Employees	127	126
Offices	2	2

Year founded: 1893.

Brokerage: 90% commissions, 10% fees.

Retail brokerage branch offices: Oswald, Trippe & Co. Inc., Fort Myers, Fla.

Non-retail brokerage subsidiaries: Oswald Risk Management Services Co., Cleveland.

Licensed excess/surplus broker in: Ohio.

Principal officers: James R. Pender, chairman; John E. Warfel, president; Robert A. Bracci, executive vp; Jeffrey A. Ice and Raymond J. Malone, vps.

Contact: Hugh J. Mullen, controller.

P

PSA Insurance Brokers Ltd.

7699 Yonge St., Thornhill, Ontario L3T 1Z5; 416-889-4933; fax: 416-889-0205

	1989*	1988*
Premium volume	$10,800,000	$10,139,800
Gross revenues	$1,892,160	$1,729,066
Brokerage: Retail	68.5%	74%
Personal lines	25%	20%
Invest. income	6.5%	6%
Employees	28	28
Offices	2	2

* Converted at applicable exchange rates.

Year founded: 1933.

Retail brokerage branch offices: Saskatoon, Saskatchewan.

Principal officers: Malcolm Bryce, president; H.C. Annis and James Paerg, vps.

Contact: Malcolm M. Bryce.

Palley Simon Associates Inc.

Rydal Executive Plaza, Rydal, Pa. 19046; 215-884-2100; fax: 215-572-1417

	1989	1988
Premium volume	$18,872,000	$16,302,000
Gross revenues	$3,141,000	$2,906,000
Brokerage: Retail	79.2%	80.6%
Personal lines	13.9%	13.9%
Invest. income	6.9%	5.5%
Employees	37	33
Offices	1	1

Year founded: 1974.

Brokerage: 96.2% commissions, 3.8% fees.

Principal officers: Mahlon B. Simon Jr., president; Samuel M. Palley, vp; Reid B. Sandner, assistant vp.

Contact: Mahlon B. Simon Jr.

Palmer & Cay/Carswell Inc.

25 Bull St., Savannah, Ga. 31401; 912-234-6621; fax: 912-234-5427

	1989	1988
Premium volume	$127,973,650	$110,142,716
Gross revenues	$14,407,200	$13,727,087
Brokerage: Retail	79%	68%
Personal lines	12%	10%
Services	4%	15%
Invest. income	4%	4%
Other	1%	3%
Employees	167	172
Offices	7	6

Year founded: 1868.

Brokerage: 84% commissions, 16% fees.

Retail brokerage branch offices: Savannah, Atlanta, Augusta and Vidalia, Ga.; Charlotte, N.C.; Shelander-Cowden Inc., Brunswick, Ga.; Almours-Carswell Inc., Jacksonville, Fla.

Licensed excess/surplus broker in: Georgia.

Principal officers: John E. Cay III, president; Lewis H. Oden III, executive vp; William H. Brown, Edward P. Bendin and G. David Reid, senior vps.

Contact: Angela Bemiss, 912-234-6621, extension 216.

Palmer Goodell Insurance Agency Inc.

2077 Roosevelt Ave., P.O. Box 9040, Springfield, Mass. 01102-9040; 413-781-5940; fax: 413-733-7722

	1989	1988
Premium volume	$34,595,300	$36,026,200
Gross revenues	$4,547,834	$4,899,568
Brokerage: Retail	43.4%	51.3%
Personal lines	29.1%	24.9%
Services	5.6%	5.2%
Invest. income	1.1%	0.7%
Other	20.8%	17.9%
Employees	76	79
Offices	1	1

Year founded: 1955.

Brokerage: 100% commissions.

Licensed excess/surplus broker in: Massachusetts.

Principal officers: Robert H. Carnevale, president; Gordon K. White, senior vp; Jacob E. Stone, H. Russell Preston Jr. and Carleen M. Papageorge, executive vps.

Contact: Robert H. Carnevale.

Parker, Smith & Feek Inc.

1700 First Interstate Center, 999 Third Ave., Seattle, Wash. 98104; 206-382-7900; fax: 206-382-7135

	1989	1988
Premium volume	$70,000,000	$62,000,000
Gross revenues	$9,700,000	$7,900,000
Brokerage: Retail	79%	86%
Wholesale	1%	0%
Personal lines	5%	5%
Invest. income	2%	2%
Other	13%	7%
Employees	114	106
Offices	2	3

Year founded: 1937.

Brokerage: 95% commissions, 5% fees.

Retail brokerage branch offices: Anchorage, Alaska.

Licensed excess/surplus broker in: Washington, Alaska.

Principal officers: John Zefkeles, chairman; Vic Parker, chief executive officer; Dennis Westover, executive vp; John Tracey, executive vp/secretary; Steve Wolf, assistant secretary.

Contact: Steve Wolf.

Pavenstedt & Pauli (U.S.A.) Inc.

302 West High St., P.O. Box 968, Lexington, Ky. 40588; 606-254-5388; fax: 606-252-8658

	1989	1988
Premium volume	$21,000,000	$20,200,000
Gross revenues	$2,200,000	$2,120,000
Brokerage: Retail	36%	68%
Wholesale	35%	10%
Reinsurance	2%	3%
Personal lines	15%	3%
Invest. income	5%	6%
Other	7%	10%
Employees	34	32
Offices	6	4

Year founded: 1989.

Brokerage: 100% commissions.

Acquisitions: Yearsley & Pavenstedt Lexington Ltd., Lexington, Ky.

Retail brokerage branch offices: London; Zurich, Switzerland; Paris; Pavenstedt & Pauli, Bremen, West Germany; Yearsley & Pavenstedt Lexington Ltd., Lexington, Ky.

Parent company: Pavenstedt & Pauli.

Licensed excess/surplus broker in: Kentucky.

Principal officers: Johann T. Pavenstedt, chairman/chief executive officer; James C. Falkenstine and Mary C. Payne, vps; Rebecca B. Lewis, secretary/treasurer.

Contact: Johann T. Pavenstedt or Rebecca B. Lewis.

Pembroke Insurance Agency Inc.

4668 Pembroke Blvd., Suite 117, Virginia Beach, Va. 23455; 804-497-9611; fax: 804-497-4162

	1989	1988
Premium volume	$14,655,106	$15,308,109
Gross revenues	$1,978,439	$2,450,306
Brokerage: Retail	80%	78%
Personal lines	13%	15%
Invest. income	3%	5%
Other	4%	2%
Employees	30	30
Offices	1	1

Year founded: 1969.

Brokerage: 100% commissions.

Parent company: Pembroke Enterprises Inc.

Principal officers: W.K. Hammaker, president; Brenda H. Hammaker and Dennis P. Browne, senior vps; F. Karl Hammaker and James B. Carver, vps.

Contact: W.K. Hammaker.

H&R Phillips Inc.

350 Fifth Ave., New York, N.Y. 10118; 212-239-5353

	1989	1988
Premium volume	NA	NA
Gross revenues	$2,965,000	$2,600,000
Brokerage: Retail	78%	79%
Personal lines	8%	7%
Services	9%	10%
Invest. income	1%	1%
Other	4%	3%
Employees	36	31
Offices	1	1

Year founded: 1964.

Brokerage: 100% commissions.

Licensed excess/surplus broker in: New York.

Principal officers: Judith L. Robinson, president; Carmen Barros, William Phillips, Eli Mishanie and Leonard Mirabile, vps.

Contact: Judith L. Robinson.

Poe & Associates Inc.

702 N. Franklin St., Tampa, Fla. 33602; 813-222-4100; fax: 813-223-5874

	1989	1988
Premium volume	$400,000,000	$315,000,000
Gross revenues	$41,674,000	$35,108,000
Brokerage: Retail	44%	44%
Wholesale	43%	43%
Personal lines	6%	9%
Services	2%	3%
Invest. income	4%	1%
Other	1%	0%
Employees	564	517
Offices	19	15

Year founded: 1956.

Brokerage: 92% commissions, 8% fees.

Acquisitions: Dean S. Davidson Insurance Agency Inc. and Marlar, Johnson & Allen Insurance Inc., Phoenix, Ariz.; Insurance Administration Center Inc., Park Ridge, Ill.; Vincent Lee Lopez, Westlake Village, Calif.; Bynum, Beck & Drew, Houston; Browne & Browne, Fort Lauderdale, Fla.; Physicians Plan Inc., Wethersfield, Conn.; Neil Wiley Insurance Services Inc. and Berger & Washburne, Atlanta.

Retail brokerage branch offices: Tampa, Fort Lauderdale, Fort Myers, Jacksonville, Lakeland, Miami, Orlando, Sarasota, Tallahassee and Winter Haven, Fla.; Bynum, Beck & Poe, Houston; Dean S. Davidson Insurance Agency Inc., Phoenix, Ariz., and Westlake Village, Calif.; Neil Wiley Insurance Services Inc., Atlanta; O'Connell & Salisbury, New Brunswick, N.J.; Poe & Associates of Georgia Inc., Atlanta; Poe & Associates of North Carolina Inc., Charlotte, N.C.

Non-retail brokerage subsidiaries: Insurance Administration Center Inc., Park Ridge, Ill.; Jordan, Roberts & Co., Tampa, Fla.; W.F. Poe & Associates, Tampa, Fla.; Physicians Plan Inc., Hartford, Conn.

Licensed excess/surplus broker in: Florida.

Principal officers: William F. Poe, chairman/chief executive officer; V.C. Jordan Jr., president; Bruce G. Geer and Joseph E. Brown, executive vps; Donald E. Howery, vp/treasurer/secretary; Kenneth M. Sumner, vp.

Contact: Donald E. Howery.

Pomerleau Agency Inc.

184 S. Winooski Ave., Burlington, Vt. 05402; 802-863-2841; fax: 802-863-8209 or 802-863-8206

	1989	1988
Premium volume	$31,500,000	$23,400,000
Gross revenues	$3,600,000	$3,100,000
Brokerage: Retail	41.4%	46.6%
Wholesale	19.8%	25%
Personal lines	3.9%	4.3%
Services	34.9%	24.1%
Employees	32	30
Offices	1	1

Year founded: 1953.

Brokerage: 96.8% commissions, 3.2% fees.

Acquisitions: Moreau Agency, Burlington, Vt.

Licensed excess/surplus broker in: Vermont, New York, New Hampshire, Massachusetts.

Principal officers: Antonio B. Pomerleau, chairman; Charles S. Lord, president; Thomas L. Mays, executive vp; Jeffrey H. Seaver and Brian L. Courcy, vps.

Contact: Thomas L. Mays.

Poor Bowen Bartlett & Kennedy

16 S. Calvert St., Baltimore, Md. 21202; 301-539-6004; fax: 301-727-4726

	1989	1988
Premium volume	$19,000,000	$24,000,000
Gross revenues	$2,500,000	$3,712,000
Brokerage: Retail	74%	74%
Personal lines	17%	17%
Invest. income	9%	9%
Employees	39	58
Offices	2	2

Year founded: 1932.

Brokerage: 100% commissions.

Retail brokerage branch offices: PBB&K of Pennsylvania Inc., York, Pa.

Licensed excess/surplus broker in: Maryland.

Principal officers: Peter A.B. Hoblitzell Jr., president; J. Hunter Alfriend, senior vp; Glenn W. Peffer and Robert C. Deal, vps; Alan Pashkowitz, treasurer.

Contact: J. Hunter Alfriend.

Popkin Lebson Bergstein Inc.

25 Rockwood Place, P.O. Box 5599, Englewood, N.J. 07631; 201-569-8090; 212-928-2473; fax: 201-569-9893

	1989	1988
Premium volume	$20,704,145	$21,267,899
Gross revenues	$3,064,441	$3,427,290
Brokerage: Retail	69%	69%
Wholesale	1%	1%
Personal lines	28%	28%
Services	1%	1%
Invest. income	1%	1%
Employees	48	47
Offices	2	2

Year founded: 1974.

Brokerage: 99% commissions, 1% fees.

Retail brokerage branch offices: Schneiderman Agency, Bayonne, N.J.

Principal officers: Leo J. Popkin,

Continued on next page

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Continued from previous page
president; Martin A. Lebson, vp/treasurer; Bruce A. Bergstein, vp/secretary; Michael Bergstein, Ron Bergstein, Jay Bergstein and Ted Kadison, vps.

Contact: Martin A. Lebson.

The Porter Allen Co.

513 Southard St., Key West, Fla. 33040; 305-294-2542; fax: 305-296-7985

	1989	1988
Premium volume	$8,500,000	$9,000,000
Gross revenues	$1,250,000	$1,450,000
Brokerage: Retail	58%	58%
Personal lines	37%	36%
Invest. income	5%	6%
Employees	28	27
Offices	7	6

Year founded: 1891.

Brokerage: 100% commissions.

Retail brokerage branch offices: Marathon, Key Largo, Homestead, South Miami, Sunrise and Bonita Springs, Fla.

Principal officers: David W. Freeman, president; William A. Freeman III, vp.

Contact: David W. Freeman.

Cecil W. Powell & Co.

219 Newnan St., Jacksonville, Fla. 904-353-3181; fax: 904-353-5722

	1989	1988
Premium volume	$19,374,360	$18,442,530
Gross revenues	$3,874,872	$3,575,183
Brokerage: Retail	85%	85%
Personal lines	6%	5%
Services	7%	8%
Invest. income	2%	2%
Employees	34	38
Offices	1	1

Year founded: 1935.

Brokerage: 92.5% commissions, 7.5% fees.

Licensed excess/surplus broker in: Florida.

Principal officers: Fitzhugh K. Powell, chairman; Lon B. Bryan, president; Thomas Powell, secretary/treasurer; Stanley L. Storey, executive vp; Robert B. Hazard, vp-surety.

Contact: Lon B. Bryan.

PRIMAC Insurance

8 S. Nevada, Colorado Springs, Colo. 80903; 719-475-8222; fax: 719-475-8222 extension 71 (days), 719-475-8229 (evenings)

	1989	1988
Premium volume	$20,000,000	$20,000,000
Gross revenues	$3,700,000	$3,700,000
Brokerage: Retail	62%	66%
Personal lines	5%	7%
Services	23%	19%
Invest. income	8%	8%
Other	2%	0%
Employees	50	50
Offices	5	6

Year founded: 1910.

Brokerage: 77% commissions, 23% fees.

Retail brokerage branch offices: Denver, Pueblo, Montrose and Cortez, Colo.

Non-retail brokerage subsidiaries: National Benefit Administrators Inc.

Parent company: Price & MacDonald Inc.

Licensed excess/surplus broker in: Colorado.

Principal officers: Dennis A. Weber, president; Richard C. Anderson, executive vp; Thomas W. Titsworth and Larry P. Burckhardt, vps; Ryan L. Hettich, controller.

Contact: Dennis A. Weber.

Putnam, Knudsen & Wieking Inc.

300 Lakeside Drive, 25th Floor, Oakland, Calif. 94612; 415-834-4560; fax: 415-839-7828

	1989	1988
Premium volume	$45,000,000	$40,000,000
Gross revenues	$7,053,000	$6,303,444
Brokerage: Retail	83%	85%
Personal lines	12%	11%
Invest. income	5%	4%
Employees	70	64
Offices	1	1

Year founded: 1927.

Brokerage: 96% commissions, 4% fees.

Licensed excess/surplus broker in: California.

Principal officers: Donald B. Putnam, chairman/chief executive officer; James P. Wieking, president; Peder D. Knudsen and Ronald J. Marengo, vps; Gary N. Lewis, chief operating officer.

Contact: Gary N. Lewis.

Q

The Quarles Group

5810 E. Skelly Drive, Suite 300, Tulsa, Okla. 74135; 918-665-1252; fax: 918-665-2119

	1989	1988
Premium volume	$22,000,000	$15,000,000
Gross revenues	$3,428,000	$1,979,373
Brokerage: Retail	87.8%	88.4%
Personal lines	3.2%	2.5%
Services	2.5%	3.2%
Invest. income	4.5%	2.3%
Other	2%	3.6%
Employees	37	27
Offices	3	2

Year founded: 1979.

Brokerage: 97.5% commissions, 2.5% fees.

Retail brokerage branch offices: The Quarles Agency Inc., Tulsa, Okla.; The Quarles Agency of Georgia Inc., Atlanta; Omega Insurance Agency Inc. and The Quarles Agency of Texas Inc., Dallas.

Licensed excess/surplus broker in: Oklahoma.

Principal officers: C. Gene Quarles, chairman/chief executive officer/founder; John A. Hammons, president; Robin Buerge, executive vp/chief operating officer; Dale A. Wells, president-Omega Insurance Agency Inc. and The Quarles Agency of Texas Inc.; Barbara W. Crawford, corporate secretary.

Contact: Robin Buerge or Kathy Hulse.

R

ReagerHarris Inc.

P.O. Box 24008, Louisville, Ky. 40224; 502-425-9444; fax: 502-429-5465

	1989	1988
Premium volume	$27,000,000	$27,000,000
Gross revenues	$4,412,407	$4,470,534
Brokerage: Retail	84%	84%
Personal lines	10%	10%
Invest. income	6%	6%
Employees	48	50
Offices	1	1

Year founded: 1904.

Brokerage: 96% commissions, 4% fees.

Licensed excess/surplus broker in: Kentucky.

Principal officers: Richard L. Martin, president; John L. English and James E. Carrico, senior vps; Larry P. Westmoreland, secretary; Joseph M. Carrico, treasurer.

Contact: Richard L. Martin.

Rebsamen Insurance Inc.

P.O. Box 3198, Little Rock, Ark. 72203; 501-661-4800; fax: 501-666-9592

	1989	1988
Premium volume	$112,574,575	$113,601,151
Gross revenues	$14,973,657	$15,043,220
Brokerage: Retail	63.03%	68.91%
Wholesale	20.61%	16.23%
Personal lines	3.96%	4.25%
Services	5.92%	5.43%
Invest. income	6.48%	5.18%
Employees	160	139
Offices	4	3

Year founded: 1929.

Brokerage: 99% commissions, 1% fees.

Retail brokerage branch offices: Rebsamen Insurance/Fort Smith, Fort Smith, Ark.; Rebsamen Insurance/Springdale, Springdale, Ark.; Rebsamen Insurance of Mississippi Inc., Ridgeland, Miss.

Non-retail brokerage subsidiaries: Insurisk Excess & Surplus Lines, Little Rock, Ark.

Parent company: Rebsamen Cos. Inc.

Licensed excess/surplus broker in: Arkansas.

Principal officers: Charles H. Harper, president; Charles C. Campbell, executive vp; Joe H. Stafford, William L. Grace and Jack L. Garrison, senior vps.

Contact: Charles C. Campbell.

The Redland Group Inc.

535 W. Broadway, Council Bluffs, Iowa 51503; 712-325-1010; fax: 712-325-5722

	1989	1988
Premium volume	$153,326,000	$87,900,000
Gross revenues	$49,085,000	$12,950,000
Brokerage: Retail	4%	13%
Wholesale	88%	63%
Personal lines	1%	3%
Services	3%	9%
Invest. income	3%	7%
Other	1%	5%
Employees	300	215
Offices	5	2

Year founded: 1945.

Brokerage: 94% commissions, 3% fees.

Retail brokerage branch offices: Insurance Agents Inc., Council Bluffs, Iowa.

Non-retail brokerage subsidiaries: American Agrisurance Inc., Council Bluffs, Iowa.

Principal officers: H.H. Nelson, chairman; John P. Nelson, president; Richard Gibson and Gary Hurley, vps; Omer Trout, executive vp/secretary; Joseph G. Smith, vp-finance/treasurer.

Contact: Omer C. Trout.

Republic Hogg Robinson Inc.

20 Custom House St., Boston, Mass. 02110; 617-330-5100; fax: 617-330-6940

	1989	1988
Premium volume	NA	NA
Gross revenues	$67,204,000	$57,889,000
Brokerage: Retail	66%	70%
Personal lines	10%	10%
Services	22%	18%
Invest. income	2%	2%
Employees	865	762
Offices	36	31

Year founded: 1970.

Brokerage: 95% commissions, 5% fees.

Acquisitions: Stone & Michaud Inc., Manchester, N.H.; Frankel Brothers Inc., Cleveland; G.W. Anderson Inc., Marshfield, Mass.

Retail brokerage branch offices: Los Angeles, San Diego and San Jose, Calif.; Boca Raton and Palm Beach Gardens, Fla.; Atlanta; Honolulu; Saginaw and Southfield, Mich.; Burlington, N.C.; New York; Pepper Pike, Ohio; Wynnewood, Pa.; Lubbock, Texas; Alexandria, Va.; Manchester, N.H. Penn General Service Corp.: Los Angeles; Boca Raton, Fla.; Atlanta; Springfield, Mass.; Cadillac, Southfield and Ishpeming, Mich.; Austin, Irving and Lubbock, Texas; Albuquerque, N.M. G.W. Anderson Inc.: Marshfield, Mass.; Atlanta; Bloomington, Minn.; Des Plaines, Ill. Pension Planning Co.: New York.

Parent company: Hogg Group P.L.C.

Principal officers: Charles E. Keller, president/chief executive officer; Arnold Bergson, chairman; Donald A. Benyas, Donald F. Bercu, Louis S. Kohn, William J. Nietschmann and Eugene Oberdorfer II, senior vps; Donald F. Kendeigh, vp-finance; M. Renwick Severance, vp-special services; John J. Welsh, vp-acquisitions/treasurer.

Richards, Melling Ltd.

1200 Scotia Place, Edmonton, Alberta T5J 3R8; 403-428-6431; fax: 403-424-0974

	1989*	1988*
Premium volume	$19,008,000	$17,179,000
Gross revenues	$3,974,400	$3,016,800
Brokerage: Retail	60%	60%
Wholesale	3%	3%
Personal lines	30%	30%
Invest. income	2%	2%
Other	5%	5%
Employees	84	80
Offices	5	5

* Converted at applicable exchange rates.

Year founded: 1909.

Brokerage: 100% commissions.

Retail brokerage branch offices: Vancouver, Langley, White Rock and Cloverdale, British Columbia.

Principal officers: A. Frederick Melling, chairman; Peter D. Watson, president; Dennis N. Allatt, senior vp.

Contact: David Hill, marketing manager; Dennis N. Allatt, 510, 1100 Melville St., Vancouver, British Columbia V6E 4A6; 604-683-6831; fax: 604-683-5746.

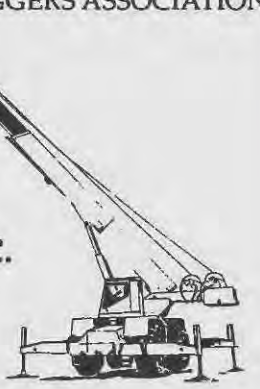
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Roanoke Agency Inc.

1930 Thoreau Drive, Suite 101, Schaumburg, Ill. 60173; 708-490-9540; fax: 708-885-8710

	1989	1988
Premium volume	NA	NA
Gross revenues	$14,750,000	$13,600,000
Brokerage: Retail	81%	81%
Wholesale	8%	7%
Personal lines	3%	4%
Services	3%	3%
Invest. income	5%	5%
Employees	204	192
Offices	10	10

Year founded: 1935.
Brokerage: 95% commissions, 5% fees.
Retail brokerage branch offices: Roanoke International Insurance Agency Inc.: Boston; New York; Timonium, Md.; Miami; Houston; San Francisco, Los Angeles and Costa Mesa, Calif.; Charleston, S.C.
Non-retail brokerage subsidiaries: Anduril Cargo Insurance Specialists, Costa Mesa, Calif.
Licensed excess/surplus broker in: Illinois, Massachusetts, Maryland, New York, California, Texas, Florida, Virginia, Washington, South Carolina.
Principal officers: William D. Sterrett, president/chairman; Robert P. Froese, vp-operations; Lewis M. Moeller, vp-finance/administration.
Contact: Robert P. Froese.

Robertson-Ryan & Associates Inc.

660 E. Mason St., Milwaukee, Wis. 53202; 414-271-3575; fax: 414-271-0196

	1989	1988
Premium volume	$34,512,926	$31,475,354
Gross revenues	$6,293,160	$5,816,193
Brokerage: Retail	80%	81%
Personal lines	14%	13%
Invest. income	6%	6%
Employees	69	62
Offices	1	1

Year founded: 1960.
Brokerage: 98% commissions, 2% fees.
Licensed excess/surplus broker in: Wisconsin.
Principal officers: Jack T. Ryan, chairman; Charles V. Johnson, executive vp/general manager; Lloyd G. Schutte, secretary/treasurer; A.D. Robertson, Jay Robertson and John S. Borges, vps.
Contact: Charles V. Johnson.

Robinson-Conner Inc.

3230 W. Lake Road, Erie, Pa. 16505; 814-838-5900; fax: 814-838-5935

	1989	1988
Premium volume	NA	NA
Gross revenues	$30,838,923	$29,895,633
Brokerage: Retail	62%	65%
Wholesale	3%	2%
Personal lines	20%	20%
Services	11%	9%
Invest. income	1%	2%
Other	3%	2%
Employees	478	497
Offices	18	19

Year founded: 1938.
Brokerage: 91% commissions, 9% fees.
Licensed excess/surplus broker in: Most states.
Principal officers: William B. Conner, president; Frank C. Witthun, executive vp; Patrick J. Quirk, treasurer.

Rogers & Belding Insurance Agency Inc.

2505 E. Missouri, El Paso, Texas 79936; 915-541-3111; fax: 915-534-9437

	1989	1988
Premium volume	$32,500,000	$28,000,000
Gross revenues	$4,200,000	$3,900,000
Brokerage: Retail	60%	62%
Wholesale	5%	5%
Personal lines	25%	25%
Services	5%	3%
Invest. income	5%	5%
Employees	76	74
Offices	1	1

Year founded: 1933.
Brokerage: 95% commissions, 5% fees.
Acquisitions: El Paso office of Republic Hogg Robinson Inc.
Licensed excess/surplus broker in: Texas.
Principal officers: James Rogers Jr., William Tippin, Walter Stowe, Ken North and Ken Mitchell.
Contact: Mary P. Thomas, marketing manager, 915-534-9417.

Rollins Burdick Hunter Group Inc.

123 N. Wacker Drive, Chicago, Ill. 60606; 312-701-4000; fax: 312-701-4143

See profile on page 45.

M.H. Ross/Doud Insurance Brokers

16933 Parthenia St., Sepulveda, Calif. 91343; 818-891-7811; fax: 818-892-6576

	1989	1988
Premium volume	$24,043,857	$20,957,907
Gross revenues	$3,452,729	$2,924,707
Brokerage: Retail	86.8%	87.7%
Personal lines	8.9%	10.2%
Invest. income	4.3%	2.1%
Employees	37	36
Offices	1	1

Year founded: 1954.
Brokerage: 99.5% commissions, 0.5% fees.
Principal officers: Murray H. Ross, chairman; Lloyd T. Ross, president; Connie Grisanti, executive vp; Mario A. Guerra and Jerry Spitzer, senior vps.
Contact: Lloyd T. Ross.

Rothschild, Bell & Walseth Inc.

251 W. Lafayette Road, P.O. Box 7128, St. Paul, Minn. 55107; 612-221-0205; fax: 612-221-0921

	1989	1988
Premium volume	$10,000,000	$9,000,000
Gross revenues	$1,500,000	$1,300,000
Brokerage: Retail	60%	60%
Personal lines	34%	34%
Services	1%	1%
Invest. income	5%	5%
Employees	18	17
Offices	1	1

Year founded: 1885.
Brokerage: 99% commissions, 1% fees.
Licensed excess/surplus broker in: Minnesota.
Principal officers: Bruce B. Walseth, president; Lowell N. Faa, vp.
Contact: Bruce B. Walseth.

S

Saldana & Associates Inc.

701-Ponce de Leon Ave., Centro de Seguros Building, Suite 303, Santurce, Puerto Rico 00907; 809-721-2600; fax: 809-721-1093

	1989	1988
Premium volume	$80,000,000	$58,000,000
Gross revenues	$8,325,000	$7,500,000
Brokerage: Retail	95.5%	98%
Personal lines	3%	2%
Invest. income	1.5%	0%
Employees	99	90
Offices	2	2

Year founded: 1972.
Brokerage: 100% commissions.
Retail brokerage branch offices: Wayne, N.J.
Licensed excess/surplus broker in: Puerto Rico.
Principal officers: Jorge Y. Saldana, chairman; Ralph G. Christiansen Jr., president; Eduardo R. Emanuelli, executive vp; Ruben A. Jordan, treasurer/senior vp; Manuel J. Mendez, secretary/senior vp; Jose E. Vazquez, senior vp.
Contact: Ralph G. Christiansen Jr.

The Schaefer Agency Inc.

201 E. Main St., Smithtown, N.Y. 11787; 516-979-7474; fax: 516-979-7485

	1989	1988
Premium volume	$20,000,000	$21,000,000
Gross revenues	$3,100,000	$3,000,000
Brokerage: Retail	70%	70%
Wholesale	1%	1%
Personal lines	28%	28%
Services	0.5%	0.5%
Invest. income	0.5%	0.5%
Employees	43	42
Offices	3	3

Year founded: 1976.
Brokerage: 99% commissions, 1% fees.
Retail brokerage branch offices: Seatauket, N.Y.
Principal officers: Charles Schaefer, president; Peter Nowick, executive vp; Doris Schaefer and Chris Schaefer, vps.
Contact: Charles Schaefer.

Schwartz Brothers Insurance Agency Inc.

