June 24, 1985

business insurance®

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14th annual agent/broker profiles issue

Brokers' revenues rebound

Happy days are here again—for commercial insurance brokers.

Rising insurance prices and shrinking capacity are no picnic for risk managers, but brokers are basking in the best revenue growth they've mustered in several years.

Commercial insurance brokers report that their revenues are growing by double-digits this year on rising insurance prices. And, they say clients are beating a path to their doors in search of adequate insurance limits at affordable prices.

Rate increases, which insurers started doling out in the fall of 1984, contributed to the 11.1% gain in 1984 revenues to a record $3.6 billion registered by the 20 largest U.S.-based insurance brokers.

The brokers' revenue gain was a quick recovery from 1983's performance when the 20 largest U.S.-based brokers eked out a mere 2.1% revenue gain, the worst performance in the 14 years *BI* has ranked the 20 largest brokers.

This year's exclusive report on the commercial insurance brokerage business includes financial and management information on 249 brokerages that generated $5.6 billion in revenues in 1984.

Profiles of each of the 20 largest U.S.-based brokers, including three new additions to the Top 20, begin on page 10. Reports on the three brokers that fell off the chart are included in an article on page 73 about the brokers that ranked 21-25.

BI also ranks the next 80 largest brokers in the United States. Their combined 1984 revenues total $509 million, up 20.5% from their 1983 revenues. It took a full $1 million more in revenues in 1984—in excess of $3.1 million—to rank among the Top 100 than it did in 1983.

Financial and management information about these 80 brokers, and 139 more whose combined revenues in 1984 totaled $295 million, appear in an alphabetical listing beginning on page 76.

In addition, BI ranks the 20 largest insurance brokers in the world on page 3 and profiles the eight British and two Canadian firms that made the list, beginning on page 100.

A geographical index of all the U.S. offices of the U.S.-based brokers begins on page 93.

Top 20 U.S. brokers: 1984 performance

Company	Ranking 1984	Ranking 1983	Gross revenues (000) 1984	Gross revenues (000) 1983	Change	Employees 1984	Employees 1983	Change	Rev./Employee 1984	Rev./Employee 1983
Marsh & McLennan Cos. Inc.	1	1	$1,120,883	$983,697[1]	13.9%	16,963	15,474	9.6%	$66,078	$63,571[1]
Alexander & Alexander Services Inc.	2	2	$576,000	$573,500[1]	0.4%	10,500	10,650	-1.4%	$54,857	$53,850[1]
Johnson & Higgins	3	4	$390,500[2]	$336,600[2]	16.0%	6,270[2]	6,100[2]	2.8%	$62,281[2]	$55,180[2]
Frank B. Hall & Co. Inc.	4	3	$372,841	$354,176[1]	5.3%	7,000	7,000	—	$53,263	$50,597[1]
Fred S. James & Co. Inc.	5	5	$292,800	$244,900	19.6%	6,000	4,616	30.0%	$48,800	$53,055
Corroon & Black Corp.	6	6	$199,094	$164,874[1]	20.8%	3,200	3,000	6.7%	$62,217	$54,958[1]
Rollins Burdick Hunter Co.	7	7	$133,377[4]	$122,457[4]	8.9%	1,897	2,054	-7.6%	$70,309	$59,619
Bayly, Martin & Fay International Inc.	8	8	$77,900[4]	$79,951[4]	-2.6%	1,333	1,398	-4.6%	$58,440	$57,190
The Crump Cos. Inc.	9	9	$69,621	$55,054[1]	26.5%	1,210	1,048	15.5%	$57,538	$52,532[1]
Arthur J. Gallagher & Co.	10	10	$64,179	$53,358	20.3%	1,026	956	7.3%	$62,553	$55,814
Reed Stenhouse U.S.A.	11	11	$53,347[3]	$54,041[3]	-1.3%	700	886	-20.1%	$76,210[3]	$60,994[3]
Jardine Insurance Brokers Inc.	12	12	$38,576[4]	$34,324[4] [1]	12.4%	674	639	5.5%	$57,234	$53,715[1]
Emett & Chandler Cos. Inc.	13	13	$34,516	$30,197[1]	14.3%	561	518	8.3%	$61,526	$58,295[1]
Republic Hogg Robinson Inc.	14	14	$30,606[4]	$27,974[4]	9.4%	594	622	-4.5%	$51,525	$44,974
Poe & Associates Inc.	15	16	$24,333	$21,753[1]	11.9%	460	465	-1.1%	$52,898	$46,781[1]
Financial Guardian Group Inc.	16	15	$23,316	$21,835[1]	6.8%	333	356	-6.5%	$70,018	$61,334[1]
Hilb, Rogal & Hamilton Co.	17	17	$21,948[4]	$18,900[4]	16.1%	365	355	2.8%	$60,132	$53,239
FBS Insurance	18	27	$19,500[4]	$15,600[4]	25.0%	325	188	72.9%	$60,000	$82,979
The Kaye Group Inc.	19	23	$17,361[4]	$13,322[4]	30.3%	254	198	28.3%	$68,350	$67,283
McDonough Caperton Group Inc.	20	22	$17,132[4]	$13,500[4]	26.9%	400	300	33.3%	$42,830	$45,000
Totals/averages			$3,577,830	$3,220,013	11.1%	60,065	56,823	5.7%	$59,566	$56,667

[1] Restated [2] *BI* estimate [3] Converted to U.S. dollars at Sept. 30 exchange rates [4] Broker's report; no public records

Chart and page design: Amy Palmer

Top 20 world brokers and the next top 80 U.S. brokers ... Page 3

J&H INFOLINE

INFORMATION AND IDEAS ON RISK MANAGEMENT AND BENEFITS FROM JOHNSON & HIGGINS.

NO. 9

Competitive Bidding in a Tight Market:

A new approach is required

Underwriters have become skittish about exposures such as pollution and product liability, waste disposal, and property risks requiring broad form coverage. They prefer to husband capacity for more familiar coverages that hold out the promise of profit.

Consequently, risk managers are facing dramatic tightening of coverage as well as heavy premium increases.

Ironically, multiple broker competitive bidding—viewed by some as the best way to get favorable rates—may aggravate the situation. The Request For Proposal procedure, mandated for many public sector insurance buyers and favored by some corporate risk managers as well, is a particular culprit. When multiple brokers go into the market competing for the lowest premium for the coverage, the best price rarely surfaces. In fact, underwriters today often will decline to quote under these circumstances.

Underwriters also have become sensitized to the turnover that routinely follows when the buyer is a "shopper." Stability is still important to insurers.

Today's hardened insurance market calls for a professionalism that replaces the obsolescent multiple-broker bidding system with a two phase concept.

In Phase One the brokers compete. The client chooses the one that offers the most appropriate and professional services at the most cost-effective price. The key is to look carefully at the broker's ability to identify, interpret and communicate exposure factors that shape the underwriter's view of the risk. This ultimately will determine the acceptability of the risk and its cost.

Phase Two requires the selected broker to establish the most competitive environment among underwriters and the third party administrators who will provide insurance and services. Skill in making an orderly marketplace maximizes the competitive process.

This approach always made sense. Now it is essential.

For more information, call your J&H office.

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update

50 producers, insurers sign asbestos facility agreement

WASHINGTON—The asbestos claims-handling facility that has been in development for 2½ years is finally reality.

About 50 asbestos producers and insurers signed the agreement last week to establish an out-of-court mechanism to handle asbestos personal injury claims.

In all, 16 insurers and 34 producers signed the Wellington agreement,

Continued on next page

Guilty

Execs convicted of murder in worker's death

By CAROL CAIN

The murder convictions earlier this month of three Chicago area corporate officials in the cyanide poisoning death of a worker are sending a chilling message to employers:

"These verdicts mean that employers who knowingly expose their workers to dangerous conditions leading to injury or even death can be held criminally responsible for the consequences of their actions," said Richard M. Daley, the Cook County, Ill., state's attorney who spearheaded the criminal prosecution of three officials of the now-defunct Film Recovery Systems Inc. of Elk Grove Village, Ill.

And, as occupational health consultant Dr. Howard M. Sandler points out: "It's one thing to get an OSHA citation; it's another to lose $100,000 of the stockholders' money in a civil suit; but when you face jail. . ."

'It's one thing to get an OSHA citation; it's another to lose $100,000 of stockholders' money in a suit; but when you face jail. . .,' Dr. Sandler says.

The verdicts in the Film Recovery bench trial, which represent what is believed to be the first time officials of a U.S. corporation have been found guilty of murder in the death of an employee, could set the stage for a wave of criminal prosecutions for workplace injuries, say some workers compensation experts.

Several say a general disillusionment with the ability of the Occupational Safety & Health Administration to enforce workplace safety standards will encourage criminal prosecution to protect workers.

However, others believe the landmark case will be an exception to the rule and one of only a few to be filed in response to flagrant workplace safety violations.

Still, several workers compensation and legal experts interviewed by Business Insurance are not opposed to criminally prosecuting corporate officials who do knowingly injure their workers.

The Cook County state's attorney's office prosecuted Film Recovery Systems and the three officials after a non-English speaking worker—Stefan Golab—collapsed and died Feb. 10, 1983, allegedly after being exposed to cyanide gas (*BI*, April 22, 1985; Oct. 24, 1983).

Film Recovery used a cyanide solution to extract silver from used X-ray and photographic film.

Found guilty of murder and 14 counts of reckless conduct June 14 after an eight-week bench trial were Steven O'Neil, president of Film Recovery and one of its two parent companies, Metallic Marketing Systems; Charles Kirschbaum, plant manager; and Daniel Rodriguez, assistant plant manager.

Film Recovery Systems and one of its parent corporations, Metallic Marketing Systems, also were found guilty of involuntary manslaughter and 14 counts of reckless conduct.

Sentencing is set for June 28; each official faces a minimum of 20 years in prison. The men currently are free on bond pending an appeal. Both sides expect the case to go to the state Supreme Court and possibly the U.S. Supreme Court.

Charges against Gerald Pett, vp and manager, were dismissed last month. A fifth company official, Michael T. MacKay, was indicted with the others in October 1983 but is in Salt Lake City after successfully avoiding extradition on two occasions.

Mr. MacKay was a director of Film Recovery and is president of B.R. MacKay and Sons in Salt Lake City, the other parent of Film Recovery.

"Even though we were breaking new ground by bringing murder charges against corporate executives, I made the decision to prosecute this case because working conditions at Film Recovery were terrible and in at least one case, deadly," Mr. Daley said.

"It was no exaggeration to describe the plant as a huge gas chamber. The workers were helpless to

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Los Angeles judge orders arbitration in Mission lawsuit

By STEVE TARAVELLA

LOS ANGELES—Ohio Reinsurance Corp. and five other reinsurers must arbitrate claims they have brought against Mission Insurance Co. and Pacific Reinsurance Management Corp., a Los Angeles judge has ordered.

The order is a major step toward resolving a lawsuit filed by Ohio Re in February, alleging Pacific mismanaged a treaty reinsurance pool in which the reinsurers participated. Mission Insurance Co. fronted certain reinsurance policies for some pool members and also retroceded risks to other companies. However the arbitration process could take many months.

Mission and Pacific are units of Los Angeles-based Mission Insurance Group. Accountant Coopers & Lybrand qualified MIG's 1984 financials, citing the uncertainty of the outcome of the Ohio Re suit and another filed against Pacific Re.

About 18 other participants that have not joined the suit, but are nonetheless concerned about the pool's operations, were proceeding with an audit of Pacific last week.

The Ohio Re suit, filed Feb. 21 in U.S. District Court for the Southern District of New York on behalf of more than 100 reinsurers that participated in the pool, seeks to rescind management contracts with Pacific and reinsurance and retrocession contracts with Mission. Five of these reinsurers joined the suit later as named plaintiffs.

But, on June 17, U.S. District Court Judge Terry J. Hatter Jr. in Los Angeles ruled that disputes between the reinsurers and the Mission units must be arbitrated as dictated by their management and reinsurance contracts. This decision is in response to a petition for arbitration filed by Mission and Pacific on May 3, and the New York court is expected to stay the litigation against Pacific and Mission pending an arbitration decision.

"Logically, if these claims are arbitrated, they shouldn't be litigated at the same time," notes Lawrence I. Brandes, Mission's New York attorney with Miller, Singer & Raives.

However, this case is unusual in that the court that must decide whether to stay the litigation is not the same court that ordered the arbitration.

The arbitration issue had to be addressed by the Los Angeles court because the Pacific and Mission contracts with the reinsurers require arbitration to take place in that city.

Managing general agency contracts frequently mandate that disputes arising between the MGA and its insurance markets be arbitrated.

During arbitration, parties not involved in the litigation assess the two sides' positions, which are presented at hearings or in written briefs, to resolve the claims. The plaintiff and defendants each select an arbitrator—respected names in the industry—who then select a neutral umpire. A majority opinion of these three parties forms the decision, which becomes a binding judgment. Arbitrated decisions may be reviewed by a court,

Continued on page 110

Facts behind Delta Re's sale debated

By DOUGLAS McLEOD

NEW YORK—Delta Holdings Inc. and National Distillers & Chemical Corp. are telling two different stories about National Distillers' 1983 sale of a now-insolvent insurance subsidiary to Delta.

National Distillers—accused in a recent Delta lawsuit of fraudulently concealing the true financial condition of its Elkhorn Re Insurance Co. unit—answered with its own suit earlier this month charging that Delta's management company, American Risk Management Inc., and its auditor, Peat Marwick Mitchell & Co., knew about reserve deficiencies at Elkhorn.

National Distillers—one of 27 Delta Holdings shareholders—accuses ARM, its chairman and president, Frederic M. Reiss, and Peat Marwick with negligence in advising Delta to buy Elkhorn.

Louisville-based Elkhorn—later renamed Delta Re Insurance Co.—was ordered into rehabilitation last month by a Kentucky state court judge after the Kentucky Department of Insurance found the company insolvent by $66.7 million at the end of 1984.

In a lawsuit filed last month in U.S. District Court for the Southern District of New York, Delta charged National Distillers with understating Elkhorn's loss reserves, overstating its net worth and concealing information about its finances from Delta and its auditors, Peat Marwick and Conning & Co.

The suit asks that the Elkhorn sale be rescinded or, failing that, that Delta be awarded $120 million in compensatory damages and $20 million in punitive damages.

While National Distillers claimed that Elkhorn had a net worth of $18 million at the time of the sale on Sept. 30, 1983, proper loss reserve computations at that time would have put its net worth at negative $16 million, Delta charges.

Subsequent loss development indicates that Elkhorn was actually insolvent by $48 million as of Sept. 30, 1983, the complaint says.

Delta also accuses National Distillers of breaching a provision of the sale agreement that required National Distillers to furnish Delta with all relevant information about Elkhorn's operations.

In October 1981, the complaint says, Elkhorn hired the consulting firm of Tillinghast, Nelson & Warren to review Elkhorn's procedures, to establish a more sophisticated method of calculating loss reserves and to assess the adequacy of Elkhorn's carried reserves.

However, Robert E. Norton, assistant secretary of National Distillers and president of Elkhorn, told Tillinghast not to proceed with the third project, fearing negative results, according to the complaint.

Later, applying the reserving methods suggested by Tillinghast, Mr. Norton concluded that Elkhorn's loss reserves were understated by $6.3 million at year-end 1981, Delta's complaint charges.

A second Tillinghast review of three Elkhorn reinsurance treaties, completed in April 1982, concluded that ultimate losses on one of the treaties would hit $26.8 million, the complaint says. Elkhorn had only reserved $18.7 million on the treaty at year-end 1981, and continued to under-reserve for losses on all three treaties up to the time of its sale, Delta charges.

The two Tillinghast reports and Mr. Norton's own reserve calculations were never revealed to Delta or Peat Marwick before the Elkhorn sale, the complaint says.

National Distillers also concealed financial reports on Elkhorn's performance in 1981, 1982 and the first six months of 1983, prepared by Mr. Norton for Ramsey E. Joslin, National Distillers' chief financial officer, the complaint says.

The in-house reports described steadily deteriorating operating results for Elkhorn, while loss data supplied to Delta, Peat Mar-

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update

Asbestos facility gets go-ahead

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named for Yale Law School Dean Harry Wellington, who moderated the negotiations.

However, some asbestos producers and insurers that had conditionally signed the agreement refused to give final approval. Among those that did not take part in the final sign-up were excess insurer The Home Insurance Co., CNA Insurance Cos. and Manville Corp., the largest defendant in asbestos litigation, which is currently mired in reorganization proceedings (*BI*, April 22).

Proponents of the facility had predicted that Manville's reorganization problems would preclude it from signing the agreement. However, spokesmen for the negotiators of the agreement said at a press conference last week they were "hopeful" that The Home, CNA and other companies would still join.

The claims facility, which will cost about $15 million a year to operate, must still gain the support of plaintiffs' attorneys. But, spokesmen for the negotiators said they were optimistic that this would be accomplished. They estimate the facility will not be operational until Feb. 1, 1986.

The facility will establish an out-of-court mechanism to fairly and efficiently settle bodily injury claims related to asbestos.

The agreement also is expected to resolve virtually all coverage disputes between signatory asbestos producers and insurers over who will pay for asbestos-related bodily injury claims.

Wade H. Coleman, senior vp of Citibank N.A. in New York, will become the claims facility's chief executive officer.

Injunction issued against MGA

SANTA ANA, Calif.—Ranger Insurance Co. won a preliminary injunction against Orient-Pacific Insurance Agency—the same day Orient countersued Ranger for bad faith, breach of contract and wrongful contract termination.

The injunction was granted June 13 in Orange County Superior Court in Santa Ana and will prevent Orient from binding coverage on Ranger's behalf pending arbitration of contract disputes between the companies.

The injunction will take effect when Ranger posts a $3.5 million bond with the court. Ranger has until June 27 to do so, and was arranging the bond late last week, according to attorney Linda M. Lasley of Buchalter, Nemer, Fields, Chrystie & Younger, Ranger's Los Angeles law firm.

In the interim, a temporary restraining order issued against Orient on May 10 is still in effect. Orient has tried unsuccessfully three times to dissolve that order.

The court issued that order after Ranger claimed the MGA ignored underwriting restrictions Ranger sought in March and April when it began to suspect adequate reinsurance might not be in place (*BI*, May 27).

Orient's countersuit, which names both Ranger and its parent, Anderson, Clayton & Co., charges that Ranger's underwriting restrictions were unreasonable, would prevent Orient from meeting its own operating expenses, and were part of "a scheme and systematic campaign" to terminate Orient's MGA authority for Ranger.

Orient, in Laguna Hills, Calif., seeks unspecified general, special, incidental and punitive damages, as well as legal fees.

Transport suit adds defendants

LOS ANGELES—Carl H. Lindner and American Financial Corp. of Cincinnati were named June 14 as defendants in a class-action lawsuit charging that Transport Indemnity Co. wrongly canceled thousands of property and casualty insurance policies midterm.

The suit, originally filed May 23 in Los Angeles County Superior Court, was amended to include allegations of civil conspiracy on the part of Mr. Lindner and American Financial Corp., parent of Transport Indemnity (*BI*, June 3). Mr. Lindner is chairman of the board of American Financial Corp., which owns more than 20 property/casualty insurance companies, including Mission Insurance Group.

The lawsuit alleges that Mr. Lindner, American Financial Corp., Transport Indemnity Co., and other defendants as yet unknown, conspired among themselves to breach Transport Indemnity's duty of good faith and fair dealing owed to its policyholders. Further, the lawsuit alleges that through this conspiracy the defendants breached their fiduciary and statutory duties and committed fraud by the midterm cancellation of the Transport Indemnity policies.

Officials with American Financial Corp's insurance group have refused to comment on the lawsuit.

Nevada work comp bill vetoed

CARSON CITY, Nev.—Nevada Gov. Richard H. Bryan for the second time has squashed plans to permit commercial insurers to sell workers compensation insurance in the state.

Last month the Legislature passed and sent to governor A.B. 374, which would have ended the 72-year monopoly of the Nevada State

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Product liability reform may hinge on no-fault

By JERRY GEISEL

WASHINGTON—Federal product liability reform will not occur unless pending legislation includes a provision for a no-fault victim compensation system, a senator warns.

"If the bill (S. 100) has any chance of being enacted," it must have a no-fault compensation provision, said Commerce Committee Chairman Sen. John Danforth, R-Mo., at a congressional hearing last week on the no-fault issue.

Sen. Danforth also noted that the Commerce Committee last month refused to send S. 100, introduced by Sen. Robert Kasten, R-Wis., to the Senate floor because the measure lacked a no-fault provision.

But, manufacturers and insurers may not be willing to pay the price of enacting a federal product liability bill that includes a no-fault compensation system that would allow accident victims to either file a lawsuit or waive the right to sue in exchange for prompt payment of such economic losses as uninsured medical expenses or lost wages.

Last week's hearing provided more evidence that the business community is divided on the victim compensation issue.

For example, the Washington-based Pharmaceutical Manufacturers Assn. says that lack of experience on which to base rates would preclude insurers from being able to provide no-fault coverage for several years.

"Our industry could be devastated during the interim," said PMA President Gerald Mossinghoff.

The National Machine Tool Builders Assn., a McLean, Va.-based trade group, said its members can accept some kind of alternative or no-fault remedy as the "price" of achieving fundamental federal tort reform.

But, James Mack, the association's public affairs director, conceded that his group can more easily accept no-fault because member companies manufacture products exclusively used in the workplace. Thus, those injured by machine tools receive workers compensation benefits for any lost wages and for any medical bills incurred.

Machine tool builders wouldn't face the same exposure under a no-fault system as manufacturers of consumer products, in which victims often are injured at home and are less likely to receive compensation for economic losses.

Prior to the hearings, insurers said they might drop their support for the Kasten bill if a no-fault compensation system is grafted onto the proposal.

The insurance industry's chief objection to no-fault compensation is that it would make it impossible for them to measure their exposures.

For example, Les Cheek, vp-federal affairs for Crum

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Insurer sued for payment of benefits

By DIANE LYNN KASTIEL

The United Steelworkers union is suing the Prudential Insurance Co. for payment of $1.3 million in health and welfare benefits—including dental and vision care, life insurance, and sickness and accident claims—filed by union members employed by the bankrupt Wheeling-Pittsburgh Steel Corp.