135 S. LaSalle St., Suite 2035, Chicago, Ill. 60603; 312-630-0800; fax: 312-630-0833

	1989	1988
Premium volume	$49,164,000	$47,755,000
Gross revenues	$8,163,000	$7,083,405
Brokerage: Retail	90%	92%
Personal lines	4%	3%
Invest. income	6%	5%
Employees	63	63
Offices	1	1

Year founded: 1919.
Brokerage: 99% commissions, 1% fees.
Licensed excess/surplus broker in: Illinois.
Principal officers: Edward H. Schwartz, president; Robert I. Schwartz and Raymond L. Miller, vps; Joseph Schwartz, David Kunkel, J. Spencer Miller, Mark P. Nahin and Thomas P. Pluss.
Contact: Edward H. Schwartz, 312-630-0810.

Seaboard Financial Group Inc.

235 E. Plume St., Norfolk, Va. 23510; 804-625-1800; fax: 804-625-4849

	1989	1988
Premium volume	$102,200,000	$96,906,270
Gross revenues	$15,072,850	$13,370,141
Brokerage: Retail	61%	58.1%
Wholesale	14.4%	9.7%
Reinsurance	1.4%	1.7%
Personal lines	16.1%	22.3%
Services	2.7%	3.3%
Invest. income	3.5%	3.7%
Other	0.9%	1.2%
Employees	209	211
Offices	11	10

Year founded: 1896.
Brokerage: 95.2% commissions, 4.8% fees.
Retail brokerage branch offices: Henderson & Phillips Inc., Norfolk, Va.; Henderson & Phillips Northern Virginia, Vienna, Va.; Commercial Insurance Agency, Portsmouth, Va.; Savage Insurance Agency, Williamsburg, Va.; Firestone Insurance Services/Colonial Premium Finance Co., Newport News, Va.; Blankinship & McCurdy, Atlanta; Self Insurance Services, Richmond, Va.; Miller-Carneal Insurance, Richmond, Va.; Rogers & Chesser Inc., Nashville, Tenn.
Non-retail brokerage subsidiaries: Overstreet & Newell, Atlanta.
Licensed excess/surplus broker in: Virginia and Georgia.
Principal officers: George C. Phillips, chairman/chief executive officer; F. Dudley Fulton, president/chief operating officer; Jeffrey A. Snyder, treasurer; Eleanor V. Rathbun, secretary.
Contact: Jeffrey A. Snyder.

Seaman Ross & Wiener Inc.

500 N. Broadway, Suite 245, Jericho, N.Y. 11753; 516-938-8100; fax: 516-935-8272

	1989	1988
Premium volume	$13,500,000	$12,500,000
Gross revenues	$2,917,000	$2,750,000
Brokerage: Retail	66%	71%
Personal lines	10%	10%
Services	2%	2%
Invest. income	2%	2%
Other	20%	15%
Employees	16	18
Offices	1	1

Year founded: 1944.
Brokerage: 98% commissions, 2% fees.
Principal officers: Douglas Schenendorf, Burton Seaman and John J. Ross, partners; E.P. Poteet Jr. and Robert E. Wiener, officers.
Contact: Douglas Schenendorf.

Sedgwick Group P.L.C.

Sedgwick House, The Sedgwick Centre, London E18DX, England; 01-377-3456

See profile on page 25.

Sedgwick James North America

1285 Ave. of the Americas, New York, N.Y. 10019; 212-333-8900; fax: 212-977-9153

	1989	1988
Premium volume	$4.5 billion	$4.4 billion
Gross revenues	$489,155,000	$479,850,000
Brokerage: Retail	63%	67%
Wholesale	4%	4%
Reinsurance	1%	1%
Personal lines	6%	6%
Services	19%	16%
Invest. income	6%	5%
Other	1%	1%
Employees	5,949	6,230
Offices	119	116

Year founded: 1858.
Brokerage: 78% commissions, 22% fees.
Retail brokerage branch offices: Atlanta; Baton Rouge and New Orleans, La.; Birmingham and Mobile, Ala.; Boise, Idaho; Boston and New Bedford, Mass.; Charlotte, N.C.; Chicago and Oak Brook, Ill.; Columbia, S.C.; Dallas; Houston; Darien and Hartford, Conn.; Denver; Detroit; Fort Myers, Fort Lauderdale, Naples, Orlando, West Palm Beach and Miami, Fla.; Harrisburg, Philadelphia, Pittsburgh, Bethlehem, Williamsport and Wyomissing, Pa.; Honolulu; Irvine, Los Angeles, San Francisco, San Diego and Sacramento, Calif.; Kansas City and St. Louis, Mo.; Knoxville, Memphis and Nashville, Tenn.; Las Vegas and Reno, Nev.; Little Rock, Ark.; Medford, Portland and Salem, Oregon; Minneapolis and Rainier, Minn.; Omaha, Neb.; Phoenix and Tucson, Ariz.; Portland, Maine; Rochester, Buffalo and Syracuse, N.Y.; San Juan, Puerto Rico; Seattle, Spokane, Yakima, Bellevue, Tacoma and Wenatchee, Wash.; Short Hills, N.J.; Washington, D.C.; Baltimore; Jackson, Miss.; Manchester, N.H.; Oklahoma City and Tulsa, Oklahoma; Calgary, Edmonton and Halifax, Alberta; Hamilton, London, St. George, Sudbury and Toronto, Ontario; Kamloops, Prince George and Vancouver, British Columbia; Montreal and Quebec City, Quebec; Saskatoon, Saskatchewan. James Group Service Inc.: Chicago and San Francisco; Sedgwick James (Bermuda) Ltd., Hamilton, Bermuda. Fire Protection Engineers: Lafayette and Torrance, Calif.; Naperville and Springfield, Ill.; Plainsboro, N.J.; Reno, Nev.; Wichita, Kan.
Non-retail brokerage subsidiaries: Atlanta and Marietta, Ga.; Bellevue, Wash.; Casselberry, Fla.; Chicago; Dallas; Houston; Memphis, Tenn.; New Orleans, La.; New York; San Francisco, Huntington Harbor and San Diego, Calif.; Boston; Denver; Hartford, Conn.; Portland, Ore.; Waukesha, Wis. S.J. Petrakis Insurance Services: San Francisco and Arcadia, Calif.
Parent company: Sedgwick Group P.L.C.
Licensed excess/surplus broker in: All states.

Continued on next page



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Continued from previous page

Principal officers: Richard M. Page, chairman/chief executive officer; Sidney A. Stewart Jr., vice chairman; Quill O. Healey, president/chief operating officer (U.S. operations); Donald K. Morford, senior executive vp; Ronald J. Berardi, executive vp/finance director; Edward B. Morrow Jr., C. Richard Peterson and Norman A. Spargo, executive vps; Kenneth Martin, president/chief executive officer (Canadian operations).

Contact: James Donahue.

Seitlin & Co.

8125 N.W. 53rd St., Suite 200, Miami, Fla. 33166; 305-591-0090; fax: 305-593-6993

	1989	1988
Premium volume	$39,830,000	$39,086,000
Gross revenues	$6,311,000	$6,100,000
Brokerage: Retail	89%	89%
Personal lines	9%	9%
Invest. income	2%	2%
Employees	96	94
Offices	2	2

Year founded: 1945.

Brokerage: 99% commissions, 1% fees.

Retail brokerage branch offices: Seitlin & Co. of Broward and Fort Lauderdale, Fla.

Licensed excess/surplus broker in: Florida.

Principal officers: Sam Seitlin, chairman; M. Stephen Jackman, president; Lynn Tsucalas, Frank Wheeler and Richard Johnson, vps.

Contact: M. Stephen Jackman.

Shelton Insurance Agency Inc.

1227 Third St., P.O. Box 2727, Corpus Christi, Texas 78404; 512-882-5586; fax: 512-882-7935

	1989	1988
Premium volume	$9,460,342	$9,394,991
Gross revenues	$1,237,191	$1,249,583
Brokerage: Retail	87%	86%
Personal lines	10.2%	12%
Invest. income	2.8%	2%
Employees	14	15
Offices	1	1

Year founded: 1941.

Brokerage: 100% commissions.

Principal officers: William J. Shelton, chairman; Louis E. Wells III, president; Michael G. Morgan, vp/secretary/treasurer; John Mark Roberts and J. Michael Rhyne, vps.

Forrest Sherer Inc.

24 N. Sixth St., P.O. Box 900, Terre Haute, Ind. 47808; 812-232-0441; fax: 812-232-1783

	1989	1988
Premium volume	$32,135,000	$30,049,800
Gross revenues	$4,511,000	$4,260,800
Brokerage: Retail	82.84%	85%
Wholesale	4.1%	1%
Personal lines	8.3%	9%
Services	0.1%	1%
Invest. income	4.6%	4%
Other	0.06%	0%
Employees	63	63
Offices	3	2

Year founded: 1920.

Brokerage: 99% commissions, 1% fees.

Retail brokerage branch offices: Indianapolis; German American/Forrest Sherer Agency, Jasper, Ind.

Licensed excess/surplus broker in: Indiana.

Principal officers: Arthur Lukens, president/treasurer; John Dinkel, executive vp/general manager; John Lukens, vp-sales/marketing; Dennis Michael, vp-administration; Malcolm Wright, vp-customer services.

Contact: John Dinkel.

The Simkiss Cos.

150 Radnor-Chester Road, St. Davids, Pa. 19087; 215-254-5000; fax: 215-254-5016

	1989	1988
Premium volume	$52,180,000	$44,500,000
Gross revenues	$7,190,000	$5,797,000
Brokerage: Retail	91%	90%
Personal lines	4%	5%
Services	1%	1%
Invest. income	4%	4%
Employees	56	53
Offices	1	1

Year founded: 1965.

Brokerage: 86% commissions, 14% fees.

Licensed excess/surplus broker in: Pennsylvania.

Principal officers: John A. Simkiss Jr., president; Richard J. Decker, William F. Simkiss and William F. O'Brien, executive vps.

Contact: Daniel B. Norris, vp.

SIR Insurance Agency Inc.

12222 Merit Drive, Suite 1200, Dallas, Texas 75251; 214-770-4660; fax: 214-770-4659

	1989	1988
Premium volume	$37,370,000	$32,000,000
Gross revenues	$3,573,000	$3,038,000
Brokerage: Retail	26%	18%
Wholesale	43%	44%
Reinsurance	4%	0%
Services	25%	36%
Invest. income	1%	2%
Other	1%	0%
Employees	32	28
Offices	1	1

Year founded: 1984.

Brokerage: 75% commissions, 25% fees.

Parent company: SIR Group.

Licensed excess/surplus broker in: Texas.

Principal officers: Keith Kakacek, president; Alexander Angel, Gerald Brunker, John Catanzano and Paul McVearry, vps.

Contact: Keith Kakacek.

The Sklover Organization

400 Post Ave., Westbury, N.Y. 11590; 516-333-6011; fax: 516-333-6608

	1989	1988
Premium volume	$14,000,000	$10,000,000
Gross revenues	$1,550,000	$1,250,000
Brokerage: Retail	80%	80%
Personal lines	10%	10%
Services	7%	7%
Invest. income	3%	3%
Employees	9	9
Offices	2	2

Year founded: 1964.

Brokerage: 90% commissions, 10% fees.

Retail brokerage branch offices: New York.

Principal officers: Richard Sklover, president; Dominic Repetto, vp.

Contact: Richard Sklover.

Smith, Bell & Thompson Inc.

102 S. Winooski Ave., P.O. Box 730, Burlington, Vt. 05402-0730; 802-658-4600; fax: 802-658-6191 or 802-862-2180

	1989	1988
Premium volume	$32,801,141	$29,473,844
Gross revenues	$5,867,013	$5,808,874
Brokerage: Retail	26.9%	28%
Wholesale	53.6%	48.4%
Personal lines	8.6%	5.9%
Services	1.6%	1.3%
Invest. income	5.8%	4.3%
Other	3.5%	12.1%
Employees	50	48
Offices	1	1

Year founded: 1928.

Brokerage: 100% commissions.

Licensed excess/surplus broker in: Most states.

Principal officers: Warren L. Thompson, president; Roger D. Teese, senior vp; Carolyn S. Kovac and William D. Thompson, vps; Bradley D. Matulonis, chief financial officer.

Contact: Bradley D. Matulonis.

Sodarcan Inc.

1140, de Maisonneuve Blvd. W., Suite 701, Montreal, Quebec H3A 1M8; 514-288-0100; fax: 514-282-1364

See profile on page 69.

Starkweather & Shepley Inc.

155 S. Main St., Providence, R.I. 02903; 401-421-6900; fax: 401-272-0180

	1989	1988
Premium volume	$44,500,000	$43,600,000
Gross revenues	$6,415,000	$5,982,000
Brokerage: Retail	74%	75%
Wholesale	6%	0%
Personal lines	11%	12%
Invest. income	4%	4%
Other	5%	9%
Employees	68	62
Offices	2	1

Year founded: 1879.

Brokerage: 98% commissions, 2% fees.

Acquisitions: Morton Smith Inc., Providence, R.I.

Retail brokerage branch offices: Westerly, R.I.

Licensed excess/surplus broker in: Rhode Island, Massachusetts, Vermont, New Hampshire, Maine.

Principal officers: Richard A. Bentfield, president; Fred R. Tripp, executive vp; William P. McGillivary, vp/treasurer; Natale P. Calamis and Peter N. Northrup, vps.

Contact: Richard A. Bentfield.

Sterling & Sterling Inc.

161 Great Neck Road, Great Neck, N.Y. 11021; 516-487-0300; fax: 516-487-0372

	1989	1988
Premium volume	$43,000,000	$40,000,000
Gross revenues	$7,100,000	$5,000,000
Brokerage: Retail	90%	90%
Personal lines	5%	5%
Services	5%	5%
Employees	68	61
Offices	1	1

Year founded: 1932.

Brokerage: 95% commissions, 5% fees.

Licensed excess/surplus broker in: New York.

Principal officers: David A. Sterling, president; Ann Frantzen, Mark Kaplan, Howard Meyers and Gary Ricker, vps.

Dewitt Stern, Gutmann & Co. Inc.

420 Lexington Ave., New York, N.Y. 10170; 212-867-3550

	1989	1988
Premium volume	NA	NA
Gross revenues	$5,280,000	$4,600,000
Brokerage: Retail	79%	78%
Wholesale	1%	1%
Personal lines	20%	21%
Employees	67	65
Offices	2	2

Year founded: 1899.

Brokerage: 96% commissions, 4% fees.

Retail brokerage branch offices: DeWitt Stern of California, Studio City, Calif.

Licensed excess/surplus broker in: New York.

Principal officers: DeWitt A. Stern, chairman; Jolyon F. Stern, president/chief executive officer; Gilbert Andrus, executive vp; Bertram B. Fisher and Jerry Vande Sande, vps; Constance F. Gray, secretary.

Sullivan Co. Inc.

1 Shelter Place, 14th Floor, P.O. Box 2860, Greenville, S.C. 29602; 803-239-1401; fax: 803-239-1435

	1989	1988
Premium volume	$25,000,000	$27,000,000
Gross revenues	$3,800,000	$4,000,000
Brokerage: Retail	71%	71%
Personal lines	25%	25%
Services	1%	1%
Invest. income	3%	3%
Employees	57	63
Offices	6	6

Year founded: 1974.

Brokerage: 99% commissions, 1% fees.

Retail brokerage branch offices: Greenville, S.C.; Sylva, Robbinsville, Andrews, Hayesville and Murphy, N.C.

Licensed excess/surplus broker in: South Carolina.

Principal officers: Joseph F. Sullivan, president; Alex J. Edmonds, executive vp; Charles D. Welch and James E. Williams, executive vps; Albert Y. Hyndshaw, secretary/treasurer.

Contact: Joseph F. Sullivan, 803-239-1404.

Sun State Insurance Agencies Inc.

P.O. Box 945017, Maitland, Fla. 32794-5017; 407-660-1986; fax: 407-660-1699

	1989	1988
Premium volume	$9,193,185	$11,231,054
Gross revenues	$1,546,562	$1,769,838
Brokerage: Retail	70%	72%
Personal lines	26%	25%
Other	4%	3%
Employees	21	22
Offices	5	5

Year founded: 1979.

Brokerage: 100% commissions.

Retail brokerage branch offices: Orlando, Naples and Palm Beach Gardens, Fla.

Principal officers: James M. Stephenson, president; Richard M. Stephenson and Margaret Weems, vps; Bonnie Kehlringer, secretary/treasurer.

Contact: James M. Stephenson.

Swantner & Gordon Insurance Agency

101 N. Shoreline, P.O. Box 870, Corpus Christi, Texas 78403; 512-883-1711; fax: 512-883-3902

	1989	1988
Premium volume	$24,000,000	$23,000,000
Gross revenues	$2,600,000	$2,400,000
Brokerage: Retail	74%	73%
Personal lines	16%	17%
Services	6%	6%
Invest. income	3%	3%
Other	1%	1%
Employees	36	40
Offices	1	1

Year founded: 1936.

Brokerage: 94% commissions, 6% fees.

Principal officers: Blois Bridges, managing partner; Jerry Hunt, Randy Lee and Michael Swantner, partners.

Contact: Jerry Hunt or Randy Lee.

T

The Talbert Corp.

1001 Lincoln, Denver, Colo. 80203; 303-839-1773

	1989	1988
Premium volume	$26,000,000	$28,000,000
Gross revenues	$5,636,000	$5,944,000
Brokerage: Retail	92%	93%
Services	5%	5%
Invest. income	3%	2%
Employees	90	90
Offices	4	4

Year founded: 1962.

Brokerage: 100% commissions.

Retail brokerage branch offices: Salt Lake City; Casper, Wyo.; Grand Junction, Colo.

Licensed excess/surplus broker in: Colorado.

Principal officers: B.R. Clark, president; Courtney Peterson, executive vp; Charlie Fleck, senior vp; Robert Gill, Robert Sunich and Leon Dartois, vps.

Contact: Ed Harrington, secretary/treasurer.

Tanenbaum-Harber Co. Inc.

320 W. 57th St., New York, N.Y. 10019; 212-603-0210

	1989	1988
Premium volume	$170,000,000	$165,000,000
Gross revenues	$18,700,000	$18,350,000
Brokerage: Retail	84%	84.5%
Wholesale	4%	3.5%
Reinsurance	2%	2%
Personal lines	5%	5%
Services	3%	3%
Invest. income	2%	2%
Employees	142	140
Offices	5	5

Year founded: 1860.

Brokerage: 92% commissions, 8% fees.

Retail brokerage branch offices: Miami; Boston; San Diego, Calif.; D.R. Reiff & Associates, New York.

Non-retail brokerage subsidiaries: Hartan Brokerage Inc. and Tanenbaum-Harber Reinsurance Intermediaries Inc., New York; Common Market Agency Inc., New York and London; Thesco Consulting-Actuaries, Comprehensive Benefits Services Inc.

Licensed excess/surplus broker in: New York.

Principal officers: Robert K. Harris, chairman; Walter L. Harris, president; Richard J. Fleder, executive vp/president-benefits; Walter Bronston, Robert V. Donovan, Ronald S. Hanstein, Harold Pray and Robert J. Pulver, senior vps; James Mannino, vp; Ronnie E. Raymond, executive vp-reinsurance; Edward Pray, executive vp-excess/surplus; Fred Jove, Frank Culver and Alan Lux, resident vps.

Contact: Robert K. Harris.

Thilman & Filippini

1 E. Wacker Drive, Chicago, Ill. 60601; 312-527-9500; fax: 312-527-9509

	1989	1988
Premium volume	$32,000,000	$29,000,000
Gross revenues	$4,125,000	$3,650,000
Brokerage: Retail	83%	82%
Wholesale	0%	1%
Personal lines	10%	13%
Services	4%	1%
Invest. income	2%	2%
Other	1%	1%
Employees	56	55
Offices	1	1

Year founded: 1980.

Brokerage: 95% commissions, 5% fees.

Principal officers: E. Thomas Thilman and Thomas W. Filippini, partners.

Contact: E. Thomas Thilman.

Thoits Insurance Service Inc.

250 Cambridge Ave., Palo Alto, Calif. 94306; 415-324-0606; fax: 415-853-3882

	1989	1988
Premium volume	$24,786,000	$18,771,000
Gross revenues	$3,590,000	$2,786,000
Brokerage: Retail	73%	75%
Personal lines	17%	17%
Services	2%	2%
Invest. income	5%	4%
Other	3%	2%
Employees	53	35
Offices	1	1

Year founded: 1891.

Brokerage: 98% commissions, 2% fees.

Acquisitions: Folger & Kelley, Palo Alto, Calif.

Principal officers: Donald A. Way, chief executive officer; Herb Hill, president; Kenneth Peterson, George Sammon and Charles J. Wilson, senior vps.

Contact: Charles J. Wilson.

The Thomson Group

521 Fellowship Road, Suite 130, Mount Laurel, N.J. 08054; 609-866-8712; fax: 609-866-7482

	1989	1988
Premium volume	$61,000,000	$55,000,000
Gross revenues	$7,950,000	$7,100,000
Brokerage: Retail	70%	70%
Wholesale	2%	2%
Personal lines	20%	20%
Services	5%	5%
Invest. income	3%	3%
Employees	101	90
Offices	8	7

Year founded: 1934.

Brokerage: 95% commissions, 5% fees.

Acquisitions: Colson Agency, Woodstown, N.J.

Retail brokerage branch offices: The Dilks Agency Inc., Mount Laurel, N.J.; H.A. Thomson Co. and Bailey Insurance Management, Exton, Pa.; Colson Agency, Woodstown, N.J.; Pro Administrators, Lansdale, Pa.; Thomson Financial Services, Rosemont, Pa.

Licensed excess/surplus broker in: New Jersey, Pennsylvania.

Principal officers: Robert N. Langner, Stephen Lishnoff, Thomas P. Giangiulio, B.J. Giangiulio and Otto Grupp III, principals.

John P. Tilden Ltd.

10 Platt St., New York, N.Y. 10038; 212-635-2200; fax: 212-635-4230

	1989	1988
Premium volume	NA	NA
Gross revenues	$5,704,296	$5,712,371
Brokerage: Retail	69.5%	71.7%
Wholesale	5%	5%
Reinsurance	1%	1%
Personal lines	9%	9%
Services	7%	8%
Invest. income	7%	5%
Other	1.5%	0.3%
Employees	74	75
Offices	2	2

Year founded: 1962.

Brokerage: 93% commissions, 7% fees.

Retail brokerage branch offices: Bay Shore, N.Y.

Licensed excess/surplus broker in: New York.

Principal officers: J. Robert Wilson, chairman; John J. McGowan, president; Gerald I. Benson, vice chairman/chief executive officer; Gary Ferrazzano, secretary; Nancy Torres, treasurer.

Contact: Gerald I. Benson, 212-504-9720.

Tower-Chisholm Ferguson Ltd.

2 Lansing Square, Suite 901, Willowdale, Ontario M2J 4P8; 416-495-0463; fax: 416-495-7274

	1989*	1988*
Premium volume	$10,108,800	$8,296,200
Gross revenues	$1,511,523	$1,244,540
Brokerage: Retail	68%	66%
Personal lines	28%	31%
Invest. income	4%	3%
Employees	28	28
Offices	1	1

* Converted at applicable exchange rates.

Year founded: 1928.

Brokerage: 98% commissions, 2% fees.

Principal officers: Herbert Schwartze, chairman; Darryl D. Ticknor, president; Ronald Bennett, vp-sales/marketing; Deborah Massa, vp/secretary/treasurer; Sandra Gonder, assistant vp-commercial lines.

Contact: Darryl D. Ticknor.

Transportation Insurance Managers

11300 N. Central Expressway, Suite 207, Dallas, Texas 75243; 214-373-4566; fax: 214-373-4572

	1989	1988
Premium volume	$8,500,000	$8,000,000
Gross revenues	$648,650	$587,940
Brokerage: Retail	95%	96%
Invest. income	5%	4%
Employees	6	6
Offices	1	1

Year founded: 1983.

Brokerage: 100% commissions.

Principal officers: Dale Weatheread, president; Robert D. Hunt, vp/secretary; Don Pridgin, vp.

Contact: Robert D Hunt.

Continued on next page

Continued from previous page

Tremblay Assurance Ltd.

575 Place Jean Dequen, C.P. 460, Alma, Quebec G8B 5V9; 418-662-6413; fax: 418-662-6965

	1989*	1988*
Premium volume	**$5,808,606**	$5,462,391
Gross revenues	**$1,134,011**	$921,214
Brokerage: Retail	**59.9%**	59.9%
Personal lines	**30%**	30%
Services	**0.1%**	0.1%
Invest. income	**10%**	10%
Employees	**19**	17
Offices	**2**	2

* Converted at applicable exchange rates.

Year founded: 1964.

Brokerage: 99.9% commissions, 0.1% fees.

Parent company: Tremblay Assurance Enr./Gilbert Tremblay & Associates.

Principal officers: J. Gilbert Tremblay, president; Chantale Cote Tremblay, vp; Claude A. Tremblay, secretary.

Contact: J. Gilbert Tremblay.

U

Ulrich, Voorhees, Warner Associates

100 Davidson Ave., Somerset, N.J. 08875; 201-469-3000; fax: 201-271-9573

	1989	1988
Premium volume	**$51,000,000**	$48,000,000
Gross revenues	**$6,780,000**	$6,095,000
Brokerage: Retail	**64%**	67%
Personal lines	**5%**	5%
Services	**9%**	8%
Invest. income	**3%**	3%
Other	**19%**	17%
Employees	**52**	45
Offices	**1**	1

Year founded: 1973.

Brokerage: 84% commissions, 16% fees.

Acquisitions: DelDuca Agency, Summit, N.J.

Licensed excess/surplus broker in: New Jersey.

Principal officers: John N. Vorhees III, president; Stephen A. Warner, executive vp; William Cilente, senior vp; T. Wade Byrum and Allen Preville, vps.

Contact: Stephen A. Warner.

Underwriters Services Inc.

1930 W. Main St., Jeffersonville, Pa. 19403; 215-630-9300; fax: 215-630-9285

	1989	1988
Premium volume	**NA**	NA
Gross revenues	**$1,258,530**	$1,044,048
Brokerage: Retail	**97%**	98%
Invest. income	**3%**	2%
Employees	**20**	24
Offices	**1**	1

Year founded: 1978.

Brokerage: 60% commissions, 40% fees.

Licensed excess/surplus broker in: Pennsylvania, Indiana.

Principal officers: John A. Brownlee, president; Beverly Brownlee, secretary/treasurer; William Brownlee and Eileen Ciaccio, vps; David E. Brownlee, executive vp.

Contact: David E. Brownlee.

United International Brokers

135 Wood Road, Braintree, Mass. 02184; 617-848-8946; fax: 617-849-0327

	1989	1988
Premium volume	**$19,200,000**	$8,500,000
Gross revenues	**$2,150,000**	$835,000
Brokerage: Retail	**80%**	80%
Wholesale	**2%**	2%
Personal lines	**12%**	14%
Services	**4%**	2%
Invest. income	**2%**	2%
Employees	**32**	14
Offices	**2**	2

Year founded: 1986.

Brokerage: 96% commissions, 4% fees.

Acquisitions: Rowan Insurance Agency, Braintree, Mass.

Retail brokerage branch offices: Quincy, Mass.

Parent company: MBA Group of Cos.

Licensed excess/surplus broker in: Massachusetts.

Principal officers: Richard L. Wellner, president; Lawrence W. Sullivan, Alan M. Alexis and William Rowan, senior vps; Peter McCann, vp.

Contact: Richard L. Wellner.

V

Van Beurden Insurance Services Inc.

1615 Draper St., P.O. Box 67, Kingsburg, Calif. 93631; 209-897-2975; fax: 209-897-4070

	1989	1988
Premium volume	**$80,425,332**	$69,854,810
Gross revenues	**$10,073,462**	$8,756,452
Brokerage: Retail	**85%**	84%
Personal lines	**7%**	6%
Invest. income	**8%**	10%
Employees	**125**	112
Offices	**11**	10

Year founded: 1934.

Brokerage: 100% commissions.

Acquisitions: Gotelli Insurance Services, Modesto, Calif.

Retail brokerage branch offices: San Francisco, Woodland, Modesto, Fresno, Carruthers, Visalia, Paso Robles, Los Osos and Bakersfield, Calif.; Bellevue, Wash.

Licensed excess/surplus broker in: California.

Principal officers: William J. Van Beurden, president; Mark F. Matthews, executive vp; Steven C. Wigh, senior vp; J. Robert Lankford, chief financial officer.

Contact: Steven C. Wigh.

Truman Van Dyke Co.

6255 Sunset Blvd., Suite 1220, Hollywood, Calif. 90028; 213-462-3300; fax: 213-462-4857

	1989	1988
Premium volume	**$10,269,586**	$8,678,218
Gross revenues	**$1,180,613**	$1,007,581
Brokerage: Retail	**90%**	89%
Wholesale	**10%**	10%
Personal lines	**0%**	1%
Employees	**16**	14
Offices	**1**	1

Year founded: 1953.

Brokerage: 100% commissions.

Licensed excess/surplus broker in: California.

Principal officers: Truman Van Dyke Jr., president; Rose Van Dyke, chairman.

Van Gilder Insurance Corp.

700 Broadway, Denver, Colo. 80203; 303-837-8500; fax: 303-831-5295

	1989	1988
Premium volume	**$53,000,000**	$46,000,000
Gross revenues	**$8,400,000**	$7,700,000
Brokerage: Retail	**68%**	68%
Personal lines	**12%**	12%
Invest. income	**8%**	9%
Other	**12%**	11%
Employees	**113**	95
Offices	**4**	3

Year founded: 1905.

Brokerage: 99% commissions, 1% fees.

Acquisitions: Dowis Agency, Sterling, Colo.

Retail brokerage branch offices: Casper, Wyo.; Sterling, Colo.; Kansas City, Mo.

Licensed excess/surplus broker in: all states.

Principal officers: Dell Van Gilder, president/chief executive officer; Henry Higginbottom, secretary/treasurer/chief operating officer; Ned Steel, Rollo Jacobs and Karl Parker, senior vps.

Contact: Dell Van Gilder.

W

Walton Insurance Services Inc.

4524 Gun Club Road, Suite 201, West Palm Beach, Fla. 33415; P.O. Box 16717, West Palm Beach, Fla. 33416-6717; 407-686-3000; fax: 407-686-3235

	1989	1988
Premium volume	**$12,000,000**	$10,200,000
Gross revenues	**$1,400,000**	$1,300,000
Brokerage: Retail	**91%**	90%
Personal lines	**4%**	5%
Invest. income	**5%**	5%
Employees	**21**	18
Offices	**2**	2

Year founded: 1980.

Brokerage: 100% commissions.

Retail brokerage branch offices: Vero Beach, Fla.

Parent company: FEICO.

Licensed excess/surplus broker in: Florida.

Principal officers: Jerry C. Walton, president; Glenn S. Squires Jr., vp; David Weber, secretary.

Warren-Hoffman & Associates Inc.

256 Third St., P.O. Box 760, Falls Station, Niagara Falls, N.Y. 14303; 716-284-9983

	1989	1988
Premium volume	**$35,000,000**	$32,500,000
Gross revenues	**$4,420,000**	$4,150,000
Brokerage: Retail	**80.9%**	83%
Wholesale	**1%**	1%
Personal lines	**17%**	14.6%
Invest. income	**1.1%**	1.4%
Employees	**73**	71
Offices	**3**	3

Year founded: 1969.

Brokerage: 97% commissions, 3% fees.

Retail brokerage branch offices: Buffalo and Newfane, N.Y.

Principal officers: John D. Hoffman, president; Richard F. Soluri, senior vp; William E. Warren, Michael C. Tylwalk Jr., Leonard R. Cancilla, Gary A. Hollederer, Lynda J. Phinney and Charles L. Wageman, vps; Richard M. Thompson, executive vp.

Arthur A. Watson & Co. Inc.

225 Spring St., Wethersfield, Conn. 06109; 203-563-8111; fax: 203-563-5201

	1989	1988
Premium volume	**$94,000,000**	$82,000,000
Gross revenues	**$12,655,000**	$11,180,000
Brokerage: Retail	**45%**	48%
Wholesale	**19%**	16%
Personal lines	**15%**	14%
Invest. income	**5%**	4%
Other	**16%**	18%
Employees	**145**	150
Offices	**5**	6

Year founded: 1929.

Brokerage: 100% commissions.

Retail brokerage branch offices: Waterbury, Conn.; League Insurance Agency, Wallingford and Groton, Conn.; Sponsored Markets Division, Wethersfield, Conn.

Non-retail brokerage subsidiaries: AAW Physician Plans Inc., Wethersfield, Conn.

Licensed excess/surplus broker in: Connecticut.

Principal officers: Francis J. McGurkin, chairman; Thomas A. Willsey, president; Alan S. Currie, senior vp/treasurer; Elliot H. Levine, senior vp/secretary; Peter E. Peterson, Stephen R. Gass and Thomas P. Watson, senior vps.

Contact: Thomas A. Willsey.

Wharton/Lyon & Lyon

101 S. Livingston Ave., Livingston, N.J. 07039; 201-992-5775; fax: 201-992-6660

	1989	1988
Premium volume	**NA**	NA
Gross revenues	**$8,172,500**	$7,472,000
Brokerage: Retail	**87%**	86.8%
Personal lines	**12%**	12%
Invest. income	**1%**	1.2%
Employees	**97**	104
Offices	**3**	3

Year founded: 1912.

Brokerage: 96% commissions, 4% fees.

Acquisitions: Harry C. Cutter, Neptune, N.J.

Retail brokerage branch offices: Wharton Financial, Livingston, N.J.; Wharton/Atlantic, Ocean Township, N.J.

Principal officers: Albert L. Klein, chairman/chief executive officer; Richard T. Hebert, president/chief operating officer.

Contact: Albert L. Klein.

Willis Faber P.L.C.

10 Trinity Square, London EC3P 3AX England; 071-488-8111; fax: 071-488-8223

See profile on page 38.

Wisconsin Insurance Management Inc.

300 Wisconsin Ave., P.O. Box 1630, Waukesha, Wis. 53187; 414-542-8822; fax: 414-542-9750

	1989	1988
Premium volume	**$88,000,000**	$80,200,000
Gross revenues	**$6,851,397**	$6,187,030
Brokerage: Retail	**36%**	38%
Wholesale	**4%**	3%
Reinsurance	**1%**	1%
Personal lines	**43%**	44%
Services	**5%**	5%
Other	**11%**	9%
Employees	**66**	61
Offices	**2**	1

Year founded: 1978.

Brokerage: 98% commissions, 2% fees.

Retail brokerage branch offices: Belleville, Ill.

Parent company: First Financial Corp.

Licensed excess/surplus broker in: Wisconsin.

Principal officers: Robert Toerpe, president; Jeff Ashley, senior vp-personal lines sales; David J. Petersen, vp-commercial lines; Darwin Matter, vp-personal lines; Lawrence Koth, treasurer.

Contact: Robert Toerpe, David Petersen or Lawrence Koth.

Wisenberg Insurance & Risk Management

4828 Loop Central Drive, Ninth Floor, Houston, Texas 77081; 713-666-5200; fax: 713-669-4724

	1989	1988
Premium volume	**$36,600,000**	$32,000,000
Gross revenues	**$4,700,000**	$4,630,000
Brokerage: Retail	**72%**	72.3%
Personal lines	**17%**	15.7%
Services	**7%**	8%
Invest. income	**4%**	4%
Employees	**58**	59
Offices	**1**	1

Year founded: 1934.

Brokerage: 93% commissions, 7%

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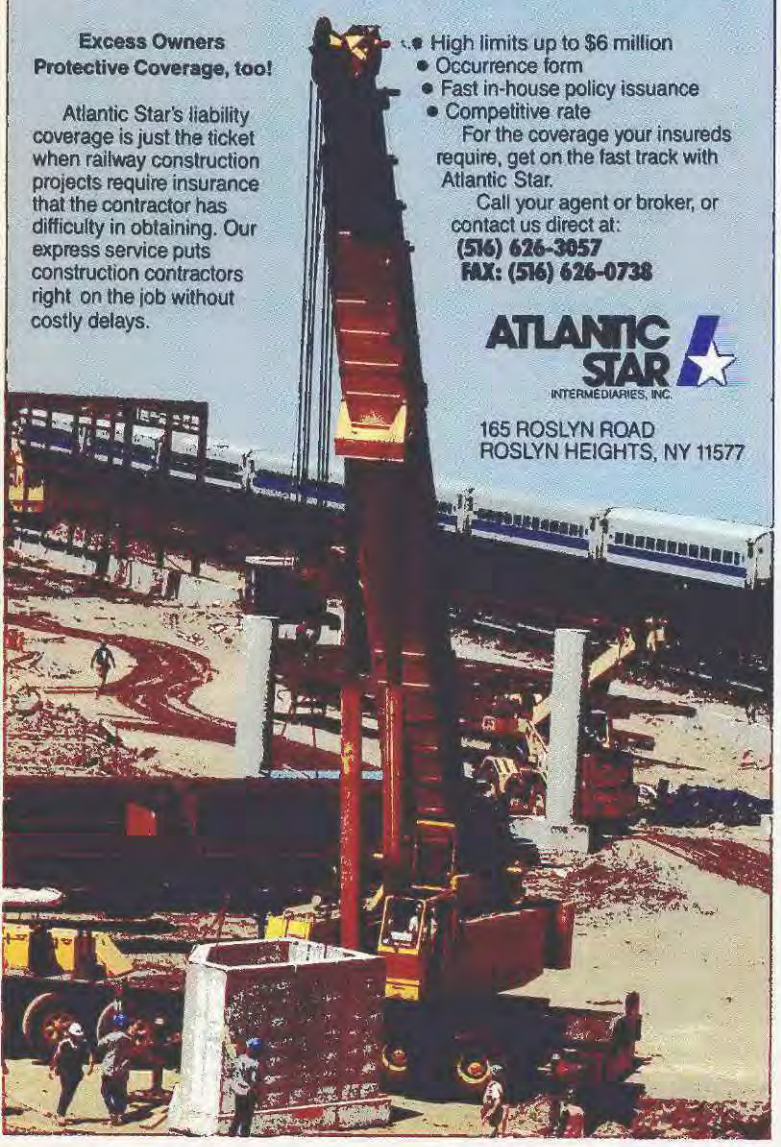
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Sedgwick James North America
Florence
McGriff, Seibels & Williams Inc.
LaFayette
J. Smith Lanier & Co.
Mobile
Corroon & Black Corp.
Hilb, Rogal & Hamilton Co.
Arthur J. Gallagher & Co.
McGriff, Seibels & Williams Inc.
Sedgwick James North America
Montgomery
Meadowbrook Inc.
Opelika
J. Smith Lanier & Co.

Alaska

Anchorage
Corroon & Black Corp.
Jardine Insurance Brokers Inc.
Johnson & Higgins of Alaska Inc.
Marsh & McLennan Cos. Inc.
Parker, Smith & Feek Inc.
Rollins Burdick Hunter Co.
Fairbanks
Corroon & Black Corp.

Arizona

Cottonwood
The Leavitt Group
Mesa
The Leavitt Group
Phoenix
Alexander & Alexander Services Inc.
Alliance Insurance Group
Beal & Associates Insurance Counselors Inc.
Corroon & Black Corp.
Poe & Associates Inc.
Hilb, Rogal & Hamilton Co.
Jardine Insurance Brokers Inc.
Johnson & Higgins of Arizona Inc.
A.W. Lawrence & Co.
Marsh & McLennan Cos. Inc.
Robinson-Conner Inc.
Rollins Burdick Hunter Co.
Sedgwick James North America
Winter/Barrett-Leavitt
The Wood Insurance Group
Scottsdale
Arthur J. Gallagher & Co.
ISU/General Southwest Insurance Agency Inc.
Tucson
Corroon & Black Corp.
Sedgwick James North America
Yuma
Corroon & Black Corp.

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Agent/broker directory

Continued from previous page
fees.

Non-retail brokerage subsidiaries: Risk Analysts Inc. and Compu-Rate, Houston.

Licensed excess/surplus broker in: Texas.

Principal officers: Irving Pozmantier, chairman; Joe L. Williams, president; Jay Williams, vp-marketing; Jeff Pozmantier, vp; Don Smith, vp-claims.

Contact: Joe L. Williams, 713-669-4702.

Wittner Cos.

5999 Central Ave., Suite 400, St. Petersburg, Fla. 33710; 813-384-3000; fax: 813-345-3482

	1989	1988
Premium volume	$101,513,000	$91,198,000
Gross revenues	$2,079,000	$2,511,000
Brokerage: Retail	40%	30%
Wholesale	55%	66%
Reinsurance	1%	0%
Personal lines	1%	1%
Services	1%	1%
Invest. income	2%	2%
Employees	23	26
Offices	4	4

Year founded: 1955.

Brokerage: 95% commissions, 5% fees.

Retail brokerage branch offices: Wittner Cos. Employee Benefits Division, Orlando, Fla.

Non-retail brokerage subsidiaries: Wittner Cos. Life Division, Orlando, Fla.

Principal officers: Ted P. Wittner, chairman; Jean G. Wittner, president; Thomas Coates, executive vp; Myron A. Halle, senior vp; John W. Fraser, vp.

Contact: John W. Fraser.

Hirsch Wolf & Co. Inc.

1505 Coney Island Ave., Brooklyn, N.Y. 11230; 718-252-2800; fax: 718-253-9682

	1989	1988
Premium volume	$23,000,000	$22,000,000
Gross revenues	$2,400,000	$2,400,000
Brokerage: Retail	79%	81.9%
Personal lines	10%	10%
Services	1%	1.7%
Invest. income	9%	5.4%
Other	1%	1%
Employees	30	28
Offices	2	2

Year founded: 1958.

Brokerage: 99% commissions, 1% fees.

Retail brokerage branch offices: New York.

Licensed excess/surplus broker in: New York, New Jersey, New Hampshire, Florida, Illinois, Connecticut.

Principal officers: Hirsch Wolf, president; Raquel Wolf, vp/secretary; Yosef Kadin, executive vp; Levy Zilishovsky, treasurer.

Contact: Hirsch Wolf.

The Wood Insurance Group Inc.

1430 E. Missouri, Suite 225, Phoenix, Ariz. 85014; 602-230-8200; fax: 602-230-8207

	1989	1988
Premium volume	$7,000,000	$5,200,000
Gross revenues	$941,000	$729,000
Brokerage: Retail	92%	94%
Personal lines	3%	2%
Invest. income	5%	4%
Employees	7	8
Offices	1	1

Year founded: 1986.

Brokerage: 100% commissions.

Licensed excess/surplus broker in: Arizona.

Principal officers: David A. Wood, president; Robert Gano, vp.

Contact: David A. Wood.

Thomas E. Wood Inc.

1500 Carew Tower, Cincinnati, Ohio 45202; 513-852-6300

	1989	1988
Premium volume	$95,300,000	$86,700,000
Gross revenues	$10,400,000	$10,200,000
Brokerage: Retail	79%	77%
Wholesale	1%	1%
Personal lines	15%	18%
Invest. income	5%	4%
Employees	121	120
Offices	2	2

Year founded: 1895.

Brokerage: 99% commissions, 1% fees.

Retail brokerage branch offices: Wood Underwriters Agency Inc., Edgewood, Ky.

Principal officers: Thomas J. Klinedinst Sr., chairman; Thomas J. Klinedinst Jr., president; Edward R. Bowmann, Paul R. Swanson, Marjorie A. Dunn and John K. Ashmore, senior vps.

Contact: Thomas J. Klinedinst Jr.

Wood-Mahan Insurance Brokers

3100 Bristol St., Suite 390, Costa Mesa, Calif. 92626; 714-557-0800; fax: 714-557-4132

	1989	1988
Premium volume	$11,338,863	$9,349,362
Gross revenues	$1,600,000	$1,300,000
Brokerage: Retail	83%	80%
Personal lines	5%	5%
Invest. income	8%	7%
Other	4%	8%
Employees	17	13
Offices	1	1

Year founded: 1985.

Brokerage: 100% commissions.

Principal officers: Robert G. Mahan and Donald L. Wood, principals; James E. Gutmann and Nikki Collier, vps.

Contact: Robert G. Mahan.

The Woodsmall Cos.

5 Crown Center, Kansas City, Mo. 64108; 816-395-8508; fax: 816-472-5517

	1989	1988
Premium volume	$65,100,000	$59,700,000
Gross revenues	$7,883,000	$7,213,000
Brokerage: Retail	45%	50%
Reinsurance	4%	2%
Personal lines	1%	1%
Services	47%	45%
Invest. income	3%	2%
Employees	110	110
Offices	2	2

Year founded: 1974.

Brokerage: 97% commissions, 3% fees.

Retail brokerage branch offices: Des Moines, Iowa.

Licensed excess/surplus broker in: Missouri, Kansas.

Principal officers: Warren O. Woodsmall, chairman; Peter L. Woodsmall, president; Thomas E. Klug, J. Michael Brewer and Roger E. Coenen, senior vps.

Contact: Peter L. Woodsmall.

Worgess Agency Inc.

55 N. McCamly, Battle Creek, Mich. 49016; 616-965-3221; fax: 616-965-8853

	1989	1988
Premium volume	$7,200,000	$7,116,014
Gross revenues	$1,200,000	$1,075,811
Brokerage: Retail	50%	50%
Personal lines	50%	50%
Employees	23	23
Offices	2	2

Year founded: 1931.

Brokerage: 100% commissions.

Acquisitions: Francisco Agency, Battle Creek, Mich.

Retail brokerage branch offices: Homer, Mich.

Licensed excess/surplus broker in: Michigan.

Principal officers: Douglas Worgess, president; Robert Worgess, vp; Richard Worgess, treasurer; Julie Davis, secretary.

Contact: Robert Worgess.

John L. Wortham & Son

2727 Allen Parkway, Houston, Texas 77019; P.O. Box 1388, Houston, Texas 77251; 713-526-3366; fax: 713-526-7018

	1989	1988
Premium volume	$267,000,000	$264,000,000
Gross revenues	$27,613,000	$26,939,000
Brokerage: Retail	91	90
Personal lines	5%	6%
Invest. income	4%	4%
Employees	240	248
Offices	1	1

Year founded: 1915.

Brokerage: 100% commissions.

Non-retail brokerage subsidiaries: John L. Wortham & Son Inc. and John L. Wortham & Son Investments Inc., Houston.

Licensed excess/surplus broker in: Texas.

Principal officers: Allen H. Carruth, chairman-executive committee; Fred C. Burns, managing partner; Herbert H. Honea, James R. Davis and Robert B. Hixon, partners/members-executive committee.

Contact: Fred C. Burns.

Wright & Co.

1400 Eye St. N.W., Suite 1100, Washington, D.C. 20005; 202-289-0200; fax: 202-289-6607

	1989	1988
Premium volume	NA	NA
Gross revenues	$4,572,000	$4,207,000
Brokerage: Retail	87.7%	88.1%
Personal lines	5.9%	6.1%
Invest. income	3.8%	3.6%
Other	2.6%	2.2%
Employees	31	34
Offices	1	2

Year founded: 1965.

Brokerage: 95% commissions, 5% fees.

Licensed excess/surplus broker in: District of Columbia, Maryland, Virginia.

Principal officers: Frank L. Wright, chairman/chief executive officer; Robert J. Miller, senior vp/chief operating officer; Betty R. Wright, treasurer; Lionel C. Epstein, secretary.

Contact: Frank L. Wright. ■

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Issue Date: JUNE 18, 1990
Card Expiration: AUGUST 10, 1990

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2 ☐ 151 - 499
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3. My title is best defined as:
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InsurerTopics

A special editorial section
sent exclusively
to insurers and reinsurers

Getting the message across

Do insurers get enough for their ad dollars?

By MARK A. HOFMANN

Insurers are spending big bucks on advertising, but they may not always getting their message across to consumers.

Some advertising experts say insurers' efforts, marked by both excellence and mediocrity, are comparable to advertising by companies in other industries.

But other practitioners of the fine art of consumer persuasion view insurance ads as a vast wasteland of generic images—smiling agents and caring companies that just want to be loved.

Experts generally agree that insurance is not easy to promote. It cannot be held, listened to, watched or driven away, like most other consumer goods.

In addition, thousands of companies compete in the both the life and property/casualty insurance marketplaces.

Given that degree of competition, it is hardly surprising that insurers spend a great deal on advertising.

U.S. insurers spent nearly $484.5 million on advertising last year, according to Leading National Advertisers Inc. and Arbitron Co., two advertising expenditure monitoring services.

Specifically:

- Underwriters of medical and dental coverage, including Blue Cross & Blue Shield plans, spent $95.9 million.
- Life insurers spent $141.5 million.
- Property/casualty insurers spent more than the other categories combined, according to LNA.

Homeowners insurers alone spent $33.7 million on advertising last year.

Auto insurers spent $37.8 million.

And, underwriters of all other types of property/casualty insurance spent $175.6 million.

What are insurers getting in return for their money?

Probably less than they expected, according to research done by BBDO/Chicago.

Insurance marketers face an uphill battle, says Eric Harkna, president and chief executive officer of the advertising agency. And "a lot of companies are spending a considerable amount of money" on advertising but are not standing out in the pack, he says.

Mr. Harkna reviewed research done for BBDO/Chicago at a January meeting of the Insurance Marketing Communications Assn.

In a national survey of 100 automobile and homeowners insurance policyholders in December 1989, 54% said they believe all insurers are "about the same." A quarter said they were "somewhat different" and 20% said they were "very different."

Sixty-two percent of the respondents thought that advertising for different insurance companies was "about the same," while 28% said it is "somewhat different" and 9% said it was "very different."

The remainder said they did not know.

Insurers need more "breakthrough advertising," asserted Mr. Harkna, whose clients include Zurich-American Insurance Group of Schaumburg, Ill.

"In the '90s, companies need parity-breaking, risk-taking advertising to develop a strong image for their brands," he asserted. "This will be especially true for marketers with lesser budgets, because in a parity scenario, the advertising with the biggest budget usually wins."

Several other experts questioned how seriously insurers are trying to break away from the pack in their advertising.

"I think most insurance advertisers are putting in their ads what they see other advertisers putting in their ads," said Stanley Tannenbaum, an advertising professor at Northwestern University's Medill School of Journalism in Evanston, Ill.

Mr. Tannenbaum called the emphasis on agents and corporate logos present in many insurers' advertisements "old-fashioned." Instead of trying to show how insurance companies meet consumer desires, the majority of the ads "come out as a testament to the insurance industry," he said.

"We need more creativity. We are all searching for the Holy Grail," Mr. Tannenbaum said at the IMCA meeting.

"I look at insurance advertising and all I see are people hugging people and the friendly agent," he said.

"They're doing a lot of warm and fuzzy," said Lee Duffey, president of Duffey Communications Inc., an Atlanta public relations agency whose clients include life and property/casualty insurance companies.

Insurers should promote specifics instead of generalities, Mr. Duffey said.

For example, life insurers should stress the wealth-building aspect of their product, he said.

"The concept of monthly premiums is like a bee sting—it's a bill," he observed. "You need to start educating people (about) why insurance is a net rather than a bee sting. Sell the honey instead of the sting."

One reason insurers lag in advertising creativity, several experts said, is a lack of commitment on the part of insurer managements and a desire to play it safe.

"I think part of the answer is that, in many insurance companies, the top people don't get involved in advertising. The decisions get left to middle management," Mr. Harkna said.

As a result, insurance company advertising executives are "very, very cautious," Mr. Harkna explained. "They are asking themselves, 'What should I do to play it safe?'

"It's easier to do what you've been doing for years. As a result, I think the agencies aren't putting the creative effort behind insurance advertising" in many cases, Mr. Harkna said.

"It's safer doing something you know is going to work even if it doesn't work really well" than trying an unproven approach, agreed Howard Grosky, an independent contractor who serves as creative director of Gerald Siegel & Associates, a Chicago firm specializing in direct-response advertising.

Northwestern's Mr. Tannenbaum was more critical of insurance company advertising executives.

"It's incestuous. It's blind following. They're usually trying to please the CEO of the insurance company instead of reaching the consumer," he said.

In other cases, insurance executives "just don't believe in advertising," said Neil Casey, senior vp and creative director of ad agency Cramer-Krasselt/Milwaukee.

Mr. Casey said that accounting-oriented rather than marketing-oriented managers often doubt advertising's effectiveness. Because they want to see "immediate gratification," these executives will refuse to make long-term commitments to a campaign, he said.

Insurers that "look to pop in for three months" in an advertising campaign and see immediate improvement in their business are courting disappointment, said Mr. Casey, whose agency has handled Employers of Wausau's advertising since 1971 (*IT*, June 19, 1989).

Kim Paterson, president of Creative Insurance Marketing of Red Bank, N.J., an insurance marketing and advertising firm, agreed that a lack of consistent advertising hinders insurers, particularly those relying on independent agents for sales.

Many agency companies lack the focused and consistent image-building that direct writers generally put forward, Ms. Paterson said.

Most campaigns by agency companies "are trying to convince the

Continued on next page



Insurer Topics

Advertising

Continued from previous page
public they're good people. I think it's too late for that," she observes.

Overall, however, Ms. Paterson says that "if you compare insurance advertising to any other industry's, I don't think it's any different."

Acknowledging a preponderance of "mom, apple pie and America" ads, she says, "I don't think it's all alike. I don't think you can lump it all together."

As an example of focused advertising, Ms. Paterson cites recent Allstate Insurance Co. television commercials about renters insurance.

Allstate—the Sears, Roebuck & Co. insurance unit in Northbrook, Ill.—has "done everything right," she says:

- It identified a market that is likely to grow throughout the foreseeable future.

Because more people today are renting longer than previous generations have, Allstate is "on the edge of a trend," Ms. Paterson pointed out.

- It has "taken the time to understand what motivates the customer to buy this insurance," rather than simply making the product is available.
- Its ads use a "unique creative technique." Animation appears throughout most of the spot, giving way to live human hands only at the end.
- The use of the hands ties in very strongly with Allstate's "You're in Good Hands" corporate slogan, even though the commercial itself is very product-oriented.

By using animation, Allstate interjects humor into a subject that is often considered dry, Ms. Paterson said.

Another ad executive—Mr. Grosky with Siegel & Associates—differs with observers who criticize insurer ad directed at a general audience.

"There's really not much wrong with (insurers') national advertising," he says.

Direct-mail ads, however, are weaker, he says.

Insurance direct-mail marketers fear the new and unusual, much like their counterparts in other industries. The result: "You can't tell who the advertiser is, because it sounds alike and looks alike."

Another insurance direct-mail marketer, Thomas B. Brady, executive vp of Kobs & Draft in Chicago, said that "most insurance advertising suffers from the same problem that all types of general advertising does—a lack of knowledge of what turns people on."

It's "kind of a complex product. I don't think insurers do a good job of explaining it," said Mr. Brady, who worked in Allstate's advertising department in the 1950s.

Mr. Brady said that while the common images of agents, home offices and families in insurer advertising are certainly not offensive, they do not answer a key consumer question: "What are you selling me?"

"Insurance is nothing more than selling money—period," Mr. Brady said.

Successful direct-mail advertising involves monitoring how well an ad is being read and maintaining communication between advertisers and prospective customers.

One example of how to manage both at once is offering consumers an opportunity to send for a booklet with more detail, Mr. Brady said.

As an example, he cites a print advertisement he prepared for Bankers Life & Casualty Co. of Chicago during the late 1970s. After describing a new life insurance policy available to people up to age 70 in most states, the ad offered a free publication from the insurer about the policy called the "Money Book."

Offering the booklet allowed the insurer to connect with potential customers but also gave the company a chance to assess the ad's effectiveness, he said.

Allstate currently uses this write-for-more-information approach in print ads aimed at young parents (see related story).

Another problem with some insurance advertising involves the self-perception of some insurers that they are indeed dull, said Chris Knopf, vp and copywriter for Mintz & Hoke Inc., an advertising agency in Avon, Conn.

"I really think the insurance industry has some really fascinating stories to tell. One of the biggest misconceptions is that insurance is boring," said Mr. Knopf, whose agency handles advertising for The Hartford Steam Boiler Inspection & Insurance Co. and the Executive Risk Management Associates unit of Aetna Life & Casualty Co.

He contends that some companies "have sort of brainwashed themselves" into believing that they consist of boring people carrying out boring jobs. "The stereotype of insurance people as dull people is nonsense," Mr. Knopf said.

To compound the problem, people naturally tend to get caught up in the complexities of their fields of expertise, and this can be reflected in advertising, he pointed out.

Insurer advertising should make "the message simple without making it simple-minded," he said.

Mr. Knopf also says there is more than a little room for humor in insurance ads.

As an example, he cited Hartford Steam Boiler's efforts to soften the serious matter of risk management through entertainment at the insurer's exhibit at the recent Risk & Insurance Management Society conference in Boston.

Mintz & Hoke put together what it believes is the world's first risk management music video for the Hartford Steam Boiler booth.

Eric Knight, the copywriter involved in the project, was inspired by the George Thorogood song, "Bad to the Bone."

Mr. Knight wrote the "Risk Manager's Blues," a litany of the problems that beset risk managers ranging from disasters to bosses who wonder why coverage costs so much.

The video—featuring a professional singer and guitarist wearing a fedora and sunglasses—was a hit at the conference, Mr. Knopf said.

In fact, while tape recordings of the song distributed at the conference were designed to be used as a one-time feature, they have proven so popular that the insurer intends to use the song at other risk management conferences, said Ginny Sommers, the Hartford Steam Boiler public relations account supervisor at Mintz & Hoke.

"Humor is one of the best ways to draw an empathetic connection," Mr. Knopf said.

Mr. Casey of Creamer-Krasselt agreed wholeheartedly.

He notes that the Wausau commercials run during CBS-TV's "60 Minutes" often spoof the insurer's small-town location and the many ways in which its name is mispronounced (*IT*, June 19, 1989).

They project a "self-effacing sense of humor," Mr. Casey pointed out. "People like you more if you don't take yourself too seriously." ■

Issue ads respond to critics

By MARK A. HOFMANN

With the property/casualty insurers under increasing scrutiny, a few of the industry's major companies are beefing up their "advocacy" or "issues" advertising.

Recent campaigns have focused on environmental cleanup costs, tort reform, child safety seats and the impact of fraud on coverage costs.

Advocacy ads are a direct response to what insurer advertising executives call attacks on the industry.