The suit, originally filed May 20 in the Westmoreland County Common Pleas Court but moved to the U.S. District Court for the Western District of Pennsylvania, asks the court to force Prudential to pay claims originating before April 16, the date Wheeling-Pittsburgh of Greensburg, Pa., filed for Chapter 11 bankruptcy.

In question is whether Prudential acted as Wheeling-Pittsburgh's insurer or merely as a third-party administrator of the company's benefits plans.

Prudential is denying about 200 sickness and accident claims, at least 10 life insurance claims and "hundreds and hundreds" of vision and dental claims, according to a lawyer representing the USW.

The lawyer, who spoke on the

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ODECO drops opposition to liquidation of Mentor

By ROGER SCOTTON

HAMILTON, Bermuda—The Bermuda government's petition seeking a court order to liquidate Mentor Insurance Co. Ltd. was expected to be granted last Friday without any more opposition from Ocean Drilling & Exploration Co., Mentor's owner.

Following two days of private legal wrangling in judge's chambers over the appointment of interim provisional liquidators, ODECO gave up a brief fight against the Bermuda government's court petition to liquidate the captive.

The government's petition seeking a court order to liquidate Mentor, called winding-up in Bermuda, cites sections of Bermuda's insurance law defining insolvency. The petition was due to be heard in open court last Friday (*BI*, June 10).

ODECO's opposition to the government's request surfaced June 13, in private submissions to the court from Mentor's lawyers, acting on instructions from ODECO in New Orleans. Mentor's lawyers argued that the captive should be allowed to complete the runoff that it began in January.

But by Monday, June 17, ODECO had changed its mind.

"I was told to take no action—in other words not to oppose the winding up and not to oppose the application for the appointment of interim provisional liquidators," said ODECO's Bermuda lawyer, Brian Smedley.

ODECO's lawyer said he believed ODECO decided not to contest the winding up after receiving results of a recent actuarial study of Mentor through the end of March 1985.

The interim provisional liquidators, who were named on June 17, are Verbena Daniels, the government's official receiver and registrar of companies, and Charles W. Kempe, a partner in one of Bermuda's leading accounting firms which bears his name.

Bermuda's insurance industry leaders endorsed the government's action against Mentor.

ODECO officials did not return numerous phone calls.

Triple-trigger, defense limits are applied in asbestos case

By STEPHEN TARNOFF

PHILADELPHIA—The latest federal appellate court decision on insurance coverage for asbestos injuries upholds the broad triple-trigger theory, but limits the policyholder's defense coverage.

In *AC&S Inc. vs. Aetna Casualty & Surety Co.*, the U.S. Third Circuit Court of Appeals held last week that all AC&S's insurers are liable if they were on the risk at any point from the time the injured party suing AC&S was exposed to asbestos, to the time an asbestos disease was manifested, including the latency period between exposure and manifestation.

By applying the triple-trigger coverage theory—first handed down by the District of Columbia Court of Appeals in *Keene Corp. vs. Insurance Co. of North America* in October 1981—the court awarded AC&S the broadest amount of indemnification in suits filed by asbestos victims.

But, in a big victory for the insurers involved, the court reversed the lower court and held that AC&S's primary insurers do not have an unlimited duty to defend on pre-1968 policies once those policy limits are exhausted.

When the original AC&S coverage decision was handed down by the U.S. Circuit Court in Philadelphia, it was lauded as even broader than the Keene decision because it clarified that AC&S's primary insurers on policies up to 1968 had an unlimited duty to defend even if policy limits were exhausted. The Keene decision did not address that issue (*BI*, Dec. 12, 1983).

AC&S, a Lancaster, Pa.-based contractor, installed insulation products that contained asbestos from 1958 until 1973. It has been named in thousands of lawsuits by workers exposed to asbestos who claim to have various diseases.

AC&S was insured from 1958 until 1963 under comprehensive general liability policies issued by Travelers Indemnity Co. and Travelers Insurance Co., and from

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Top U.S. brokers' growth rides wave of higher rates

By KATHRYN J. McINTYRE

Insurance brokers are beaming, boasting and buckling down.

Beaming the brightest over growing revenues, boasting the loudest about their prowess and buckling down the fiercest to the basics of brokering commercial property and casualty insurance are brokers that rank among the 20 largest in the United States.

It's a dramatic shift from recent years, when most of these same brokers were crying the blues, apologizing for lackluster results and looking for non-brokerage methods of producing revenues.

The root reason for the change: the about-face in the commercial insurance marketplace in the last nine months.

Rising insurance prices are boosting brokerage commissions. And, dwindling capacity is increasing client demand for brokers that can find adequate insurance limits at affordable prices.

If there's any gloom and doom left in the executive suites of the major brokers, it's the growing fear that insurance marketplace capacity will keep shrinking. Brokers' growing revenues will be stunted if they can't find markets to place insurance for their clients.

The prospect of insurers adopting the proposed claims-made commercial general liability insurance form isn't very appealing either, the brokers say. They worry that their clients won't understand the new coverage restrictions and will sue their brokers for damages when they find they don't have the coverage they thought they had purchased.

The signs of a return to significant brokerage revenue growth on rising insurance prices are evident in the 1984 revenues chalked up by the 20 largest U.S.-based brokers (see chart, page 1).

The 11.1% jump to $3.6 billion in revenues in 1984 for the 20 largest U.S.-based brokers in 1984 is the largest revenue gain by the Top 20 brokers since 1981.

The 20 largest U.S.-based brokers squeezed out a mere 2.1% gain in their collective 1983 revenues. The 1982 leaders reported a collective 10% revenue gain.

The 1984 average revenue growth was boosted considerably, however, by goliath Marsh & McLennan Cos. Inc., whose gross revenues broke the $1 billion barrier for the first time. Without M&M's 13.9% revenue gain in 1984, the other 19 leaders recorded a 9.9% collective revenue gain.

Only two of the Top 20 brokers reported revenue losses in 1984, compared with six of the Top 20 brokers whose 1983 revenues fell from 1982.

Only two of the 20 largest brokers reported revenue losses in 1984.

Higher commercial property and casualty insurance prices popped up in the fall of 1984, driving up brokers' fourth-quarter revenues, which helped boost their 1984 revenues. Now, halfway into 1985, almost all the leading brokers are predicting double-digit revenue growth this year that will exceed 1984 growth.

And, the big brokers boast that their companies are ready—staffed with talent and armed with marketing tactics—to do what they say they do best: broker insurance in a tough market.

Consolidating brokering talent spread among many offices of each of the national brokerages is a top management priority. By risks and types of coverage, experts are being singled out who can swoop in and solve problems wherever they are needed.

Brokers also are oiling their machinery for building alternative risk-funding programs for clients, especially group or association-owned captive insurance companies.

And, veteran brokers are lecturing newcomers on the art of courting insurers in a sellers' market.

Continued on page 4

Strong dollar shakes up world ranks

For the third year running, the relative size of British-based insurance brokerages among the world's largest brokers is obscured by a strong U.S. dollar against a weaker British pound.

All eight British brokers among the world's 20 largest insurance brokers posted growth in their domestic currency in 1984, but when their worldwide gross revenues are converted to U.S. dollars at the applicable exchange rate, the growth isn't as apparent.

The exchange rate was $1.16 to the pound at year-end 1984, compared with $1.45 at year-end 1983. At year-end 1982, the exchange rate was $1.62 to the pound.

As a result, five of the British brokers' 1984 revenues expressed in U.S. dollars are less than their 1983 revenues converted at the then-applicable exchange rate: Sedgwick Group P.L.C. (down to $286.8 million from $300.3 million); Willis Faber P.L.C. (down to $177.8 from $181.6 million); Minet Holdings P.L.C. (down to $102.7 million from $104.3 million); Stewart Wrightson (down to $88.6 million from $105.1 million); and Bain Dawes P.L.C. (down to $45.4 million from $52.6 million).

The 1984 revenue gains of the three other British brokers, however, were so strong they hold up after conversion to U.S. dollars to still show growth: C.E. Heath P.L.C. (up to $104 million from $95.6 million); Hogg Robinson P.L.C. (up to an estimated $111.6 million at March 31, 1985 from $110.3 million at March 31, 1984); and Jardine Insurance Brokers (up to $98.9 million from $98.7 million).

Heath's strong growth moved it ahead of Stewart Wrightson.

The falling pound against the dollar also cost two British brokers their berths based on 1983 results.

Sedgwick falls to sixth from fifth largest in the world as U.S.-based Fred S. James & Co. moves ahead to fifth. But the 1984 perfomance ranks won't hold; Sedgwick is buying James this year.

Corroon & Black also nudged ahead of Willis Faber P.L.C. for the eighth rank.

Canadian-based Sodarcan Ltd. claimed the 19th spot, from 20th last year, bumping Bain Dawes down to the 20th spot.

But next year, there will be at least two new additions to the ranks of the 20 largest insurance brokers in the world. In addition to James vacating its spot upon its sale to Sedgwick, Canadian-based Reed Stenhouse Ltd. will give up its seventh spot to merge with Alexander & Alexander Services Inc.

Likely candidates: Dutch-based Hudig-Langeveldt, whose 1984 revenues converted to U.S. dollars totaled $42.3 million, and France's Groupe Faugere & Jutheau, whose 1984 revenues totaled $44.3 million when converted to U.S. dollars.

Profiles of the 10 U.S.-based brokers that rank among the 20 largest in the world begin on page 10. Profiles of the British and Canadian brokers ranked among these 20 leaders begin on page 100.

Top 20 world brokers

	Company	1984 gross revenues (in millions)
1.	Marsh & McLennan (U.S.)	$1,120.9
2.	Alexander & Alexander (U.S.)	576.0
3.	Johnson & Higgins (U.S.)	390.5[1]
4.	Frank B. Hall (U.S.)	372.8
5.	Fred S. James (U.S.)	292.8
6.	Sedgwick Group (U.K.)	286.8[2]
7.	Reed Stenhouse (Canada)	255.3[2]
8.	Corroon & Black (U.S.)	199.1
9.	Willis Faber (U.K.)	177.8[2]
10.	Rollins Burdick Hunter (U.S.)	133.4
11.	Hogg Robinson Group (U.K.)	111.6[2]
12.	C.E. Heath (U.K.)	104.0[2]
13.	Minet Holdings (U.K.)	102.7[2]
14.	Jardine Insurance Brokers (U.K.)	98.9[2]
15.	Stewart Wrightson (U.K.)	88.6[2]
16.	Bayly, Martin & Fay (U.S.)	77.9
17.	The Crump Cos. (U.S.)	69.6
18.	Arthur J. Gallagher (U.S.)	64.2
19.	Sodarcan (Canada)	52.0[2]
20.	Bain Dawes (U.K.)	45.4[2]

1. *BI* estimate.

2. Converted to U.S. currency at applicable exchange rate.

Source: *BI* survey.

The next 80 largest U.S. brokers

	Company	1984 gross revenues
21.	John L. Wortham & Son	$17,016,000
22.	Rhulen Agency Inc.	16,247,198
23.	Andreini & Co.	16,132,756
24.	Robinson-Conner Inc.	15,205,000
25.	B.R.I. Coverage Corp.	14,300,000
26.	Lawton Byrne Bruner Insurance Agency	13,510,000
27.	The Redland Group Inc.	13,023,965
28.	McGriff, Seibels & Williams Inc.	12,899,054
29.	Brown & Brown Inc.	12,308,803
30.	Cal-Surance Group	10,443,000
31.	Rebsamen Insurance	10,081,616
32.	Frenkel & Co. Inc.	9,529,000
33.	The Armistead Group Inc.	9,200,000
34.	Frank Crystal & Co. Inc.	8,832,000
35.	Olliver/Pilcher Insurance Inc.	8,600,000
36.	Lawrence Agency Corp.	8,309,000
37.	Roanoke Agency	8,200,000
38.	Robert F. Driver Co. Inc.	8,068,870
39.	Keenan & Associates	7,823,100
40.	The Leavitt Group	7,540,500
41.	Meeker Sharkey Financial Group Inc.	7,260,000
42.	Carswell Insurance Group Inc.	6,900,000
43.	South Continental Insurance Agency Inc.	6,740,000
44.	The Lockton Insurance Agency Inc.	6,720,000
45.	Holmes, Murphy & Associates Inc.	6,558,647
46.	The Graham Co.	6,522,824
47.	Near North Insurance Agency Inc.	6,500,000
48.	Insurance Management Associates Inc.	6,245,818
49.	Haas & Wilkerson Inc.	6,075,329
50.	Kendall Insurance Inc.	5,995,000
51.	Mahoney & Wright Insurance Agencies	5,775,000
52.	John M. Riehle & Co. Inc.	5,725,000
53.	North American Insurance Agency Inc.	5,659,000
54.	Kelter-Thorner Inc.	5,612,795
55.	Schwartz Brothers Insurance Agency Inc.	5,600,000
56.	Variable Protection Administrators Inc.	5,555,000
57.	Meadowbrook Inc.	5,500,000
58.	Sander A. Kessler & Associates Inc.	5,338,656
59.	The Daniel & Henry Co.	5,281,034
60.	ISU/Hastings-Tapley Insurance	5,213,424
61.	NIA Ltd./National Insurance Associates	5,193,000
62.	Mammel/Schropp/Swartzbaugh/Engler & Jones Inc.	5,139,945
63.	MacIntyre, Fay & Thayer Insurance Agency Inc.	5,124,000
64.	W.K.P. Wilson & Son Inc.	5,000,000
65.	Thomas E. Wood Inc.	5,000,000
66.	Association Administrators & Consultants Inc.	4,968,000
67.	The McElroy-Minister Co.	4,939,813
68.	Alliance Brokerage Corp.	4,800,000
69.	S.H. Gow & Co. Inc.	4,713,000
70.	The Loomis Cos. Ltd.	4,700,000
71.	Arthur L. Owen Co. Inc.	4,588,000
72.	Henderson & Phillips Inc.	4,500,000
73.	Wisenberg Insurance Agency	4,350,000
74.	Atkins Insurance Corp.	4,300,000
75.	Saldana & Associates Inc.	4,300,000
76.	Laub Group Inc.	4,156,000
77.	Fred A. Moreton & Co.	4,061,000
78.	Anderson & Anderson Insurance Brokers Inc.	3,950,000
79.	Insurance & Risk Management	3,890,000
80.	Walter P. Dolle Inc.	3,870,000
81.	Mack & Parker Inc.	3,744,000
82.	Mason-McDuffie Insurance Service	3,726,000
83.	Richard N. Goldman & Co.	3,700,000
84.	James Econn & Co.	3,633,723
85.	Wharton/Lyon & Lyon	3,631,000
86.	Babb Inc.	3,600,000
87.	Associated Agencies Inc.	3,578,000
88.	Bolton & Co.	3,575,000
89.	Marshall & Sterling Inc.	3,574,000
90.	Palmer Goodell Insurance Agency Inc.	3,547,816
91.	Lasher-Cowie Agency Inc.	3,518,000
92.	MDM Insurance Associates Inc.	3,440,000
93.	Robert M. Schrayer Co.	3,400,000
94.	Pierson & Smith Inc.	3,351,000
95.	The Woodsmall Cos.	3,351,000
96.	U.S. Shelter Insurance Agencies	3,350,000
97.	Ulrich Voorhees Warner Associates	3,325,000
98.	Seitlin & Co.	3,293,000
99.	Kirke-Van Orsdel Insurance Services Inc.	3,147,000
100.	Foa & Son Corp.	3,131,000

Source: Brokers' responses to *BI* survey. Charts and page design: Amy Palmer

Top 20 brokers

Continued from previous page

While earlier diversifications into such areas as employee benefits brokering and consulting and claims management won't be neglected by most brokers as they concentrate on property/casualty brokering, five of the Top 20 brokers have given up their ill-fated attempts to diversify into insurance underwriting.

Alexander & Alexander Services Inc., Frank B. Hall & Co. Inc., Corroon & Black Corp. and Poe & Associates all discontinued their underwriting operations in 1984 at the high price of net losses in 1984. They are notably forceful about their commitment to property/casualty insurance brokering.

But, most of the brokers stress their 1984 and 1985 revenue growth is not entirely fueled by rising property/casualty rates.

Several of the large brokers attribute their growth to successful strategies for attracting new clients, including one broker who has shifted its emphasis to employee benefits business.

And, some cite fast-paced acquisitions for their big revenue growth.

And, while boosting revenues, many brokers kept the lid on staff growth. Total employees at the Top 20 brokerages grew only 5.7% to 60,065 in 1984, compared with the 11.1% revenue growth.

As a result, revenues per employee—one measure of a brokerage's productivity—climbed 5.1% to an average $59,566 in 1984 from $56,667 in 1983.

Rising rates, winning strategies for attracting clients and acquisitions all played a part in the rise of three brokers making their debut on the *Business Insurance* Top 20 list based on their 1984 revenues.

The Kaye Group Inc., whose 30.3% revenue growth in 1984 sent it up to No. 19 based on 1984 revenues, credits rate increases and new clients for its success.

Its flagship subsidiary, Walter Kaye & Associates, generated 30% of the New York-based group's $17.4 million in 1984 revenues.

Revenue growth of 25% on the strength of acquisitions catapulted FBS Insurance of Minneapolis nine notches in one year to rank as the 18th-largest U.S.-based broker based on 1984 revenues.

A subsidiary of First Bank Systems Inc. of Minneapolis, FBS is the first brokerage owned by a bank holding company ever to make the Top 20 list. Its parent company is one of only 16 bank holding companies that retained the right to sell insurance under a grandfather clause in the 1956 Bank Holding Company Act, and one of the few to exercise its right.

Six acquisitions boosted FBS's 1984 revenues to $19.5 million based on revenues booked after the date of acquisition. If the revenues had been annualized, FBS would have reported $24 million in 1984 revenues—landing it as No. 16.

McDonough Caperton Insurance Group Inc., whose 26.9% revenue growth rate in 1984 is second only to The Kaye Group Inc.'s rate of growth, edged its way into the 20th spot on the strength of booming business in employee benefit plans: brokering benefit programs, providing consulting services and administering benefit programs.

The Charleston, W.Va.-based broker's benefit revenues shot up 40% in 1984, to $9.1 million, while revenues from property/casualty insurance brokerage grew only 14.3% to $8 million, for a total of $17.1 million.

The other 17 of the Top 20 brokers all appeared on the list last year, with two significant shifts in ranking.

Johnson & Higgins recaptured from Frank B. Hall & Co. the rank as the third-largest U.S.-based broker, based on *BI's* estimate of J&H's 1984 revenues.

J&H's shareholder-directors staunchly refuse to release the New York-based firm's revenues.

BI estimates that J&H's revenues grew 16% in 1984 to $390.5 million, outpacing Hall's revenues for the first time since 1979.

J&H says 20% of its 1984 revenues came from new business. The firm also made some significant acquisitions in 1984.

Meanwhile, Hall managed a scant 5.3% gain in gross revenues in 1984 to $372.8 million, and that's in comparison to 1983 revenues that were reduced upon restatement to reflect only continuing operations.

And, Hall had to report its first net loss—$14.5 million—since going public in 1968 due to discontinuing its underwriting operatings.

In the other significant flip-flop, Poe & Associates Inc. and Financial Guardian Group Inc. switched ranks 15 and 16, with Poe ending up on top, based on the total of their net commissions and fees, investment income and other income as reported to the Securities and Exchange Commission.

Poe & Associates' wholesale brokerage business, which primarily involves mass-marketing insurance programs to professional associations, was the best performer in 1984, helping boost Poe's revenues 11.9% to $24.3 million.

But, Tampa, Fla.-based Poe & Associates' 1984 results were marred by the cost of discontinuing its underwriting operations and a charge for a special reserve related to the operations of a London-based underwriting manager. Its 1984 net loss: $632,000.

A restructured Financial Guardian under new leadership stopped its revenue slide in 1984 and grew 6.8% to $23.3 million in gross revenues to produce a small profit.

But, the Kansas City, Mo.-based broker says 1985 revenues will be down compared with 1984 because it sold operations that didn't fit with its renewed emphasis on retail insurance brokering.

(Revenues reported in the profiles for Poe and Financial Guardian differ from those in the chart on page 1 because Poe excluded some gains from sales from its gross revenues when reporting to *BI*, while only net commissions and fees are reported in the profile on Financial Guardian. For consistency in comparison with other brokers, *BI* reports in the chart the companies' total revenues as reported to the SEC.)

Leading the best performers in rate of revenue growth in 1984 among the veteran Top 20 brokers is ninth-ranked The Crump Cos. Inc. with a 26.5% revenue gain to $69.6 million.

Crump credits four factors for its phenomenal 1984 growth: Clients have grown and so have their insurance needs. Crump places more lines of business for existing clients. Insurance rates are rising. And, a 1981 strategic plan that called for selective acquisitions and divestitures is working.