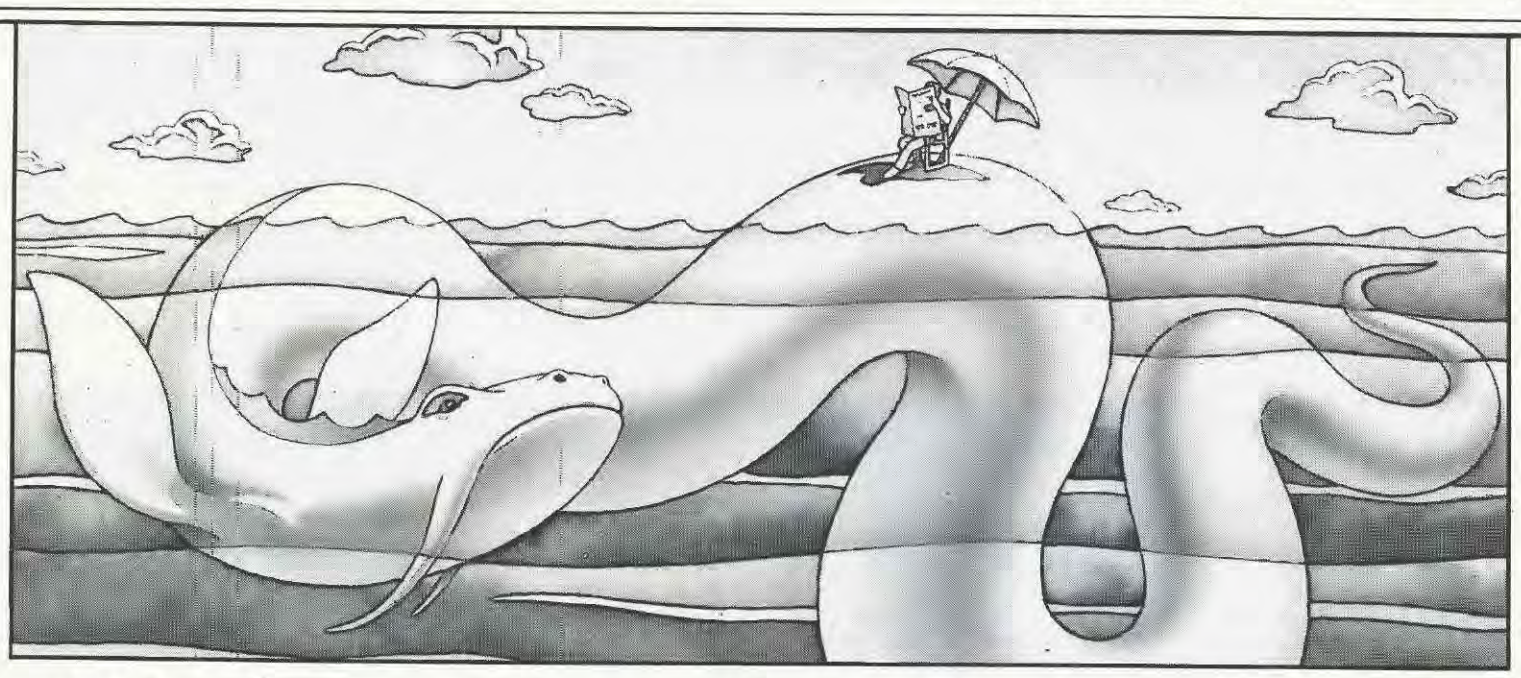
But, advertising professionals warn that a successful campaign requires commitment, money and a willingness to avoid blaming other institutions for problems that afflict insurers.

"The important thing is establishing credibility," said Charles F. Johanns, vp-corporate communications for the national insurance companies of Kemper Group of Long Grove, Ill.

"Advocacy advertising is very, very, very important," said Lee Duffey, president of Duffey Communications Inc., an Atlanta public relations firm that represents life and health insurance companies.

"It makes the product and the company a little more real. It creates a personality for the com-

Continued on page 100D



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Issue advertising

Continued from page 100B

pany," Mr. Duffey said.

Insurers' advertising can create a definite and positive image by stressing seat belt use, air bag installation or efforts against drunk driving, instead of the traditional "warm and fuzzy" insurance company advertising images, Mr. Duffey said. Those images include friendly agents, family life and corporate logos (see story, page 100A).

For example, a recent series of Kemper ads uses the theme: "We work for you whether you have our insurance or not."

The ads, which run in national business and general interest magazines, attempt to persuade readers that Kemper's safety and legislative efforts benefit everyone—not just Kemper policyholders.

The goal of the campaign, which Kemper started this spring, is to "let people know that because of the things we as an insurance company do, they are getting some benefits beyond payment of claims," Mr. Johanns said.

The ads, praised by some agents, tout Kemper's support of highway safety groups, its federal lobbying efforts on safety issues, and its fire protection laboratory and training of fire safety engineers.

Through the ads, Kemper is "attempting to respond to a deteriorating" public image of the insurance industry by showing what the company does, he said.

Several audiences are targeted through ads in large-circulation business magazines—such as Forbes and Business Week—and in smaller journals favored by "opinion makers"—including the National Review, The New Republic and the Columbia Journalism Review.

Kemper designed the ads "to avoid finger-pointing," Mr. Johanns noted. Rather than blaming insurance problems on other institutions, Kemper tries "a different approach, to accentuate the positive," he said.

Allstate Insurance Co. of Northbrook, Ill., has long been a safety advocate, according to Terre Tuzzolino, assistant vp-corporate advertising for the Sears, Roebuck & Co. insurance subsidiary.

"For over 30 years, Allstate has felt it's been important to be an advocate for consumers," Ms. Tuzzolino said. "We believe that what's good for the consumer in the area of safety is good for Allstate," she said.

"I think people need to feel good about the company they do business with," she added.

Several Allstate ads in general interest magazines, developed with Chicago advertising agency Leo Burnett, encourage people to call for safety information.

Those responding to an ad about air bags receive a list of cars offering that safety feature.

In addition, ads dealing with anti-lock brakes and drunken driving encourage consumers to send for Allstate's lists of autos with the safety brakes and local anti-drunk driving organizations.

And, a print and television campaign begun June 1 promotes child safety seats. Those responding to the ads will receive an American Academy of Pediatrics brochure on selecting a safety seat and a coupon for one purchased at Sears.

Another issues campaign that promotes interaction was the brainchild of Maurice R. Greenberg, chairman of American International Group Inc.

"Our company and our chairman in particular have always felt that it is important to speak out," said John T. Wooster, vp-communications for New York-based AIG.

AIG ads in business and news magazines solicit reader opinion on the insurer's proposals for an environmental cleanup trust fund (*BI*, Oct. 2, 1989; Feb. 6, 1989), a federally-backed earthquake insurance pool (*BI*, Oct. 23, 1989) and federal product liability reform.

After spelling out the company's arguments on these issues, the ads ask readers to send in comments.

AIG has received several hundred letters, said Mr. Wooster, who would not be more specific.

Each letter is answered with a form letter directed toward the concerns raised, he said.

Comments have run heavily toward AIG's positions, including an estimated 90% of tort liability responses.

Because letters about its earthquake coverage ads "seem to indicate that some readers don't understand the issue," the insurer may rewrite the ad, Mr. Wooster said.

The ads are developed by its own staff and Bozell/New York, its advertising agency, Mr. Wooster said.

"We're trying to educate—not confront. At the moment, we feel it's important to be doing this type of advertising," Mr. Wooster said.

He added that the nature of the campaign makes writing the ads difficult. "One of the challenges is since you're addressing a wide audience, it has to be written very clearly."

And the ads require "consistency of message," Mr. Wooster said. "It's important to focus on a small number of issues and keep hammering at them."

Another national property/casualty insurer recently began its first issues-oriented ad campaigns.

"We thought it was important to start talking about fraud and cost containment," said Peter P. Conway, vp-advertising for CNA Financial Corp.

Its new radio ads aimed at small business owners are in part a response to consumer activists.

Consumer groups "started to come at us," charging that insurers did nothing to hold down coverage costs, Mr. Conway said.

That sentiment also cropped up in focus groups of small business owners.

Somewhat light-hearted spots feature a discussion between a businessman and his conscience about the impact of fraud on insurance costs. CNA has not received much feedback during the first few weeks of the campaign, he said.

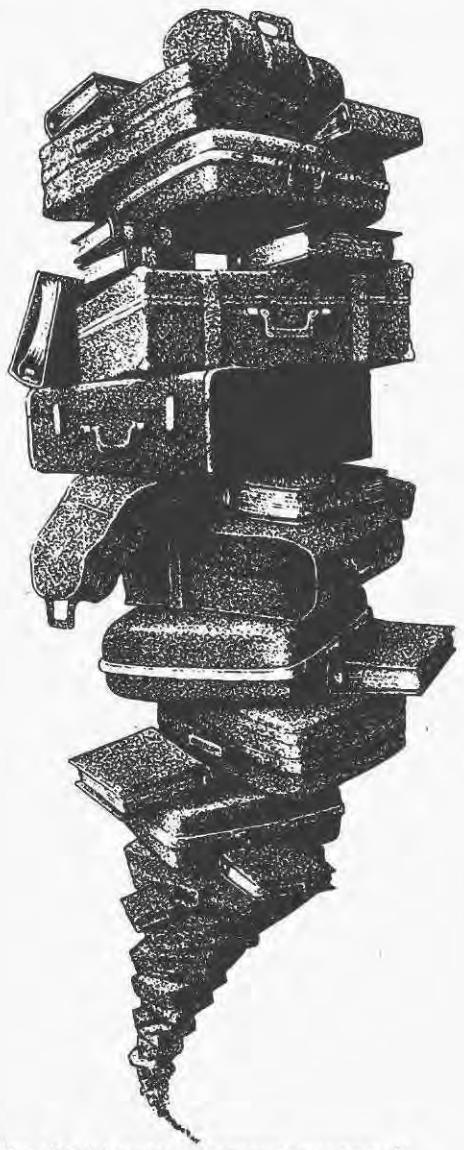
A strong commitment is critical to issues advertising, but the expense of such a campaign may preclude some insurers from using the technique, said Kim Paterson, president of Creative Insurance Marketing in Red Bank, N.J.

"Advocacy advertising can be extremely powerful, but it takes a tremendous commitment" of time and money, said Ms. Paterson, whose have included national insurers like Continental Corp. of New York and regional insurers such as American Reliance Insurance Co. of Lawrenceville, N.J.

Ms. Paterson—an outspoken advocate of improving communication with consumers (*IT*, June 19, 1989)—said most companies probably do not have the advertising budget or patience for a long-term campaign.

"You're not going to change the public's attitude in a year or so," she said. "It all comes down to money. Where's the company going to get the biggest bang for its buck? For most companies, that's not advocacy advertising." ■

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'The Premium Dollar,' a cable TV show produced by Reliance Group Holdings Inc., features panel discussions of insurance topics.

Reliance tries to 'demystify' insurance with TV program

By MARK A. HOFMANN

NEW YORK—In what it calls an effort to "demystify" insurance, Reliance National Insurance Co. is producing a weekly, half-hour cable television talk show.

"The Premium Dollar" is an educational program about the property/casualty insurance industry, said Dennis A. Busti, president of the New York-based insurer, a unit of Reliance Group Holdings Inc.

The show premiered May 29, and the fourth installment is scheduled to be broadcast June 19.

Each segment airs three times during the week it appears—once on a weekday and twice on weekends.

Viewership currently is limited to subscribers of the Financial News Network and a private service for institutional investors called Institutional Research Network.

Rudolph Marinelli, vp-communications and executive producer of the series, emphasized that the show is designed to offer information and is not intended to deliver any messages.

"The point is, we're not trying to put a message out. We're trying to open up our industry," Mr. Marinelli said.

"Nobody understands how the insurance industry operates," he said.

"We think the insurance industry does a horrible job in describing itself. When anyone challenges the insurance industry, instead of having an open dialogue, it becomes very defensive," Mr. Marinelli said.

The program, which runs without commercial interruption, deals with broad topics such as the insurance mechanism, rate adjustment and no-fault insurance. Its format is similar to Sunday morning public affairs shows, with Mr. Busti and other insurance or legal experts moderating a discussion by panelists representing differing views.

"We pay to have it on the air," Mr. Marinelli said.

But, "how it differs from other shows is it is an open discussion. We can criticize ourselves," he added.

Both executives say the show provides a forum for critics, as well as industry defenders.

However, no big-name critics have appeared on the eight segments taped so far or have agreed to appear on future shows.

Reliance has had difficulty booking prominent critics of the industry to appear, Mr. Marinelli said.

New Jersey Gov. James J. Florio, a Democrat who made auto insurance reform a central issue in his landslide victory last year, turned down an invitation to appear on the program because of scheduling conflicts.

J. Robert Hunter, president of the National Insurance Consumer Organization of Alexandria, Va., also was unavailable to appear on early episodes because he was out of the country.

However, Mr. Hunter has expressed interest in appearing on future segments, said Tom Cains, production coordinator of the series.

Several people generally considered sympathetic to the insurance industry have appeared or have agreed to appear on the program. Among these people are: James Corcoran, former New York insurance commissioner; Victor E. Schwartz, a product liability lawyer with Crowell & Moring in Washington, D.C.; and Sean Mooney, the Insurance Information Institute's chief economist.

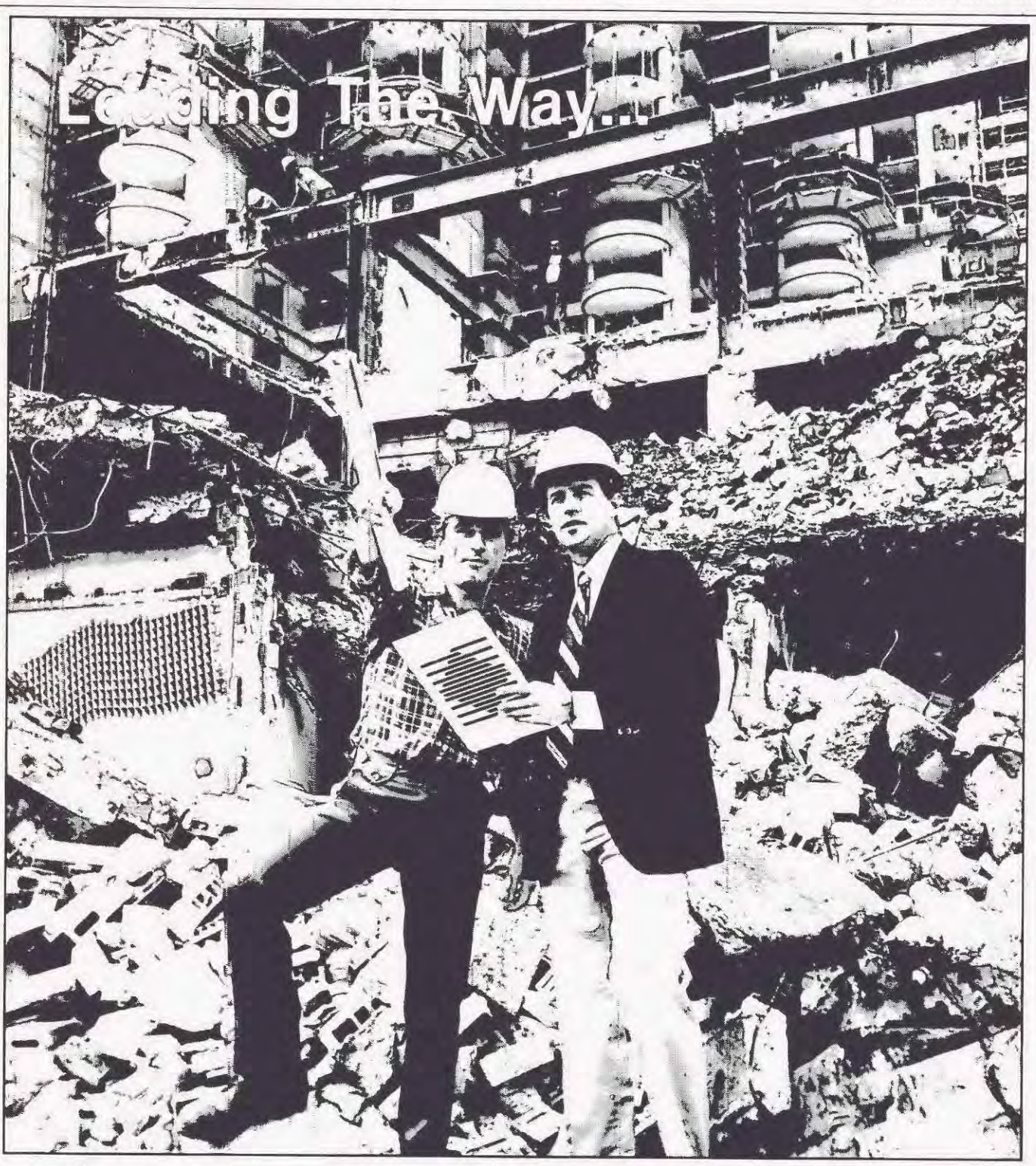
Mr. Busti said that about 15 organizations, including insurance companies and universities, have expressed interest in acquiring copies of the program.

While "The Premium Dollar" is limited to FNN—which is available to about 34 million households—and the IRN, Reliance eventually wants to run the series on a another cable network with greater viewership.

Talks have begun with WWOR, a Secaucus, N.J., station seen on many cable systems, about carrying the program if enough episodes are produced to satisfy the station's programming demands.

According to Mr. Busti, Reliance recently added three segments to its original commitment of 13 shows. No decision has been made on a final number.

The cost of the series will depend on how many segments air, Mr. Busti said. The current estimate ranges from $750,000 to $1 million, he said. ■



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Insurer Topics

Sponsoring events enhances insurer's image

By MARK A. HOFMANN

COLUMBUS, Ohio—Special event sponsorship can be an effective way for insurers to serve their communities and create a favorable image for themselves and the industry, says an insurer communications executive.

For example, since 1986, Columbus, Ohio-based Motorists Mutual Insurance Co. has sponsored Motorists Scioto Superfest, a downtown weekend event featuring power boat racing and water skiing on the Scioto River.

The event's origins stem from a goal of the Downtown Council—a Columbus business group—"to build an 18-hour downtown city" by attracting people on evenings and weekends, explained council member Jerry R. Merrell, vp-corporate communications for Motorists Mutual and its subsidiaries.

For years, local officials had kicked around the idea of a festival focusing on the Scioto River, which runs through the middle of Ohio's capital city, Mr. Merrell said.

Council members, who initially thought such an event would require several backers, took Motorists up on its offer to be the sole sponsor, he said.

Mr. Merrell explained that the insurer wanted to "give something back to the community."

Motorists Mutual—which is also licensed in Indiana, Kentucky, Pennsylvania and West Virginia—has been based in Columbus since it began issuing policies in 1928. Approximately 38% of the insurer's business is commercial property/casualty coverage, with the remaining 62% personal lines business.

Superfest is a family-oriented event rather than a "honky-tonk carnival" and provides a showcase for Motorists and the property/casualty insurance industry, according to Mr. Merrell.

Attractions include power boat races, water ski and jet ski demonstrations, paddleboat races among local celebrities, a homemade raft race and a midway with food vendors and entertainers.

Last year the festival drew 200,000 attendees, four times the number it drew for the 1986 inaugural event. Record attendance is projected for this year's Superfest, scheduled for July 20-21.

Up to 25% of the proceeds raised through fees paid by vendors, local businesses that sponsor some individual activities at the event and other miscellaneous income goes to riverfront development projects, Mr. Merrell said.

While other Columbus businesses now sponsor activities at Superfest, the insurer remains Superfest's chief financial backer, and Motorists Mutual is the only corporate name used in promoting the event.

The remaining proceeds go to a non-profit civic association, the Scioto Superfest Assn., to defray the cost of the event.

Motorists Mutual, which is in the last year of its five-year sponsorship agreement, spends about $70,000 annually on the event and employees volunteer their time, Mr. Merrell said.

"We'd be foolish" not to spend "any dollar we can spend to create a more positive image for our industry," he said.

But, the benefits for Motorists Mutual far exceed the costs of sponsorship, according to Mr. Merrell.

Media attention in the early summer produces public relations coverage worth "hundreds of thousands of dollars," he said.

For example, Mr. Merrell said, Motorists Mutual received 42 minutes of free television exposure on major network affiliates in Columbus during the three weeks preceding and the week following last year's Superfest. He estimated that the insurer would have had to spend "upwards of $200,000" for advertising to generate for the same amount of exposure.

In addition, Mr. Merrell estimates the insurer received $150,000 worth of free air time local radio stations because of the event.

"Once you get into an event, your window of opportunity becomes very large," Mr. Merrell said.

To executives at small companies, sponsoring an event may look too expensive—until they examine their contributions to various community causes, he said. "They may find they're being nickled and dimed to death" without getting name recognition on those causes, he said.

Corporations—particularly insurers—can no longer only make quiet contributions to community and national causes such as the arts. They need positive recognition, and event sponsorship provides an ideal vehicle, he said.

'We'd be foolish' not to spend 'any dollar we can spend to create a more positive image for our industry,' says Jerry R. Merrell, vp-corporate communications for Motorists Mutual Insurance Co. and its subsidiaries.

"It's a good thing for any insurance company," Mr. Merrell said.

However, he stressed that companies should not drop their usual philanthropic activities.

Mr. Merrell offers a warning, though, to would-be event sponsors: "You've got to go in for the long haul."

Motorists Mutual in all likelihood will extend the five-year sponsorship agreement that expires this year.

"You don't get off a winning horse," he said.

The event already is scheduled as part of the city's 1992 celebration of the 500th anniversary of Christopher Columbus' arrival in the New World, he pointed out. ■

Third Party Administrators, Inc.

TPA

TO: INSURANCE COMPANY PRESIDENTS AND CHIEF MARKETING OFFICERS

FROM: Philip E. Spicer, President
Third Party Administrators, Inc.

SUBJECT: Joint Venture Group Marketing and Administration Program

DATE: June 18, 1990

Indications are that many insurance carriers are currently re-evaluating their position concerning group health insurance. If you are considering entry into the group market-place or are re-assessing your current position, this memo applies to you.

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Insurer Topics

FAIR plan losses improve in 1989, study shows

BOSTON—The nation's FAIR plans reported a $25.7 million statutory underwriting loss for the first three quarters of 1989, a slight improvement from the $26.8 million underwriting loss registered during the first three quarters of 1988, according to the National Committee on Property Insurance.

FAIR plans—an acronym for Fair Access to Insurance Requirements—provide coverage to property owners normally considered uninsurable because of exposure to risks over which they have no control.

In addition, the number of new FAIR plan applications made during the first nine months of 1989—202,491—was 13.1% less than the comparable period in 1988, when 233,104 applications were made.

The report on FAIR plans was recently issued by the Boston-based NCPI's Property Insurance Plans Office.

Written premiums for the FAIR plans dropped 8.9% during the first nine months of 1989 compared with the same period in 1988, to $205.5 million from $225.6 million.

The report also examined FAIR plans' counterparts in the Gulf Coast and Atlantic states—beach and windstorm plans—which are designed to assure availability of property insurance for damage from hurricanes or other windstorms.

Beach and windstorm plans reported a statutory underwriting gain of $6.1 million during the first nine months of 1989, although that is down 56% from the $13.9 million gain posted by the plans during the comparable period a year earlier.

The NCPI estimates, though, that claims from Hurricane Hugo and other 1989 hurricanes will cause the plans to record a statutory underwriting loss of more than $100 million when the final 1989 figures are tallied.

Insurer Topics briefs

Citizenship award

NEW YORK—Tokio Marine & Fire Insurance Co. Ltd., Japan's largest property/casualty insurance company, received the Greater New York National Conference of Christians & Jews Inc.'s Brotherhood Award in the insurance category on June 12.

Tokio Marine & Fire is the first Japanese company to receive the award.

The award stems from the insurer's charitable work and corporate citizenship, the group said.

Tokio Marine has contributed more than $1 million to New York's Beth Israel Medical Center for the operation of a bilingual clinic. It has also provided volunteer teachers and classroom space to the College of Insurance in New York.

Vehicle theft increases

PALOS HILLS, Ill.—The incidence of vehicle theft nationwide increased by 9% in 1989 over 1988, making it more common than any other type of property crime, reports the National Automobile Theft Bureau of Palos Hills, Ill.

In its analysis of the Federal Bureau of Investigation's 1989 "Uniform Crime Reports" released a few weeks ago, NATB says larceny theft, which involves the theft of other property, increased 2% during the same period, while there was a 2% decrease in arson as well as burglary, which differs from larceny in that it involves breaking into a property to steal.

NATB found that the incidence of vehicle theft is increasing more quickly in cities with populations of more than 50,000 than it is in any other type of area. Vehicle theft in larger cities increased by 11%, while theft increased by 7% in suburban areas, 3% in rural areas and 6% in other cities.

Overall, the incidence of vehicle thefts rose in all areas of the nation, with increases of 12% in the West, 9% in the Northeast and South, and 6% in the Midwest.

Phoenix, Ariz., reported a 92.1% increase in vehicle thefts, to 12,705 last year, from 6,615 thefts in 1988. Riverside, Calif., and Little Rock, Ark., also reported increases of more than 50% in the incidence of vehicle theft.

At the other extreme, both Albuquerque, N.M., and Portland, Ore., reported decreases of more than 14% in the incidence of vehicle theft.

VW claims highest

ARLINGTON, Va.—Volkswagen models took the top seven places in a ranking of 1987-89 model year automobiles with the highest frequencies of insurance claims for theft, according to a recently released study by the Arlington, Va.-based Highway Loss Data Institute.

Nine of the 10 1987-89 models with the highest claim frequencies were imports, with only the two-door Cadillac DeVille representing the United States on the list.

The 10 models with the lowest frequency of theft claims were domestic automobiles.

The VW models topping the list of passenger cars with the highest theft claim frequencies were: GTIs; two- and four-door Jettas; the discontinued Sciroccos; and two- and four-door Golfs; and Cabriolets. Rounding out the top 10 were the four-door Hyundai Excel, the Cadillac DeVille and the Volkswagen Fox.

The autos with the lowest frequencies were four-wheel drive four-door Ford Tempos, Ford Crown Victoria station wagons, Dodge Aries station wagons, four-door Dodge 600s, four-wheel-drive Plymouth Colt Vistas, Ford Escort station wagons, Chevrolet Cavalier station wagons, Mercury Lynx station wagons, four-door Dodge Aries and GMC Safari vans.

Race sponsors studied

WASHINGTON—Brewers should be banned from sponsoring auto racing sports events, according to a recent report issued by the AAA Foundation for Traffic Safety.

"A ban on motor sports sponsorships would convey a powerful message to young people: Alcohol and automobiles should *not* be mixed," write the authors of "Beer and Fast Cars: How Brewers Target Blue-Collar Youth Through Motor Sport Sponsorships."

The authors—David R. Buchanan and Jane Lev of the San Rafael, Calif.-based Marin Institute for the Prevention of Alcohol & Other Drug Problems—visited 14 motor sports events in northern California sponsored by brewers last year. They interviewed 60 students from nearby high schools about their attendance at such events as well as their attitudes about cars, motor sports and drinking and driving.

The authors conclude that such sponsorship—which costs brewers about $50 million annually—is "an inherently dangerous marketing practice."

Although they agree with former Surgeon Gen. C. Everett Koop that alcoholic beverage companies should be banned from sponsoring sporting events, they recommend several measures that could be instituted before a ban takes place.

These include stricter advertising guidelines; 12-ounce rather than 32-ounce cups for beer sold at such events; restricting the areas in which alcohol can be consumed; and prohibiting the sale or giveaway of T-shirts, caps or other items identified with beer to minors. ■

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July

Contracting for Services

What outside services do insurers rely on, and is the trend to keep work in-house or to contract out with consultants or other vendors? In answering these questions, BI editors will examine the types of outside services insurance companies need and use, and how to select the best vendors — from hiring part time office help to engaging actuaries or consultants.

Issue: July 16
Ad Closing: July 3

August

Employee Development & Education

BI editors will examine how insurers are using educational programs to keep their employees' job skills sharpened — are they developing their own programs or turning to outside sources. In addition this section will look at remedial programs — are they effective tools for helping employees who lack basic educational skills.

Issue: August 20
Ad Closing: August 8

September

Conferences & Exhibits

There's no limit to creativity. Trade show exhibit designs can play off a sporting event, game, host city, conference theme or your product and look like your office, your living room or the great out doors; they can draw customers in with your literature or premiums from the ridiculous to the sublime. BI editors examine the fine art of exhibits and the marketing opportunities available through sponsorship events.

Issue: September 17
Ad Closing: September 5

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Jasper
German American/Forest Sherer Agency
Lafayette
MBAH Insurance
Michigan City
ISU/Professional Insurors Inc.
Muncie
ISU/Beauchamp & McSpadden Inc.
Insurance & Risk Management
New Albany
Robinson-Conner Inc.
North Manchester
ISU/Beauchamp & McSpadden Inc.
Oxford
MBAH Insurance
Rossville
MBAH Insurance
South Bend
Arthur J. Gallagher & Co.
ISU/Cassady Neeser & Brasseur Inc.
Rollins Burdick Hunter Group Inc.
Terre Haute
Forrest Sherer Inc.
Wabash
ISU/Beauchamp & McSpadden Inc.
Warsaw
ISU/Beauchamp & McSpadden Inc.

Iowa

Council Bluffs
Redland Group
Davenport
Marsh & McLennan Cos. Inc.
Des Moines
Alexander & Alexander Services Inc.
Arthur J. Gallagher & Co.
Holmes, Murphy & Associates Inc.
Marsh & McLennan Cos. Inc.
The Woodsmall Cos.
Iowa City
Marsh & McLennan Cos. Inc.
West Des Moines
Holmes, Murphy & Associates

Kansas

Fairway
Haas & Wilkerson Inc.
Hutchinson
Jardine Insurance Brokers Inc.
Kansas City
Alexander & Alexander Services Inc.
Frank Crystal & Co. Inc.
Rollins Burdick Hunter Co.
Overland Park
American Business Insurance Agency Inc.
Prairie Village
The Lockton Insurance Agency Inc.
Shawnee Mission
Frank Crystal & Co. Inc.
Midwest Haas & Wilkerson Inc.
Topeka
Insurance Management Associates Inc.
Jardine Insurance Brokers Inc.
The Lockton Insurance Agency Inc.
Wichita
Corroon & Black Corp.
Insurance Management Associates Inc.
Jardine Insurance Brokers Inc.
Marsh & McLennan Cos. Inc.
Rollins Burdick Hunter Group Inc.
Sedgwick James North America

Kentucky

Edgewood
Thomas E. Wood Inc.
Fort Mitchell
American Business Insurance Inc.
Greensburg
J. Smith Lanier & Co.
Lexington
Alexander & Alexander Services Inc.
McDonough Caperton Insurance Group
Pavenstedt & Pauli (U.S.A.) Inc.
Louisville
Alexander & Alexander Services Inc.
Harris & Harris Inc.
Johnson & Higgins
A.W. Lawrence & Co.
Marsh & McLennan Cos. Inc.
ReagerHarris Inc.
Robinson-Conner Inc.

Louisiana

Alexandria
Alexander & Alexander Services Inc.
Arthur J. Gallagher & Co.
Baton Rouge
Arthur J. Gallagher & Co.
Sedgwick James North America
Covington
Minet Holdings P.L.C.
Houma
Rollins Burdick Hunter Co.
Metairie
Hilb, Rogal & Hamilton Co.
Willis Faber P.L.C.
New Orleans
Alexander & Alexander Services Inc.
Corroon & Black Corp.
Johnson & Higgins
McGriff, Seibels & Williams Inc.
Sedgwick James North America
Shreveport
Alexander & Alexander Services Inc.

Maine

Old Orchard Beach
Montrose E. Hill Co. Inc.
Portland
American Brokerage Corp.
Arthur J. Gallagher & Co.
Johnson & Higgins
Sedgwick James North America

Maryland

Annapolis
The Loomis Co.
Bethesda
Corroon & Black Corp.
Baltimore
Alexander & Alexander Services Inc.
Johnson & Higgins of Maryland Inc.
Marsh & McLennan Cos. Inc.
Poor Bowen Bartlett & Kennedy
Sedgwick James North America
Chevy Chase
Marsh & McLennan Cos. Inc.
Gaithersburg
Arthur J. Gallagher & Co.
Hunt Valley
Corroon & Black Corp.
Lexington Park
ISU/J. Frank Raley Insurance Inc.
Lutherville
Hilb, Rogal & Hamilton Co.
Severna Park
The Ebersberger Cos.
Timonium
Roanoke International Insurance Agency Inc.

Massachusetts

Boston
Alexander & Alexander Services Inc.
Corroon & Black Corp.
Arthur J. Gallagher & Co.
William Gallagher Associates Insurance Marketing Agencies Inc.
Jardine Insurance Brokers Inc.
Johnson & Higgins
Mahoney & Wright Insurance Agenices
Marsh & McLennan Cos. Inc.
Republic Hogg Robinson Inc.
Roanoke International Insurance Agency Inc.
Rollins Burdick Hunter Group Inc.
Sedgwick James North America
Tanenbaum-Harber Co. Inc.
Braintree
United International Brokers
Cambridge
Hastings-Tapley Insurance Agency Inc.
Carver
Mahoney & Wright Insurance Agencies
Cohasset
Mahoney & Wright Insurance Agencies
Danvers
Hastings-Tapley Insurance Agency Inc.
Dedham
Mahoney & Wright Insurance Agencies
Fitchburg
Mahoney & Wright Insurance Agencies
Gardner
Mahoney & Wright Insurance Agencies
Gloucester
Hastings-Tapley Insurance Agency Inc.
Hampden
Arthur J. Gallagher & Co.
Harvard
Mahoney & Wright Insurance Agencies
Haverhill
Mahoney & Wright Insurance Agencies
Ipswich
Hastings-Tapley Insurance Agency Inc.
Marion
Mahoney & Wright Insurance Agencies
Marshfield
Republic Hogg Robinson
Middleboro
Mahoney & Wright Insurance Agencies
Natick
Carlin Insurance Agency Inc.
Mahoney & Wright Insurance Agencies

Continued on next page

Continued from previous page

New Bedford
Fred S. James & Co. Inc.
Newton
MacIntyre, Fay & Thayer Insurance Agency Inc.
Mahoney & Wright Insurance Agencies
North Attleboro
Mahoney & Wright Insurance Agencies
North Reading
Hastings-Tapley Insurance Agency Inc.
Norwood
Alpha Aviation Insurance Agency
Peabody
Eigner & Mazonson Insurance Agency Inc.
Mahoney & Wright Insurance Agencies
Plymouth
Mahoney & Wright Insurance Agencies
Quincy
Hastings-Tapley Insurance Agency Inc.
United International Brokers
Randolph
Hastings-Tapley Insurance Agency Inc.
Reading
Mahoney & Wright Insurance Agencies
Rockland
Mahoney & Wright Insurance Agencies
Rockport
Mahoney & Wright Insurance Agencies
Saugus
Hastings-Tapley Insurance Agency Inc.
Scituate
Mahoney & Wright Insurance Agencies
Springfield
James C. Haberman Inc.
Palmer Goodell Insurance Agency Inc.
Republic Hogg Robinson
Tewksbury
Mahoney & Wright Insurance Agencies
Wakefield
Mahoney & Wright Insurance Agencies
Waltham
A.W. Lawrence & Co.
Watertown
Hastings-Tapley Insurance Agency Inc.
Weymouth
Mahoney & Wright Insurance Agencies
Woburn
Hastings-Tapley Insurance Agency Inc.
Worcester
Alexander & Alexander Services Inc.
Insurance Marketing Agencies Inc.
Wrentham
Mahoney & Wright Insurance Agencies
Yarmouth
Mahoney & Wright Insurance Agencies

Michigan

Battle Creek
Worgess Agency Inc.
Birmingham
The Auten Group Inc.
Haas-Wilkerson Inc.
Cadillac
Republic Hogg Robinson
Dearborn
Fairlane Associates Inc.
Marsh & McLennan Cos. Inc.
Detroit
Alexander & Alexander Services Inc.
Johnson & Higgins of Michigan Inc.
Marsh & McLennan Cos. Inc.
Rollins Burdick Hunter Group Inc.
Sedgwick James North America
East Lansing
Arthur J. Gallagher & Co.
Grand Rapids
Alexander & Alexander Services Inc.
Corroon & Black Corp.
Hilb, Rogal & Hamilton Co.
Johnson & Higgins
Marsh & McLennan Cos. Inc.
Meadowbrook Inc.
Rollins Burdick Hunter Group Inc.
Homer
Worgess Agency Inc.
Ishpeming
Republic Hogg Robinson Inc.
Jackson
Hilb, Rogal & Hamilton Co.
Lambertville
Daniel James Insurance & Financial Services
Livonia
Corroon & Black Corp.
Royal Oak
Marsh & McLennan Cos. Inc.
Saginaw
Republic Hogg Robinson Inc.
Southfield
Arthur J. Gallagher & Co.
Kelter-Thorner Inc.
Meadowbrook Inc.
Republic Hogg Robinson Inc.
Traverse City
Meadowbrook Inc.
Troy
Hylant MacLean
Jardine Insurance Brokers Inc.

Minnesota

Albert Lea
First Insurance
Alexandria
First Insurance
Austin
First Insurance
Bloomington
Brandow Howard Kohler & Rosenbloom Inc.
Meadowbrook Inc.
Republic Hogg Robinson
Cloquet
First Insurance
Duluth
First Insurance
East Grand Forks
First Insurance
Edina
First Insurance
Fairmont
First Insurance
Hibbing
First Insurance
Mankato
First Insurance
Minneapolis
Alexander & Alexander Services Inc.
American Business Insurance Agency Inc.
Arthur J. Gallagher & Co.
Johnson & Higgins
Marsh & McLennan Cos. Inc.
Rollins Burdick Hunter Group Inc.
Sedgwick James North America
Rainier
Sedgwick James North America
St. Cloud
First Insurance
St. Paul
Alexander & Alexander Services Inc.
Marsh & McLennan Cos. Inc.
Rothschild, Bell & Walseth Inc.
Willmar
First Insurance
Winona
Arthur J. Gallagher & Co.

Mississippi

Jackson
Johnson & Higgins
Sedgwick James North America
Ridgeland
Rebsamen Insurance

Missouri

Caruthersville
Corroon & Black Corp.
Columbia
ISU/Corporate Insurance Management Inc. of Columbia
Kansas City
Alexander & Alexander Services Inc.
Arthur J. Gallagher & Co.
Jardine Insurance Brokers Inc.
Marsh & McLennan Cos. Inc.
Sedgwick James North America
Van Gilder Insurance Corp.
The Woodsmall Cos.
St. Charles
ISU/St. Charles Insurance
St. Louis
Alexander & Alexander Services Inc.
Corroon & Black Corp.
The Daniel & Henry Co.
Arthur J. Gallagher & Co.
ISU/Corporate Insurance Management Inc.
Insurance Brokers of America
Johnson & Higgins
Lockton Insurance Agency
Marsh & McLennan Cos. Inc.
Rollins Burdick Hunter Group Inc.
Sedgwick James North America
Wentzville
ISU/St. Charles Insurance

Montana

Billings
First Insurance
Butte
First Insurance
Helena
Corroon & Black Corp.
First Insurance

Nebraska

Lincoln
Alexander & Alexander Services Inc.
Meadowbrook Inc.
Omaha
Alexander & Alexander Services Inc.
Mammel/Schropp/Swartzbaugh/Engler & Jones Inc.
Rollins Burdick Hunter Co.
Sedgwick James North America

Nevada

Las Vegas
Aviation Insurance Services Inc.
Johnson & Higgins
The Kring Benefit Group
The Leavitt Group
Marsh & McLennan Cos. Inc.
Rollins Burdick Hunter Co.
Sedgwick James North America
Mesquite
The Leavitt Group
Overton
The Leavitt Group
Reno
Corroon & Black Corp.
Rollins Burdick Hunter Co.
Sedgwick James North America

New Hampshire

Bedford
Arthur J. Gallagher & Co.
Manchester
Alexander & Alexander Services Inc.
Corroon & Black Corp.
Republic Hogg Robinson
Sedgwick James North America
Nashua
Minuteman Services Inc.
Rochester
Corroon & Black Corp.

New Jersey

Bayonne
Popkin Lebson Bergstein Inc.
Blairtown
Bowers Schumann & Welch
Cedar Knolls
Marsh & McLennan Cos. Inc.
Chatham
O'Gorman & Young Inc.
Cherry Hill
Boynton Brothers & Co.
Chester
Boynton Brothers & Co.
Cranford
Arthur J. Gallagher & Co.
Meeker Sharkey Financial Group Inc.
Englewood
Popkin Lebson Bergstein Inc.
Fords
Kelter-Thorner Inc. of New Jersey
Freehold
NIA Ltd./The NIA Group
Hammonton
Cashan & Co.
Hasbrouck Heights
Alpha Aviation Insurance Agency Inc.
Iselin
Marsh & McLennan Cos. Inc.
Jersey City
Sodarcan Inc.
Livingston
Wharton/Lyon & Lyon
Long Valley
NIA Ltd./The NIA Group
Lyndhurst
Alexander & Alexander Services Inc.
Morristown
ISU/Griffith-Prideaux Insurors
Marsh & McLennan Cos. Inc.
Mount Laurel
The Thompson Group
Arthur J. Gallagher & Co.
Meeker Sharkey Financial Group
Newark
Walter Kaye Corp.
Ocean Township
Wharton/Lyon & Lyon
Paramus
Insurance Professionals Inc.
Minet Holdings P.L.C.
NIA Ltd./The NIA Group
Parsippany
Corroon & Black Corp.
Johnson & Higgins
Paterson
NIA Ltd./The NIA Group
Perth Amboy
Boynton Brothers & Co.
Piscataway
Meeker Sharkey & Dileo
Plainsboro
Sedgwick James North America
Princeton
O'Gorman & Young Inc.
Roseland
Marsh & McLennan Cos. Inc.
Rollins Burdick Hunter Co.
Short Hills
Rollins Burdick Hunter Group Inc.
Sedgwick James North America
Somerset
Ulrich, Voorhees, Warner Associates
Teaneck
Kornreich Insurance Services
The Lofberg Cos.
Trenton
Meeker Sharkey Gervasio & Seeger Inc.
Wall Township
Meeker Sharkey & Moffat Inc.
Washington
Bowers Schumann & Welch
Wayne
Saldana & Associates Inc.
West Atlantic City
Rollins Burdick Hunter Co.
West Orange
Herbert L. Jamison & Co.
Woodstown
The Thompson Group

New Mexico

Albuquerque
Alexander & Alexander Services Inc.
American Business Insurance Inc.
Arthur J. Gallagher & Co.
Republic Hogg Robinson Inc.
Espanola
American Business Insurance Inc.
Las Cruces
American Business Insurance Inc.
Los Alamos
American Business Insurance Inc.

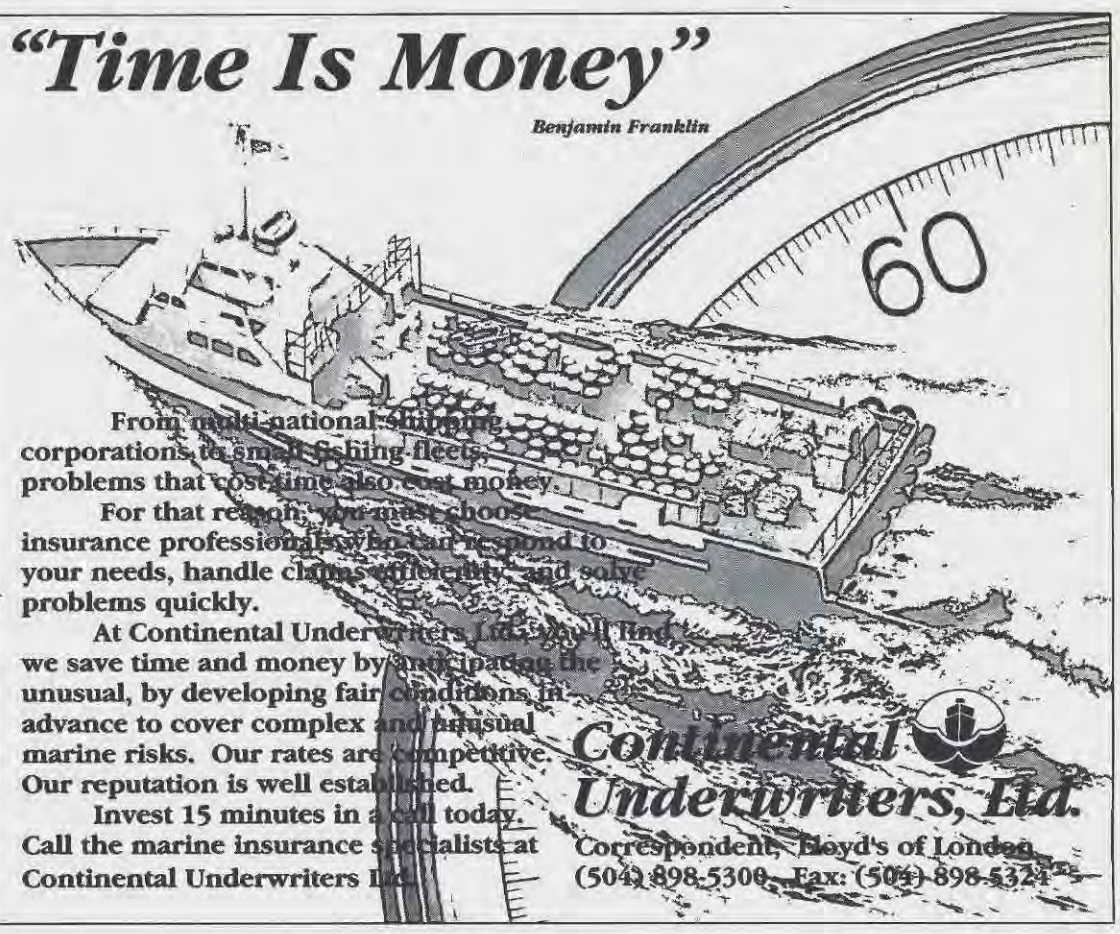
New York

Albany
Alexander & Alexander Services Inc.
Austin & Co. Inc.
Arthur J. Gallagher & Co.
S.H. Gow & Co. Inc.
Jardine Insurance Brokers Inc.
Lawrence Agency Corp.
Marsh & McLennan Cos. Inc.
Amherst
Arthur J. Gallagher & Co.
Bayside
ISU/Dillworth Lavin & Lobell
Binghamton
Marsh & McLennan Cos. Inc.
Brewster
The Daniels Agency Inc.
Brooklyn
Hirsch Wolf & Co. Inc.
Buffalo
Alexander & Alexander Services Inc.
S.H. Gow & Co. Inc.
A.W. Lawrence & Co.
Marsh & McLennan Cos. Inc.
Sedgwick James North America
Warren Hoffman & Associates Inc.
Chestertown
Austin & Co. Inc.
Cortland
Lawrence United Corp.
Garden City
Arthur J. Gallagher & Co.
Glens Falls
A.W. Lawrence & Co.
Great Neck
Sterling & Sterling
Jamestown
American Brokerage Corp.
Jericho
Seaman Ross & Wiener Inc.
Lake Placid
A.W. Lawrence & Co.
Lake Success
Blumencranz, Klepper & Wilkins Inc.
Liverpool
Arthur J. Gallagher & Co.
Long Island
Alexander & Alexander Services Inc.
Middletown
Marshall & Sterling Inc.
Gersten-Hillman Agency Inc.
Monticello
Gersten-Hillman Agency Inc.
Markel Service Inc.
New City
NIA Ltd./The NIA Group
New Hyde Park
Corroon & Black Corp.
Marsh & McLennan Cos. Inc.
New York
Alexander & Alexander Services Inc.
Amalgamated Programs Corp.

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Corroon & Black Corp.
Frank Crystal & Co. Inc.
Frenkel & Co. Inc.
Arthur J. Gallagher & Co.
Frank B. Hall & Co. Inc.
Harris & Harris Group Inc.
Joseph Held Co. Inc.
Herbert L. Jamison & Co.
Jardine Insurance Brokers Inc.
Johnson & Higgins Inc.
Walter Kaye Associates Inc.
Kornreich Insurance Services
A.W. Lawrence & Co.
MLW Services Inc.
Marsh & McLennan Cos. Inc.
Minet Holdings P.L.C.
Meadowbrook Inc.
Near North Insurance Agency Inc.
H & R Phillips Inc.
Republic Hogg Robinson Inc.
Roanoke International Insurance Agency Inc.
Rollins Burdick Hunter Group Inc.
Sedgwick James North America
The Sklover Organization
DeWitt Stern, Gutmann & Co. Inc.
Tanenbaum-Harber Co. Inc.
John P. Tilden Ltd.
Willis Faber P.L.C.
Hirsch Wolf & Co. Inc.

Newburgh
Marshall & Sterling Inc.
Newfane
Warren Hoffman & Associates Inc.
Niagara Falls
Warren Hoffman & Associates Inc.
Ogdensburg
Arthur J. Gallagher & Co.
Pawling
The Daniels Agency Inc.
Port Washington
Charles E. Hyde Agency Inc.
Poughkeepsie
The Daniels Agency Inc.
Marsh & McClennan Cos. Inc.
Marshall & Sterling Inc.
Rochester
Alexander & Alexander Services Inc.
Arthur J. Gallagher & Co.
S.H. Gow & Co. Inc.
Johnson & Higgins
Lawrence United Corp.
Marsh & McLennan Cos. Inc.
Sedgwick James North America
Rye Brook
Meeker Sharkey Financial Group Inc.
R.P. O'Brien & Co. Inc.
Schenectady
Jardine Emett & Chandler Inc.
Lawrence Agency Corp.
Seaford
National Coverage Corp.
Seatauket
The Schaefer Agency Inc.
Smithtown
Charles E. Hyde Agency Inc.
The Schaefer Agency Inc.
Spring Valley
Arthur J. Gallagher & Co.
Syracuse
Alexander & Alexander Services Inc.
S.H. Gow & Co. Inc.
Jardine Insurance Brokers Inc.
Marsh & McLennan Cos. Inc.
Sedgwick James North America
Uniondale
Marsh & McLennan Cos. Inc.
Utica
Alexander & Alexander Services Inc.
Wappingers Falls
Marshall & Sterling Inc.
Westbury
The Sklover Organization
White Plains
Arthur J. Gallagher & Co.

North Carolina

Andrews
Sullivan Co. Inc.
Asheville
Robinson-Conner Inc.
Burlington
Republic Hogg Robinson Inc.
Charlotte
Alexander & Alexander Services Inc.
Corroon & Black Corp.
Arthur J. Gallagher & Co. Inc.
Johnson & Higgins
Marsh & McLennan Cos. Inc.
Palmer & Cay/Carswell Inc.
Poe & Associates Inc.
Rollins Burdick Hunter Group Inc.
Sedgwick James North America
Greensboro
Lawrence United Corp.
Robinson-Conner Inc.
Hayesville
Sullivan Co. Inc.
Murphy
Sullivan Co. Inc.
Raleigh
Marsh & McLennan Cos. Inc.
Robinson-Conner Inc.
Robbinsville
Sullivan Co. Inc.
Sylva
Sullivan Co. Inc.
Winston-Salem
Alexander & Alexander Services Inc.
Rollins Burdick Hunter Group Inc.

North Dakota

Fargo
First Insurance
Grand Forks
First Insurance
Jamestown
First Insurance
Minot
First Insurance

Ohio

Canton
The McElroy-Minister Co.
Cincinnati
Alexander & Alexander Services Inc.
American Business Insurance Inc.
Johnson & Higgins
Marsh & McLennan Cos. Inc.
The McElroy-Minister Co.
Rollins Burdick Hunter Co.
Thomas E. Wood Inc.
Chesterland
ISU/Todd Whinnery Allen
Cleveland
Alexander & Alexander Services Inc.
Brooks & Stafford Co.
Arthur A. Gallagher & Co.
Johnson & Higgins
Marsh & McLennan Cos. Inc.
McDonough Caperton Insurance Group
The James B. Oswald Co.
Robinson-Conner Inc.
Rollins Burdick Hunter Group Inc.
Columbus
Alexander & Alexander Services Inc.
Berwanger Overmyer Associates
Corroon & Black Corp.
Arthur J. Gallagher & Co.
Daniel James Insurance & Financial Services
Johnson & Higgins
Marsh & McLennan Cos. Inc.
McDonough Caperton Insurance Group
The McElroy-Minister Co.
Robinson-Conner Inc.
Dayton
Hilb, Rogal & Hamilton Co.
The McElroy-Minister Co.
Defiance
Nepco Insurance Agencies Inc.
Fremont
Daniel James Insurance & Financial Services
Independence
Hylant MacLean
Middleburg Heights
Kelter-Thorner Insurance Agency
Pepper Pike
Republic Hogg Robinson Inc.
Perrysburg
Daniel James Insurance & Financial Services
Sylvania
Nepco Insurance Agencies Inc.
Toledo
Arthur J. Gallagher & Co.
Hylant MacLean
Sedgwick James North America
West Chester
Arthur J. Gallagher & Co.
Willoughby
ISU/Todd Whinnery Allen
Youngstown
Arthur J. Gallagher & Co.

Oklahoma

Chandler
LaGere & Walkingstick Insurance Agency Inc.
Edmond
North American Insurance Agency Inc.
Oklahoma City
Hilb, Rogal & Hamilton Co.
Marsh & McLennan Cos Inc.
Sedgwick James North America
Muskogee
Brown, Hiller & Clark Associates Inc.
Sallisaw
Brown-Hiller-Clark & Associates Inc.
Tulsa
Alexander & Alexander Services Inc.
Arthur J. Gallagher & Co.
Johnson & Higgins
Marsh & McLennan Cos. Inc.
The Quarles Group
Rollins Burdick Hunter Co.
Sedgwick James North America

Oregon

Eugene
Corroon & Black Corp.
Medford
Sedgwick James North America
Portland
Alexander & Alexander Services Inc.
Andreini & Co.
Corroon & Black Corp.
Arthur J. Gallagher & Co.
Jardine Emett & Chandler Inc.
Johnson & Higgins
Marsh & McLennan Cos. Inc.
Rollins Burdick Hunter Group Inc.
Sedgwick James North America
Salem
Sedgwick James North America

Pennsylvania

Allentown
Corroon & Black Corp.
Arthur J. Gallagher & Co.
Altoona
The Gleason Agency Inc.
Ardmore
American Brokerage Corp.
Beaver
ISU/Blackwood Agencies
Beaver Falls
ISU/Blackwood Agencies
Bethelehem
Bowers, Schumann & Welch
Sedgwick James North America
Camp Hill
Marsh & McLennan Cos. Inc.
Chambersburg
American Brokerage Corp.
Erie
Arthur J. Gallagher & Co.
Insurance Management Co.
Robinson-Conner Inc.
Exton
The Thomson Group
Feasterville
Paul Hertel & Co. Inc.
Greensburg
Arthur J. Gallagher & Co.
Harrisburg
Alexander & Alexander Services Inc.
Arthur J. Gallagher & Co.
The Gleason Agency Inc.
A.W. Lawrence & Co.
Sedgwick James North America
Hershey
Rollins Burdick Hunter Group Inc.
Jeffersonville
Underwriters Services Inc.
Johnstown
The Gleason Agency Inc.
Lancaster
The Loomis Co.
Langhorne
Johnson Kendall & Johnson Inc.
Lansdale
The Thomson Group
Pro Administrators
Mechanicsburg
Corroon & Black Corp.
Arthur J. Gallagher & Co.
Robinson-Conner Inc.
Media
Corroon & Black Corp.
Paul Hertel & Co. Inc.
Philadelphia
Alexander & Alexander Services Inc.
The Gleason Agency Inc.
The Graham Co.
Paul Hertel & Co. Inc.
The Hirshorn Co.
Jardine Emett & Chandler Inc.
Johnson & Higgins
Walter Kaye Corp.
A.W. Lawrence & Co.
Marsh & McLennan Cos. Inc.
Rollins Burdick Hunter Group Inc.
Sedgwick James North America
Willis Faber P.L.C.
Pittsburgh
Alexander & Alexander Services Inc.
Bigler-Ketchum Inc.
The Gleason Agency Inc.
Hilb, Rogal & Hamilton Co.
Johnson & Higgins
Marsh & McLennan Cos. Inc.
McDonough Caperton Insurance Group
Robinson-Conner Inc.
Sedgwick James North America
Willis Faber P.L.C.
Plymouth Meeting
Clair Odell Group
Rosemont
The Thomson Group
Roxborough
Paul Hertel & Co. Inc.
Rydal
Palley Simon Associates
Saint Davids
The Simkiss Cos.
Scranton
Arthur J. Gallagher & Co.
Sunbury
ISU/Purdy Insurance Agency
Williamsport
Sedgwick James North America
Willow Grove
Robinson-Conner Inc.
Wynnewood
Republic Hogg Robinson Inc.
Wyomissing
The Loomis Co.
Sedgwick James North America
York
Poor Bowen Bartlett & Kennedy

Rhode Island

Cranston
Arthur J. Gallagher & Co.
Providence
Alexander & Alexander Services Inc.
Marsh & McLennan Cos. Inc.
Starkweather & Shepley Inc.
Warwick
MacIntyre, Fay & Thayer Insurance Agency Inc.
Westerly
Starkweather & Shepley Inc.

South Carolina

Charleston
Corroon & Black Corp.
Roanoke International Insurance Agency Inc.
Columbia
Corroon & Black Corp.
Marsh & McLennan Cos. Inc.
Sedgwick James North America
Greenville
Alexander & Alexander Services Inc.
Corroon & Black Corp.
Arthur J. Gallagher & Co.
Marsh & McLennan Cos. Inc.
Robinson-Conner Inc.
Sullivan Co. Inc.