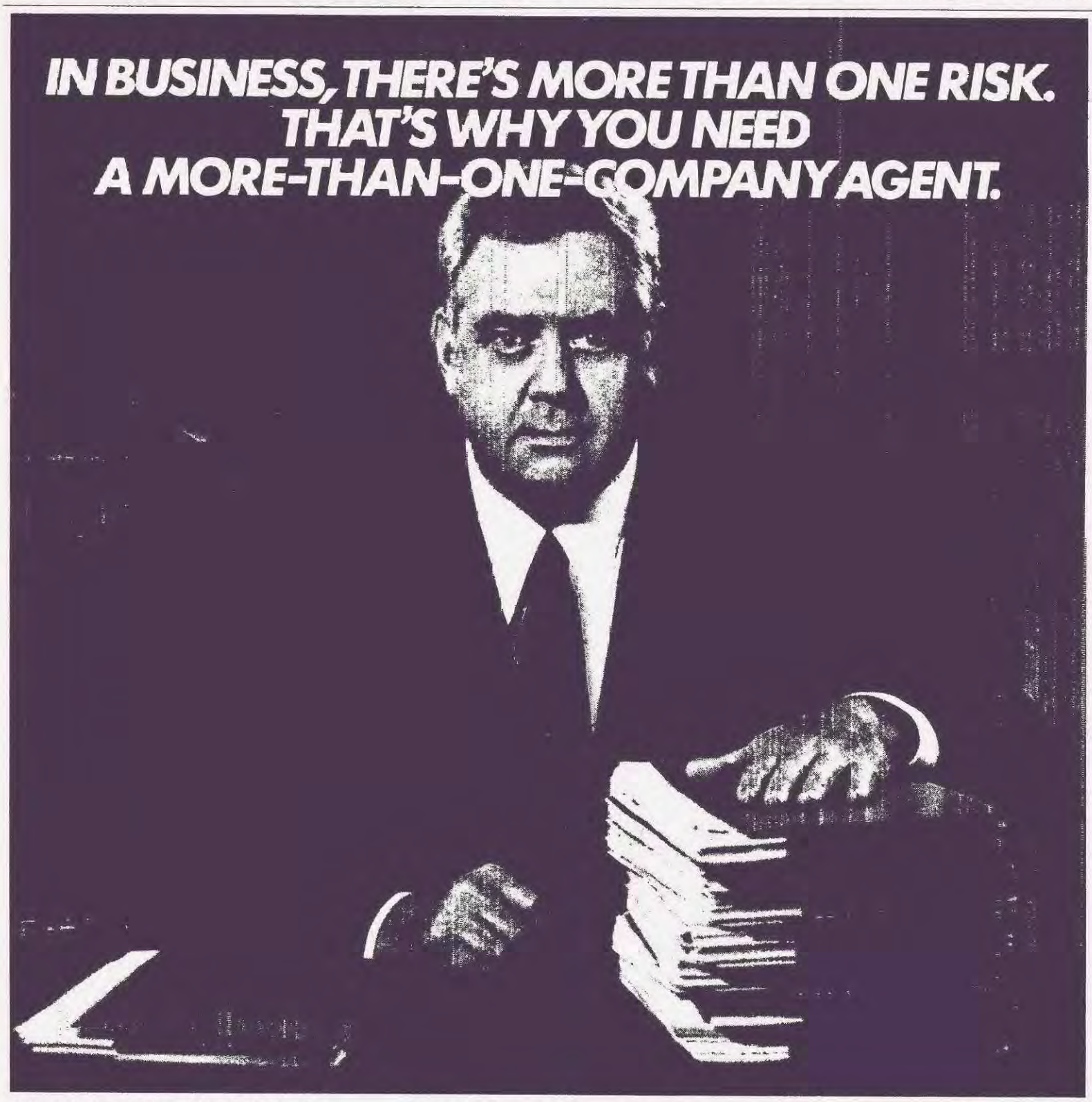
The Memphis-based broker declares itself a semi-national broker now, instead of a regional broker concentrating on the South.

(Crump's revenues in the page 1 chart differ slightly from those reported in the profile on Crump because the broker had reported revenues from consolidated insurance activities while, for purposes of consistency, *BI* chose to report the brokers' gross revenues from all operations as reported to the SEC.)

New York-based Corroon & Black Corp.'s 20.8% gain in revenues to $199.1 million in 1984 is impressive but somewhat misleading.

The New York-based broker's 1984 financials report underwriting activities as discontinued operations and recast 1983 revenues from continuing operations for compari-

Continued on page 6



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Top 20 brokers

Continued from page 4
son, reducing the previously reported 1983 revenue.

But while improving its revenue growth picture, the restatement to discontinue underwriting activities cost Corroon & Black a net loss of $7 million.

Not helping the sixth-largest broker's results was a $1.5 million extraordinary charge related to Corroon & Black's 20% interest in London-based Minet Holdings P.L.C. The charge reflects Corroon & Black's equity share of Minet's settlement costs involving its troubled Richard Beckett Underwriting Agencies Ltd. subsidiary.

Rolling Meadows, Ill.-based Arthur J. Gallagher & Co. is the only other Top 20 veteran broker to report revenue growth in 1984 exceeding 20%.

The 10th-largest U.S.-based broker, with a 20.3% gain in 1984 revenues to $64.2 million, credits its growth to its success in providing integrated risk management services. Gallagher brokers insurance, administers claims and provides its clients with myriad risk management services, including computerized information systems.

Fred S. James & Co. Inc., the fifth-largest U.S.-based broker, racked up an enviable 19.6% revenue gain to $292.8 million in 1984.

The Transamerica Corp. subsidiary, which is being sold this year to London-based Sedgwick Group P.L.C., says its 1983 acquisition of Dinner-Levison Co. of San Francisco accounted for $12 million to $13 million of the $48 million increase in revenues.

Without the acquisition, revenues would have increased 14.5% on the strength of new business, higher rates and a terrific year for its reinsurance brokerage subsidiary, James F. Sullivan Co.

Among the other Top 20 brokers with smaller, but still double-digit, rates of revenue growth in 1984 are Hilb, Rogal & Hamilton Co., Emett & Chandler Cos. Inc. , Marsh & McLennan Cos. Inc. and Jardine Insurance Brokers Inc.

Seventeenth-ranked Hilb, Rogal credits new sales, rising rates and acquisitions for its 16.1% revenue gain to $21.9 million in 1984.

The Richmond, Va.-based broker also cites the drive to succeed created by employee ownership as another reason for its growth.

Thirteenth-ranked Emett & Chandler says it broke all production records in 1984, with revenues up 14.3% to $34.5 million.

The Los Angeles-based broker also is the only one of five brokers that discontinued underwriting operations in 1984 whose bottom line benefited from the move.

After a provision for taxes, Emett & Chandler shows a $27,000 loss on continuing operations. But, a $139,000 gain from its discontinued operations—the remaining assets of a now-inactive insurance company —gave the company net income of $112,000.

Marsh & McLennan's bond-trading debacle that cost the company a 37% decline in its net income in 1984 didn't slow the world's largest broker's operating units in 1984, management says.

The 13.9% gain in M&M's revenues to $1.1 billion includes a 9% gain on insurance services revenue, a 38% gain on benefits consulting revenues after acquisitions and a 6% gain on investment management revenues.

Jardine Insurance Brokers Inc., the U.S.-based brokerage unit of Jardine-Matheson & Co. Ltd.'s worldwide brokering operations, posted a 12.4% revenue gain in 1984 to $38.6 million.

Rate increases and new clients spurred the growth, company management says.

Based on its U.S. revenues, Jardine ranks as the 12th-largest U.S.-based broker, while its parent company's total brokerage operations rank 14th-largest in the world.

If Jardine's worldwide revenues were considered for the U.S. rankings, Jardine would place eighth among U.S.-based brokers.

Of the four Top 20 brokers to manage only single-digit revenue gains in 1984, Republic Hogg Robinson Inc. and Rollins Burdick Hunter Co. managed to hold their rankings, unlike Hall and Financial Guardian, which each slipped a notch.

Republic Hogg Robinson's 9.4% revenue gain in 1984 to $30.6 million reflects hard-earned new client development, the company's management says. Rate increases in the fourth quarter only helped a little at the 14th-largest brokerage.

Rollins Burdick Hunter Co.'s 8.9% growth to $133.4 million in 1984 revenues is the first indication that the reorganized RBH will be a force to reckon with, its management says. The seventh-largest U.S.-based broker intends to double its size in five years.

Only eighth-ranked Bayly, Martin & Fay International Inc. and the U.S. operations of Canadian-based Reed Stenhouse suffered revenue losses in 1984.

For Bayly, Martin & Fay, it was the third year running of slipping revenues. In 1984, revenues fell 2.6% to $77.9 million.

But, the broker—now based in Fort Worth, Texas—says it's headed for a turnaround in 1985 because its major distraction from business was removed in 1984.

All ties between Bayly, Martin & Fay and the financially troubled Baldwin-United Corp. were severed in April 1984 when the broker entered a partnership with the oil-rich Bass Brothers organization.

Also slipping in 1984 were the U.S. operations of Canadian-based Reed Stenhouse, contrary to the statements in the profile on the brokerage that appears on page 55.

While Reed Stenhouse reported a revenue gain on its U.S. operations in Canadian dollars, due mainly to the strength of the U.S. dollar against the Canadian dollar, when its U.S. revenues are converted back to U.S. dollars at Sept. 30 exchange rates in 1984 and 1983, the revenues show a 1.3% decline to $53.3 million.

But the Canadian broker's 11-year-old effort to break into the U.S. market will soon be history as Reed Stenhouse prepares to merge with Alexander & Alexander Services Inc., the second-largest U.S.-based broker.

The merger, expected to be completed next month, will open up the No. 11 spot.

A&A, whose 1984 revenues inched up by a bare 0.4% in 1984 to $576 million, is counting on a successful merger with Reed Stenhouse.

The results of A&A's last big merger, with Alexander Howden Group P.L.C. in 1982, have plagued A&A for the three ensuing years, culminating in a $49.6 million net loss in 1984.

A&A elected to write off as discontinued operations all its underwriting units acquired with Howden, taking all the associated charges in 1984.

Not ranked among the Top 20 are the combined revenues of the members of ISU Corp., the largest independent agency franchise organization. *BI* does not rank ISU because its members are independently owned.

ISU says its 513 members at year-end 1984 had combined revenues of $482.3 million. As a group, ISU's members would rank as No. 3 on the *BI* Top 20 chart, if ISU qualified.

The combined revenues of the 28 ISU members responding to the *BI* survey and who qualified for listing totaled $43.7 million. ■



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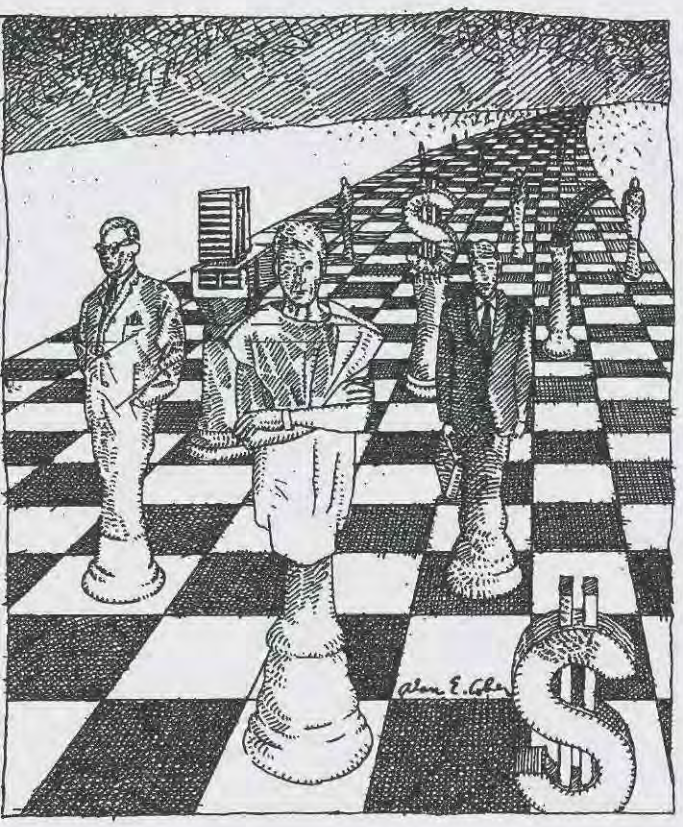
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opinions

Brokers should stick to brokering

AS COMMERCIAL insurance brokers diversified into the underwriting business over the last half-dozen years, concerns surfaced that brokers that owned underwriting units might not always resolve conflicts of interest in the best interests of their clients.

Questions were asked, such as: Would a broker place a piece of business with an affiliated insurer at a less than competitive price? How forcefully would a broker represent a client in a claims dispute with an affiliated insurer?

Fearing that brokers' allegiance to their clients could be jeopardized by an affiliation through common ownership with an underwriter, some advised that brokers should not diversify into the insurance underwriting business.

Indeed, the time-honored tradition at Lloyd's of London of brokers owning Lloyd's underwriting agencies came under attack for these very reasons. And, after much heated debate, Lloyd's brokers were told to divest themselves of their underwriting operations.

But in this country, at the same time the debate was raging at Lloyd's, those favoring brokers' diversification into insurance underwriting responded that market forces—competition from other brokers—would force brokers to act in the best interests of their clients. Those that did not would lose their accounts, it was reasoned.

This debate over diversification was overtaken by market forces of another kind, namely insurance rate competition that has cost most underwriting operations huge losses.

Now, we see that the concerns for the clients' interest, while not misplaced, certainly missed the mark somewhat.

Someone should have been warning the brokers that their own interests were endangered by diversifying into insurance underwriting.

Witness the four leading U.S.-based brokers that had to report net losses in 1984 in order to get out of the underwriting business.

This is not to say that every brokerage-insurance company affiliation is ill-advised or doomed to failure. Some carefully structured and well-managed brokerage-insurance company affiliations are producing positive results, and not at the expense of the clients' interests.

But, it appears to us—based on the total experience to date—that both the clients' and brokers' interests are best served when brokers stick to the business of brokering insurance.

letters

Don't exaggerate impact of new CGL policy forms

To the editor: After 25 years of million-dollar judgments, 10 years of discussion of the need for tort and product liability reform, and three years of public discussion about the coverage changes the industry needs to implement in the new commercial general liability forms, comments regarding the new CGL forms made at the New York Insurance Department hearing by Jon Harkavy of the Risk & Insurance Management Society are an exaggeration (*BI*, June 10).

The comment that the "manner and speed under which they are to be implemented will have a devastating impact on policyholders and potential claimants" lacks credence.

The statements should be reversed: If the changes in the new forms are delayed much longer, the impact on the insurance industry will be devastating. The reality is that if the changes occur as planned, everyone will adapt to it, whether they like it or not.

Mr. Harkavy's statement that the new forms "serve only the interests of the insurer" ignores the public benefits of a solvent, healthy insurance industry with adequate capital and surplus to meet its long-term obligations. Is RIMS proposing a policy form with coverage unlimited in amount or duration? That's as illogical as the present CGL situation: an existing policy form so full of holes because of broadening and conflicting court interpretations that no buyer really knows what the words of the policy mean anymore. The buyers who benefit most from the present CGL form are those with enough cash to afford to litigate to predatory judgments against insurers.

The statement that both forms "virtually eliminate all pollution coverages from general liability policies" mischaracterizes the role of the new forms, and ignores the fact that all insurers have *already* excluded all pollution coverage from the current forms by endorsement.

The reasons are simple: liberal court interpretations of any language intended to convey the meaning of "sudden and accidental," the joint and several liability provisions of the Superfund law and other governmental actions, and the strong reaction of the worldwide reinsurance market. There is no pollution insurance market now. The new forms had nothing to do with its demise.

There is more faulty reasoning in Mr. Harkavy's statement that "buyers who purchase the new claims-made policies will be locked into one insurer unless they purchase tail coverage."

Buyers will not be locked into one insurer to obtain adequate coverage, if the risk manager and/or broker are aware of what to look for when changing insurers: maintaining the same retroactive date as the expiring policy. His statement that "the burden is passed back to the insurance buyer" is correct, but the significance of the statement is different than he intended. There is nothing wrong with expecting buyers and brokers to exercise responsible judgment for identifying the terms of coverage they must have when buying insurance.

I attribute much of the noise about the new CGL forms to fear of the unknown and unfamiliar. I hope that reactionistic and inaccurate statements like Mr. Harkavy's about the new forms will not stop their implementation. Regulators can read, too.

The new forms are probably as good a reaction to the insurance industry's present problems as the industry can design, because of the uncertain reception that all insurers receive in the courts. Some individuals seem bent on institutionalizing insurer instability and mediocrity, and poor buyer and broker habits, by trying to hold onto the old CGL forms. I can't believe that the majority of RIMS members want to be in that camp.

The interests of buyers will be better served by education in the coverage of the new forms, and by adhering to the fundamentals of professional risk management: careful risk identification, followed by a well-designed loss control program and risk financing through carefully structured insurance policies with sound insurers.

James A. Robertson, CPCU
President
Insurance Litigation Consultants
Costa Mesa, Calif.

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Why not reverse taxes on life insurance?

To the editor: Your coverage of the president's tax proposals has been excellent.

I am surprised, though, that in this time of national scrutiny of economic and tax issues, no one has advanced a workable and simple approach to the problem of taxing life insurance.

Currently, the system is completely divorced from any economic logic. Premium payments are non-deductible personal expenses and death benefits are received 100% income-tax free by the beneficiaries.

Reversing this tax treatment is the answer. Premium payments should be deductible and the death benefit should be 100% taxable. (A formula similar to special 10-year forward averaging could be used.)

Life insurance proceeds contain three elements: return of amounts of premium paid; interest earnings on the amounts of premium paid; and pure insurance compensation arising from deviation from standard mortality. Of these three elements, only the first is clearly not income.

When an individual buys life insurance, he is really buying future income for his family. That future income should be 100% taxable as ordinary income when it is received. During the premium paying cycle the payments should be deductible as an ordinary and necessary expense for the production of future income.

This conforms with the general principles and guidelines upon which the Internal Revenue Code is premised. Notice that this accomplishes exactly what the president and the banks want. Every cent of interest earned in a life insurance contract will be taxed. Only the original contribution, paid in the form of premiums, would be returned tax-free.

Such a policy would encourage social responsibility by rewarding with current deductions individuals who safeguard their families' financial future; have a strong economic justification because tax would be due when insurance proceeds are paid as opposed to when paper increases in cash value are realized; put banks and insurance companies on a "level playing field," since consumers of both institutions would pay tax on all interest earnings; and in the intermediate- to long-term, will be a revenue raiser for the U.S. Treasury.

Robert J. Adler, J.D.
Chevy Chase, Md.

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Marsh & McLennan Cos. Inc.

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	1984	1983
Premium volume	**$10.5 billion***	$10 billion
Gross revenues	**$1,120,883,000**	$983,697,000**
Brokerage: Retail	**43%**	46%
Wholesale	**4%**	5%
Reinsurance	**13%**	13%
Services	**30%**	26%
Personal lines	**1%**	1%
Invest. income	**9%**	9%
Employees	**16,963**	15,474
Rev./employee	**$66,078**	$63,571**
Offices	**300**	310

*—*BI* estimate; **—Restated.

A year after massive bond trading losses cut deeply into its income, Marsh & McLennan Cos. Inc. has realigned its management and is pushing ahead with new ideas for clients.

Revenues at the world's largest brokerage holding company topped $1 billion in 1984, and the firm reported growth in all of its operating segments.

M&M also reported growth in its pre tax operating income, though this was cut nearly in half by the $110 million pre tax charge that represented part of the company's losses on "unauthorized" government bond trading by some of its treasury department personnel.

Because of the charge, M&M posted a 37% decline in net aftertax income in 1984.

However, M&M President Frank J. Tasco says that the company's operations haven't stumbled despite the surprise losses.

"Our operating companies carried on business as usual and did not lose a step of their momentum," he said.

Mr. Tasco—who succeeded L. Patton Kline as president last year after Mr. Kline was promoted to vice-chairman—added that the company received "tremendous support" from insurers, clients and shareholders after the losses were discovered.

"If any dark cloud has a silver lining, that's it," he said.

One of the most prominent examples of M&M's continuing momentum is its proposal to form American Casualty Excess Insurance Co. Ltd., a Cayman Islands insurer that would underwrite the excess casualty risks of its corporate shareholders.

ACE—a response to severely restricted commercial market capacity for high-layer excess casualty coverage—now has more than half the commitments it needs from potential shareholders to get off the ground, according to Robert Clements, president of M&M Inc., the company's brokerage subsidiary.

M&M itself will not be a shareholder in ACE.

The Cayman insurer will write excess casualty layers over underlying insurance of at least $100 million, and the coverage offered will include sudden and accidental pollution liability, Mr. Clements said.

ACE will also offer directors and officers liability coverage with limits of $50 million excess of at least $50 million, he said.

Working with the New York law firm Cahill Gordon & Reindel, M&M is in the final stages of developing a new claims-made liability form that will be used by ACE, according to Mr. Clements, who expressed dissatisfaction with the claims-made form proposed by the Insurance Services Office.

"They offer no security and a great deal of uncertainty and insecurity to the policyholder," he said.

"On the other hand, the occurrence form has not worked very well either," he added. "We are in favor of a change."

Unlike the ISO form—which will only cover claims made during the policy period—the ACE form will be triggered by "discovery of a potential for claims," and all claims relating to that discovery will be covered even if they are actually brought after the policy expires, Mr. Clements said.

Also, if the ACE policy is not renewed, the policyholder has the option of buying "tail coverage," which will indefinitely extend the reporting period for claims arising out of incidents that occur during the policy period, Mr. Clements said.

Though M&M developed the form for ACE's use, it also hopes to convince commercial insurers to use it with M&M clients, he added.

Mr. Clements observed that a major challenge for brokers in the next year will be to understand and keep track of the various claims-made forms available in the marketplace.

"It appears now that there is almost no likelihood that there will be any standard," he said.

He added that insurance buyers are unlikely to find occurrence-based coverage next year.

"The general feeling is that there will not be an occurrence form of any kind available after Jan. 1," he said. "What's going to force the change is the non-availability of reinsurance."


Mr. Tasco

ACE will seek reinsurance from commercial markets, but has not yet approached any reinsurers, Mr. Clements said.

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

- Several management changes in addition to the promotions of Messrs. Tasco and Kline.
- Integration of Meidinger Inc., acquired in January 1984, with M&M's William M. Mercer Inc. employee benefits consulting unit, and the acquisition of three other consulting firms.
- The sale of several units, including Eberstadt Asset Management Inc., an investment management unit, and C.E. Bowring (Underwriting Agencies) Ltd., a Lloyd's of London underwriting manager.
- Discontinuation of claims administration services for self-insurers of workers compensation risks.
- Formation of a new industry group, Marsh & McLennan Bowring Marine & Energy.
- Adoption by shareholders of several anti-takeover measures.

While M&M's operating results improved in 1984, its bottom line was hit hard by the bond trading scandal uncovered in April of last year.

Marsh & McLennan senior executives discovered that treasury department employees—later identified as Chester A. Gan, vp and treasurer; Richard O. Post Jr., vp and assistant treasurer; and Dorothy M. Conway, vp and assistant treasurer—had accumulated more than $2 billion in intermediate and long-term government bonds in violation of the company's investment policies (*BI*, June 18, 1984).

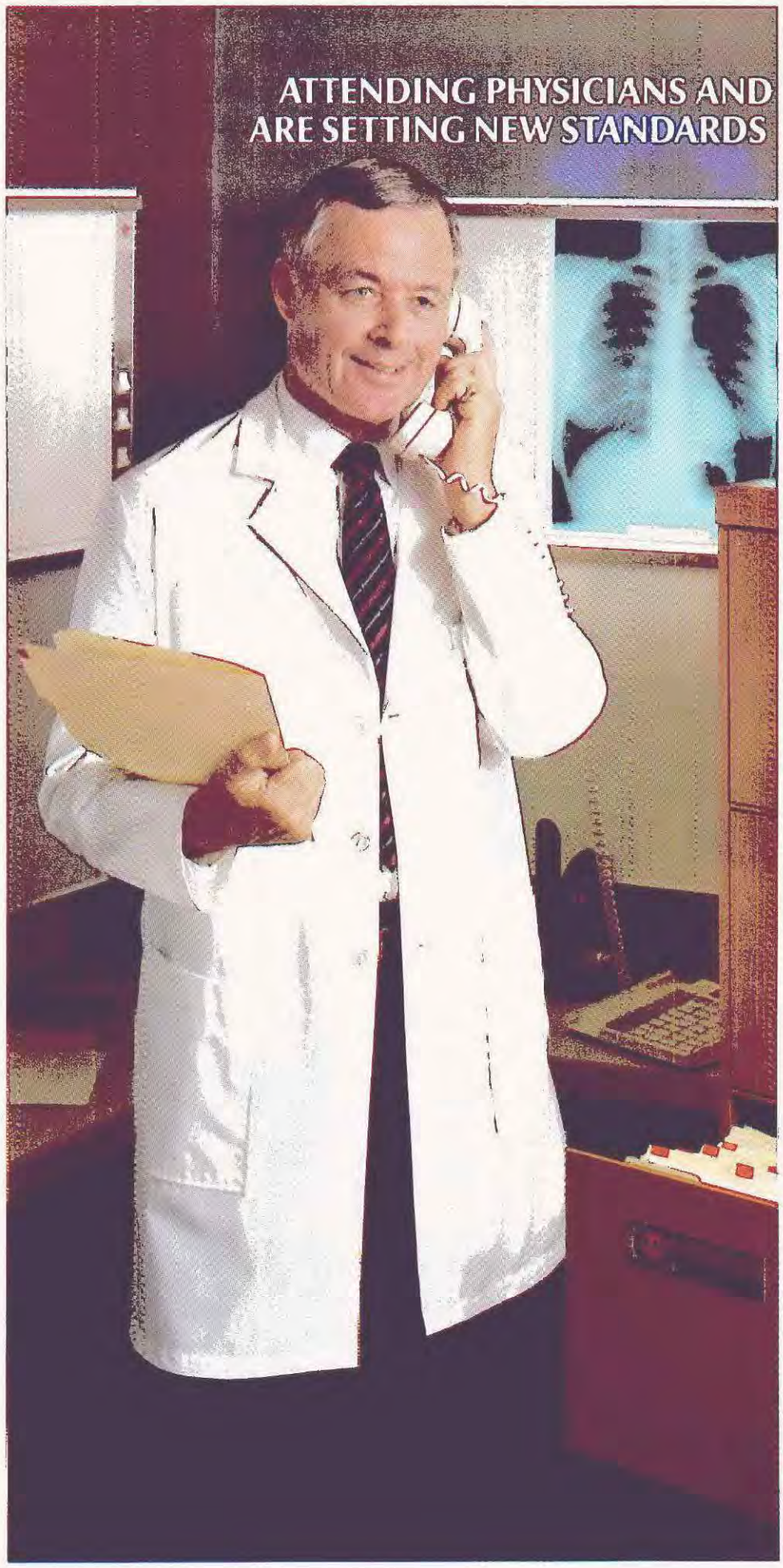
The bonds, bought on margin starting in April 1983 and sold when M&M management discovered their existence, produced total pre tax losses of $165 million.

Since some of the losses were attributable to 1983, the company restated its 1983 results to include a $55 million pre tax charge. Reduced by $11.4 million in related investment income, the charge cut 1983 pre-tax income to $195.5 million from $239.1 million.

The remaining $110 million charge was taken against 1984 earnings.

An investigation of the bond trading found that client premium funds held by M&M in fiduciary

Continued on next page





Continued from previous page
accounts had been used to finance some of the bond purchases, a violation of New York insurance law for which M&M was fined $250,000 by the New York Insurance Department.

The losses resulted in two shareholder derivitive lawsuits naming various officers and directors of the company.

One of the suits also named Arthur Andersen & Co., M&M's independent auditor, which failed to detect the bond trading activity in its audit of M&M's 1983 results. To settle this suit, Andersen agreed to pay M&M $21.9 million, including $19.9 million in cash and $2 million in other concessions.

M&M fired several treasury department employees in the wake of the affair, including Mr. Gan, Mr. Post and Ms. Conway.

Last December, Mr. Post filed a lawsuit against M&M and its chairman, John M. Regan Jr., claiming breaches of his employment contract and libel. The suit, which is pending in federal court in New York, seeks actual damages of $4.9 million and punitive damages of $7.5 million.

The $110 million pre tax charge in 1984 wiped out M&M's first-quarter earnings and sliced earnings for the year in half.

The company brought in total operating revenues of $1.101 billion in 1984, up nearly 15% from $959.6 million in 1983. Combined with $19.5 million in interest income on M&M's own funds, total gross revenues for 1984 were $1.121 billion, up 13.9% from $983.7 million in 1983.

Commissions and fees from insurance brokerage accounted for $488 million, or 44%, of 1984 revenues, up from $459 million in 1983.

Reinsurance brokerage revenues —which include wholesale brokerage of C.T. Bowring as well as revenues from reinsurance intermediary Guy Carpenter & Co. Inc. —accounted for $191 million, or 17%, of the 1984 total, compared with $172 million in 1983.

Interest income on fiduciary funds increased 23% to $85 million last year, up from $69 million in 1983.

All of this adds up to total insurance services revenue of $764 million last year, up 9% from $700 million the year before.


Mr. Clements

About 66% of the company's insurance services revenue was produced in the United States, while 20% came from the United Kingdom, 6% from Canada and 8% from other international sources.

Meanwhile, employee compensation and benefits consulting services—represented principally by William M. Mercer-Meidinger Inc. and Marsh & McLennan Group Associates Inc.—produced revenues of $264 million last year, up 38% from $191 million in 1983.

M&M's acquisitions in the consulting field accounted for much of the revenue growth last year.

About 79% of M&M's employee benefits services revenue was produced in the United States, while 15% came from Canada and 6% from other international sources.

In addition to revenues from insurance and consulting services, M&M posted $73 million in revenues from its investment management operations, which last year included the Putnam Cos. and the divested Eberstadt, which was sold last November.

Investment management revenues were up about 6% from $69 million in 1983.

Meanwhile, total operating expenses climbed 16% to $884.2 million from $760.8 million in 1983, due in part to acquisitions. Employee compensation and benefits amounted to $546.6 million last year, an increase of 11% over 1983, though M&M says the increase would not have exceeded the inflation rate if the company's acquisitions were excluded.

The total number of M&M employees increased to 16,963 by the end of last year from 15,474 in 1983.

In the end, operating income last year climbed 9.3% to $217.2 million from $198.8 million in 1983.

In addition, M&M posted $12.4 million in equity in the operating income of unconsolidated insurance brokerage subsidiaries, down from $14.4 million in 1983.

All told, M&M finished the year with income before taxes and the bond trading charge of $251.5 million, up 5% from $239.1 million in 1983.

Net income after taxes and the $110 million charge amounted to $58.7 million in 1984, down 37% from $93.8 million in 1983.

M&M realigned its top management following the bond trading debacle, though company officials say the management changes had nothing to do with M&M's losses.

These changes included:

- The promotion of Mr. Tasco, formerly president of Guy Carpenter, to president and chief operating officer of the parent company. He replaced Mr. Kline, who was named vice chairman of the parent company and later named vice-chairman of M&M Inc., the brokerage unit, along with A.J.C. Smith.

Richard H. Blum succeeded Mr. Tasco as president of Guy Carpenter.

- The reassignment of James W.S. Macdonald, vp-finance, to C.T. Bowring in London. Mr. Macdonald was replaced as chief financial officer by Frank J. Borelli.
- The appointment of Mr. Clements as president of M&M Inc., replacing Bruce W. Schnitzer, who resigned earlier this year and later joined Bayly, Martin & Fay International Inc. Mr. Clements had served as president of the brokerage unit from 1980 until 1982, and at the time of Mr. Schnitzer's resignation was vice chairman of M&M Inc.

Mr. Clements was also replaced as chairman of M&M Inc.'s executive committee by Robert J. Newhouse Jr., who remains chairman of M&M Inc.

- The retirement of Peter Bowring as vice chairman of the parent company. Mr. Bowring remains a director. Two other directors—William F. Souder Jr. and Edmund A. Stephan—retired last year.

Mr. Tasco says that the structure of M&M's operations will remain basically the same, though management's style may change to reflect his own inclination to take a hands-on approach.

"There has been a certain change of style. I wouldn't say dramatic. Both of us are interested in what we call participatory management," Mr. Tasco said, referring to himself and Mr. Smith.

He added, though, that M&M's operating companies will continue to run their own shows.

"The amount of autonomy that exists in our operating companies is unchanged," he said.

Mr. Tasco and Mr. Clements said that M&M's focus this year will be on internal growth rather than growth by acquisition, but that acquisitions will still be pursued "where it makes sense."

This internal growth is expected to come from new business development and from the increased revenues that result from rising property/casualty rates.

However, Mr. Tasco said that reduction of market capacity for property/casualty risks may to some extent offset the gains in

Continued on next page



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Continued from previous page
commissions brought by higher rates. "It's difficult to speculate because of capacity," he said.

Observers add negotiated brokerage commissions may not keep pace with premium increases, since those commission rates may be negotiated downward as clients' insurance costs rise.

About 65% of M&M's business comes from jumbo "risk management" accounts, where commissions are negotiated. Another 25% comes from middle market commercial accounts and the remaining 10% is from small commercial clients and personal lines, according to an M&M spokesman.

While the tight property/casualty market boosts M&M's brokerage revenues, Mr. Clements adds it also increases the company's workload, forcing brokers to scramble to meet client demands.

To bring in new business and to expand its marketing efforts, M&M will add more staff this year, he said, noting that M&M Inc. has already increased its staff by 200 since the beginning of the year.

The company has also beefed up the staff of its Worldwide Marketing Services division, which provides marketing-related support services to all M&M offices. The division now has 160 employees, up from 135 last December.

The focus of several courses in M&M's professional development program has been slanted toward dealing with problems of the tight market, Mr. Clements added.

M&M—like some other large brokers—continues to stress specialization, relying on its industry groups for expertise and insurance coverages for specific industries.

M&M recently combined the marine and non-marine energy-related property/casualty resources of Marsh & Bowring to form Marsh & McLennan Bowring Marine & Energy. The new group will handle all marine and energy-related accounts, including such risks as offshore oil drilling platforms.

Other groups serve high-tech firms, merchandisers and retailers, chemical and pharmaceutical companies, financial institutions, aviation and aerospace firms, public utilities and health care providers.

First-quarter 1985 results showed strong growth, especially in insurance and reinsurance brokering.

Operating revenue hit $322.2 million, up 15% from $281.3 million in the first quarter of 1984. Insurance brokerage accounted for $138 million of this, up 12%; reinsurance brokerage $60 million, up 18%; the group insurance business handled by Group Associates $22 million, up 16%; and interest income on fiduciary funds $22 million, up 19%.

Revenues from consulting services hit $60 million, up 19% from the first quarter of 1984, and investment management revenues rose 6% to $20 million. (Excluding revenues from the divested Eberstadt operation that were included in first-quarter 1984 results, the revenue growth of M&M's remaining Putnam investment management unit would have been 20%.)

While internal growth is the goal this year, M&M made several acquisitions in the consulting field last year.

Mercer's acquisition of Meidinger for stock valued at $28 million was completed in January 1984. The combined company has 3,300 employees and operates through 90 offices in 20 countries worldwide.

M&M also acquired:

- Hickling-Johnston Ltd., a management consulting firm based in Toronto.
- Campbell & Cook, an actuarial consulting firm based in Australia.
- MPA (Holdings) Ltd., an employee benefits consulting firm based in Britain and doing business as William M. Mercer-MPA Ltd.

M&M also divested itself of several subsidiaries last year, including:

- Eberstadt, which had about $2 billion in assets under management at the time and which accounted for 14% of M&M's 1984 investment management revenue.

Investment management operations now include only Putnam, which had $13.1 billion in assets under management at the end of the first quarter of 1985, up from $12 billion in first-quarter 1984.

- C.T. Bowring (Underwriting Agencies), which was sold to its underwriters and senior management last December in accordance with Lloyd's of London rules barring brokers from owning underwriting management companies.
- Bowring Brothers Ltd., a Canadian retail company that operates gift shops.

Last November, M&M also announced that it would stop offering claims adjusting and administration services to self-insurers of workers compensation risks. The broker cited unwillingness of employers to pay an adequate price for the service. (*BI*, Nov. 5, 1984.)

M&M continues to offer consulting services for employers setting up their own claims administration programs, as well as auditing services for those who contract with outside claims administrators.

At the annual meeting last May, M&M shareholders approved changes to M&M's certificate of incorporation designed to hamper attempts at a hostile takeover.

In its 1985 proxy statement, M&M said that management was not aware of any party attempting to accumulate M&M stock or obtain control of the company.

The anti-takeover measures include:

- Providing for staggered terms for company directors.
- Requiring that the merger or sale of M&M or any subsidiary to any holder of 10% or more of the company's stock be approved by a majority of stockholders not affiliated with the interested shareholder, unless the transaction is approved by a majority of directors who are not affiliated with the interested shareholder.
- Increasing the number of authorized common shares.
- Requiring stockholder actions be taken only at stockholders' meetings, not through proxy solicitations.

According to documents filed with the Securities and Exchange Commission, Marsh & McLennan officers receiving the highest cash compensation were:

John M. Regan Jr.	$500,000
Frank J. Tasco	$385,533
A.J.C. Smith	$363,483
L. Patton Kline	$310,233
Robert J. Newhouse Jr.	$286,200

—Douglas McLeod



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	1984	1983
Premium volume	$4,400,000,000	$4,400,000,000
Gross revenues	$576,000,000	$573,500,000*
Brokerage: Retail	65%**	65%**
Wholesale	7%**	7%**
Reinsurance	6%**	5%**
Services	12%**	13%**
Personal lines	3%**	3%**
Invest. income	4%	4%
Other	3%**	3%**
Employees	10,500	10,650
Rev./employee	$54,857	$53,850
Offices	137	128

*—Restated; **—*BI* estimate.

The merger of Alexander & Alexander Services Inc. with Reed Stenhouse Ltd. this year will create a new company better poised to serve large, international clients—but not at the expense of smaller clients, say officials of both companies.

"We're really geared right now to handle any client" from an individual to a Fortune 500 company, says John A. Bogardus, chairman and chief executive officer of A&A. And, he says the merger will make A&A even better prepared to handle indigenous business around the world.

"We will be stronger," he says. "I just think you really need to have strength all over the world today, on the scene, to understand what's happening locally."

Large, international clients will benefit the most from the merger, agrees William M. Wilson, president and chief executive officer of Reed Stenhouse Cos. Ltd. But, "we will not forget our corporate clients that are not international," he pledges.

Under the merger with Reed Stenhouse, which was announced in December and is expected to be completed next month, Reed Stenhouse will function as an operating unit of Alexander & Alexander Services.

'I think it will go very smoothly,' A&A's Mr. Bogardus says of the merger with Reed Stenhouse. 'I'm not naive enough to think there won't be problems, but I don't think there will be many or very serious problems.'

Mr. Wilson will retain his title and position at Reed Stenhouse after the merger.

Reed has 180 offices in 33 countries, with very little overlap with A&A's 88 U.S. offices and facilities in 49 other countries.

"It changes our structure very little," says Tinsley H. Irvin, A&A's president and chief operating officer. "They just fit in, and will be running our international brokering operation. The Stenhouse organization dovetails beautifully into ours and vice versa."

About 95% of Stenhouse's revenues are generated from retail brokering with about 80% from outside the United States, while 70% of A&A's revenues are from retail brokering with 80% generated within the United States, he says.

"Just that blend makes it very complementary," Mr. Irvin says.

"I think it will go very smoothly," says Mr. Bogardus of the merger. "I'm not naive enough to think there won't be problems, but I don't think there will be many or very serious problems."

For a time, however, it appeared to some that the merger would not come off.

In March, A&A said it would not meet certain financial conditions of the agreement because of its decision to dispose of underwriting units it acquired in 1982 when it bought Lloyd's of London broker Alexander Howden Group P.L.C.

The disposal of the underwriting units, and the losses sustained by the units, cost A&A a $49.6 million net loss in 1984 (*BI*, April 8).

Unhampered by these losses and buoyed by rising commissions on higher insurance premiums, A&A's revenues and earnings have improved considerably this year.

Operating revenues in the first quarter increased by 9.4% to $148.7 million from $135.9 million in the first quarter of 1984.

Net income for the first quarter was $10.7 million, an increase of 24.4% over the $8.6 million generated during the first quarter of 1984.

The growth in net income was directly related to an 11.1%—or $13.1 million—increase in insurance services commissions and fees, although this was undercut to an extent by currency exchange rates and some non-recurring items.

Despite the rumors, the success of the merger with Stenhouse was never in doubt, says Mr. Bogardus. "There was never a time when the merger was anywhere close to breaking off," he says.


Mr. Bogardus

The combined 1984 operating revenues of A&A and Reed Stenhouse total $790.1 million, according to unaudited financial information reported by A&A. Income from continuing operations of the two companies totals $29.3 million.

Reed Stenhouse's reinsurance intermediary—Sten-Re, Cole & Associates Inc.—will not become part of A&A. Sten-Re generated about $3 million in revenues for Reed Stenhouse in 1984, says John Riley, Reed Stenhouse vp-corporate office.

"A&A went a long way to accommodate them," says Mr. Wilson, but Sten-Re's principals, who owned a 50% share of the company, decided they would prefer to sell to Combined International Corp.

"We already have a reinsurance broking company, and it would have been difficult to blend the two," says Mr. Bogardus, referring to A&A's Thomas A. Greene & Co.

Mr. Wilson notes that Reed Stenhouse had tried to establish itself for 11 years in the United States market. But, as a result of the soft commercial insurance market, Reed Stenhouse U.S.A. posted a $2.9 million loss in 1984 compared with a $992,000 loss in 1983 (see story, page 55).

It would have been expensive for Reed Stenhouse to add the staff it wanted to provide quality service in the United States, says Mr. Wilson.

Acquisitions would have been expensive, too.

Because Reed Stenhouse is not registered with the Securities and Exchange Commission, acquisitions involving stock transactions would not have been possible, dictating that Reed Stenhouse pay cash for any acquisitions.

"We saw a long, hard road to follow in the United States over the next five to 10 years alone," says Mr. Wilson. The merger with A&A represented "one of the best—if not the best—combinations in the business," he says.

Because the tightening market is resulting in an extreme demand for

Continued on page 16



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Continued from page 14
talented people, the additional staffers the merger will provide A&A is "almost a godsend," says Mr. Irvin.

Reed Stenhouse staffers will stengthen A&A operations in New York, St. Louis and San Francisco, and add an office in Fort Lauderdale, says Mr. Irvin.

"We'll be needing all the talent that Stenhouse brings to us in the United States," according to Mr Irvin.

Mr. Irvin notes also that A&A's wholesale brokerage operation—Alexander Howden Ltd. in London—will be boosted to 400 employees from 200 before the merger with the addition of Reed Stenhouse's London-based wholesale brokerage employees.

A&A hopes that, as it comes to the merger, its troubles with Alexander Howden have been put behind it.

When A&A decided to write off its Howden property and casualty underwriting operations as discontinued operations, it had to take a charge of $51.6 million against 1984 income.

The merger with Reed Stenhouse 'changes our structure very little. They just fit in, and will be running our international brokering operation. The Stenhouse organization dovetails beautifully into ours and vice versa,' says Mr. Irvin of A&A.

This charge included: $11.2 million in intangible assets, realization of foreign exchange losses of $14.9 million, and provision for other estimated costs of $25.5 million connected with the companies' dispositions.

The total figure was based on A&A's estimate of operating results through the expected date of the disposal.

While there is no guarantee the discontinued operations will not cost still more, A&A had a "great deal of consulting talent look over reserves, and to the best of our ability is properly reserved," says Mr. Bogardus.

"At any point in time, you do the best you can and you think it's sufficient," he says.

In addition, A&A had to take a net operating loss of $25.2 million on the operations in 1984, primarily created by loss reserve strengthening.

The losses were the largest at Sphere Drake Insurance Co. and were created by worsening loss development on excess-of-loss casualty insurance, including asbestos-related claims.

The losses on disposition and 1984 operating losses totaled $77.1 million, including a $300,000 charge for writing off the banking operations of Howden that had been discontinued in 1983.

Until the business is run off, A&A will report the results of its underwriting units as "discontinued operations," separate from its continuing operations.

In 1984, A&A also made a $3.3 million settlement to resolve any potential claims arising out of the placement of reinsurance by Alexander Howden subsidiaries for PCW Underwriting Agencies Ltd. and WMD Underwriting Agencies Ltd. on behalf of syndicates managed by these agencies in 1979, 1980 and 1981.

Minet Holdings P.L.C. also participated in the settlement agreement.

As part of the settlement, members of the syndicates agreed not to sue A&A, Minet or Richard Beckett Underwriting Agencies Ltd., which is the current manager of the syndicates.

However, a Lloyd's member has recently said that the agreement with A&A and Minet may be void because the dismantling of reinsurance was not considered (*BI*, June 10).

Mr. Bogardus disagrees. "I think the settlement was a very straightforward settlement as far as we're concerned, and we expect it to stick."

Because the $3.3 million was offset by an equal amount of related tax benefits that were not previously recognizable, it did not have an impact on the bottom-line results.

The losses stemming from its Alexander Howden operations aside, A&A's continuing operations emerged from 1984 looking in strong shape.

Gross revenues increased 0.4% to $576 million from $573.5 million in 1984.

Income from continuing operations increased 62.9%, to $25.9 million from $15.9 million, primarily because of gains in net investment income and a lower effective tax rate.


Mr. Irvin

About 85% of A&A's revenues last year were generated by its insurance services segment. The insurance services segment includes insurance and reinsurance brokering, underwriting management and risk management services operations.

Revenues in this segment dropped slightly, to $468.6 million from $470.2 million, while operating income fell 12.9% to $46.6 million from $51.2 million, partly due to competition in the insurance marketplace in the first three quarters.

Included within the insurance services segment are:

- Alexander & Alexander Inc., the domestic brokering operation. A&A Inc. generated $282.1 million in revenues in 1984, an 11% increase over 1983.