Tennessee

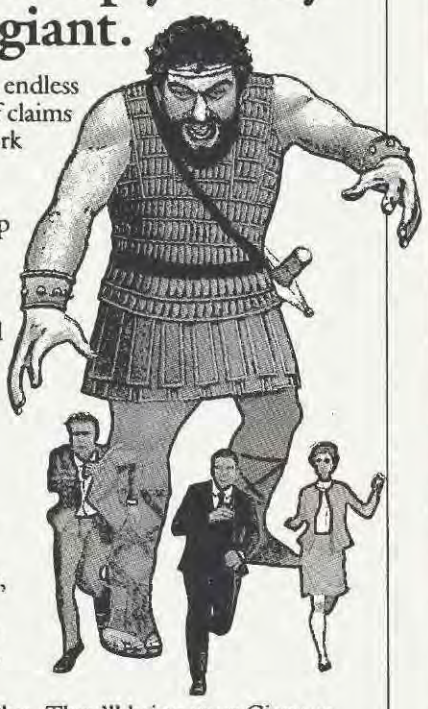
Chattanooga
Alexander & Alexander Services Inc.
Corroon & Black Corp.
Greeneville
McInturff, Milligan & Brooks/ Bennett & Edwards
Hendersonville
Robinson-Conner Inc.
Jefferson City
ISU/Bible Insurance Agency
Knoxville
Corroon & Black Corp.
Sedgwick James North America
Memphis
Arthur J. Gallagher & Co.
Marsh & McLennan Cos. Inc.
Sedgwick James North America
Morristown
ISU/Bible Insurance Agency
Nashville
Alexander & Alexander Services Inc.
Corroon & Black Corp.
Arthur J. Gallagher & Co.
Johnson & Higgins
Marsh & McLennan Cos. Inc.
Sedgwick James North America

Texas

Austin
Alexander & Alexander Services Inc.
Johnson & Higgins
Healthcare Insurance Services Inc.
Republic Hogg Robinson Inc.
Bryan
Anco Insurance Managers Inc.
Belton
Anco Insurance Managers Inc.
Corpus Christi
Arthur J. Gallagher & Co.
National Insurance Agency
Shelton Insurance Agency Inc.
Swantner & Gordon Insurance Agency
Dallas
Alexander & Alexander Services Inc.
American Business Insurance Inc.
Anco Insurance Co. of Dallas
Andreini & Co.
Corroon & Black Corp.
Arthur J. Gallagher & Co.
Holmes, Murphy & Associates Inc.
Jardine Insurance Brokers Inc.
Johnson & Higgins
Marsh & McLennan Cos. Inc.
McDonough Caperton Insurance Group
Northcutt, Cathey & Houseman
The Quarles Agency of Texas
Rollins Burdick Hunter Group Inc.
Sedgwick James North America
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The Leavitt Group

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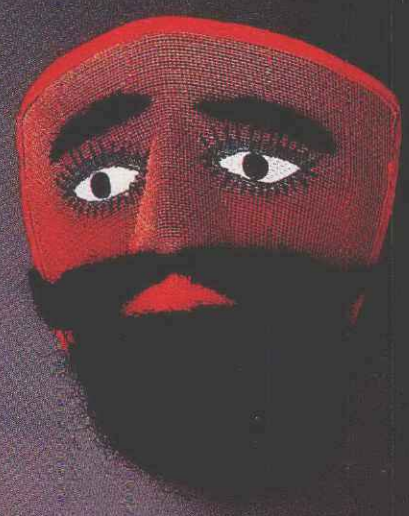
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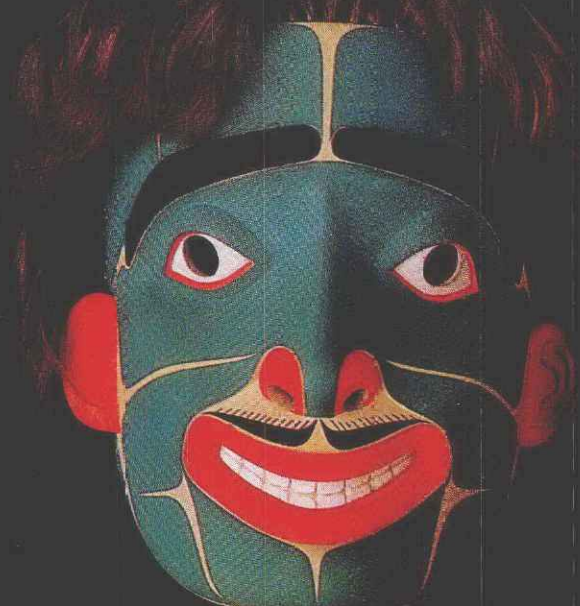
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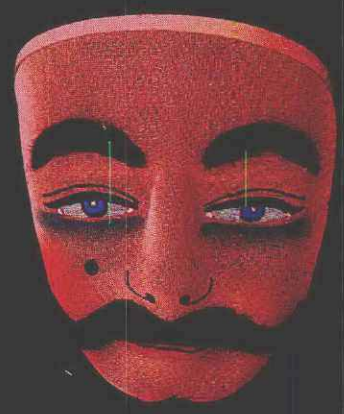




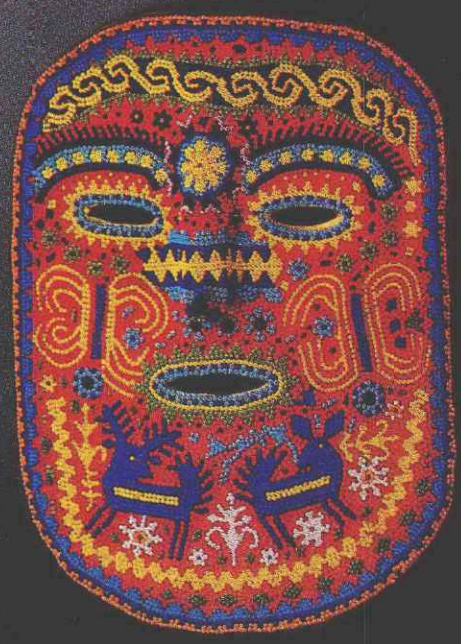


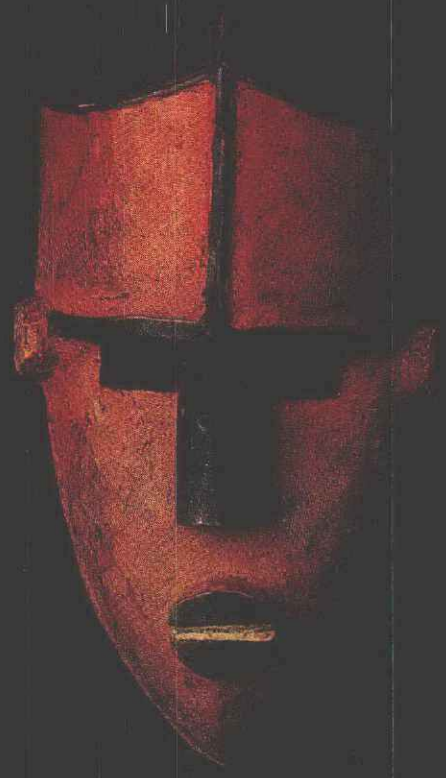














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Bander Seri Begawan
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Gras Savoye

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Sedgwick James North America
St. Thomas
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Sarnia
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Gras Savoye
Port Gentil
Gras Savoye

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Piraeus
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Sedgwick Group P.L.C.
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INTERNATIONAL

Court upholds ADAS' right to secrecy

By MARK A. HOFMANN

CHICAGO—A U.S. appellate court ruling allowing a Romanian insurer to invoke that country's secrecy laws and refuse to answer questions raised in a reinsurance dispute should raise warning flags for all U.S. companies that plan to do business in Eastern Europe, attorneys say.

The 7th U.S. Circuit Court of Appeals on May 25 unanimously upheld a lower court decision that a U.S. reinsurer is entitled to damages from Romania's state-owned insurer but that the insurer does not have to respond to the U.S. company's questions, or interrogatories, that would help it recover the damages.

The case, which involves what a 7th Circuit judge called a "bramble of accusations," stems from a 1985 federal court decision in which Bucharest-based monopolistic insurer Administratia Asiguarilor de Stat, or ADAS, was ordered to pay $338,000 in damages to Reinsurance Co. of America, a Chicago-based reinsurer.

"I'd advise a great deal of caution" to companies considering opening operations in Eastern Europe, said RCA attorney John Mustes of Connelly, Mustes & Schroeder of Chicago.

The case "probably has no more implication for reinsurers" than it does for any enterprise doing business in Eastern Europe, said Edward J. Zulkey, an attorney specializing in insurance law with Baker & McKenzie, in Chicago.



The dispute between RCA and ADAS developed over two quota-share retrocessional agreements effective Oct. 1, 1977, and Jan. 1, 1980.

On Jan. 19, 1983, RCA sued ADAS in Cook County Circuit Court in Chicago, alleging breach of contract. That suit was moved to a U.S. District Court in Chicago.

One year after RCA filed suit, ADAS moved to have the action dismissed based on a Romanian judgment that declared the contracts void.

On that same day, RCA filed a motion for summary judgment on the issue of liability.

In 1985, U.S. District Court Chief Judge John F. Grady awarded RCA about $338,000.

But, RCA has been unable to collect the award from ADAS.

In an attempt to recover the 1985 award, RCA has tried to force ADAS to answer a series of interrogatories.

RCA sought information on reinsurance agreements ADAS had with U.S., Canadian and British companies and whether the Romanian company has accepted reinsurance submissions from British brokers that ADAS knows or believes received business from U.S. or Canadian brokers.

But, ADAS has repeatedly refused to respond to the interrogatories, claiming that answering the questions would violate state secrecy laws.

Under Romania's state secrets law, disclosing information that "might endanger the economic, technical-scientific, military or political interests of the state" is an "unusually grave" criminal offense that carries unspecified penalties.

In addition, the 1971 law says "the information, data and documents which according to the present law do not constitute state secrets but are not destined to publicity are service secrets and cannot be divulged."

The penalty for divulging service secrets is six months to five years of imprisonment.

Mr. Mustes said the Romanian secrecy law reminds him of the George Orwell book "1984."

Continued on next page

Insurers report 30% increase in insured export credit risks

BERN, Switzerland—Export credit risks insured by members of the International Union of Credit & Investment Insurers increased 29% in 1989 to $293 billion.

As a result, members' total insured exposure on outstanding risks reached $450 billion by the end of 1989, the union reports.

In addition, the insurers underwrote political and investment risks totaling $2.3 billion in 1989, up 10% over 1988. At the end of 1989, members' exposure on investment insurance portfolios totaled $16.95 billion.

Business increased in 1989 for about 30 of the union's 40 members, said Malcolm Stephens, president of the union and chief executive of the U.K.'s Export Credits Guarantee Department.

However, "the world debt problem continues to bear heavily on the financial position of individual members of the union. Claims paid in 1989, amounting to some $12 billion, were marginally higher than those paid in the previous year," the group said.

"These again related in very large part to the balance of payments problems that continue to affect many of the world's developing countries which, in turn, result in the rescheduling of their foreign debt," the group said in a statement.

Members with large medium-term and long-term exposures "again showed a deficit on their operations in 1989," the group noted.

"The failure of over 40 countries to meet their commitments under debt rescheduling agreements to one or more of the export credit agencies is a matter of continuing concern," the group said.

The International Union of Credit & Investment Insurers—also known as the Bern Union—is an association of state-controlled and private insurers from 32 countries. Formed in 1934, it is based in Bern, Switzerland, with administrative offices in London.

Members provide credit insurance and financing of exports from members' countries and provide import countries with credit facilities.

About 80% of the exports insured in 1989 related to commodities, raw materials, and consumer goods on short credit terms—normally not more than six months. The remainder involved goods sold on medium- and long-term credit.

Members also provide insurance against the political risks in foreign investments.

—By Carolyn Aldred

GLOBAL BRIEFS

Colonia blasts Allianz

COLOGNE, West Germany—Colonia Versicherung A.G. has joined the ranks of West German insurers to publicly criticize a joint venture between Allianz A.G. Holding and an East German insurer.

Citing "protection of the free market," Colonia chief executive officer Dieter Wendelstadt said he had sent a letter to East German Prime Minister Lothar de Maiziere requesting an opportunity to present alternatives to Allianz's planned joint venture with Staatliche Versicherungs der DDR, East Germany's state-owned life, liability and accident insurance monopoly.

The problem with Allianz's plan is that it would give the insurer 12,000 full-time employees and some 33,000 part-time workers in both East and West Germany, Mr. Wendelstadt said. That places other insurers in an "impossible situation," he said. He denied reports that many Staatliche employees already have joined West German insurers.

Allianz announced in March that it would acquire a 49% stake in Staatliche (*BI*, March 19). However, the merger was blocked in April until East Germany enacted a law allowing foreign companies to conduct business in the country (*BI*, April 30). That law will become effective July 2, allowing all West German insurers access to the East German market.

Regardless of the outcome of its plea to the East German minister, Colonia says it is increasing its activity in East Germany. It plans to initially enter the market as a personal lines insurer, then move into industrial insurance coverages, he said.

Meanwhile, Colonia is also working on entering the Soviet Union's insurance market. It currently is negotiating to establish a joint insurance venture with Soviet insurers. The new company, to be called Rossja, would be established with approximately 50 million deutsche marks ($29.4 million) in capital, he said.

—By Don Lewis Kirk

Manville rebuts claims

LONDON—Manville Corp. rebuts claims made by some British plaintiffs attorneys that European asbestos victims were not given adequate notice of a May 1 deadline for filing claims against the company.

As part of its reorganization plan, Manville originally set a Nov. 1, 1989, deadline for filing claims with the Manville Personal Injury Trust (*BI*, Nov. 6, 1989).

This represented an extension of the filing period for a number of claims already barred by the New York statute of limitations, said Marianna Smith, director of the trust. New York law applies because Manville's reorganization was heard in a federal bankruptcy court in New York.

However, some plaintiffs' attorneys in Europe complained that they were not made aware of the November deadline. As a result, the trust extended the deadline by six months to May 1.

"We don't feel we have mistreated anyone," Ms. Smith said. "You could extend a deadline 20 years and someone 19 years and three months later will claim it is unfair."

One British plaintiffs' attorney contends the trust advertised the deadline in the United States but not in Europe.

"It had not been announced to U.K. lawyers by the Manville Corp. trust, although many lawyers in the U.S. seem to have known all about it," said John Pickering, a solicitor with Irwin Mitchell in Sheffield, England.

However, Manville's Ms. Smith said the trust made no special advertisements in the United States or elsewhere.

The only U.S. publicity, she said, was a press conference held upon consummation of the reorganization plan.

Those who have rightful claims against the Manville trust "know who they are," Ms. Smith said. "We are not a surprise."

—By John Miller and Stacy Adler

Ontario hopes no-fault lowers auto premiums

By MICHAEL SCHACHNER

TORONTO—A new no-fault auto insurance law will save commercial and private passenger policyholders in Ontario from huge auto insurance premium increases, according to Ontario regulators.

Regulators do not expect auto insurance premiums to increase more than 4% on average on renewal, even though the law allows litigation against commercial and private passenger policyholders or their insurers in certain situations and increases several accident benefits.

Premiums would have increased about an average of 35% on the next renewal for most policyholders under the old system, said Murray Elston, Ontario's minister of financial institutions.

But, premiums under the Ontario Motorist Protection Plan—which becomes effective Friday—will increase by about 8% for all policyholders in the Toronto area, according to Bernie Webber, deputy commissioner with the Ontario Insurance Commission.



In addition, premiums will remain unchanged throughout most of the remainder of the province, he said.

And, the premiums for about 1.2 million, or about 26%, of Ontario's 4.7 million private passenger auto insurance policyholders will decrease slightly under the new law, said Donald Scott, Ontario's commissioner of insurance.

Premiums for Ontario's approximately 1 million commercial automobile insurance policyholders "will certainly stabilize under no-fault," remarked Charles Anderson, director of rates and classification for the Insurance Commission.

However, Mr. Anderson could not estimate how much commercial rates might increase because the commission has not performed actuarial studies on commercial rates.

John White, vp-underwriting for Markel Insurance Co. of Canada in Toronto, which specializes in writing commercial auto coverage for fleets and small truckers, agreed that the no-fault system will help stabilize the cost of commercial auto insurance.

"I don't foresee any decreases in rates, but increases should be moderate," Mr. White said.

The measure, proposed last fall by the Ontario Insurance Commission, was signed into law May 29 by Ontario Lt. Gov. Lincoln Alexander.

The new no-fault system generally prohibits litigation stemming from auto accidents.

This provision is expected to reduce insurers' loss costs 20%, according to the commission.

However, the law makes exceptions in cases:

- Of death, disfigurement and loss of bodily function.
- When the driver of a heavy commercial vehicle—at least 9,900 pounds—is found at fault in an accident with the driver of a private vehicle. In those cases, the private passenger auto insurer will be permitted to subrogate against the commercial vehicle insurer.
- When a motorcycle driver or passenger is injured. The law allows the cyclist's insurer to transfer a portion of injury costs to the insurer of the other drivers involved in the accident based on the percentage of fault assigned to the drivers of those vehicles.

Mr. Webber said the law has received strong support from consumer groups seeking lower premiums for Ontario's drivers and from insurers, which have sought a pure no-fault system for 15 years.

Alex Kennedy, vp and general counsel for the Insurance Bureau of Canada, a Toronto-based trade group representing the country's insurance industry, said the bureau is "delighted" with the new law.

"There was no question that consumers were looking at significant price increases without no-fault. And savings for insurers will come on the loss cost side. This law wasn't our first preference, which would have been total no-fault without the right to sue, but this is still excellent," Mr. Kennedy said.

Continued on next page

INTERNATIONAL

Romanian dispute

Continued from previous page

"They define state secrets in a fairly limited fashion but then consider everything else to be a service secret," he observed.

On Oct. 3, 1988, Judge Grady ruled that U.S. foreign relations law applied to the dispute over the interrogatories.

When national laws conflict, the foreign relations law requires parties in the dispute to consider factors including: vital national interests of each state; the hardship that inconsistent enforcement would impose upon the parties involved; and the extent to which that required conduct would take place in the other country.

Judge Grady ruled ADAS did not have to answer the interrogatories because the Romanian interests outweighed the U.S. interests in this case. However, he let stand the initial award to RCA.

The 7th Circuit upheld Judge Grady's ruling.

"The court properly considered the relevant factors. . .and determined that the interests of the Romanian government outweighed those of the United States and that the potential hardship to ADAS tipped the balance against asserting jurisdiction. Thus, RCA's motion to compel responses to certain post-judgment interrogatories was properly denied," the 7th Circuit ruled.

An attorney for ADAS, Paul V. Esposito of Lewis, Overbeck & Furman of Chicago, would not comment on the 7th Circuit's ruling.

RCA will continue to seek relief in the courts by attempting to submit Romanian insurance officials to the Foreign Sovereign Immunities Act, Mr. Mustes said. That law limits foreign concerns' ability to apply national security laws to commercial cases.

Mr. Mustes said that other Western companies should bear in mind this ruling when dealing with Eastern European firms.

"There's a mad rush to do business in Eastern Europe. I think a lot of people who do business in Eastern Europe will be surprised to discover the layer upon layer of agency review" that may result in contradictory rulings, he said.

But in a concurring opinion to the 7th Circuit's decision, Judge Frank Easterbrook wrote that "events have overtaken this case. Romania adopted a strict code of secrecy out of fear that sunlight would jeopardize the regime. Under Romanian law, anything that is not a 'state secret' is a 'service secret'—in other words, *everything* is a secret. The regime fell nonetheless, and not because of loose lips. Revolution in Romania means that yesterday's laws are of little moment."

Mr. Mustes agreed that a change in leadership following the execution of long-time dictator Nicolae Ceausescu and his wife last Christmas could have an "enormous impact" on the case.

Although optimistic that the new government will be more open with information than its predecessor, the policies of the victors in the recent Romanian elections remain uncertain, Mr. Mustes said.

"We just don't know who's in charge," he said.

However, Mr. Zulkey of Baker & McKenzie said other reinsurers can help head off the problem RCA faced in its dispute with the Romanian reinsurer by requiring letters of credit, which can be drawn upon when one party refuses to pay a court-ordered award.

"The moral of the story is that an insurer dealing with a foreign reinsurer should make sure it has adequate letters of credit," Mr. Zulkey said. ■

Ontario no-fault

Continued from previous page

Ontario risk managers were more tentative in their approval of the measure.

"We think it's probably a good thing, although it does have some flaws and needs some fine-tuning," said Lloyd Hackett, chairman of the legislative committee of the Ontario Chapter of the Risk & Insurance Management Society. Mr. Hackett is risk manager of T. Eaton Co., Ltd., a Canadian department store chain.

"We have some guarded concerns" about the law, said Susan Meltzer, a risk manager with Bell Canada in Toronto and immediate past president of the Ontario Chapter of RIMS. Ms. Meltzer said that "the local chapter did support the principle of no-fault in Ontario," and that she had testified in favor of no-fault when the law was under consideration.

However, Ontario risk managers have questions about some facets of the law, she said. For example, since no-fault will not apply to trucks that weigh more than 9,900 pounds, most corporate fleets will continue to operate on a negligence system. In addition, risk managers are concerned about the possibility that interpretation of such terms as "disfigurement" in the no-fault threshold will lead to increased litigation, she said.

Ontario trial attorneys oppose the new law.

"The passing of Ontario's new no-fault auto insurance bill will have tragic consequences for all victims of motor vehicle accidents," said Bert Raphael, chairman of the Toronto-based Advocates Society, one of several groups of trial attorneys that oppose the new law.

"But, more importantly, this marks a frightening infringement on the fundamental right in a democratic society for free access to the courts," he said.

Under the new law, all active policies will be converted automatically to no-fault on Friday with no premium changes. Insurers will adjust premiums to reflect the no-fault system upon renewal.

The law caps accident benefits at 80% of gross income or $600 per week, whichever is less. Accident benefits for students, retired citizens and unemployed motorists will be capped at $185 per week.

Under the expiring system, injured drivers who work receive at least $140 per week in accident benefits, while students, retirees and unemployed motorists are not eligible for accident—related medical benefits.

The new law also allows policyholders to purchase up to another $450 per week in accident coverage.

In most cases, motorists are eligible for accident benefits for up to three years. However, motorists who suffer totally disabling injuries will receive lifetime benefits.

The new law, though, prohibits an injured motorist from collecting accident benefits under his employer's health care plan as well as from an auto insurer.

The law also calls for insurers to provide up to $500,000 over 10 years toward rehabilitation from an accident-related injury and another $500,000 for long-term care.

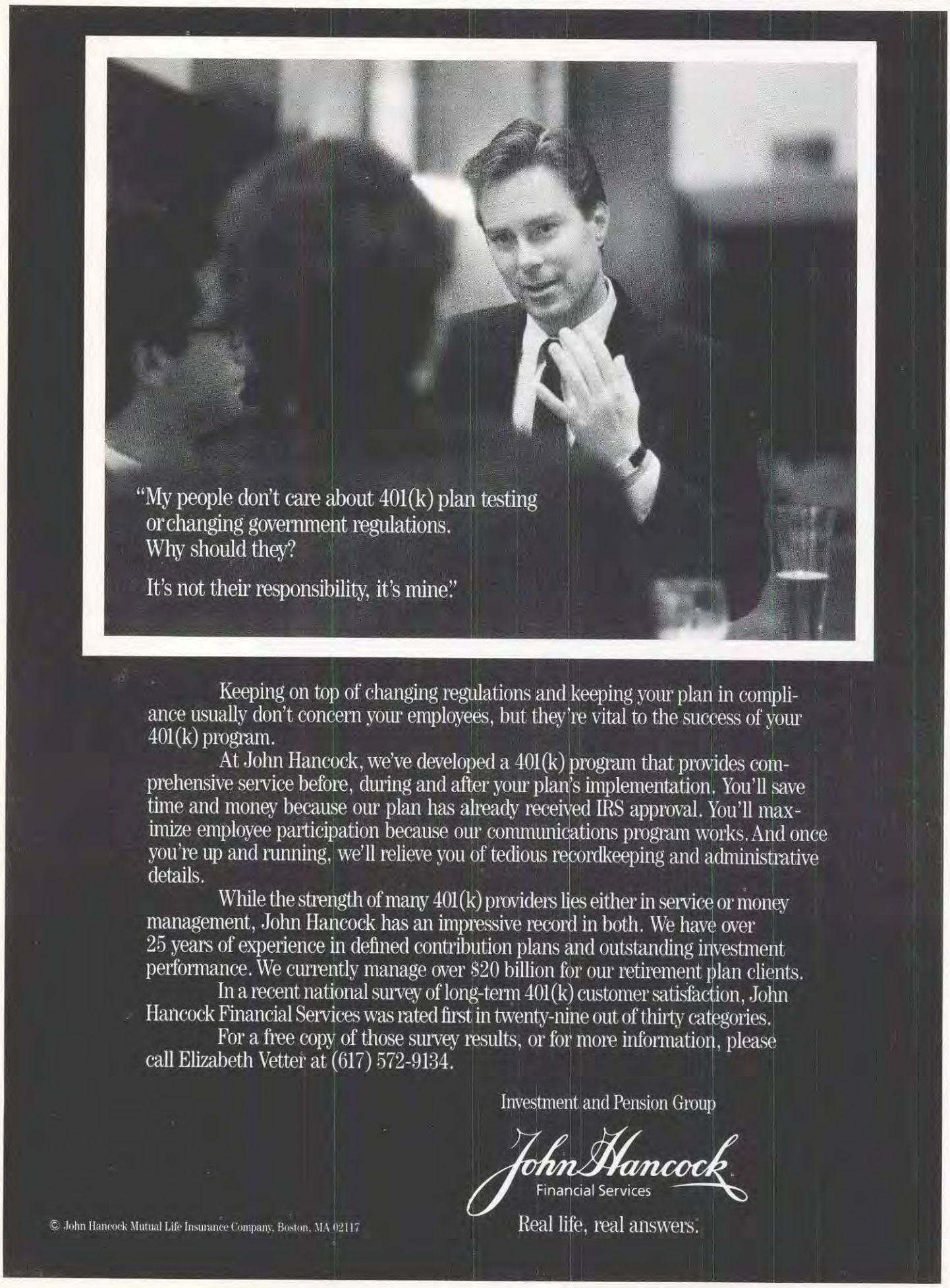
Under the old plan, insurers were required to provide only $25,000 over four years for rehabilitation, and long-term care benefits were not mandatory.

Death benefits increase to $25,000 from $10,000, while the benefit for the death of a dependent increases to $10,000 from $2,000. Funeral benefits also increase to $3,000 from $1,000.

The new law requires drivers to purchase at least $200,000 in third-party liability insurance limits. Collision coverage is optional.

The law limits prejudgment interest for cases that do go to court. ●

Associate Editor Mark A. Hofmann in Chicago contributed to this article.



PPO study

Continued from page 1

the five employers were $80 to $300 lower for workers in a PPO than for those in an indemnity plan.

In the other case, the employer spent $50 more on each employee who used the PPO. Providers in this case "apparently were not able to offset the costs of a higher proportion of users through greater efficiency," say the authors.

The study concludes that "it appears that the PPOs were successful in channeling employees and their dependents to a set of more efficient providers."

Other findings include:

- With one exception, employees using PPOs were more likely than non-participants to be very satisfied with the benefits offered by the PPO.

The exception: employees enrolled in an exclusive provider organization that, unlike other PPOs, would not cover any part of the services of non-member providers except in emergencies.

- There is no evidence that PPOs attract a greatly disproportionate number of younger, healthier patients. In fact, the study found health status and age were not factors when employees decided to use a PPO.

RAND concluded that the only predictor of participation was the prior source of care. As expected, an employee whose physician joins the network was very likely to become a PPO user.

"However, since healthy individuals without a prior source of care frequently intended to identify a provider, if needed, through the PPO directory, total PPO participation rates were predicted to be somewhat higher in the healthiest group," the study authors noted.

- Participation rates were highest when employers gave the strongest incentives to use a network. For example, two employers that eliminated both deductibles and copayments for employees using preferred providers had employee participation rates of 64% and 55%, respectively.

"Our results demonstrate PPOs' ability to channel patients in a relatively brief period of time, at least where there is a substantial PPO incentive in the form of decreased cost-sharing," the authors said.

They warn, however, that lowering employee costs could potentially increase demand for health services. "To establish themselves as a major health care option, PPOs must demonstrate that they can more than recover this cost through provider selection, discounts and utilization review."

PPOs were designed to allow fee-for-service providers to expand or maintain market share as competition increased, explained one author, Susan D. Hosek, a senior economist with RAND. "In some areas, they are seeking to challenge health maintenance organizations as a cost-effective alternative to traditional plans, while offering a less drastic departure from traditional health care delivery systems.

"Over time, the PPOs' ability to obtain concessions from providers will depend on whether providers realize the larger patient volume promised with membership," she said. Her research, she says, suggest PPOs do bring in large patient volumes and "if they can also contain costs, they should continue to grow and hold their own competitively."

However, Ms. Hosek cautioned: "Although this is the biggest single effort to date, we only looked at five programs and these were early programs."

She concedes that researchers do not know how representative these employers programs are compared with other PPOs and that more study is required.

John Erb, a managing consultant for A. Foster Higgins & Co. in New York, agreed: "Without knowing how these PPOs did four years later, you cannot draw any conclusions. Often initial PPO results were very favorable, but in many cases there was a lack of management and costs rose over time."

He says the report is "encouraging in that it shows PPOs can be effective in controlling costs."

Mr. Erb says he also is encouraged by the finding that most PPO members came from indemnity plans rather than HMOs. "It appears that PPOs are the interim step they were designed to be."

Jim Kent, chairman of the American Assn. of Preferred Provider Organizations, a Washington, D.C.-based trade group, also noted that the RAND researchers relied on a small sample and data that was several years old.

However, the study "signals that PPOs will continue to be a viable option for employers," he said.

"This is good news for employers and the industry," said Mr. Kent, who also is executive vp and chief executive officer of Mental Health Programs Inc. in Tampa, Fla. "The details of the the study will give employers tools to use in designing PPO benefit packages."

The report is 'encouraging in that it shows PPOs can be effective in controlling costs,' says Mr. Erb.

"This study quantifies that there are savings in a PPO," added Dr. Ed Zalta, chairman and chief executive officer of CAPP CARE Inc. of Fountain Valley, Calif. "Further, it shows that the savings are not offset by increased utilization," he said, noting that the biggest employer concern about PPOs is that physicians who see fewer people will perform more services.

"This study shows that the volume and intensity of services is lower in PPOs," he said.

"I am sure if this study were repeated today, it would reflect CAPP CARE results, which show a 25% to 40% savings," said Dr. Zalta.

Data for the study came from medical claims, personnel records and employee surveys at Hewlett-Packard Co. in Palo Alto, Calif.; Stouffer Foods Corp. and Ameritrust Corp. of Cleveland; the Dade County, Fla., School Board; and the Metropolitan Dade County government.

Three of the employers offered PPOs as an option in standard indemnity plans, while the other two required the employees physically enroll in the PPO.

Three of the employers were large enough to warrant a separate analysis of mental health services. At these employers, PPO users had significantly fewer outpatient mental health visits and, in most cases, lower expenditures for these services than those in the standard plan.

The study took five years and more than $1 million to conduct, according to Ms. Hosek. Funding for the main study was provided by the Department of Health and Human Services, she said. The analysis of mental health services was funded by the National Institute for Mental Health.

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Copies of two reports, "Participation and Satisfaction in Employers Plans with Preferred Providers Organization Options," numbered R-3799-HHS, and "Health Care Utilization in Employer Plans with Preferred Provider Organization Options, numbered R-3800-HHS/NIMH, are $7.50 each from RAND's publications department, 1700 Main St., P.O. Box 2138, Santa Monica, Calif. 90406-2138; 213-393-0411.

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Vice-Presidents, General Managers and Other Administrative Personnel 3,847

Financial:
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Secretaries, Treasurers, contollers and other Financial Personnel 3,562

Risk/Employee Benefits:
Vice-presidents, directors, managers, and other related department personnel of: insurance, risk, employee benefits, personnel, compensation, pension, safety, security, industrial relations, human resources and employee/labor relations 11,566
Sub-total 24,648

Associations 539
Government, Unions and Educational Institutions 1,389
Commercial Consumers
Sub-total 26,576

Insurance Agents and Brokers . 10,223
Insurance Companies 7,713
Accountants, Actuaries, Attorneys & Consultants 3,353
Adjusters, Appraisers, TPA's, Captive Managers & Health Care Providers 1,115
Others Allied to the Field 2,149
TOTAL 51,129

* Source Business/Occupational breakdown of qualified circulation, November 27, 1989 issue, as submitted to BPA for December 1989 BPA Publisher's Statement.

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Employees pay larger share of dependent care coverage

By DEBORAH SHALOWITZ

Employers' attempts to control health care costs by increasingly shifting the cost of dependent care to workers could substantially increase the number of uninsured Americans, warns the author of a new survey.

Employers increasingly are implementing dependent health care cost-shifting measures such as higher deductibles and required employee contributions toward the cost of coverage in an effort to control health care costs, according to a survey of 369 benefit managers by the International Foundation of Employee Benefit Plans of Milwaukee.

"The dynamics of dependent health care are complicated by the changing composition of the American family," noted the survey, "Rethinking Dependent Care Coverage."

For example, "demographic trends have resulted in some employers including as covered dependents a number of non-traditional categories," the survey said.

The most popular is children of dependent children. Other categories included children of domestic partners, elderly parents and foster children, according to the survey.

However, making workers shoulder a greater portion of dependent care costs "may ultimately increase the portion of the uninsured population and may spur efforts toward either mandated benefits or some sort of national health care system," said IFEBP Associate Director and survey author Melody Carlsen. "It really is almost a Catch-22."

Indeed, 43% of survey respondents said efforts to make employees pay more for dependent care coverage have prompted some workers to drop the coverage.

However, virtually no companies plan to eliminate dependent health care coverage altogether, according to the survey.

None of the respondents said eliminating dependent health care coverage was "very likely," and only 4% said it was "somewhat likely." This is one of "the most significant findings" of the survey, Ms. Carlsen said.

However, a little more than two-thirds of the respondents said their companies require workers to contribute to the cost of health care coverage for their dependents, according to the survey.

Virtually all respondents—99%—offered dependent care coverage.

Sixty-eight percent of the respondents said employees must pay some portion of dependent care coverage, while 12% said employees are required to pay the full cost of dependent coverage.

Thirty-seven percent link those contributions to the number of dependents covered.

Workers are required to pay 20% to 40% of the cost of dependent care coverage on average—about twice the amount they are required to contribute toward the cost of their own coverage, the survey found.

Twenty percent of responding benefit managers said their companies require no contributions toward the cost of dependent care coverage.

However, more than twice as many survey respondents—42%—said no contributions are required for the cost of individual coverage.

Fifty-seven percent require workers to contribute to the some of the cost of individual health care coverage, while 1% said employees had to pay the full cost.

Meanwhile, 85% of the survey respondents said they expect to look further at dependent health care coverage to control health care costs of dependents.

For example, 23% of respondents said it is "very likely" and 38% said it is "somewhat likely" that their companies would raise the amount of the deductible or contributions toward coverage for dependents.

A quarter of the respondents said it was "somewhat likely" and 5% said it was "very likely" that their companies would try to reduce benefits available to dependents. Mental health and substance abuse benefits are the most likely targets for cutbacks, respondents said.

In addition, the survey found that many employers are trying to use data to better predict and control dependent health care costs.

According to the survey, 81% of companies track health care utilization. Of those, 57% say they analyze eligibility and claims records for dependents separately from those of employees.

Employers can use this data to predict what kinds of services dependent beneficiaries use, Ms. Carlsen said.

Some employers also try to control dependent health care costs by restricting duplicate coverage.

Twelve percent of the survey respondents said they do not offer dependent care coverage to employees who are not the principal family wage earner. And, 35% of the respondents said they expect this more employers to use this tactic.

If this practice does become more popular among employers, certain employers—such as retailers—that chiefly hire lower-paid workers will benefit more than other employers will, Ms. Carlsen said.

In addition, 30% of the respondents said they offer a financial incentive for employees to opt out of dependent coverage, and 66% said they expect this strategy to increase in popularity.

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Copies of "Rethinking Dependent Health Care" are available free from the International Foundation of Employee Benefit Plans, Public Relations Department, 18700 W. Bluemound Road, P.O. Box 69, Brookfield, Wis., 53008-0069; 414-786-6700.

Judge invalidates results of drug tests

NEW YORK—A federal judge in New York has invalidated the results of thousands of drug tests performed by the New York Transit Authority during a three-year period in the mid-1980s, saying the tests violated workers' due process rights under the Fourth Amendment and were poorly conducted.

The decision marks the first time a public entity's drug-testing program has been rendered invalid because of Fourth Amendment violations, said Edward J. Davis, staff attorney for the Legal Action Center. The not-for-profit public interest law firm, based in New York, filed the open-ended class-action suit against the authority in 1985 on behalf of about 1,000 employees and applicants who tested positive for marijuana use between 1984 and 1986.

U.S. District Judge Robert P. Patterson ruled the tested workers were neither suspected of drug use nor involved in safety-sensitive positions, meaning their Fourth Amendment rights were violated. Judge Patterson also said that during the testing process, urine samples frequently were contaminated, employees did not receive adequate notice of test results, and employees were not allowed access to their original samples so they could have the samples tested at another lab.

Judge Patterson is scheduled tomorrow to set the form of restitution the authority will pay those who lost their jobs or were denied positions based on the drug-test results.

The authority plans to appeal the decision to the 2nd U.S. Circuit Court of Appeals, a spokesman said.

—By Michael Schachner

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McCarran-Ferguson

Continued from page 1

they limit competition and drive up rates.

Insurers argue that repeal the exemptions would be a disaster for both commercial and personal lines insurance buyers. Insurers say that the vagueness of the legislation throws into question whether a wide range of joint industry activities, which they say benefit consumers, might be considered violations of federal antitrust law.

For instance, experts worry about the ability of the insurance industry to provide common policy forms or to trend loss data in setting advisory rates or prospective loss costs.

The Insurance Services Office Inc. last year announced it would stop providing fully developed advisory rates beginning this year, instead furnishing only prospective loss costs.

Prospective loss costs are estimates of insurers' average future claims payments, including claims handling and legal defense costs. Advisory rates include prospective loss costs and provisions of insurers' marketing and overhead expenses, as well as underwriting profit and contingencies.

ISO admitted at the time its action were designed, at least in part, to quell efforts to amend McCarran-Ferguson (*BI*, April 10, 1989).

However, industry officials last week said they did not know whether the development of advisory prospective loss costs would be considered an antitrust violation under the legislation.

"It isn't clear what is permissible. The legislation would create a minefield of confusion and uncertainty," said the Alliance's Mr. Farmer.

"The result of such deficient legislation would be a pall of uncertainty that could be resolved only after a spate of expensive lawsuits over what is permissible conduct by insurers, their rating organizations and state regulators," ISO said in a statement.

The National Council on Compensation Insurance, which supplies workers comp rates on behalf of member insurers in more than 30 states, is studying the legislation and declined to comment.

"Most antitrust lawyers will tell you that joint trending is an agreement relating to price and would almost certainly be considered price-fixing," said AIA General Counsel Craig Berrington.

"It is a dangerous bill. It rejects the need of the industry and its regulators to have meaningful data analysis and the use of cooperative mechanisms under regulation to assure the availability of insurance," he said.

And some contend that small insurers could be forced out of business if they are denied advisory rates or prospective loss cost data.

"The bill would deprive small insurance companies of the needed statistics on which to base rates in many lines. Many small companies would be forced to merge and some might opt to get out of the insurance business altogether or risk insolvency by setting rates without the benefit of adequate statistical supporting data," said Lowell Beck, president of the National Assn. of Independent Insurers in Des Plaines, Ill.

An ISO spokesman says it isn't clear what types of services it could provide insurers because the legislation is so vague.

In addition, some experts say that this legislation could make insurers reluctant to form pools, such as those that currently provide property and liability insurance to the nuclear power industry, for fear that they would be accused of "monopolizing" insurance business.

"There would be a reticence to participate in pooling activities. There could be a chilling effect on such activity," said Mr. Farmer.

"There could be a great hesitancy on the part of carriers to get together and offer constructive coverages that they now might not wish to provide on their own. They would be afraid of antitrust challenges," said Howard Greene, director of governmental affairs for the Risk & Insurance Management Society Inc. in New York.

Others say the legislation also could threaten insurers writing coverages through joint underwriting authorities and assigned risk pools.

"To the extent that a JUA results in actions as allocating customers and territories, it could be subject to antitrust law although those actions were taken" in concurrence with state law and regulation, Mr. Berrington said.

"Without the protection of McCarran-Ferguson, insurers would be deterred from entering into such voluntary agreements because such activities could be challenged as cooperation among competitors in violation of the antitrust laws," according to the Coalition for State Regulation of Insurance, an ad hoc group of insurers opposed to changing the McCarran-Ferguson Act.

In addition, some say, joint industry practices, such as ISO's development of common policy forms would no longer be protected.

"It could be argued that agreement on policy forms is really an agreement leading to price-fixing," said Mr. Berrington.

If the industry no longer could develop common policy forms, the result would be chaos for buyers, said Mr. Greene of RIMS.

"Common policy forms provide language to a certain extent that everyone understands. If each carrier has to draw up its own language on policy forms, you would have chaos," Mr. Greene said.

Subcommittee passage of Rep. Brooks' legislation came after a spirited debate.

Rep. Brooks, who is also chairman of the subcommittee, said the insurance industry opposed removing some anti-trust exemption because it wants to retain its protected status—what he called a "trough."

Industry after industry, he says, claims it deserves special protection. But if price-fixing is illegal for butchers, it ought to be illegal for the multi-hundred-billion-dollar insurance industry, Rep. Brooks said.

Rep. Chuck Douglas, R-N.H., argued that the insurance business is different and deserving of its long-standing exemptions from federal antitrust law.

For example, he said, insurers are subject to pervasive state regulation and must participate in activities, like assigned risk pools, in which they often lose money.

"The exemption is justified because of the unique nature of the industry," agreed Rep. Hamilton Fish Jr., R-N.Y., adding that data sharing and other collective activities enhance competition.

"The subcommittee is kidding itself if it thinks the legislation would lower the price of insurance," Rep. Fish said.

Other members complained that consideration of the legislation was premature.

"We don't know what the new era will be," said Rep. Romano L. Mazzoli, D-Ky., said referring to last year's decision by ISO to furnish only prospective loss costs instead of advisory rates.

However, Rep. Mazzoli voted in favor of the bill last week in the subcommittee.

Rep. Carlos Moorhead, R-Calif., said enacting the bill would lead to higher insurance prices and fewer choices for consumers.

The subcommittee also rejected, 13-1, an amendment by Rep. Tom Campbell, R-Calif., to completely repeal McCarran-Ferguson. ■

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Gulf coast spill

Continued from page 1

Mr. Larsen said.

Fifty percent of the coverage is placed with Christianssands Skibassuranse of Kristiansand, Norway, and 50% with A/S Storebrand-Norden-Gruppen in Oslo, he said.

Part of the hull's coverage is reinsured by Christianssands into the London market, said a spokesman for Christianssands, who could not elaborate.

The 38 million gallons of light crude oil carried by the Mega Borg is owned by Elf Trading International Inc., a Houston subsidiary of Paris-based oil company Societe Nationale Elf Aquitaine.

A spokesman for the Houston company said the cargo is insured. He was unsure whether the loss of the 3 million gallons that had spilled as of last week would trigger coverage.

The spokesman could not provide a value for the cargo.

Prices for light crude, however, were about $18.25 per barrel at the time of the accident. Based on that figure, the spilled oil would be worth $1.3 million and the entire cargo worth $16.5 million.

A Texas Water Commission spokesman said if the Mega Borg's entire cargo escapes, "undoubtedly some of it will get to shore. We have notified up and down the shore of the potential of a spill."

However, "quite frankly, 38 million gallons is bigger than we've seen in the past. Nobody knows how much of it would get past" efforts to contain the spill, he said.

Coastal residents and visitors last week were keeping tabs on a growing oil sheen that moved toward the 200-mile shoreline stretching from the west end of Galveston to Corpus Christi.

At stake is commercial fishing generating annual revenues of $600 million. Recreational fishing produces another $2.3 billion each year.

Marine life that is reproducing in the gulf waters is exposed to the greatest danger because their eggs are "water-borne and subject to the toxic substances," said David Sager, environmental contaminants director for the Texas Parks & Wildlife Department in Austin.

Red snapper, king mackerel and white shrimp are some of the sea life exposed to the spill, he said.

An extensive spill could also endanger water fowl and sea turtles, he said.

"At this point," he said last week, "we don't believe there would be a major impact" to the marine life if the spill is not a massive one.

In addition, officials of coastal cities are frightened by the prospect of a massive spill damaging the region's tourism industry.

"June is one of our biggest tourism months," said a spokesman for the Galveston city manager's office.

"Both the mayor and the city manager have strongly urged everyone thinking of coming to Galveston to come on down. The beaches are clean, and if anything does come on shore, it will be on the west end of the island that is not as populated."

Tourism generated about $300 million in revenues for Galveston businesses last year.

City officials in Corpus Christi also are monitoring the oil's progress. Large amounts washing ashore would put a dent in a recovering tourism industry. Tourism revenues were projected to hit $430 million in 1990, up from $401 million last year and $375.2 million in 1988.

Freeport, between Galveston and Corpus Christi, is the site of vacation homes and summer rental properties.

Officials remained optimistic last week that much of the 12,000 to 40,000 gallons of oil remaining in the gulf would evaporate before reaching the coast. Experts point out that the light crude oil's consistency allows it to evaporate faster than would heavier crude oils.

Ocean currents and deep water where the ship is located also may help keep the spill away from the shore.

State officials are not relying on evaporation and currents. Both the Texas General Land Office and the Texas Water Commission were planning to assault the oil before it reached the shore with oil-eating microbes in an experimental process called bioremediation.

Authorities could not estimate how much the process would cost.

Texas Land Commissioner Garry Mauro and Texas Water Commission Chairman B.J. Wynne explained at a news conference that the bacteria reduce the oil to an emulsion of fatty acids. The emulsion sinks and is consumed by marine life.

That procedure has not been used before on an open ocean spill. But lab tests have shown that concentrations of oil can be significantly reduced, according to Mr. Mauro.

Bioremediation has been used to clean up hazardous waste sites, treat waste water and make oil easier to extract from some geologic formations, according to the Land Office.

"Instead of spending weeks in hard labor, and months—probably years—waiting for our beaches to return to their natural state, we have the chance to eliminate oil pollution before it reaches shore," Mr. Mauro said.

"We can actually prevent oil from reaching the beach and killing marine life in the oceans. That's obviously a better way."

But, a "big question right now" is whether other chemical dispersants already used to help break up the oil will affect aquatic life near the tanker, said Steven Barnes, acting director of the National Spill School at Corpus Christi State University.

"These aren't the same kinds of chemicals that were used in the early days" and harmed sea life, he noted.

However, "you could not say there will be no effect from the use of the chemicals," he said.

Mr. Sager of the Texas Parks & Wildlife Department said the dispersants were used because of the depth of the water at the site of the damaged tanker.

'The larger it is, the less prepared anybody is to handle it,' Mr. Barnes says of the oil spill.

The large volume of water has more of a diluting effect on the chemicals, he explained.

Meanwhile, in Galveston, 90 employees from the city and the Galveston Park Board are on standby if cleanup help is necessary. "They are doing their normal jobs but can be pulled off if they're needed," said the spokesman for the Galveston city manager.

The city also is maintaining a list of about 30 companies that offered to help clean up should a large amount of oil reach shore, he added.

The Galveston Park Board began monitoring 32 miles of the island's beaches and a spokeswoman expressed optimism that the island would be largely unaffected by a small spill.

Crews have end-loaders and dump trucks ready to move any oil-contaminated sand to property at the Galveston airport.

Corpus Christi is well-prepared to handle a small spill, according to Mr. Barnes at Corpus Christi State University.

The Corpus Christi Oil Spills Assn. routinely handles cleanups of small spills and is prepared to go to work if the Mega Borg breaks apart, he said.

If a large amount of oil reaches the shore, cleanup crews and equipment from other parts of the state or country will be called in, Mr. Barnes said.

And, because ocean currents were running south to north last week, "that will probably keep it from coming in this direction," Mr. Barnes said of the oil that had spilled last week.

"But the larger it is, the less prepared anybody is to handle it," he said.

If the tanker breaks apart, spilling much of the remaining oil, some of it would likely reach the Corpus Christi shore, he said.

"It would be difficult to contain" a large spill, he said. "Then, the critical factors would be the sea state (and) the weather," which would influence the direction of the spill, Mr. Barnes explained.

"We are trying to get ready, just in case," he said.

The National Audubon Society also is mobilizing if needed to help with the cleanup, according to Jane Lyons, its Southwest regional representative.

She said volunteers are contacting her office and are being organized to respond if a massive spill reaches the coast.

"So far, so good," she said last week. "There's a big slick out there, and birds are raising their young on those islands. We're hoping that there's enough activity to keep them from feeding in that area and we think there is."

Herons, brown pelicans and skimmers are among the birds that are in danger from a large spill, Ms. Lyons said.

Meanwhile, the salvage company is being criticized for its handling of the accident.

Smit American Salvage Inc., the subsidiary of Rotterdam-based Smit International Group hired by the ship's owner to fight the fire, initially planned to douse the flames with a fire-suppressant foam.

However, a piece of equipment needed to apply the foam did not arrive from The Netherlands until two days after the fire broke out.

The foam was first used last Wednesday, four days after the fire broke out.

The spokesman for the Galveston city manager's office said there are companies within 100 miles of Galveston that have equipment that could have been used to apply the foam.

Officials of Smit American Salvage did not return calls.

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Associate Editor Carolyn Aldred in London also contributed to this report.

Shell limits tanker activity in U.S. ports

LONDON—The Royal Dutch Shell Group of Companies is halting its operation of crude oil tankers in U.S. ports, other than the Louisiana Offshore Oil Port, because of the massive liabilities such tankers face in the event of spills.

As cleanup operations were under way to contain pollution from two tanker spills in U.S. waters last week, the Dutch- and British-based company announced plans to limit its tanker operations in the U.S. waters.

"Shipments of crude oil and black oils in tankers owned and/or operated by Royal Dutch Shell Group of Companies will be limited to discharges at the Louisiana Offshore Oil Port," the company announced, adding that "some 40,000 barrels per day of black oil trade is likely to be affected but the shipment of white products will continue."

Black oils are heavy, refined oils, like those used for power plant or ship fuel, while white oil products are light fuel oils, like gasoline and kerosene.

Shell operates and manages a fleet of tankers throughout the world, carrying its own oil and that of other companies.

Shell will now charter tankers owned by other companies to carry its oil to U.S. ports, except the Louisiana terminal.

Shell's decision "is solely a commercial decision," the oil company explained.

"The legal environment in the U.S.A. is a complicated mixture of state and federal laws and the U.S. has not signed the international conventions, which, in much of the rest of the world, govern and limit the liabilities of ship and cargo owners in the event of an oil spill," it added.

As a result, "a shipowner who is involved in a pollution incident in the U.S.A. even when he has behaved properly, responsibly and without negligence, may face largely uninsurable exposure to claims which far outweigh the potential commercial reward for such trade," Shell noted.

—By Carolyn Aldred

Fidelity bond settlement

Continued from page 2

to one count of misapplication of $2.25 million of bank funds in June 1988. He was sentenced to 3½ years in prison in August 1988.

American had written $50 million in fidelity coverage for Continental's officers, consisting of a $20 million layer excess of $11 million and a $30 million layer excess of $70 million, according to Michael J. Weber, an officer with the Chicago law firm Pretzel & Stouffer Chartered, which represents American.

Reliance paid $5 million toward the settlement, according to Jim Little, assistant secretary for the Philadelphia-based insurer. Reliance wrote $10 million in coverage for Continental excess of $51 million.

Hartford declined to outline its settlement. Aetna and CIGNA officials could not be reached.

The FDIC is "very pleased" with the settlement, said Robert Kriss, a partner with Mayer, Brown & Platt in Chicago, which represents the FDIC. "It exceeded a lot of people's expectations."

Mr. Kriss predicted that in light of the savings and loan crisis, "there are going to be more lawsuits filed based on fidelity bond coverage."

The Continental case, however, contained a unique twist.

The FDIC sued the five insurers in 1987 in U.S. District Court for the Northern District of Illinois in Chicago, seeking the limits of the fidelity policies.

In addition, the FDIC also filed bad-faith charges against American, charging that the insurer acted in bad faith because it helped Mr. Lytle finance his defense against the criminal charges.

Due to the S&L crisis, 'there are going to be more lawsuits filed' over fidelity bonds, predicts Mr. Kriss.

American "financed (Mr. Lytle's) criminal defense because American didn't think he was guilty of criminal malfeasance or dishonesty as required" to trigger the fidelity coverage written by American, Mr. Weber said. Mr. Lytle did not have the funds to prepare an adequate defense, Mr. Weber added.

The outcome of an inadequate criminal defense for Mr. Lytle "could have had an impact on" the coverage litigation, Mr. Weber said.

American maintains that it "made a prudent, responsible business decision" to defend Mr. Lytle, Mr. Weber said.

However, American "was trying to defeat" the FDIC's claim for coverage by financing Mr. Lytle's defense, Mr. Kriss noted.

The attorneys for both the FDIC and American agreed that the definition of dishonesty required to trigger coverage under the policies is much more stringent that the standards used in the criminal trial.

In the criminal case, the government only had to prove that Mr. Lytle acted dishonestly, Mr. Kriss explained. However, in the coverage litigation, the government would have had to prove that Mr. Lytle had a "manifest intent to injure the bank," the attorney said, adding that standard is much tougher to prove.

In addition to the $60 million recovered from Continental's fidelity insurers, the FDIC and Continental shareholders received another $60 million last year in a settlement with five of Continental's directors and officers liability insurers. Seventy-seven percent of that settlement was paid to the FDIC, while the shareholders received 23% (*BI*, April 24, 1989; Nov. 7, 1988). ■

Rates of return

Continued from page 2

The wide range of allowable rates of return established by Ms. Gillespie, as well as allowing insurers to petition for "variances" in rating procedure, will result in "excessive rates" and "sharp increases in insurance rates for virtually all Californians," said Mr. Van de Kamp, who lost a bid for the Democratic gubernatorial nomination.

A spokesman for the attorney general said Mr. Van de Kamp plans to sue to block any rates that he feels are excessive.

On the other hand, an Alliance of American Insurers spokesman criticized the 11.2% standard to be used in determining Proposition 103 rate rollbacks as "punitive to companies that are efficient."

However, spokesmen for the Alliance and for the American Insurance Assn. said they had not yet heard of any insurers planning legal challenges to that standard.

"The feeling is that most insurers will fall under 11.2%," said the Alliance spokesman. But until they study Ms. Gillespie's 70-page decision, insurers will not know "who will be hurt" by the rollback decision, he said.

"For many insurers, 11.2% is unfair and will have to be challenged" in court, said Lawrence Trent, a partner with Buchalter Nemer Fields & Younger, which represents insurers.

Ms. Gillespie also departed from Judge Fernandez's recommendations by ruling that caps should be placed on certain insurer expenses—such as executive salaries—in determining rate of return.

Consumer advocates, including Proposition 103 author Harvey Rosenfield, praised that part of Ms. Gillespie's decision, as well as the 11.2% limit on insurers' rates of return in connection with the Proposition 103 rate rollbacks.

However, they said that the range of rates of return allowed for future rates would permit insurers to more than recover any refunds they pay.

"There may be a rollback for some, and that is good news," said State Sen. John Garamendi, D-Walnut Grove, his party's nominee for insurance commissioner. "The bad news is it may only be pennies compared to the long range rip-off that may be set in regulatory concrete," he said.

Wes Bannister, the Republican candidate for commissioner, said Ms. Gillespie's decision "is not going to solve any problems. Because it's very loose on future rates and very tight on rate of return (for rollbacks), it's going to wind up in court." ■

Damage called limited in N.J. fuel oil spill

By MICHAEL BRADFORD and CAROLYN ALDRED

TRENTON, N.J.—Officials do not expect a 260,000-gallon oil spill June 7 in the Kill Van Kull waterway between New Jersey and New York to seriously harm wildlife or beaches.

However, a grand jury is to decide whether to indict the first mate of the tanker that spilled the heavy fuel oil for navigating under the influence of a controlled substance.

The 811-foot tanker BT Nautilus is owned Nautilus Motor Tanker Co. Ltd., a subsidiary of BT Shipping Ltd. of Bermuda.

The tanker is a member of Gard (U.K.) Ltd., the London-based subsidiary of protection and indemnity club Assuranceforeningen Gard Gjensidig of Arendal, Norway.

The Gard P&I club offers standard P&I protection of $500 million for pollution liability. Gard retains the first $1.6 million of pollution claims and the International Group of P&I Clubs retains the next $10.4 million.

The International Group reinsures the remaining $488 million, mainly in London.

BT Shipping (London) Ltd., the ship's manager, would not say whether BT Nautilus has additional insurance above the $500 million or comment on its other coverages.

The tanker was carrying 350,000 barrels of crude oil when it ran aground on its way to the Bayonne, N.J., oil terminal of Coastal Oil New York Inc., says BT Shipping.

BT Shipping says The Coastal Corp. of Houston owns the cargo, but Coastal says it doesn't own the oil until it takes delievery

U.S. Coast Guard Petty Officer Gary Rives said the cleanup could take two to eight weeks.

By late last week, more than 300 workers had recovered 185,000 gallons of oil.

"The main portion of the spill was confined to a three-mile area at the start of the Kill Van Kull, (with) light washups as far as 10 miles away," Mr. Rives said.

Cleanup costs were $1.7 million, late last week, said Charles Anderson of the New York law firm Haight, Gardner, Poor & Hazens, which represents Gard. But he could not say how long the cleanup would continue.

A spokesman for the Gateway National Recreation Area said about 120 pounds of tar has washed up on several miles of beach in the Sandy Hook, N.J., area.

Although there was concern "about the bathing areas and wildlife," no beaches were closed and wildlife "was not affected at all" by the spill, said the recreation area spokesman.

John McHugh, an agent with Bill Black Agency Inc., the shipping agent for the BT Nautilus on this shipment, said he expects claims from anyone remotely affected by the spill.

"Anybody with a rowboat will put in for a bottom cleaning, whether the boat got oil on it or not," Mr. McHugh said. "I had a call from a policeman who wanted his dog cleaned. He said the dog jumped in the water."

Meanwhile, Geoffrey F. Gregory, the tanker's first mate, has been charged with operating a vessel under the influence of either drugs or alcohol and illegally discharging a pollutant into the waterway.

He was not steering the tanker when the incident occurred, but "was one of the people responsible for the navigation," the spokesman said.

Mr. Gregory was released on $50,000 bail last week. Grand jury proceedings were scheduled to begin late last week. ■

Federal oil spill liability proposal stalls

WASHINGTON—Federal legislation that would establish oil spill liability limits for ship and cargo owners involved is bogged down in a conference committee over a House attempt to include language that would signal U.S. approval of an international liability treaty.

The Senate opposes including that language because it has long opposed signing the treaty. Signing the treaty would preclude individual states from imposing unlimited liability on ship and cargo owners, as other provisions of the Senate and House bills would allow.

The Senate last August passed a bill, S. 686, that would establish a federal oil spill liability limit of $1,000 per ton of oil the tanker can haul, regardless of how much it was carrying or spilled, or $10 million, whichever is greater. However, the bill would allow states to supersede this limit (*BI*, Aug. 14, 1989).

Under the House bill, H.R. 1465, passed in November 1989, tanker and cargo owners' liability in an oil spill would be limited to $1,200 per ton of oil the tanker is able to haul, regardless of how much it was actually carrying or spilled. No aggregate cap was included.

The House bill would set up a no-fault compensation system under which damages that exceed the liability limit would be paid by an oil industry-sponsored pool. The Senate bill does not contain this provision.

Representatives also reversed their long-standing opposition to letting states set oil spill liability limits that exceed a federal standard (*BI*, Nov. 13, 1989).

In addition, the House bill also would adopt the language of the International Convention on Civil Liability for Oil Pollution Damage.

That portion of the bill would only take effect if the Senate ratifies the convention, already signed by 66 nations. The House included enabling language to avoid implementation delays if the Senate ratifies it.

The convention limits oil spill liability to $3.9 million for ships that can haul up to 5,000 gross tons of oil,. For larger ships, liability would be limited to $3.9 million plus $550 for each ton after 5,000, up to $78 million.

However, ratification of the convention by the Senate would pre-empt state oil spill liability laws.

Senate Majority Leader George J. Mitchell, D-Maine, said last week that the convention contradicts the congressional consensus in favor of allowing tougher limits by the states.

The Senate and the House bills provide an effective means "to ensure that, as much as possible, the polluter pays for the cleanup costs and damages that result from a spill," he said.

Adopting the convention would ban imposing any "higher standard of care or from holding any responsible person liable," and to a "significant and unacceptable degree, transfers the cost of spills from those who are responsible to the American taxpayer," he said.

Rep. Robert Davis, R-Mich., who favors adopting the treaty, points out that an international fund established along with the convention would provide up to $260 million in compensation per spill.