Of this total, 54.5% was generated by property lines; 36.5% by casualty lines and the remaining 9% by marine business.

A&A Inc., says Mr. Irvin, produced a 22% increase in profits for the year.

New business was up 15%, says Mr. Irvin, who describes 1984 as an "extremely successful year" for the company, particularly considering it included eight months of a cheap insurance market.

- Shand, Morahan & Co. Inc., which is the fourth-largest underwriting manager/managing general agency in the *Business Insurance* ranking of wholesale marketing companies (*BI*, Aug. 20).

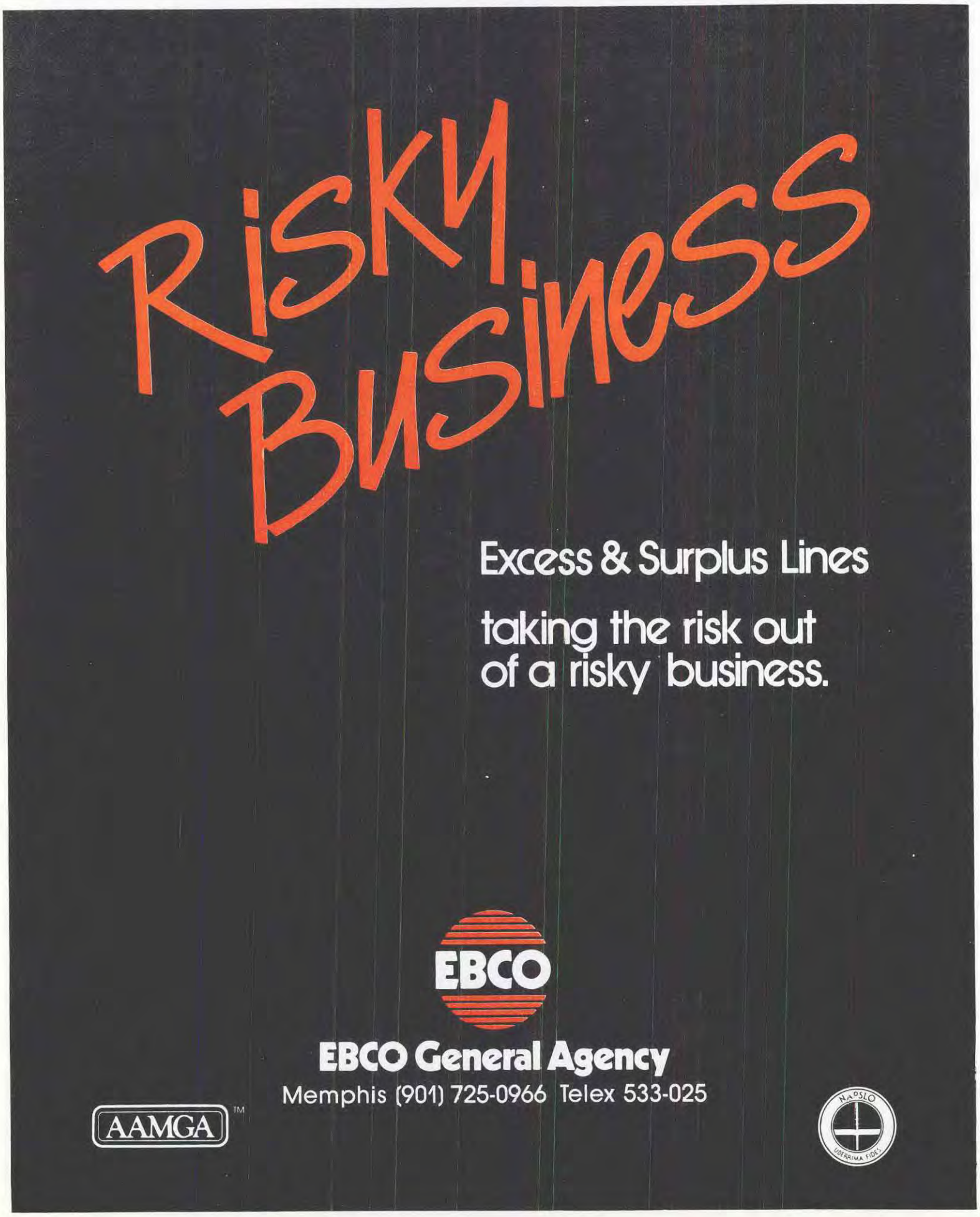
Among Shand's major markets is Evanston Insurance Co., a surplus lines insurer that is a 52% owned subsidiary.

Despite A&A's unhappy experiences with its Howden underwriting operations, it plans to maintain its equity interest in the Evanston companies to ensure Shand, Morahan's continued success, according to Mr. Irvin.

- Alexander Howden Ltd., which places business in London for A&A and other brokers, "is our most rapid growth area in the organization," Mr. Irvin said.

Alexander Howden has rebuilt its entire team of 200 professionals, which will now be boosted by Reed Stenhouse staffers, too.

Continued on page 18





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Continued from page 16

• Alexander Howden Reinsurance Brokers also experienced "significant growth" in 1984, says Mr. Irvin, with profits up about 45%.

• Thomas A. Greene & Co., A&A's wholly-owned reinsurance intermediary, boosted revenues 40% compared with 1983, giving it an estimated $17 million to $21 million in revenues, according to a *BI* estimate.

Profits exceeded A&A's budget by 200%.

Greene, notes Mr. Irvin, was started "from scratch" only five years ago, and is now one of the top reinsurance intermediaries in the United States. "It has grown very rapidly from a start up and experienced significant profitability in 1984. It's forecast to grow very rapidly over the next few years," he says.

• Anistics, A&A's risk management consulting organization, recorded a 25% increase in profits last year, says Mr. Irvin.

Employee benefit and management consulting, A&A's second largest segment, generated $66 million in operating revenues in 1984, compared with 63.2 million in 1983, a 4.4% increase. Operating income jumped by 63.2% to $6.2 million from $3.8 million.


Mr. Wilson

However, this division did not actually experience significant growth in 1984, said Mr. Irvin. The apparent growth is attributable to a change in accounting for profits

A&A had completed the reorganization of its Human Resources Management group in 1983 as a separate profit center. It includes employee benefit sales and consulting division, its Benefacts Inc. benefits communication unit and compensation consulting units.

A.M. D'Alessandro was named chief executive officer of HRM and an A&A Inc. executive vp.

"Other business" generated $15.8 million in operating revenues in 1984, down from $17 million in 1983. And, other business generated a $1.3 million operating loss in 1984 compared with a $400,000 profit in 1983.

The "other business" segment primarily consists of property tax consulting services, investment and other advisory services.

During 1984, A&A sold some non-insurance-related entities that had been part of the Alexander Howden acquisition, including the sale of a ship brokering subsidiary that accounted for the operating loss from the "other business."

And earlier this year, A&A reached an agreement in principle to sell 80% of its investment counseling operations for $2.8 million, notes Mr. Irvin.

"Our strategy is to concentrate on our core business, and we just don't consider investment strategy as part of our core business," he says.

A&A has made two recent acquisitions. Earlier this year, it acquired Great Neck, N.Y.-based American Coverage Corp. in exchange for about $7.5 million in stock. American Coverage, which was ranked as the nation's 73rd largest broker, with 1983 revenues of about $3.3 million, specializes in real estate and manufacturing risks.

Late last year, A&A also acquired Summit Consulting Inc. in Lakeland, Fla., an administrator of workers compensation group self-insurance plans in a merger with an estimated value of $9.4 million. Summit, which specializes in work comp self-insurance programs for trade associations, handles about $40 million in self-insurance funds annually.

Domestically, says Mr. Irvin, "we're still looking at acquisitions." There are still a few locations, including San Diego, Phoenix and central Florida, where A&A is not represented.

It plans, however, to proceed with acquisitions on a "selective basis," he adds. "Certainly the merger rate of the past will never be duplicated."

Internationally, there is much more room to grow, says Reed Stenhouse's Mr. Wilson.

"Our initial role will be to consolidate and integrate what we have," he says, but the two major geographic areas for expansion are continental Europe and the Asia Pacific region.

"We still have to be stronger in Europe," he says. "It's still relatively undeveloped in insurance brokering terms."

A&A and Stenhouse combined will have "pockets of strength" in France, Holland, Germany, Spain and Italy," he said.

The Asia Pacific area, including Japan and Korea is "very exciting," says Mr. Wilson. "We've got a lot of homework to do" in that area.

In terms of products, "there's always something new out there," says Mr. Bogardus. He cites in particular financial guarantee products, political risk insurance and the "whole area" of hospital care cost-containment as "very fertile areas of growth."

'At any point in time, you do the best you can and you think it's sufficient,' Mr. Bogardus says.

Mr. Wilson agrees there is potential for growth in employee benefits.

Alexander & Alexander made several management changes in 1985.

Kenneth W.S. Soubry retired as vice chairman, while Peter Densen was named senior vp-finance and chief financial officer of the company. He had been president and chief executive officer of Anistics, where he was replaced by Anistics' chief operating officer, Luther T. Griffith.

Also, Michael K. White, president and chief operating officer of A&A Inc., was named chief executive officer, while James H. Dunard, senior vp, was named director of operations, administration and associated services. He had been director of A&A's mid-Atlantic region.

Mark E. Olesik, a senior member of A&A Services' controller's staff, became corporate controller and chief accounting officer, while Robert H. Moore was named vp of corporate relations.

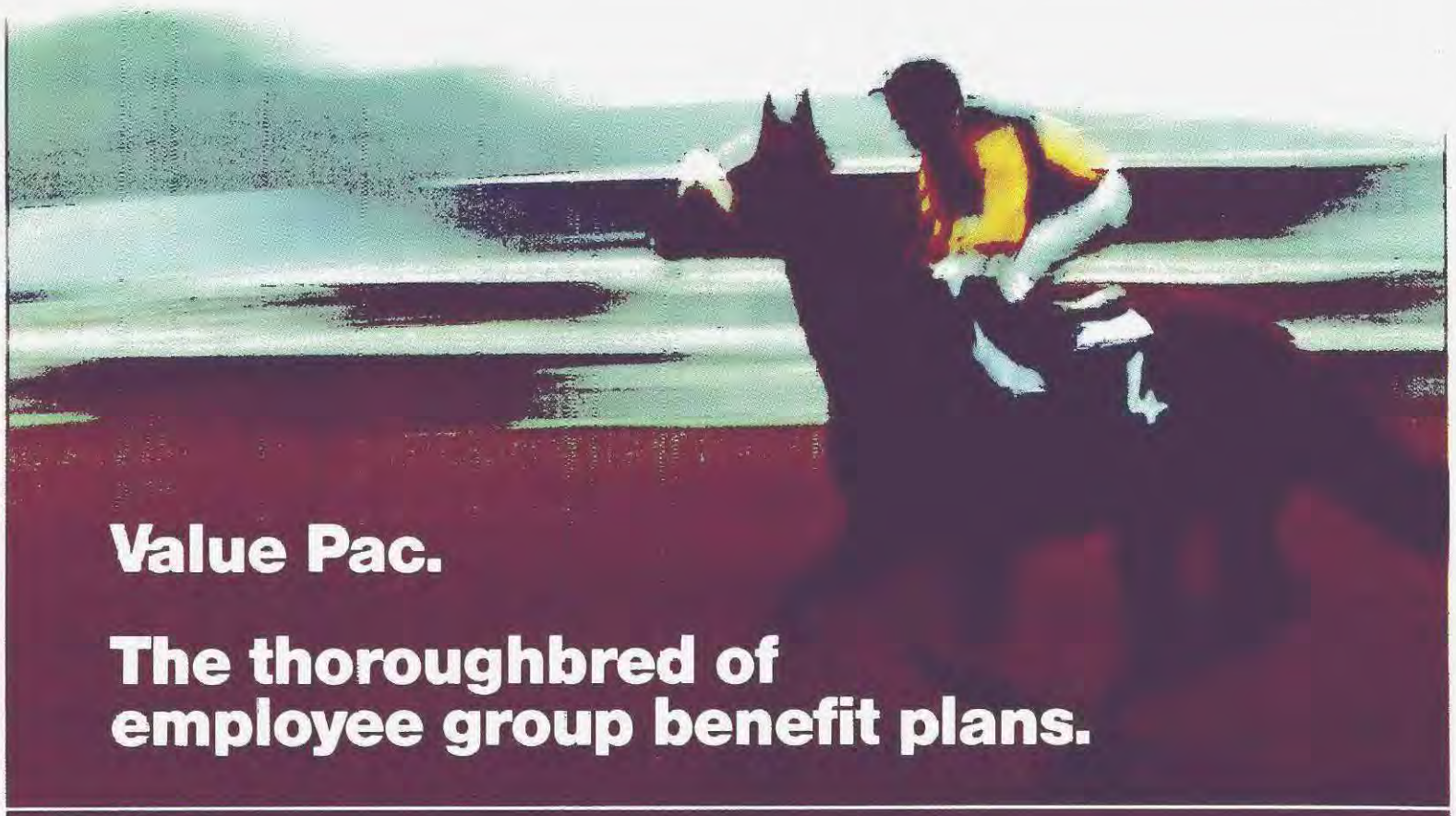
Ronald A. Iles and Dennis L. Mahoney, two Howden executives, were named joint chairmen of Alexander Howden Group Ltd., while Mr. Irvin also became chairman of Alexander Howden Holdings. Mr. Iles, chairman of Alexander Howden Reinsurance Brokers, was deputy chairman of the Alexander Howden Group.

Dan R. Osterhout, chief financial officer of A&A International, was also named chief financial officer of Alexander Howden Holdings, while Francis Majoribanks was named chief financial officer of Alexander Howden Group Ltd.

The highest-paid A&A officers and their salaries in 1984, according to information filed with the Securities and Exchange Commission, were:

John A. Bogardus Jr.	$505,509
Joseph E. Morahan	$461,592
Tinsley H. Irvin	$363,701
Michael K. White	$340,123
Kenneth W.S. Soubry	$197,070

—By Judy Greenwald



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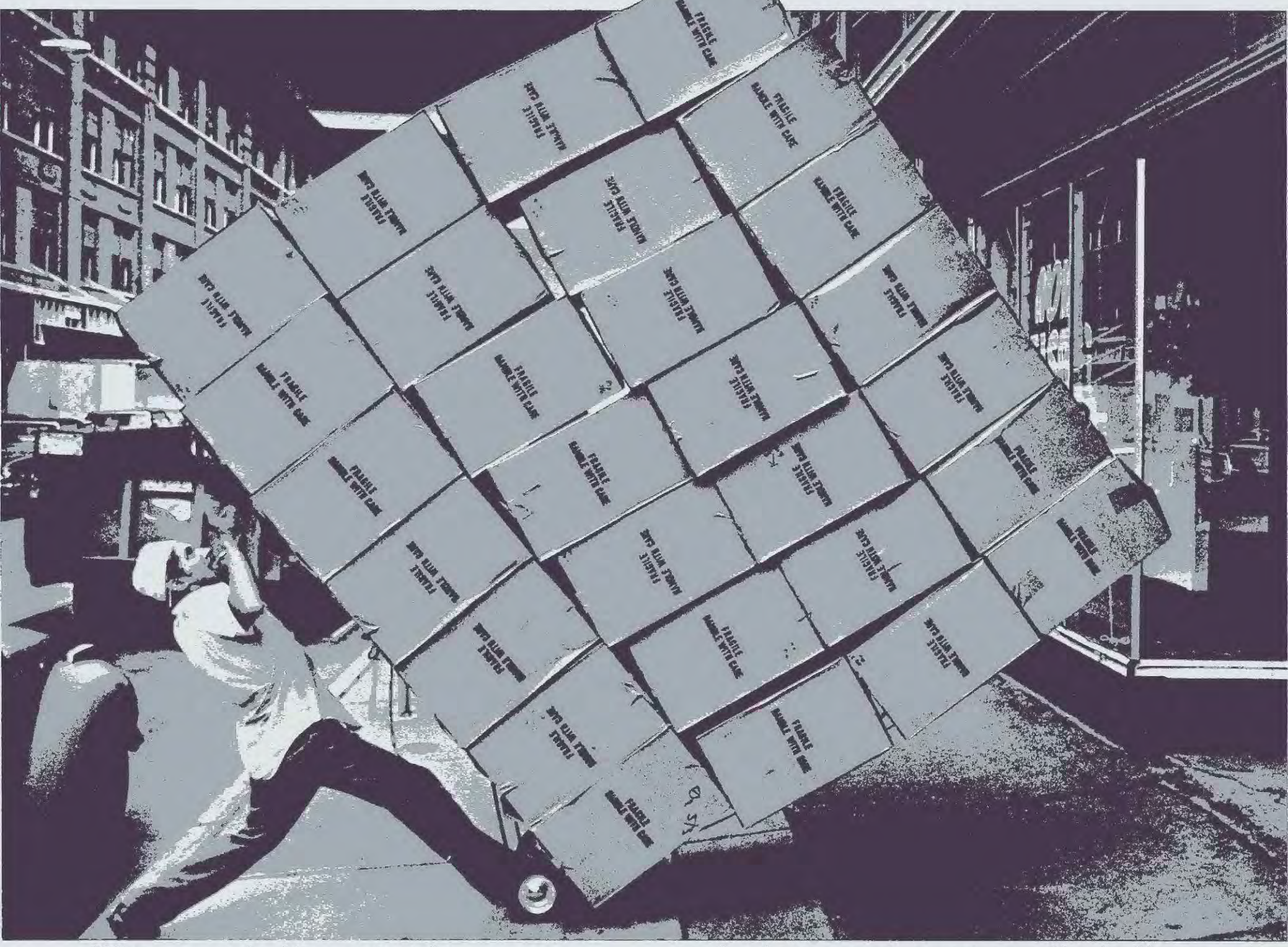
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Johnson & Higgins

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	1984	1983
Premium volume	NA	NA
Gross revenues	$390,500,000*	$336,600,000*
Brokerage: Retail	70%*	74%*
Wholesale	2%*	2%*
Reinsurance	6%*	5%*
Services	20%*	17%*
Invest. income	2%*	2%*
Employees	6,270*	6,100*
Rev./employee	$62,281*	$55,180*
Offices	90	88

*—BI estimate.

The tightening property/casualty market is making life tougher for insurance buyers and their brokers, but Johnson & Higgins is trusting traditional brokering methods to serve its clients' needs, says President Edwin L. Knetzger Jr.

These traditional methods boosted J&H's gross revenues 16% in 1984 to an estimated $390,500,000 to bump Frank B. Hall & Co. Inc. out of the third spot in the *Business Insurance* ranking of the 20 largest U.S. brokers. J&H is predicting a 15% increase in gross revenues in 1985.

While competitor Marsh & McLennan Cos. Inc. takes the novel step of forming a new insurance company to provide otherwise unavailable excess capacity to its clients and others in the current tight market, J&H will continue to use its relationships with existing markets to weather these tough times, Mr. Knetzger said.

"There is still great opportunity using traditional markets in traditional ways to solve certain problems," he said. "It's not all unique approaches."

He added that brokers that have maintained solid relationships with insurers have added leverage that can benefit buyers.

"Differences in the relationships between a broker and the marketplace continue to be important," he explained.

"We have not given up on traditional methods of designing and funding risk management programs," Mr. Knetzger said.

He added, however, that "it's a lot tougher to do and in some instances it's impossible to do."

For example, while it was possible to buy $200 million in earthquake coverage last year, such limits would be impossible to find this year.

"There are some things that the greatest ingenuity in the world would not solve through traditional approaches," he observed.

For some of these problems, M&M's American Casualty Excess Insurance Co. may be a solution, Mr. Knetzger conceded.

"If this works, I think it's a terrific idea," he said. "And it won't be an exclusive. Marsh will get a lot of brownie points for doing it, but it will be available to others as well—to us and to others."

Mr. Knetzger acknowledged that many buyers this year are taking the kind of beating that brokers withstood during the six years of the soft market.


Mr. Knetzger

He also acknowledged that the hardening market will work to the benefit of large brokers like J&H.

"We will all benefit from these higher prices as long as we can retain our clients," he said.

The hard market may also make it easier for the big brokers to bring in new business, he suggested.

"It is also the day of the professional in our business," he observed. "Certain kinds of business environments make it possible to overlook that. If price is the only goal and if it's possible for an amateur to come up with essentially the same price—or even a better price—produced by any involved professional, then the amateur can flourish."

Mr. Knetzger, however, reiterated the point made last year by J&H Chairman Robert V. Hatcher Jr.: The financial survival of insurers required an end to cut-throat rate competition.

(Though Mr. Hatcher's position brought a "generally favorable" response from buyers, "we had a few brickbats thrown at us with the question, 'Whom are you representing anyway?'" Mr. Knetzger said.)

"A number of leading people in our business feel that the patient is still in intensive care," he said, referring to underwriters. "It's clear that the emphasis in our business has shifted from the cost of the product to its availability. But there is a lot of deep red ink forecast to continue through this year and possibly next. The expectation of really happy operating results (for insurers) probably should be deferred.

"How the brokers as a group are doing—or how any one of us is doing—is not nearly as significant as how the business is doing," he added.

How J&H—the largest privately held brokerage in the world—does in any given year is a matter on which the company refuses comment.

However, *Business Insurance* estimates that J&H's gross revenues rose 16% to $390.5 million last year from $336.6 million in 1983, moving it ahead of Hall after Hall bumped J&H from the third spot in the 1981 ranking based on 1980 gross revenues.

J&H's number of employees jumped 2.8% to 6,270 in 1984 from 6,100 in 1983.

Revenues from employee benefits consulting—an area in which J&H made several acquisitions in 1983—represented 29.2% of 1984's total revenues compared with 26.7% in 1983.

However, benefit consulting's share of overall revenues this year is likely to fall back to 26% or 27% because of relatively faster growth in property/casualty commissions and fees, Mr. Knetzger said.

Fees and commissions from casualty business accounted for 33.7% of 1984 revenues while property business brought in 17.5%, and marine and aviation 11.2%.

The marine and aviation segment, which produced 12.8% of revenues in 1983, continued to feel the effects of the depressed shipping industry, Mr. Knetzger noted.

The remaining 8.4% of 1984 revenues came from other sources, including the company's Willcox Inc. Reinsurance Intermediaries and investment income.

About 20% of overall 1984 revenues represented new business, equaling 1983's record for new business production, Mr. Knetzger reported.

Meanwhile, business lost "for cause"—for reasons related to J&H's performance—amounted to only 3% of 1984 revenues, he said.

He added that the "chances are good" that J&H will match those new and lost business numbers this year.

Overall, J&H is shooting for a 15% increase in gross revenues in 1985, the same goal it set for 1984, Mr. Knetzger said.

He added that the firm's recent willingness to accept fees rather than commissions as compensation will not change this year, despite the rising property/casualty rates on which commissions are based.

"The need to be able to respond on a fee basis is as clear as it was a year ago," he said.

Continued on page 24



Amid the many reference tools available, there is one unique source book that identifies the major buyers in the commercial insurance industry.

The 1985 Business Insurance Directory of Corporate Buyers of Insurance, Benefit Plans and Risk Management Services, which features listings on more than 2,000 U.S. corporations, will be available in August.

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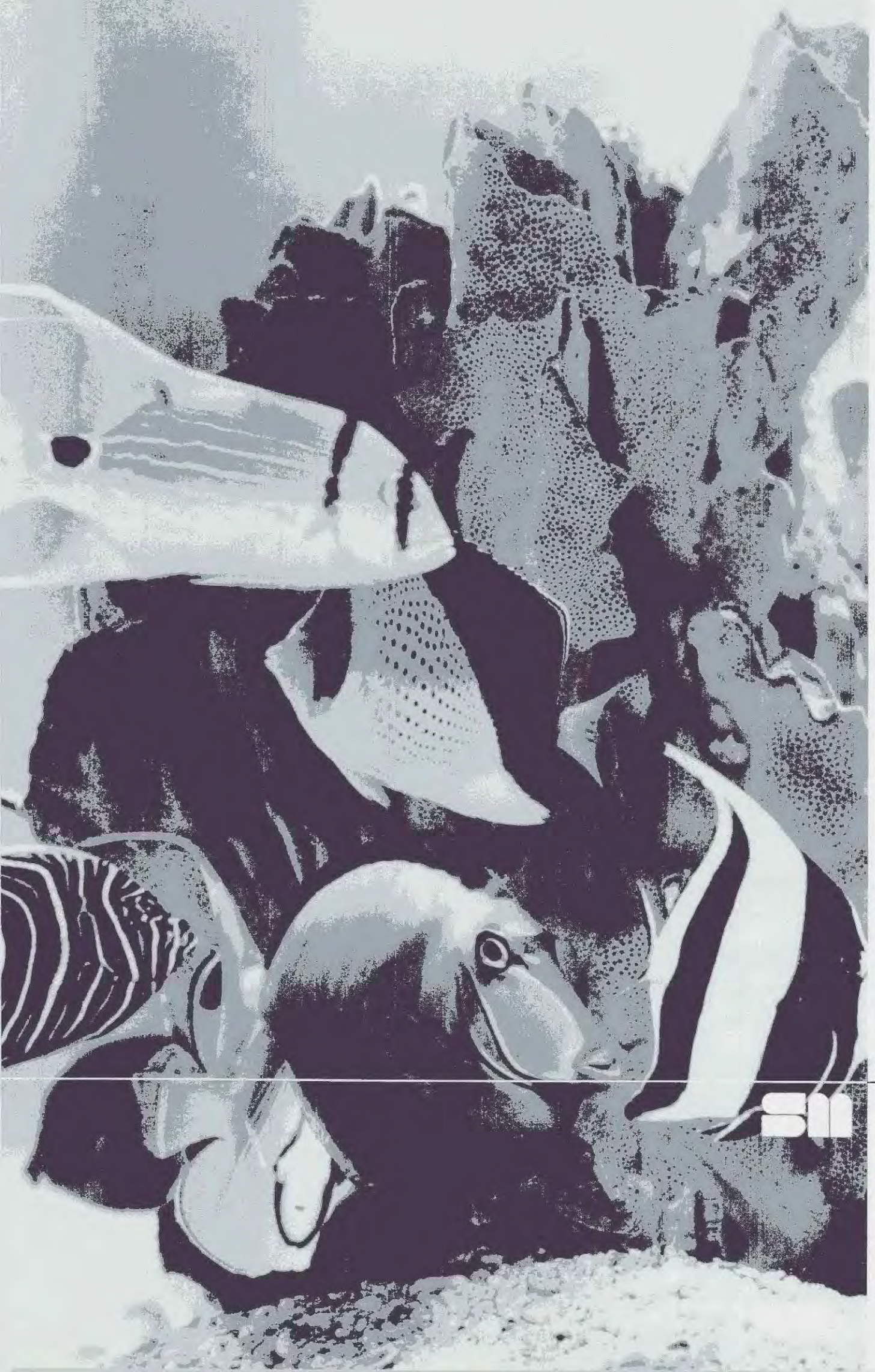
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Continued from page 22

The percentage increase in J&H's 1984 operating expenses was in the double digits, but it was smaller than the increase in operating revenues, Mr. Knetzger reported.

"We're doing better. We're not deleriously happy, but we're doing better," he noted.

Among other developments of the last year, J&H:

- Developed the business of the five benefit and actuarial consulting firms it acquired in 1983.

While these new subsidiaries registered significant growth last year, J&H made no further acquisitions in those fields during 1984 and is now approaching mergers on a "selective" basis.

- Expanded the reinsurance business of Willcox.
- Opened two new U.S. offices —one after an acquisition of a local brokerage—bringing the total of U.S. offices to 41.
- Added two members to UNISON, J&H's worldwide network of exclusive brokerage correspondents.
- Expanded its captive management operations with the acquisition of a Cayman Island captive management firm.

J&H also opened an office in the U.S. Virgin Islands in January 1984 to manage foreign sales corporations and service captive companies.

- Continued to stress the quality-control program instituted in 1983 to help J&H and its clients review the broker's performance.
- Prepared for the retirement of six of its 36 corporate directors—including Mr. Knetzger, who is 60—at the end of this year.

Employee benefits and actuarial consulting have been among the fastest-growing segments of J&H's business recently, in part because of acquisitions in the area.

Among those 1983 acquisitions was Winklevoss & Associates Inc. of Philadelphia, which specializes in computer software for forecasting pension liabilities.

Winklevoss has more than doubled its client list to about 125, of which 75 fall into the Fortune 500 category, according to Executive Vp John H. McEown.

The 1984 revenues of another acquisition, Sibson & Co.—a compensation and salary planning consultant—grew by 25% in 1984.

Sibson, which had offices in New York, Los Angeles and Princeton, N.J., when acquired, added an office in Toronto last year. In March, J&H also formed Sibson/J&H Ltd. in London to offer consulting services in the United Kingdom.

Other 1983 consulting acquisitions included:

- Sorensen & Associates Inc. of Hartford, Conn., which offers product design and other services to insurance companies.
- Edward H. Friend & Co., an employee benefits and casualty risk consulting firm in Washington.
- Kass, Germain & Co., an actuarial consulting firm based in Cleveland.

J&H has directed its efforts in the benefits consulting field in the last year to recruiting additional staff and expanding the business of the acquired subsidiaries through the introduction of new products, says Mr. McEown, noting the computer software products developed by Winklevoss.

Along with staff recruitment, J&H recently hired John N. Erlenborn, a former U.S. congressman from Illinois and one of the authors of the Employee Retirement Income Security Act, as a special consultant.

Although Mr. Knetzger said J&H is looking at "half a dozen" additional merger possibilities—some with a heavy employee benefits thrust—the firm has decided in the last year to "be more selective" with further acquisitions.

He added that the large number of consulting acquisitions doesn't necessarily indicate J&H's direction as a brokerage.

"We are seeking and happily finding some additional talent in our other fields. In fact, casualty and property in the first four months of this year grew at a considerably higher rate than did employee benefits," Mr. Knetzger said.

Other segments of the firm also expect or have already reported significant growth. For example, revenues from Willcox Inc., J&H's domestic reinsurance unit that is 49% owned by the firm's exclusive London correspondent, Willis Faber, are expected to grow 35% to 40% this year.

Willcox handles North American reinsurance business only: After a 1982 reorganization, non-U.S. reinsurance business became the province of the firm's International Reinsurance Department.

Association and group accounts business grew 16% in the first four months of 1985 although it represents only about 5% of J&H's total revenues.

J&H's activity in the association and group accounts market was expanded through a 1983 joint venture with Des Moines, Iowa-based Kirk Van Orsdel Inc.

One of the broker's specialties in this area is public sector association business, including municipal liability association risks, he said.

In the captive management area, J&H acquired Insurance Management Consultants, a Cayman captive manager, last October. This acquisition makes J&H the island's third-largest manager by premium volume of captive clients and the largest by number managed.

J&H Ltd. in Bermuda is that island's second-largest captive manager measured by premium volume of captive clients and the largest by the number of captives managed.

J&H has handled 11 new captive incorporations so far this year, and now manages a total of 193 captives. Of those, 140 are domiciled in Bermuda, Mr. Knetzger said.

One disappointment for J&H Ltd. last year was the failure of CAPTOR, a risk-pooling mechanism developed jointly by J&H Intermediaries Ltd., the company's Bermuda reinsurance unit, and General Reinsurance Services Ltd.

CAPTOR was intended to pool the U.S. workers compensation and casualty risks of member captives providing coverage excess of $25,000 and up to $1 million per occurrence. The facility was intended to complement J&H's First Island Reinsurance Assn., which pools the first $25,000 layer of these risks.

However, CAPTOR needed at least three participants to operate, and J&H wasn't able to drum up enough interested captive clients. J&H is now developing a revised CAPTOR program.

In addition to these offshore facilities, J&H in January 1984 opened a Virgin Islands office to manage the foreign sales corporation subsidiaries of clients and to manage Virgin Islands captive insurance companies, many of which specialize in life insurance and benefit products.

Along with these segments, J&H is hoping to expand the business of Johnson & Higgins Willis Faber (USA) Inc., which now manages three syndicates on the New York Insurance Exchange.

Two syndicates—J&H, WF Syndicate A; and J&H, WF Syndicate B—are comprised of several investors, and MML Syndicate Inc. is owned by Massachusetts Mutual Life Insurance Co.

At the end of last year, the syndicates—which combined have the capacity to write $50 million in gross premiums—had written gross premiums of $10 million, according

Continued on page 26

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Continued from page 24
to Vp Craig C. Perry.

Though Syndicate A lost one investor—Chubb Corp., which also closed its wholly owned exchange syndicate—J&H Willis Faber is hoping to form and manage a new syndicate this year, Mr. Perry said.

While the pace of J&H acquisitions slowed last year, it didn't stop altogether.

J&H established a presence in Roanoke, Va., after acquiring W. Bolling Izard Inc., a local broker.

J&H also opened a new office in San Jose, Calif., through which it services high-tech clients based in nearby Silicon Valley. J&H now has a total of 40 full service offices in the United States and 10 in Canada.

The broker also opened two small, limited-service "access offices" in Grand Rapids, Mich., and Harrisburg, Pa., the first two such offices the broker has established.

J&H also has 40 overseas offices.

Rather than acquire overseas brokerage companies, J&H has instead relied on UNISON, its network of exclusive broker correspondents.

Two new firms joined UNISON last year: A.B. Max Matthiessen, the largest broker in Sweden; and Caribbean General & Marine Insurance Brokers Ltd. of Barbados.

This brings the number of exclusive J&H correspondents to 14.

Other members of UNISON include Willis Faber; Boels & Begault of Belgium; Bonner & Co. of Denmark; Costa Duarte y Lima Ltda. of Portugal; Gil y Carvajal S.A. of Spain; Gras Savoye & Cie. of France; Jauch & Hubener of West Germany; Johnson & Higgins SpA of Italy; Kessler & Co. of Switzerland; Mercury Insurance Agencies Ltd. of Greece; Mees & Zoonen Assurantien D.V. of the Netherlands; and Joachim Grieg & Co. of Norway.

Altogether, the UNISON network of J&H offices and correspondents maintains 191 offices in 56 countries.

To ensure that it is providing satisfactory service to its clients, J&H continued last year to emphasize its quality control program, formalized in 1983.

Four phases of the program outlined by J&H management include:

- An "account management matrix," comprising a review by all managers working on a given account of all the clients' potential exposures and the extent to which they're covered.
- Client review, during which clients are asked to judge the broker's performance.
- A client checklist designed to let clients review their own exposures and coverage.
- A "stewardship report," during which J&H account executives meet with clients' senior management to review the clients' risk management and insurance programs.

The quality control program, first applied to selected clients, has been expanded. And, J&H expects this year to double the number of reviews performed in 1984, a J&H spokeswoman says.

Hoping to improve service to clients, J&H also has continued to emphasize its "resource groups," which offer expertise in meeting risk management needs of various industries.

Among these are:

- The financial services group, which handles financial guarantee products as well as coverages for financial institutions like blanket bonds and computer fraud.
- The health care group, which offers risk management and consulting services to health care providers.
- The energy group, which handles risk management programs for the traditional oil and gas, utility and mining industries as well as for alternative energy projects.
- The space systems group, handling satellite insurance programs.

J&H also maintains a Risk Management Services Department, comprising its captive consulting business, and a Self Insurance Division, which offers consulting services on the feasibility, design and administration of self-insurance programs.

J&H is preparing for the retirement at the end of the year of six of its 36 directors, who under company rules must relinquish their seats after having served on the board for 15 years.

Along with Mr. Knetzger, the retiring directors include Mr. McEown, Peter B. Bickett (who is retiring for medical reasons), Harvey M. Kelsey Jr. and Gustave S. Werner in New York; and Dickinson C. Ross in Los Angeles.

Mr. Hatcher will assume the additional title of president and will split the responsibilities of Mr. Knetzger and Mr. McEown with current directors David A. Olsen and E. Eric Johnson, who have been named executive vps.

So far, the only new director named to replace a retiring director is James W. McElvany in Los Angeles.

In addition to those named above, New York directors include Sam W. Aiena, George D. Benjamin, Peter M. Black, Prescott S. Bush Jr., Gilbert H. Dunham, James G. Harlow, Kenneth A. Hecken, Kenneth K. Keene, John P. Keyser, Richard E. Meyer, Gardner M. Mundy, Thomas G. Patzau, Richard J. Rice, J. Kenneth Seward, and George H. Shattuck.

Directors in other offices include James D. Altman, Peter A. Bergsten, David W. Bianchi, Robert A. Cameron, Walter H. Clemens, Rodney D. Day III, Denver C. Ginsey, E. Eric Johnson, W. Mitchell LaMotte, Albert S. McGhee, Richard A. Nielsen, George F.B. Owens Jr., Kennard B. Ross and E. Massie Valentine.

—By Douglas McLeod



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Frank B. Hall & Co. Inc.

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	1984	1983
Premium volume	NA	NA
Gross revenues	$372,841	$354,176*
Brokerage: Retail	60%%**	NA
Wholesale	9%**	NA
Reinsurance	6%**	NA
Services	12%**	NA
Personal lines	3**%	NA
Other	2%**	NA
Invest. income	8%	8%
Employees	7,000	7,000
Rev./employee	$53,263	$50,597
Offices	292	NA

*—Restated; **—*BI* estimate.

Frank B. Hall & Co. Inc. is going back to the basics of brokering insurance, after taking its lumps and losses in 1984.

And, it's not looking for any more diversification out of the insurance brokerage business.

"We're going to spend more time consolidating what we have, and then we'll look around" for new opportunities, says Hall Executive Vp John F. McCaffrey.

Hall has reason to be cautious.

Despite record revenues of $372.8 million in 1984, Hall drops a notch to the fourth-largest U.S.-based broker based on 1984 revenues.

And, vanity aside as to rank, Hall reported its first net income loss since going public in 1969: $14.5 million.

The reason: Hall elected to treat its direct underwriting operations as discontinued operations in 1984.

As a result, Hall restated prior years' revenues, decreasing its 1983 revenues as originally reported by 2.1% to $354.2 million.

And, in comparison, its revenues from continuing operations in 1984 grew only 5.3%, to $372.8 million.

At the same time, *Business Insurance* estimates that Johnson & Higgins' 16% revenue growth advanced J&H ahead of Hall in revenues for the first time since 1980.

The impact to the 1984 bottom line of discontinuing the underwriting operations was even more dramatic. It cost Hall $32 million aftertax to write off the operations, in addition to an $830,000 operating loss on the discontinued operations.

Hall's $7.4 million in aftertax income from continuing operations in 1984 and an $11 million aftertax windfall from the termination of its overfunded pension plan weren't enough to cover the loss.

The 1984 loss of $14.5 million compares with net income of $12.5 million in 1983 and $24.3 million in 1982, down from a record high of $30.7 million in 1981.

Hall lost $1.15 per share in 1984, compared with a per-share income of $1.02 in 1983, $2.05 in 1982 and $2.62 in 1981.

Nonetheless, the brokerage declared dividends during 1984 totaling $1 per share of common stock.

And, there is another diversification from the past denting Hall's income this year.



Mr. McCaffrey

Beginning in 1985, Hall has to swallow losses on its Jartran Inc. subsidiary, that after three years has emerged from Chapter 11 proceedings.

In the first quarter of 1985, the truck leasing company gave Hall a $2.95 million loss, decreasing first-quarter income to $2 million.

Reliance Group Holdings Chairman Saul P. Steinberg, however, sees something he likes in Hall.

Reliance spent $62 million last May 17 to acquire 1.85 million shares of Hall common stock and $25 million of its subordinated debt, increasing Reliance's holdings in Hall to 20.5%. And, Mr. Steinberg is now on Hall's board of directors.

Hall's Mr. McCaffrey clammed up on the topic of Hall's discontinued underwriting operations.

He confirmed that the company is still trying to sell or dispose of five underwriting units, as it has been since October 1984.

And, although the New York Insurance Department had filed a liquidation order against Union Indemnity Insurance Co. of New York, another of the underwriting units, two days before, Mr. McCaffrey never mentioned the action in the June 7 interview.

Hall had first reported a $16 million aftertax charge as a loss on disposal of the five underwriting operations in the third quarter of 1984. Then, in March, Hall announced that it had to add another $16 million aftertax to loss reserves and took the charge in the fourth quarter of 1984.

In addition, the company reported an $830,000 loss in 1984 on the discontinued operations, compared with a $2 million gain in 1983.

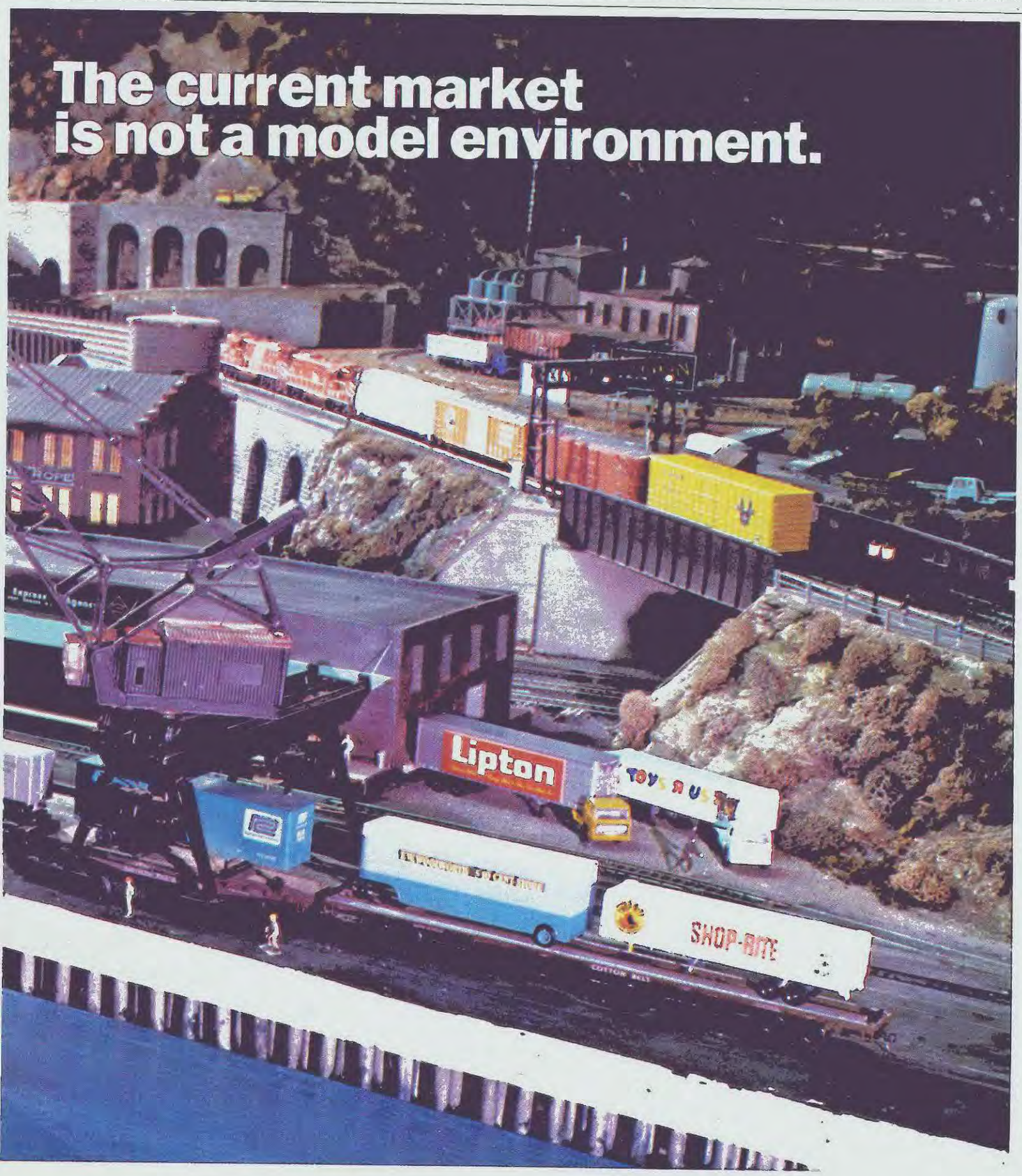
Meanwhile, Jartran, acquired in December 1981—the day the truck leasing concern filed for protection under Chapter 11 of the Bankruptcy Code—emerged from bankruptcy in January, requiring Hall to meet certain obligations.

According to the reorganization plan, Jartran is now a wholly owned subsidiary of Hall, and Hall's investment in and advances to Jartran grew to $41.9 million by Jan. 31.

And, in the first quarter of 1985, Hall's equity in the loss suffered by Jartran totaled nearly $3 million, decreasing Hall's net income to $2 million from $4.9 million earned on continuing insurance operations.