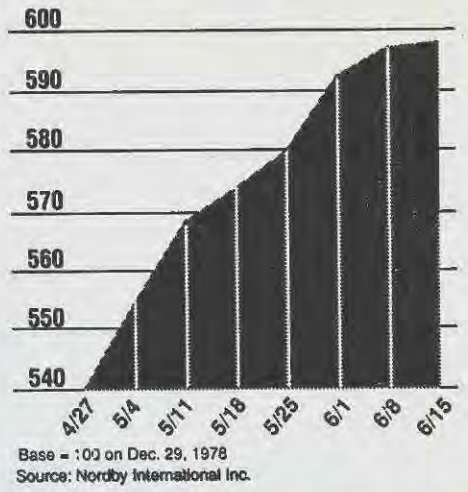
The Bush administration also supports including the enabling language in the bill.

Before the Senate approved its bill, Secretary of Transportation Samuel K. Skinner testified before a subcommittee that that the convention would provide "practical advantages that are unobtainable under state law."

Other representatives support adopting the convention, but may give up their efforts to include the enabling language to get the bill out of conference committee.

—By Adrienne C. Locke

BI Insurance Index



Base = 100 on Dec. 29, 1978
Source: Nordby International Inc.

Insurance industry stocks slowed their rate of ascent last week, as the *Business Insurance Index* rose 0.8 points to 598.1 on June 15, from 597.3 on June 8. Advancing issues were led by Pacificare Health Systems, up 16.9%; U.S. Healthcare, up 10.8%; and United Healthcare Corp., up 8.0%. Decliners followed Durham Corp., down 7.3%; Sierra Health Services, down 6.8%; and Poe & Associates, down 6.3%. The most active issue during the week was ITT Corp. (Hartford Group), 2.7 million shares traded. The *BI Index* gained 0.1% for the week; the Dow Jones 30 Industrials grew 2.6%; the Standard & Poor's 500 was up 1.2%; and the New York Stock Exchange Composite gained 0.9%.

British Issues

June 14 Companies	Price pence	P/E	Div. pence	Yield %	1 Week High—Low pence	pence
Commi Union	523	24.0	28.7	5.5	523—515	
Genl Accident	1133	17.4	66.7	5.8	1137—1130	
Gdn Royal Exch	246	21.4	15.3	6.2	246—244	
Royal	495	26.7	34.0	6.9	495—484	
Sun Alliance	339	12.4	16.7	4.9	339—324	
Brokers						
Bradstock	263	18.5	10.0	3.8	263—258	
CE Heath	548	16.2	34.5	6.3	555—548	
Hogg Group	174	11.5	9.7	5.5	174—174	
Lloyd Thompson	295	18.4	9.7	3.3	295—295	
PWS Holdings	75	11.9	3.3	4.3	78—75	
Sedgwick Grp	256	19.2	16.0	6.2	256—254	
Steel Brrt Jones	292	17.7	14.7	5.0	292—283	
Willis Faber	263	16.6	16.0	6.1	263—255	

Source: Philip Olsen, Insurance Industry Specialist London

BI Industry Stock Report

JUNE 11, 1990 THROUGH JUNE 15, 1990

		Price	Weekly % change	Year to Date % change	Annual High	Annual Low	Vol.(000)	$ Div.	% Yield	P/E	Book value	Mkt/Bk. value
BROKERS												
Alexander & Alexander	NYS	25 88	-2 82	-17.86	34.00	23.25	161	1.00	3.86	20	9.18	2 82
Corroon & Black	NYS	32 75	-0 76	-14.38	41.00	28.50	346	1.36	4.15	17	12.73	2 57
Gallagher Arthur J & Co	NYS	22 75	-2.15	-8.08	26 50	19.75	8	0.60	2.64	17	5.33	4 27
Frank B Hall	NYS	3 25	-10.34	8.33	4 38	2 50	51	0.00	0.00	-2	-2 80	-1 16
Hilb, Rogal & Hamilton	OTC	14.00	-1.75	-24.83	20.63	11.63	59	0 28	2.00	19	4.60	3.04
Marsh & McLennan	NYS	77 50	1.47	-0.64	89 75	62.50	663	2 60	3.35	19	10.56	7.34
Poe & Associates	OTC	11 25	-6.25	-15.09	13.00	8.00	16	0.40	3.56	14	1.93	5.83
BROKERS	AVERAGE		-3.2	-10.4					2.8	15		
CONGLOMERATES & HOLDING COMPANIES												
Berkley W R Corp	OTC	42 75	0.00	2 70	46 50	30 75	507	0.44	1.03	9	25 06	1 71
Berkshire Hathaway Inc	NYS	7200 00	-1 71	-16 52	8900 00	5675.00	0	0.00	0.00	-24	2869.00	2 51
ITT (Hartford Group)	NYS	58 75	3 07	-1 88	64 50	51.38	2742	1.60	2.72	8	56 33	1 04
Sears (Allstate)	NYS	37.00	2 42	-4 52	47 25	34 75	2627	2.00	5 41	10	37 75	0.98
CONGLOMERATES	AVERAGE		0 9	-5 1					2.3	1		
INSURERS/REINSURERS												
Aetna Life & Casualty	NYS	53 00	1 92	-8 62	62 50	45 25	733	2.76	5.21	9	58 11	0 91
Ambase Corp	NYS	6 38	-1 92	-49 50	16 38	5 75	338	0 00	0.00	8	29 08	0 22
American General	NYS	48 13	-1 28	46 95	50 63	28.13	1742	3.20	6.65	14	34 68	1 39
American Heritage	NYS	21.75	-2 79	-23 68	24 63	19 50	14	1 00	4.60	11	22 60	0 96
American Indemnity Fin'l	OTC	5.50	-4.35	-31 25	12 75	4 25	3	0 08	1.45	-1	17 38	0.32
American International	NYS	100 38	0 25	-4 86	112 00	81.50	1251	0.52	0.52	12	41.92	2 39
Aon Corp	NYS	41.00	0.92	-3 24	43 25	33.38	222	1 52	3.71	11	19 62	2.09
Argonaut Group	OTC	76 50	-0.33	11.07	77 25	54.25	7	1 60	2.09	9	36.83	2.08
AVEMCO Corp	NYS	27.00	3 85	10.77	27.50	20.38	62	0.40	1.48	18	9 52	2.84
Baldwin & Lyons Inc	OTC	21 25	0 00	-1 16	24 00	17.88	13	0 28	1.32	7	20 80	1.02
Belvedere Corp	ASE	3 63	-3 33	-34.09	5 63	3 38	11	0 04	1.10	-4	8 03	0 45
Chandler Insurance	OTC	8 88	-1 39	-24 47	13 25	7 63	28	0 00	0.00	4	9 53	0 93
Chubb Corp (s)	NYS	47 75	-1 80	-50 20	51 38	34 13	1022	1.32	2.76	10	55 49	0 86
CIGNA Corp	NYS	52 38	-0 71	-13 07	66 75	45 25	574	3 04	5 80	11	66 64	0 79
CNA Financial Corp	NYS	77 38	-1 12	-22 63	108 75	68 25	249	0 00	0.00	9	54 87	1 41
Continental Corp	NYS	30 25	-0 82	-3 59	38 63	25 75	471	2 60	8 60	12	41 36	0 73
Durham Corp	OTC	28 75	-7 26	-6 50	34 75	28 00	12	0 92	3.20	13	26 32	1 09
Fireman's Fund	NYS	34 00	1 12	-3 55	40 75	29 50	394	0 68	2.00	51	32 74	1 04
Fremont General Corp	OTC	16 50	-2 94	-18 01	22 50	14 38	196	0 80	4 85	7	19 09	0 86
Frontier Insurance Group	NYS	23 25	1 09	25 68	23 75	15 50	17	0 00	0 00	9	7 29	3 19
General RE Corp	NYS	85 63	-1 72	-4 86	96 25	64 63	622	1.52	1 78	13	29.04	2 95
Hanover Insurance Co	OTC	26 25	1 45	-13 93	33 00	22 75	21	0.44	1 68	8	32.03	0 82
Harleysville Group	OTC	25.25	1 00	-8 18	28 75	19 50	59	0 60	2 38	8	18 94	1 33
Hartford Steam Boiler	NYS	59 75	1 27	10 14	60 75	41 00	72	1 60	2 68	16	18 94	3 15
Kansas City Life Ins	OTC	36 25	0 00	1 05	36 25	34 50	0	1.12	3 09	10	39 22	0 92
Kemper Corp	NYS	42 25	-0 59	-10 58	51 88	34 00	369	0.92	2 18	11	29 97	1 41
Lawrence Insurance Group	ASE	8 63	1 47	21 05	9 13	6 50	1	0 36	4 17	15	4 40	1 96
Liberty Corp	NYS	47 50	-4 52	11 76	50 25	34 50	61	0 92	1 94	16	31 62	1 49
Lincoln National	NYS	55 50	0 91	-9 02	62 88	50 25	378	2 60	4 68	10	49 19	1 13
NAC Re Corp	OTC	34 50	-0 72	-4 83	41 00	24.75	61	0 20	0 58	15	22 61	1 51
Navigators Group	OTC	31 00	1 64	12 73	31.75	25.25	53	0 00	0 00	11	15 22	2 04
Nobel Insurance LTD	OTC	3 50	3 70	75 00	3.75	1 50	39	0 00	0 00	-2	7 76	0 45
NWNL Companies	OTC	32 25	-2 27	-18 35	44.13	26 50	417	1 32	4 09	6	37 50	0 86
Ohio Casualty Corp	OTC	44 25	-1 67	-7 33	52.50	34 75	358	2 32	5 24	12	33 30	1 33
Old Republic Int'l	OTC	25.50	0 00	-0 49	29.00	21.13	182	0 72	2 82	6	30 70	0 83
Orion Capital Corp	NYS	22 50	1 12	-3 23	28.50	18.38	131	0 92	4 09	7	19 72	1 14
Phoenix RE Corp	OTC	9.75	-4 88	-25 00	15.50	8 75	64	0 20	2 05	-14	12 99	0 75
Protective Life Corp	OTC	13 88	0 00	-2 63	16.00	10.88	86	0 68	4 90	8	14 54	0 95
Provident Life	OTC	25.00	-3 38	-3 38	30.13	19.00	376	0 80	3 20	7	23 24	1 08
Re Capital Corp	ASE	14 00	-0 88	-3 45	15.25	11.00	12	0 00	0 00	11	14 43	0 97
RLI Insurance Corp	NYS	13 25	-5 36	49 30	14 75	6 88	50	0 40	3 02	7	12 62	1 07
St Paul Companies	OTC	61 00	0 00	1 67	63 50	51 50	717	2 40	3 93	8	43.47	1 40
SAFECO Corp	OTC	36 88	0 34	-7 23	42 38	29 25	1049	1 36	3 69	9	24 87	1 48
SCOR U S Corp	NYS	10 38	-1 19	-27 19	14 50	8 38	26	0 20	1 93	13	10 61	0 98
Seibels Bruce Group	OTC	10 00	0 00	-8 05	13 63	8 75	13	0 80	8 00	-2	13 75	0 73
Selective Ins Group	OTC	17 25	1 47	-9 80	20 25	16 00	408	1 04	6 03	6	15 72	1 10
Statesman Group Inc	OTC	2 00	-3 05	-27 27	3 50	1 88	53	0 16	8 00	4	4 19	0 48
Tokio Marine & Fire	OTC	47 75	-2 55	-36 65	78 13	40 68	4	1 04	2 18	-	70 93	0 67
Torchmark Corp	NYS	45 88	-4 92	-19 87	58 75	37 68	298	1 40	3 05	11	13 23	3 47
Transamerica	NYS	39 38	0 00	-11 76	48 00	33 75	265	1 92	4 88	9	34 63	1 14
Travelers Corp	NYS	31 13	0 40	-15 59	45 00	29 25	1458	2 40	7 71	6	44 85	-
Trenwick Group Inc	OTC	24 00	1 05	-1 54	26 88	15 13	27	0 48	2 00	16	16 91	1 42
United Fire & Casualty	OTC	34 75	2 96	5 30	34 75	30 50	1	1 20	3 45	8	22 56	1 54
USF&G Corp	NYS	28 50	-0 44	-3 80	33 88	25 88	1644	2 92	10 25	37	22 87	1 25
UNUM Corp	NYS	51 50	5 10	7 85	51 63	33 00	400	0 80	1 55	9	31 20	1 65
USLIFE Corp	NYS	38 63	-0 96	-14 64	48 13	34 75	98	1 48	3 83	5	54 34	0 71
Washington National	NYS	21 25	-2 86	-24 78	29 13	19 50	45	1 08	5 08	81	32 90	0 65
USLICO Corp	NYS	21 75	-0 57	-8 42	25.38	21 00	53	1 00	4 60	6	27 73	0 78
Zenith National Ins	NYS	15 00	-4 00	-20 00	21 50	13 50	16	0 88	5 87	0	13 81	1 09
INSURERS/REINSURERS	AVERAGE		-0 8	-6 3					3 4	11 0		
HEALTH MAINTENANCE ORGANIZATIONS												
FHP International	OTC	18 00	0 00	-15 29	26 38	12 88	863	0 00	0 00	5	3 54	5 08
HMO America Inc	OTC	6 13	0 00	-20 97	10.63	4 38	195	0 00	0 00	29	1 12	5 47
Pacificare Health Sys	OTC	24 25	16 87	-6 73	30 38	13 25	156	0 00	0 00	5	6 35	3 82
Safeguard Health Enter	OTC	6 63	1 92	-22 06	12 50	5 13	49	0 00	0 00	11	2 99	2 22
Sierra Health Services	ASE	6 88	-6 78	-22 54	9 63	4 50	211	0 00	0 00	25	0 62	11 09
United Healthcare Corp	OTC	15 25	7 96	24 49	15 88	7 88	842	0 00	0 00	12	0 34	44 85
United Medical Corp	ASE	9 75	-1 27	62 50	10 00	5 63	8	0 20	2 05	34	5 70	1 71
U S Healthcare	OTC	19 25	10 79	35 09	19 50	9 63	0	0 36	1 87	0	3 07	6 27
HMOs	AVERAGE		3 7	4 3					0 5	15		
ALL COMPANIES	AVERAGE		-0 4	-5 4					2 9	11		

System design: Nordby International Inc.

Solvency regulation

Continued from page 2
ary—or loss reserve specialist approved by an insurance commissioner—certify the adequacy of loss reserves reported in annual statements.

Some members of Congress have criticized the NAIC for to failing require such certification, Mr. Pomeroy pointed out (*BI,* March 5; Feb. 26).

Insurers must begin complying with the regulation in their 1990 annual statements, which must be filed in early 1991.

An employee of the insurer will be allowed to certify the loss reserves if he is a an actuary or otherwise qualifies as a specialist.

Mr. Pomeroy said he would have preferred that the specialist be independent, but regulators are willing to rely on the professional standards of actuaries and loss reserve specialists.

In addition, regulators were concerned that there may not have been enough independent, qualified professionals available to insurers, he said.

Insurers with less than $1 million in total written premiums during a calendar year or that have fewer than 1,000 policyholders and certificate holders at the end of a calendar year are exempted from the reserve certification regulation.

The NAIC also adopted changes to the NAIC Securities Valuation Office manual that allows regulators to more closely monitor insurers' investments in high-yield securities, known as junk bonds.

The plan increases to six from four the number of bond rating designations used by the NAIC SVO for all insurers. The categories range from AAA to "in or near default."

Analysts in the securities office will base its bond rating assignments on the highest rating assigned the insurer by a recognized public rating agency, unless the NAIC analysts feel the rating should be lowered.

The change also establishes reserve requirements for the two new bond categories.

The NAIC's 1990 reporting blank was changed to reflect the new categories.

In addition under the plan, the time insurers have to accumulate the Mandatory Securities Valuation Reserve—the amount of money they must set aside to cushion against potential stock and bond losses—is gradually reduced.

Life insurers would have approximately half the time to accumulate the reserve.

To ease the impact of this new regulation, the changes are being phased in over five years beginning in 1991.

An American Council of Life Insurance spokesman said the trade group supports the changes.

The plan will have less of an effect on property/casualty insurers and will apply somewhat differently.

At Mr. Pomeroy's urging, the NAIC's Blanks Task Force suspended its procedural rules to consider the loss reserves certification and the bond issues at the June meeting. Normally, all changes to the current-year annual statement must be made by December of the preceding year.

The changes, developed by the NAIC High Yield Securities Working Group, are the first of a two-part effort to increase regulation of insurer bond holdings, said Terence Lennon, group chairman and chief examiner of life insurers for the New York Insurance Department.

At future meetings, that panel will consider whether to cap insurer ownership of junk bonds.

In other action, the NAIC:

- Allocated an additional $900,000 to its $13 million budget for solvency-related expenses, including hiring three financial analysts, two actuaries, a senior reinsurance expert, an economist and support staff, Mr. Pomeroy said.
- Established the formal process an insurance department should follow to attain official NAIC certification.

"This is a truly historic step for insurance regulation," Mr. Pomeroy said. "The process allows for the implementation of national standards for regulation of the solvency of the insurance industry. Consumers will benefit from this action, as standards identify the authority and the resources needed to protect the policyholder from insurance bankruptcies."

Mr. Pomeroy expects that the first state will be certified within a year. Once that occurs, "market pressure" will encourage other states to apply for certification, he predicted.

Eventually, brokers placing insurance for a client may look not only at an insurance company's rating but also at whether the insurer's state of domicile is accredited, Mr. Pomeroy said.

The NAIC is to fund an independent audit team consisting of academics, former regulators and retired insurance executives to evaluate state departments volunteering for review.

The team will evaluate a department's enabling statutes, regulations and administrative organization.

If the team determines that a state department complies with the standards, certification will be awarded and the department will be publicly recognized.

If the department is not in compliance, it will be given the choice of withdrawing its application, asking for reconsideration or letting the application stand while the department takes additional steps to bring itself into compliance.

- Adopted a model statute on claims settlement separate from its unfair trade practices statute to clearly distinguish between the two issues.

In addition, regulators created separate unfair claims settlement regulations for property/casualty and life/health insurers, which also give regulators additional authority.

- Adopted changes to agent licensing statutes, including a measure that provides for limited licensing of those who sell add-on coverages like accidental death and dismemberment protection to clients of rental car companies. ■

Global regulatory standards deemed unlikely by analyst

By MEG FLETCHER

BALTIMORE—Insurance regulators around the world may be able to standardize some aspects of solvency regulation, but total uniformity would be impractical because of the difference in regulation, a survey analyst reports.

International standardization of minimum capital and surplus standards may be possible because of the similarities in such regulation that already exist, said Martin Roberts, chief of the life and reinsurance divisions of the United Kingdom's Department of Trade and Industry.

But, even minor differences among regulations in different nationals would make any effort to totally standardize insurer solvency assessment and financial reporting impractical, he said.

Mr. Roberts reported the results of a survey at the International Conference of Insurance Regulatory Officials, which was sponsored by the National Assn. of Insurance Commissioners at its summer meeting earlier this month. About 60 regulators from 40 countries attended.

Regulators were asked how insurers reported financial data and how solvency was assessed in their countries. Regulators from 36 countries responded.

Regulators may be able to standardize some requirements, like minimum capital and surplus requirements for insurers, Mr. Roberts said.

Financial requirements could be standardized on an international basis because of the "considerable" common ground that already exists, at least on paper, Mr. Roberts said, citing insurance directives within the European Community as an example. Mr. Roberts reported the survey found that all regulators responding to the survey said insurers cannot just register their operations and begin writing coverage. The insurers also must obtain regulatory approval to operate.

In addition, insurers are required to meet some type of minimum solvency standards and submit financial statements periodically.

NAIC

Nearly all countries covered in the survey also make insurers report data about incurred-but-not-reported claims.

And most countries require independent experts, such as certified public accountants, to certify insurers' financial reports.

However, among the key differences in the countries' insurance regulations is the type of capital insurers may have to meet minimum requirements, Mr. Roberts pointed out.

The survey also noted other "considerable" differences among regulators, Mr. Roberts said.

For example, only seven countries require actuarial certification of loss reserves, he said.

The United States was not among those countries requiring ceritification when the survey was conducted, but U.S. regulators later in the week adopted a regulation requiring insurers to attain such certification from actuaries or loss reserve specialists (see story, page 2).

Other "key" discrepancies among the countries' insurance regulations include the degree of authority regulators have over reinsurers and premiums and rates, Mr. Roberts said.

In addition, the survey found that the countries were about evenly split on allowing insurers to discount loss reserves, he said.

The survey also found that the scope of duties for regulators from country to country differ, with a few reporting they are expected to protect only local—rather than all—policyholders.

It is important to remember that regulators in various countries operate in different economic and political climates, said Richard Beetham, Australia's insurance commissioner.

In addition, underwriting cycles and the degree of consumer interest in insurance varies from nation to nation, he explained.

Regulators in many countries could benefit from a "checklist" summarizing elements of each nation's regulatory policy, suggested Steve Butterworth, superintendent of insurance in Guernsey.

Regulators also could benefit from standardized reporting forms, said Wismar A. Greaves, supervisor of insurance with the Barbados Ministry of Finance & Economic Affairs.

Insurance regulators in Singapore, Brunei and several Southeast Asian nations—Malaysia, Indonesia, Philippines, Thailand—collect uniform insurance statistics.

That uniformity resulted from regular communication among regulators, said Song Keng Law, insurance commissioner and deputy managing director-administration and insurance with the Monetary Authority of Singapore. ■

Update

Toyota covered for crash award

Continued from page 2
an excess liability policy from Great American Insurance Co. of Cincinnati, said John E. Stokdyk, national risk manager for Toyota. He would not provide coverage limits.

Jurors found design flaws caused the 1981 pickup to roll over and the driver's side door to pop open after it was hit from behind.

Damages were cut 15% due to her comparative negligence for not wearing a seat belt and leaving the door unlocked while driving, said Brian Eyres, Toyota's in-house counsel.

Toyota lawyers maintain the truck is safe and that the force of the collision caused it to roll over.

Briefly noted

The net income of 477 **health maintenance organizations** in 39 states last year totaled $248 million, compared with a net loss of $774 million in 1988, reports managed care consultant American International Healthcare. . . .The driver of the Valley Coca-Cola Bottling Co. Inc. truck that collided with a **school bus** in Alton, Texas, in an accident that killed 21 children (*BI,* Sept. 25, 1989) is suing the bottler, National Union Fire Insurance Co. of Pittsburgh, Pa., and their attorneys. Ruben Perez seeks an unspecified amount of damages, charging that the bottler failed to properly maintain its trucks and that the insurer and attorneys withheld that information from authorities investigating the accident. . . .Wind, hail and tornadoes caused an estimated $150 million in **insured property damage** in Kansas, Kentucky, Illinois, Indiana, and Ohio June 1-3, reports the Rahway, N.J.-based Property Claim Services division of the American Insurance Services Group.

Manville trust officials defend management

By STACY ADLER

WASHINGTON—Two senior Manville Personal Injury Trust officials are defending the trust's stewardship, attributing the trust's inability to make timely payments to asbestos victims to the structure of Manville Corp.'s reorganization plan, rather than to mismanagement.

The inability to compensate tens of thousands of claimants until well after the year 2000 is due to the trust's design, "not the people running it," said Marianna Smith, director of the fund. "No one can say that we are not doing the best we can with what we've got."

Trustees "have always chosen the route we felt was both compassionate and financially wise in the interest of our beneficiaries," John C. Sawhill, chairman of the trust's board of trustees, said in a statement.

The trustees are struggling with conflicts inherent in Manville Corp.'s landmark reorganization plan, Mr. Sawhill pointed out.

Two New York judges recently hinted that the trust has been mismanaged by suggesting that courts could seize trust assets and appoint a receiver (*BI,* May 28).

Income to finance the $2.5 billion trust, created to pay asbestos bodily injury victims, is spread over at least 27 years. Manville profits are to be contributed as long as needed.

But since claims are being filed faster than money is flowing in, the first of several anticipated cash shortfalls has hit the trust, says Mr. Sawhill. Only $100 million remains in 1990 for the trust to pay more than 100,000 total outstanding claims. Thus, many claimants will wait many years for compensation.

"We are being front loaded on the claims side and rear-end loaded on the money side," quipped Ms. Smith.

"The reason (critics) can't come up with the miracle is because there is no miracle" answer to the trust's problems, she said.

On June 7, U.S. Bankruptcy Judge Burton R. Lifland, who oversaw the Manville bankruptcy, appointed Leon Silverman, a New York lawyer, as special adviser to the court to help figure out how to alleviate the cash shortages.

Mr. Silverman, who represented future asbestos health claimants during the Manville bankruptcy, is generally credited with designing the innovative reorganization plan. As special adviser, he is to coordinate meetings between the trust, Manville and various lawyers in the next few weeks.

In 2½ years, the trust has settled more than 22,000 claims, Mr. Sawhill said in the statement.

"Even under the severe constraints of the limited funding pattern, the trust's accomplishments have been unprecedented," he said. "Of the cases settled to date, less than 1% have required litigation."

Two judges overseeing hundreds of asbestos cases recently suggested that too much money is being paid to attorneys. Mr. Sawhill responded that the trust has no control over amounts collected by plaintiffs' lawyers.

It is now up to Judge Lifland and Mr. Silverman to modify the landmark trust.

One recent suggestion, made by U.S. District Judge Jack B. Weinstein and New York Supreme Court Justice Helen E. Freedman, was to seek another $200 million to $300 million from Manville.

That amount pales in comparison to the trust deficit, which the judges estimate at $7.5 billion. That figure is based on the current average settlement—$42,000—and the 152,000 claims that have been filed against the trust.

Other options, including structured settlements, are being considered.

An earlier suggestion—that suits again be allowed against Manville Corp., rather than only the trust—was retracted by the two judges, provided Manville adopts some reforms (*BI,* June 4).

According to Mr. Sawhill and spokesmen for Denver-based Manville, allowing such suits would have endangered the trust's claims-paying ability, since all its assets come from Manville.

To date, the trust has received $958 million from Manville and its insurers. Some $739 million has been spent, with $638 million going directly to claimants and their attorneys and the remainder attributed to administrative costs.

Of the $219 million in cash remaining as of March 31, more than $113 million is already committed to pay claims within the next year, the trust has said. Manville is not scheduled to make another cash infusion until August 1991. ■

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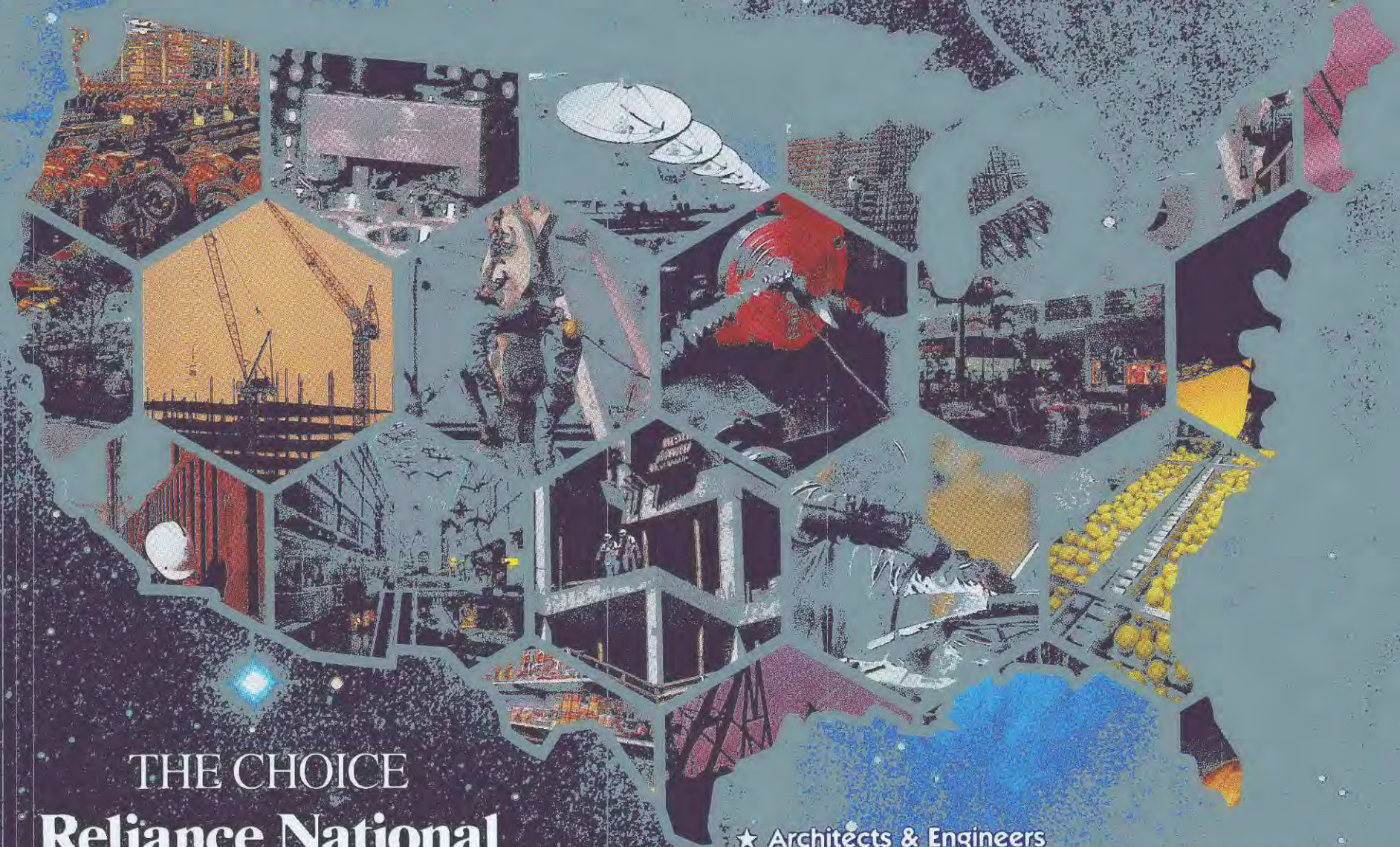
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