Observers speculated at the time that Hall bought Jartran that it was an attempt for Hall to defend itself against a takeover by Ryder System Inc. of Miami, but Hall contended it was for tax losses.

Continued on next page



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Continued from previous page
But, Hall points out in its first-quarter report that Jartran's results historically are lowest in the first quarter.

"Jartran's initial losses are behind us," Mr. McCaffrey commented.

"Whether it starts to make a profit on its own on a quarter-by-quarter basis is a challenge to us—to turn that into a profitable, viable organization."

Without Jartran, Hall's first quarter of 1985 would have shown a 26.5% increase in income on continuing insurance operations, whose revenues grew 8.5% to $102.7 million.

That's an improvement from 1984.

Hall's continuing insurance operations, as reported for 1984 and restated for 1983 and 1982, show a profit, but a declining one over the three years.

On 1984 revenues on continuing operations of $372.8 million, Hall's $7.4 million in income is down from $9.5 million as restated for 1983 and $21.8 million as restated for 1982.

For the first quarter 1985, Hall reported a net income per share of $.16, down from $.31 per share in the first quarter of 1984.

Mr. McCaffrey, however, speculates that Hall's earnings will improve during 1985. The first-quarter results are not trend-setting, he says, because all first-quarter renewals were not completed due to current insurance market capacity problems.

Mr. McCaffrey added that he expects Hall's earnings for continuing operations to improve throughout 1986.

In 1984, Hall says it generated 60% of its revenues from brokerage and advisory services on property/casualty business, up from 58% in 1983. Employee benefits and life business accounted for 13% of Hall's revenues, unchanged from 1983.

Reinsurance business totaled 7% of Hall's revenues for 1984, up from 6% in 1983. Marine business represented 6% of revenues in 1984, down from 7% in 1983. Aviation business remained at 5% of Hall's revenues, and adjusting increased to 5% from 4% of revenues.

Other related services and operations, which accounted for 7% of Hall's revenues in 1982 and 1983, dropped to 4% of revenues in 1984.

Hall did not break out its revenues as requested on the *BI* questionnaire. Based on published figures, however, 8% of Hall's revenues were generated by investment income.

BI estimates that 60% of revenues was generated by retail brokering; 9% by wholesale brokering; 6% by reinsurance brokering; 12% by fee-based services; 3% by personal lines and 2% by miscellaneous activities.

Mr. McCaffrey estimated Hall's percentage of gross revenues produced by property/casualty accounts generating more than $75,000 in annual commission income at about 50%. He said that approximately 35% of Hall's accounts generate between $5,000 and $75,000 in annual commission income and about 5%, which he said were personal lines accounts, generate less than $5,000.

Approximately 50% of Hall's overall revenues are generated by commission income, he said, and about 50% in fee income.

But Mr. McCaffrey prefers to define brokerage revenues into three sources: "straight commissions; negotiated commissions; then fee income or time and expense pay."

About 80% of Hall's total revenues are attributable to brokering insurance, including investment income, he said.

He estimated that 60% of Hall's brokerage business is commission business. Of the remaining 40%, most of the business is on a negotiated commission basis, with a smaller percentage representing time and expense compensation.

Mr. McCaffrey suggests, "The furor over fees vs. commissions has died down" in the last few years.

In the current market, Hall's income from all three sources is likely to increase, Mr. McCaffrey predicts.

"On small accounts, those that are straight commission, we'll be getting a nice increase" because premiums are going up due to rate increases in commercial lines, especially for special multiperil (SMP) accounts.

"On large accounts, where we are on fees—time and expense—we'll make more because there is more activity" involved in placing the business, due to capacity problems, he said.

And, when negotiated commissions are involved, "It will be a function of working closely with risk managers to determine what our efforts are worth. Clearly, since we're doing more work, and the risk managers are working closely with us, they will appreciate that there is far more involved now" in placing their business.

Hall brokers have a strong resource to draw upon in their marketing efforts, he said.

Hall Services Division, run by Chairman George E. Corde, who also is senior vp of Hall, assists all of Hall's offices in captive management, excess/surplus lines support, product design, marketing strategy, strategic account planning, actuarial and engineering services and computer support.

The division, with a staff of more than 90 persons, "provides direct support to all out product centers. All of our people have direct access to them," Mr. McCaffrey notes.

The cost of the division's services is assessed as a monthly charge to all divisions, regardless of whether they use the services, in order to encourage use of the facility.

Frank B. Hall has about 7,000 employees—5,000 in the United States and 2,000 in 50 foreign countries, unchanged from 1983.

With revenue growth in 1984, Hall's revenues per employee increased to $53,263 in 1984 from $50,597.

"We'd like to, as we need people, bring in those skills we need to operate efficiently, but major staff additions would only be made through acquisition," Mr. McCaffrey said.

Halls reports 202 domestic facilities in 137 cities and 88 foreign offices, for a total of 290 offices. In 1983, Hall said only that it had offices in 119 domestic cities and 85 overseas locations.

In 1984, Hall acquired four domestic businesses and opened two foreign offices.

Robert Haber Inc., a San Francisco-based pension and profit sharing plan administrator and consulting firm, was acquired by Hall in June 1984 and has been merged into Hall's existing operations, according to Mr. McCaffrey.

Also in June 1984, Hall purchased Tobin, Crawford & Mikolavich Inc., a claims adjusting firm in Medford, Ore., and merged it into its Oregon Adjustco facility.

In November, Hall acquired Bateman, Nugent, Chase, Field & Reilly Inc. in Providence, R.I., and its subsidiary James J. Reilly Agency Inc. of East Providence. Bateman, at the time of its purchase, was believed to be the largest insurance agency in Rhode Island. Bateman was incorporated into Hall's Rhode Island office.

Eastman & Beaudine, a Chicago-based executive recruiting firm, was acquired by Hall in July 1984.

Mr. McCaffrey said, "Our offices often need quality people, and we've spent a lot of money going through search groups to find good

Continued on page 30



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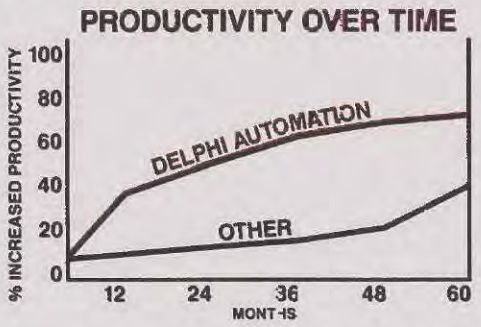
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Continued from page 28
executives." The firm began recruiting insurance executives after Hall bought it.

"We're asked from time to time to help our clients find risk managers," Mr. McCaffrey said. Eastman & Beaudine, with about 30 employees, serves risk managers and other brokers, too.

Hall is always looking for acquisitions that can "combine with us for a stronger company overall," Mr. McCaffrey said, but, such activities will be "fairly well confined to the insurance industry."

The overseas operations opened by Hall include Frank B. Hall (Scandinavia) A/S in Copenhagen and Frank B. Hall Insurance Brokers Singapore Ltd. And, for the first time, Hall reports an office in Maracaibo, Venezuela.

Hall is now concentrating on Adjustco Inc., to provide "competitive, quality claims adjusting service designed for the risk manager," he said. Thomas V. Hallett, a former risk manager for General Motors, is chairman of Adjustco Inc.

The final consolidation into Adjustco of 12 specialty adjusting company subsidiaries was Hall's biggest highlight in the last year, Mr. McCaffrey said.

Adjustco has 106 offices in 37 states and employs 1,050 people.

Adjustco Senior Vp Leonard E. Churnetski said the company is growing "in the areas of cost-containment services for both employee benefits and workers compensation programs, and in the use of information management systems for all kinds of self-insured programs."

Adjustco is selling the information management systems to companies that self-administer workers compensation programs, to help them report claims to their excess insurers and to verify incurred liabilities, he said.

Adjustco also is conducting more audits involving hospitals. It will audit hospitals' malpractice claims. And, it helps clients review hospital bills to find out if they were properly charged.

Adjustco employs 90 people in the area of rehabilitation services. Two-thirds are registered nurses. Two are consulting doctors.

Mr. McCaffrey also praised Risk Science International, an environmental risk management consultant, which was formed in July 1981. RSI serves corporations and institutions in a variety of industries, identifying and evaluating risks and developing and implementing programs to avoid, eliminate or reduce those risks.

RSI scientists and engineers specialize in environmental engineering, civil engineering, toxicology, ecology, hydrology, chemistry, microbiology, environmental science and meteorology. RSI also is versed in federal and state regulations and guidelines.

Mr. McCaffrey said, "We set up the facility because we needed it, and found out that others in the industry needed it too."

RSI currently has fewer than 20 employees, but will expand its staff to 25 by August, said its president, Lynne M. Miller.

Frank B. Hall Consulting Co.'s new office building across from Hall's headquarters in Briarcliff Manor, N.Y. illustrates Hall's commitment to its employee benefits unit, Mr. McCaffrey said. The consulting firm employs 750 people in 120 locations in the United States and 95 locations abroad.

"The company has done very well. They are aggressively postured," Mr. McCaffrey said.

Hall's Aviation and Marine divisions also are growing, Mr. McCaffrey said, as is its Sherwood Insurance Services division, a wholesale excess and surplus lines unit based in San Francisco. Sherwood employs about 30 people and specializes in earthquake and property coverages.

Hall's London-based Leslie & Godwin Group employs 1,400 people and has 30 subsidiary companies around the world. The commercial insurance brokerage and benefit consulting firm "had the best year it's ever had" in 1984, Mr. McCaffrey commented.

Hall's overseas operations are growing under the efforts of Paul F. Butler, chairman of Frank B. Hall & Co. Overseas Inc., director of Leslie & Godwin Holding Board and president of Frank B. Hall Re, Mr. McCaffrey said. Mr. Butler joined Hall in May 1984, after leaving AFIA Worldwide Insurance Co. as president when it was acquired by CIGNA Corp.

Hall reports that of its $343,301 in net commissions and fees, 82.3% is generated in the United States, 11.4% in the United Kingdom and 6.2% elsewhere.

The U.K. operations also are reported as the most profitable. Hall reports an operating profit of $10.6 million on $39.1 million in net commissions and fees in the United Kingdom, or 27%, compared with an operating profit of $49.5 million on $282.8 million in commissions and fees in the United States, or 17.5%.

One highlight of 1984, Mr. McCaffrey said, was the "cleaning of the decks" of the MGM Grand Hotels Inc. lawsuit filed against Hall as broker, Hall's subsidiary Union International Insurance Co., and several excess insurers to recover losses from $170 million in back-dated liability insurance coverage the insurers had underwritten (*BI*, April 8).

Under the March 29 settlement, Hall and Union International will pay $36 million of the $75.9 million MGM settlement, in addition to $11.5 million that Union had already paid.

Hall says Union International will recover part of the loss from its reinsurers and Hall will recover part of the loss from its errors and omissions insurers.

Despite the litigation that erupted over the MGM policy, Mr. McCaffrey says he believes that the technique Hall brokers used in trying to calculate MGM's ultimate liability "probably still has merit.

"I predict that if the industry goes from an occurrence to a claims-made form, Frank B. Hall, with the experience it had with MGM, will certainly down the road have a better play book than a lot of others," he added.

Hall's biggest disappointment this year was "probably the inability of brokers and agents to convince the underwriting community to be a little more moderate" with rate increases, Mr. McCaffrey said.

He quipped that he first noticed rate increases "when Bob and Alice's automat in South Bend, Ind. had a $12,000 deductible and 200% rate increase imposed."

Chuckling, he added that Hall certainly saw rate increases coming in October 1984, when its markets were not prepared to give Hall quotes on accounts because they were still involved in negotiations with their reinsurers.

The increases started to reflect in Hall's results "with our Jan. 1 renewals and continue to go through now." he said.

In addition to Mr. McCaffrey, top executives include: Albert J. Tahmoush, chairman, president and CEO; William C. Bartholomay, vice chairman of the executive committee and board of directors; Peter T. Pruitt, executive vp, and Douglas L. King, executive vp.

Top executive salaries, according to the Securities and Exchange Commission, are:

Albert J. Tahmoush	$500,032
William C. Bartholomay	$260,000
Peter T. Pruitt	$250,016
John F. McCaffrey	$250,016
Douglas L. King	$229,996.

—By Linda J. Collins



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*Best's Insurance Management Reports
Property/Casualty Release No. 6
March 4, 1985

5

Fred S. James & Co. Inc.

55 Water St., New York, N.Y. 10041; 212-747-6600

	1984	1983
Premium volume	NA	$2,800,000,000
Gross revenues	$292,800	$244,900
Brokerage: Retail	58%	60%
Wholesale	1%	1%
Services	21%	19%
Other	7%	7%
Personal lines	7%	7%
Invest. income	6%	6%
Employees	6,000	4,616
Rev./employee	$48,800	$53,055
Offices	120	115

The merger of Fred S. James & Co. Inc. and Lloyd's of London broker Sedgwick Group P.L.C. will open the doors to large, international accounts for the fifth-largest U.S. brokerage, says Richard M. Page, James' chairman and chief executive officer.

James now is essentially a Main Sreet broker with a strong book of domestic medium-sized accounts, Mr. Page says. It does have some giant corporate clients, but "certainly not our representative share," he says.

However, Mr. Page believes this will change after the James-Sedgwick merger is finalized later this year.

The union with Sedgwick will give James the "strong international connection" it needs to provide services to large international accounts, Mr. Page says.

Under the terms of the agreement, Transamerica Corp.—James' San Francisco-based parent—will receive 39% of the equity of Sedgwick in exchange for James, which will be merged into the Sedgwick group. The transaction is valued at $640 million (*BI*, April 8).

Based on the two brokerages' combined 1984 revenues of $578.7 million (using year-end conversion rates), the merged James-Sedgwick will become the world's third-largest brokerage. It will rank behind Marsh & McLennan Cos. Inc. and Alexander & Alexander Services Inc., which itself is merging with Reed Stenhouse Cos. Ltd. (see story, page 16).

James enters the merger on the heels of a strong 1984. Gross revenues increased 19.6% to $292.8 million from $244.9 million in 1983.

The acquisition of broker Dinner Levison Co. of San Francisco in 1983 accounted for about $12 million to $13 million of the $48 million increase in gross revenues in 1984, James' officials say.

In addition, two acquisitions by James' London broker Wigham Poland Holdings Ltd. helped boost revenues.

Without the acquisitions, gross revenues would have improved 14.5%, due mainly to new business, better rates and a terrific year by James' reinsurance brokering subsidiary, James F. Sullivan Co.

James' net income was $10.2 million in 1984 vs. a $1.3 million net loss in 1983.

Investment income was boosted by about 30% last year, to $18.5 million, thanks in part to the additional cash flow generated by higher commercial insurance rates and additional revenue from Dinner Levison.


Mr. Page

Last year's results were right on target, Mr. Page says.

"We are a fortunate firm in that we have not had any major mishaps," says Mr. Page.

And, James' performance this year looks even stronger. James generated $83 million in revenues during the first quarter of 1985, up 20.8% from $68.7 million in 1984, and $6.5 million in net income, a 109.7% increase over 1984's $3.1 million.

For 1985, Mr. Page estimates James will increase its revenues about 19.5%, to more than $350 million—without taking into account the impact of the Sedgwick merger.

James, which has 6,000 employees worldwide, has 120 offices—80 in the United States and 20 each in Europe and Canada. In 1984, 87% of its revenues came from domestic business.

Sedgwick, with 6,320 employees, operates 163 offices around the world. In 1984, some 56.4% of its brokerage revenues came from business generated in Europe; 27.2% from North American business; and the remaining 16.4% from clients in other portions of the world.

Measured in pounds sterling, Sedgwick's revenues grew about 19.3% in 1984, to 247.2 million pounds from 207.1 million pounds in 1983.

However, because of the strong showing of the U.S. dollar against the pound, the British broker's revenues actually declined when measured in dollars. Its 1984 revenues were $286.8 million at 1984 year-end exchange rates, compared with $300.3 million at 1983 year-end exchange rates.

Besides helping James expand its international scope, the Sedgwick merger also will give James an opportunity to enhance its reinsurance brokerage business, through ties with Sedgwick's huge reinsurance brokerage subsidiary, E.W. Payne Cos. Ltd., according to Mr. Page.

James' John F. Sullivan is the second-largest U.S reinsurance intermediary.

Sullivan generated about $33 million in revenues in 1984, up about 28% from 1983.

Sedgwick and Payne now do relatively little business with Sullivan, Mr. Page notes, but the merger will give the two a "natural opportunity" to work together.

Sullivan will continue to operate as an independent unit, even though E.W. Payne has its own U.S. operation.

The merger also should provide added business for New Amsterdam Excess Inc., James' excess and surplus lines brokerage unit, which generated about $5 million in commissions in 1984, up from about $2 million in 1983. The business employs slightly fewer than 100 people.

The Sedgwick merger also will provide significant career opportunity for James' employees and give the brokerage the opportunity to attract new people, Mr. Page comments.

Under the merger, James will be brought in to Sedgwick as an independent unit. Mr. Page will retain his title of chairman and chief executive officer and assume the title of deputy chairman in charge of the U.S. and Canadian operations of the expanded Sedgwick Group.

However, this unit will not include three major existing Sedgwick operations in the United States: MacLean Oddy & Associates, a Dallas-based wholesaler; Sedgwick Group Services Inc, a New York-based consultant; and Southern Marine & Aviation Underwriters, which provides insurance services to aviation, oil and gas industry clients.

But, the new James unit will include Tomenson Inc., which was acquired by James last year. Tomenson Inc. is the parent company of Toronto-based Tomenson Saunders Whitehead Ltd., Canada's third-largest brokerage. The transaction was made for an undisclosed amount of cash.

Tomenson, which came into the fold at the end of last year's first

Continued on page 34

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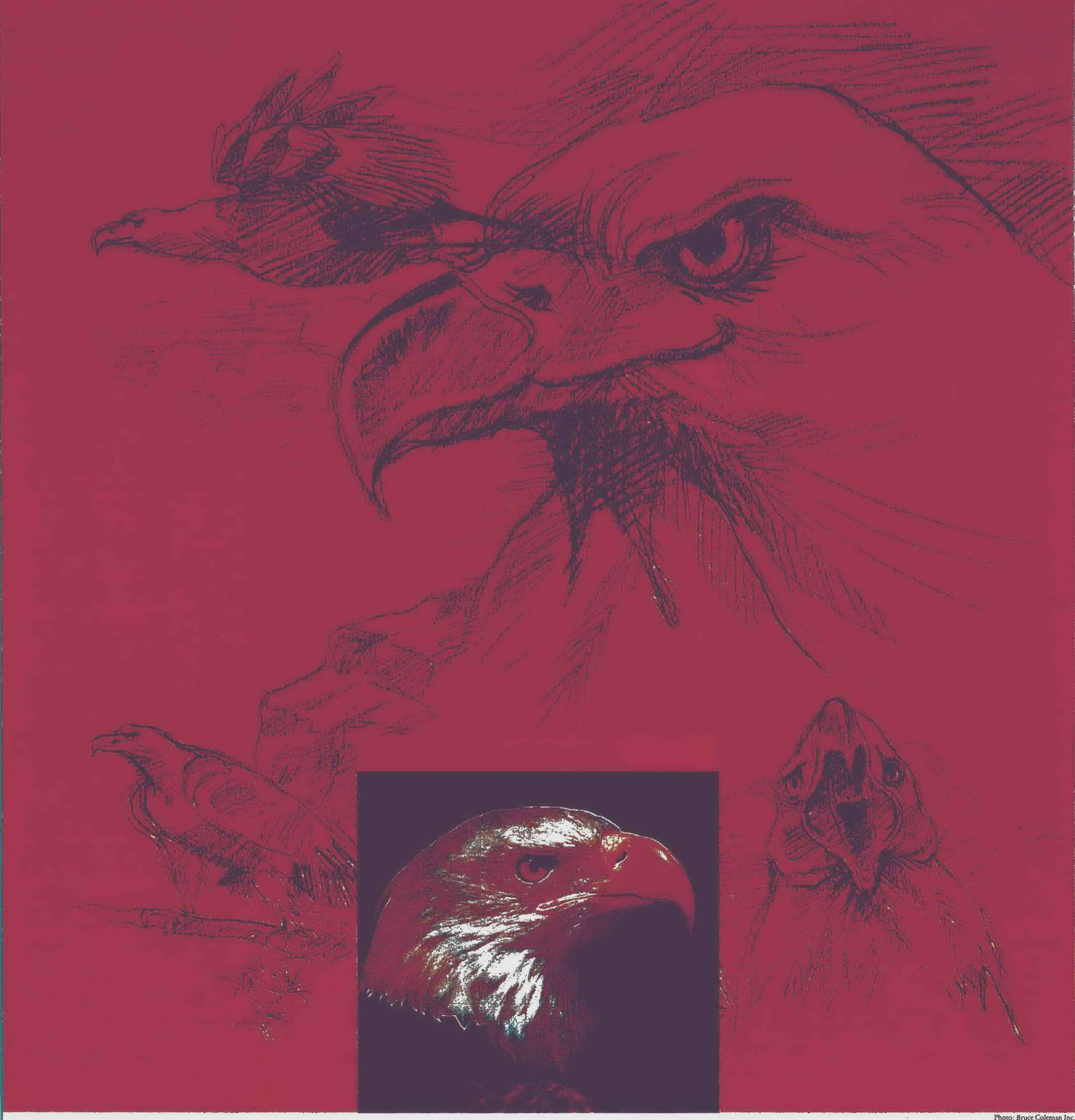


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Continued from page 32

quarter, generated $30 million U.S. in gross revenues on an annualized basis and added 16 Canadian offices to the James operation.

London-based Wigham Poland will be absorbed into Sedgwick. James bought a 65% interest in the Lloyd's of London broker in 1980, and last year Transamerica purchased the remaining share. Last year, Wigham Poland acquired two London brokering groups, Anthony Lumsden Group Ltd. and Bellew, Parry & Raven, both Lloyd's brokers.

Sept. 30 has been set for completion of the Sedgwick/James merger, although it could be accomplished before then.

Approval by the Internal Revenue Service of the tax-free transfer of stock to Transamerica is still awaited. But, "we would be very surprised if we don't receive a favorable ruling," according to Mr. Page.

The financial reports of the two companies are not expected to be "recast" until January 1986.

Despite the merger, James does not expect to be the exclusive outlet for Sedgwick in North America, nor will Sedgwick be James' exclusive outlet overseas.

"We intend and hope we'll do a lot of business" with Sedgwick, Mr. Page says, but it cannot be an exclusive relationship because "we must always serve the best interests of our clients, not ourselves."

There are only so many talented people in the brokerage industry and no one broker has "superlative facilities in every area," Mr. Page says.

The decision on whether to place a particular piece of business with Sedgwick will depend on the risk and the suitability, he says.

This was true even before the merger, he says. While James used Wigham Poland in London, it also placed a substantial amount of business with Sedgwick and other competitors.

Mr. Page stresses that despite the new opportunities the Sedgwick merger will give James in the international realm, James has no intention of deserting its Main Street clients that have provided James with the backbone of its business.

"We do not in any way want to retreat from our current strength" in brokering insurance for medium-sized commercial accounts (those that generate $5,000 to $75,000 annually in commissions), he says.

This market segment accounted for about one-third of Fred S. James' 1984 gross revenues. Personal lines and small businesses generated an additional 15% to 20%. The remaining 45% in revenues was generated by large accounts and benefits consulting.

Forty-one percent of domestic brokerage commissions and fees was generated from casualty business; 21% from employee benefits and life; 18% from property; 12% from reinsurance; and 4% each from marine business and bonds.

One major problem facing James and its competitors this year will be placing coverage in the hard market. While capacity will be available, coverage will be less broad and limits lower, according to Mr. Page.

Right now, he says, James is able to place all business, "but it stretches everything right to the breaking point."

A piece of business that normally would take five calls to place takes 20 calls today, and it goes "right down to the wire."

And, next year "could be a difficult year for capacity, period," Mr. Page says.

James saw the hard market coming in the third and fourth quarters of 1984, but it had no "real impact" until this year, Mr. Page says.

Now, the brokerage is seeing "more and more across-the-board increases," says Charles L. Ruoff, senior vp of property and casualty.

However, Executive Vp Daniel Malloy points out that James does business with a number of small, regional insurers—particularly in the Midwest—that did not cut prices as drastically as the major insurers and, therefore, have not been forced to drastically hike their rates.

"It's really spotty," he adds.

Mr. Page explains, this is because "James is a group of strong, local offices."

"The local relationships are very, very important," agrees Mr. Malloy. In some cases, an insurer will stop writing business for James' clients in one part of the country, but continue in another because of the local relationships, he says.

In the meantime, Mr. Page says, James is having a difficult time explaining 100% to 300% rate increases to clients.

Continued on page 36

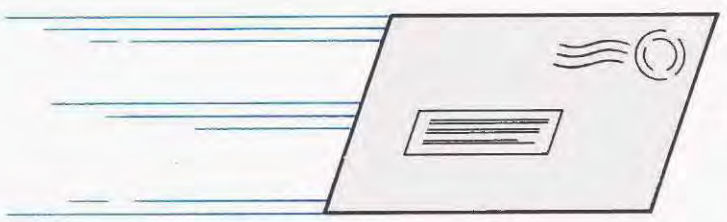
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Continued from page 34

"Clients are very frustrated by the inability of the insurance marketplace to have a predictable pattern," he says.

James responds by trying to put the current rate increases in historical perspective, pointing out that the prices clients paid in 1979 and 1980 were too low.

The underwriting losses sustained by insurers today are raising a big concern about insurer solvency, says Mr. Ruoff. As a result, he says, James has stepped up its efforts considerably to monitor insurers more closely.

But, he adds, it is very difficult to get the information needed to properly evaluate insurers because of all the "financial gymnastics" in which they engage.

Even the regulators, who have the ability to demand access to the necessary information, have problems evaluating companies, "so you can appreciate our dilemma," adds Mr. Malloy.

'Clients are very frustrated by the inability of the insurance marketplace to have a predictable pattern,' comments Richard M. Page, the chairman and chief executive officer of Fred S. James & Co. Inc.

Fred S. James distributes a list of approved insurers to its offices, he says. If a client insists on using an insurer not on the list, it must indicate this in writing.

The brokerage is also working on establishing a better system of communicating with its markets. The biggest problem has been a lack of understanding, according to Mr. Page. Even during the soft market, the brokerage worked hard to maintain relationships with insurers.

"Like all things, we knew this (the soft market) was not forever," says Mr. Malloy.

When policies are written, James pays careful attention to the language of the contract, ensuring the contract is not written in "wishy-washy language," says Mr. Page.

One anticipated reaction to the hardening market is a greater interest in captives among corporate buyers.

Mr. Ruoff adds, however, that lack of reinsurance is making it harder to set up captives during this tight cycle than it was during the hard market of 1974 and 1975.

"Putting them in place is a little more difficult than the last time because of the reinsurance market," he says, but he still expects great interest in association and group captives.

James (Bermuda) Ltd., now manages 47 captives and generated $1.5 million in gross revenues in 1984 vs. $1.3 million in 1983. James also has a captive management company in the Caymans, but it is inactive.

Besides the problems caused by the tightening market, James officials predict problems will arise from the introduction of the Insurance Services Office's new commercial general liability form.

James management does not believe the proposed claims-made form is a good solution to the industry's troubles.

"There's no guarantee it won't be subject to unfavorable interpretations by the court," Mr. Page points out.

He predicts that while the occurrence form may survive, in reality most insurers will opt for the claims-made form, which makes the insurer liable only for claims filed during the policy period.

And, the occurence form, "while technically available, will disappear." It will, however, be available in the surplus market, he predicts.

The complexity of the new form will increase clients' reliance on James' expertise, Mr. Page says.

"We like it and appreciate it, but it puts a tremendous burden on us," he says, explaining that the staff has to be educated in the use of the new form.

Future areas of growth for James include financial guarantee coverage, Mr. Page says.

"To the extent our clients are interested, we're interested," he says.

James views the entire financial guarantee field with caution, however. "I think the whole area should be approached with great care, and understanding and research," Mr. Page says, pointing to the "very thin line between insurance and banking."

Mr. Page finds an analogy in satellite insurance. While insurers initially approached the market with enthusiasm, the market is now in "pandemonium."

Mr. Ruoff says James also is "looking seriously" at distributing insurance products through financial institutions through joint ventures. The financial institutions could include banks, savings and loans institutions or credit unions.

"The viability of that is uncertain at the moment," he says, but a number of conversations on such partnerships already have been held.

It is yet to be determined whether financial institutions will become a major distribution system "or just another distribution system," he says.

Another potential area of growth for James is its employee benefits consulting operation.

James Benefits generated $52 million in revenues in 1984, up about 25% from 1983. The greater interest in cutting health care costs has sparked the interest in James Benefits, says Mr. Page.

"Our consulting business is very good, and can and should be even more effective in the future," he says.

He notes that James is the largest provider of third-party administration services among all brokers, and the 10th-largest among all brokers and insurers, he notes. "TPA is a rapidly growing segment of our business," he says.

Other James operations include:

- SYNCORP, which manages syndicates on the New York Insurance Exchange. It generated $3.5 million in gross revenues in 1984, up about $1 million from 1983.
- James Operations Management System, a computer system for handling internal administrative work, now operating in all James U.S. offices.

Mr. Page joined Fred S. James in January, replacing Charles A. O'Malley, who retired. Previously, Mr. Page was president and chief executive officer of Alexander Howden Group P.L.C.

Under the Sedgwick merger, Mr. Page and John C. Crane, executive vp of Fred S. James, will become members of Sedgwick's executive committee. Mr. Page, Mr. Crane, Executive Vp Alton F. Irby III and James Meenaghan, president and chief executive officer of John F. Sullivan, will join Sedgwick's board of directors.

Other top officers of Fred S. James include Don Berardi, vp for international finance, and Dan Kendeigh, vp and controller. Since its merger with Transamerica, figures for James' top officers are no longer filed with the Securities and Exchange Commission.

—By Judy Greenwald

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	1984	1983
Premium volume	$1,693,000,000	$1,651,000,000
Gross revenues	$199,094,000	$164,874,000*
Brokerage: Retail	74%	76%
Wholesale	9%	7%
Reinsurance	9%	10%
Invest. income	5%	4%
Other	3%	3%
Employees	3,200	3,000
Rev./employee	$62,217	$54,958
Offices	85	80

*—Restated.

After jettisoning its underwriting management group in 1984 at a total cost of $24.3 million, Corroon & Black Corp. is now leaner and optimistic about its future in its three remaining businesses.

Corroon & Black's three remaining operating groups—brokerage services, benefits and specialty sales, and reinsurance—have all posted steady gains during the past three years.

In 1984, their commissions and fees totaled $182.4 million, up 19% from $153.3 million in 1983.

Including investment and other income, Corroon & Black's total revenues from continuing operations was $199.1 million, up 20.8% from gross revenues of $164.9 million in 1983 from these operations.

But while the three units were steadily increasing revenues for Corroon & Black, the sixth-largest U.S.-based broker, the underwriting arm of the brokerage was pounding the bottom line.

"We were somewhat victimized by the underwriting environment," says Robert F. Corroon, chairman and chief executive officer.

"Results in the property/casualty business were so bad in 1984 that all companies were retrenching," Mr. Corroon explained of insurance companies.

As a result, Corroon & Black's underwriting management companies found their insurers "decided that they didn't want to continue in business unless we could meet very, very stringent requirements that they set down."

Members of the underwriting group were seeking a reinsurance program that was "impossible to put together. As a consequence, we were forced out of business because of the market conditions. We had no alternative. It was impossible for us to continue without issuing companies and a reinsurance program," Mr. Corroon explains.

The group included Baccala & Shoop Insurance Services of Laguna Hills, Calif., an underwriting manager of excess property and liability insurance and specialized primary property coverages. Also included was the National Excess Insurance Co. of Laguna Hills, an underwriter of automobile physical damage insurance in California, and National Excess Insurance Services Inc., a managing general agency.

Corroon & Black attempted to sell Baccala & Shoop and the National Excess companies, but after failing to find a buyer, discontinued the companies.

Corroon & Black had to post a $16.3 million charge against 1984 income for its estimated loss on disposing of the operations.

But before writing off the operations, Corroon & Black also had to pump $9.9 million into the loss reserves of National Excess Insurance Co. As a result, the group's losses in 1984 amounted to $7.9 million, compared with a $919,000 gain in 1983.

Only one former member of the group continues—Professional Liability Underwriting Managers Inc., which was formed in 1983 in Minneapolis. As part of the benefits and specialty sales group, Professional Liability Underwriting Managers continues to underwrite professional liability risks of lawyers, paralegals, real estate agents and other professionals on behalf of The Home Insurance Co.

Adding to Corroon & Black's problems in 1984 was an extraordinary charge of $1.5 million related to its 20% equity interest in Lloyd's of London broker Minet Holdings P.L.C.

The extraordinary charge was for expenses related to an investigation that began in 1982 of two underwriting subsidiaries of Minet. The subsidiaries are being investigated by Minet, Lloyd's and the British Department of Trade for possible reinsurance fraud.

Corroon & Black's equity earnings from its 20% interest in Minet amounted to $2.9 million before the $1.5 million extraordinary charge.

And, for the second year, Corroon & Black's auditors, Coopers & Lybrand, have qualified their opinion of Corroon & Black's annual statement, subject to the outcome of the investigations and any potential adjustment that may affect Corroon & Black's equity in the earnings of or the investment in Minet.



Mr. Corroon

Together, the charge for discontinued operations and the extraordinary charge cost Corroon & Black a nearly $7 million net loss in 1984, compared with income of $18.3 million in 1983.

But, continuing operations, now reported separately, produced income of $18.9 million, up 53.7% from the restated comparable figure in 1983, before securities transactions in 1983 and the $1.5 million extraordinary charge in 1984.

The fourth quarter of 1984 was particularly impressive, with revenues from continuing operations increasing 29% and net income growing 84% to $5.5 million.

In the first quarter of this year, Corroon & Black's revenues from continuing operations climbed 22% to 56.7 million, from $46.5 million in the same quarter last year. Net income rose 20.6% to $4.27 million in the first quarter of 1985, compared with $3.54 million in 1984's first quarter.

The strong fourth-quarter results from continuing operations in 1984, plus a healthy bottom line for the first three months of 1985, are cause for optimism, Mr. Corroon says.

"We expect to have a good year," he said. "1985 should be a continuation of the trend we saw in the fourth quarter and first quarter" of 1985, he said.

While pointing out that predicting how the three groups will perform this year is difficult, Mr. Corroon said, "If I were to estimate if there would be any superior performance, it would probably be in our brokerage services group. The benefits and specialty sales group should perform well also.

"It's a little early to tell, but the reinsurance group might not perform as well as the other two," he added.

Commissions and fees generated by the brokerage and services group totaled $130.2 million in 1984 or 71% of the $182.4 million in commissions and fees posted by all three groups.

The benefits and specialty sales group reported $33.3 million or 18% of 1984 commissions and fees.

The reinsurance unit posted $18.9 million, or 11% of the total.

The $130.2 million the brokerage and services group generated in commissions and fees last year represents a 15.9% jump over the $112.3 million reported in 1983.

Insurance price increases should spark the brokerage unit in 1985,

Continued on next page

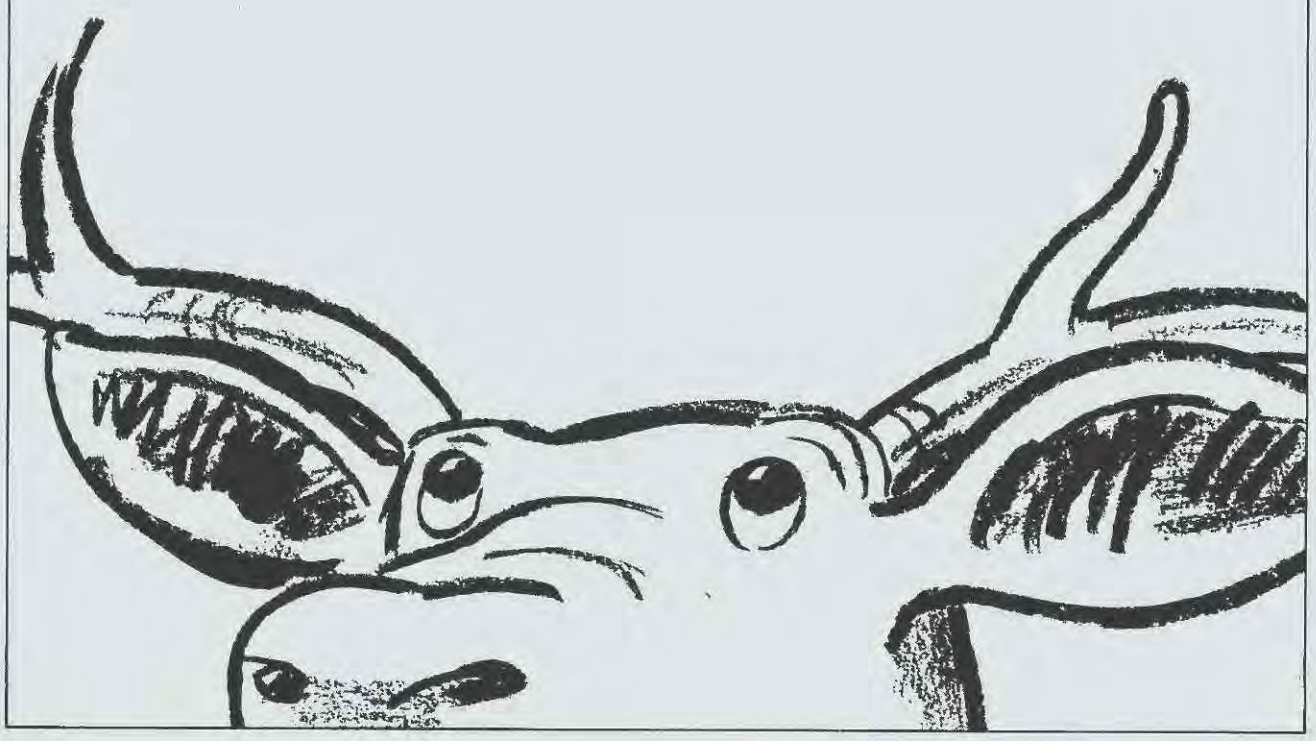
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Continued from previous page
says Mr. Corroon.

The group specializes in areas like construction, high technology and energy coverages.

The group's 40 profit centers and its Sales and Marketing Division will continue to concentrate on these specialties and also will stress organization and careful management to gain new business and hold onto existing accounts.

The Construction Industry Division of the brokerage group received a shot in the arm from a growing economy in 1984.

Richard A. Maxwell, executive vp, said, "The economy has picked up, therefore the business has picked up."

The division developed a project guarantee product for the construction industry last year and arranged coverage for several clients.

Corroon & Black's San Francisco office arranged project guarantee coverage for one of the largest solar energy systems in the United States. The system, developed by international construction firm Guy F. Atkinson Co., involves several acres of solar mirrors in Daggett, Calif. The energy created will be used by a power plant.

The insurance arranged by C&B will protect against losses that might result from the inefficiency of the project.

Another part of the brokerage group, the Financial Guarantee Division, has restructured, with all three division members brought under one roof at the New York headquarters.

The division includes IDBI Managers Inc., a managing general agent specializing in coverage for investors in industrial development bonds. The coverage guarantees payment of interest and principal. IDBI, formerly at another New York location, was acquired in March 1984.

Municipal Lease Insurance Managers Inc., formerly of Nashville, Tenn., is an MGA formed in 1983 to write municipal lease and non-appropriation insurance on behalf of Fireman's Fund Insurance Cos.

The third member is D.G. Morris Inc., formed in New York in 1982 to specialize in financial risks.

In addition, the financial guarantee division has kept "centers of expertise" in key profit centers in New York, San Francisco, parts of the South and other areas, explained Mr. Maxwell. Those centers have personnel who specialize in financial guarantee products.

In 1984, the division arranged guarantees totaling $75 million on industrial development bonds. Clients are real estate developers and manufacturers with a net worth of $1 million to $50 million.

After its first full year of designing and arranging municipal lease and non-appropriation insurance to protect lessors of equipment leased to government entities and municipalities, the division had arranged guarantees on more than $50 million of equipment.

Corroon & Black Inspace Inc., a member of the brokerage group, should do well despite insurers' reluctance to underwrite satellite launch insurance, Mr. Maxwell says.

Inspace brokered coverage for the $79 million Palapa B2, an Indonesian satellite marooned in space last year until its recovery by the space shuttle Discovery (*BI*, Nov. 19, 1984).

Despite the recovery of the Palapa and the $105 million Westar VI during the same mission, some insurers are pulling back from satellite risks. But, Mr. Maxwell says, "We're quite optimistic. The market has been difficult, but we're working on a number of new accounts."

And, for the insurance placed, rates have more than doubled, boosting commissions.

Within the brokerage services group, Mr. Maxwell said Corroon & Black is committed to doubling its employee benefit business over the next five years. That would mean employee benefits would account for 20% of the brokerage group's revenues by 1990, he said.

Employee benefits business generated around $13 million in commissions and fees last year, or about 10% of the group's revenues.

Separately Corroon & Black's benefits and specialty sales group is headquartered in Nashville. It is aiming to step up health care marketing and management this year.

The group's 1984 revenues of $33.3 million was an increase of 33.7% compared with 1983 revenues of $24.9 million.

More involvement in the health care industry is a "hot button" for 1985, says Mr. Maxwell. Toward that end, a task force has been formed to "pull together all our expertise," he noted.

"We think there's great potential in health care, so we are concentrating on that," said Mr. Maxwell. "The whole reason for this health care task force is to see what new products we can come up with."

The task force will bring Corroon & Black's health care experts together to share information and discuss new projects, he said.

Last year, Corroon & Black began marketing HealthPace, a national preferred provider organization, in a joint venture with National Medical Enterprises, a Los Angeles-based firm that owns, operates and manages hospitals.

In addition to the California-based PPO, Corroon & Black's benefits and specialty sales group markets and administers Health Link, a PPO formed for a Tennessee physicians' group last spring.

Actuarial capabilities, the ability to do feasibility studies and expertise as a third-party administrator for self-insured employers gives Corroon & Black the facilities for serving "a whole new area that is emerging in HMOs (health maintenance organizations), PPOs and EPOs (exclusive provider organizations)," Mr. Corroon said.

All of the group's health care marketing efforts will fall under a new division this year. Corroon & Black Health Care Concepts will attempt to expand health care offerings by consulting with medical providers, employers, insurers and others involved with designing and administering alternative health care delivery systems.

The $18.9 million generated by Corroon & Black's reinsurance unit, G.L. Hodson & Son. Inc., is a 17.4% increase from $16.1 million in revenues in 1983. Both years, the unit was responsible for 11% of all commissions and fees.

The New Hyde Park, N.Y.-based reinsurance intermediary places treaty and facultative reinsurance for insurance companies.

Hodson has added staff in treaty offices in New Hyde Park, Atlanta and St. Paul, Minn., after an increase in treaty business during 1984.

While renewal covers for ceding company clients were more difficult to arrange this year, Hodson has been able to find financially secure reinsurance companies and some of the weaker reinsurers have been replaced.

In addition, technological changes supplied by Corroon & Black's Management Information Systems are streamlining the flow of premiums from ceding companies to reinsurers. The new computer system also is used for preparing individual treaty contracts and administering claims.

A computerized account management system is being designed for the group that will link Hodson's branch offices with the New Hyde Park headquarters.

Corroon & Black's domestic operations include a presence in 85 cities.

The overseas network, Corroon & Black International, has operations in 65 countries. Mr. Corroon expects to see more growth overseas from what the brokerage calls "reverse investment business"—non-U.S. multinationals investing in the United States.

"Because of our strong international network, we're getting leads that result in new business," Mr. Corroon says.

And, he expects C&B to gain a bigger share of the U.S. multinational market operating outside the United States, he added.

Corroon & Black International added a vp last year, John Edalman, who is heading a new international benefits unit. The unit is arranging benefits packages for multinational corporations and is designing foreign compensation packages for expatriates.

Activity in the Political and Financial Risks Division of CBI has fallen off because of a tightening insurance market that has made political risk "a seller's market," said Mr. Corroon.

"The market is undergoing a transition. Underwriters are reassesing their strategies to determine how much of their capital they are willing to commit" to political risk insurance, he said.

Continued on page 40



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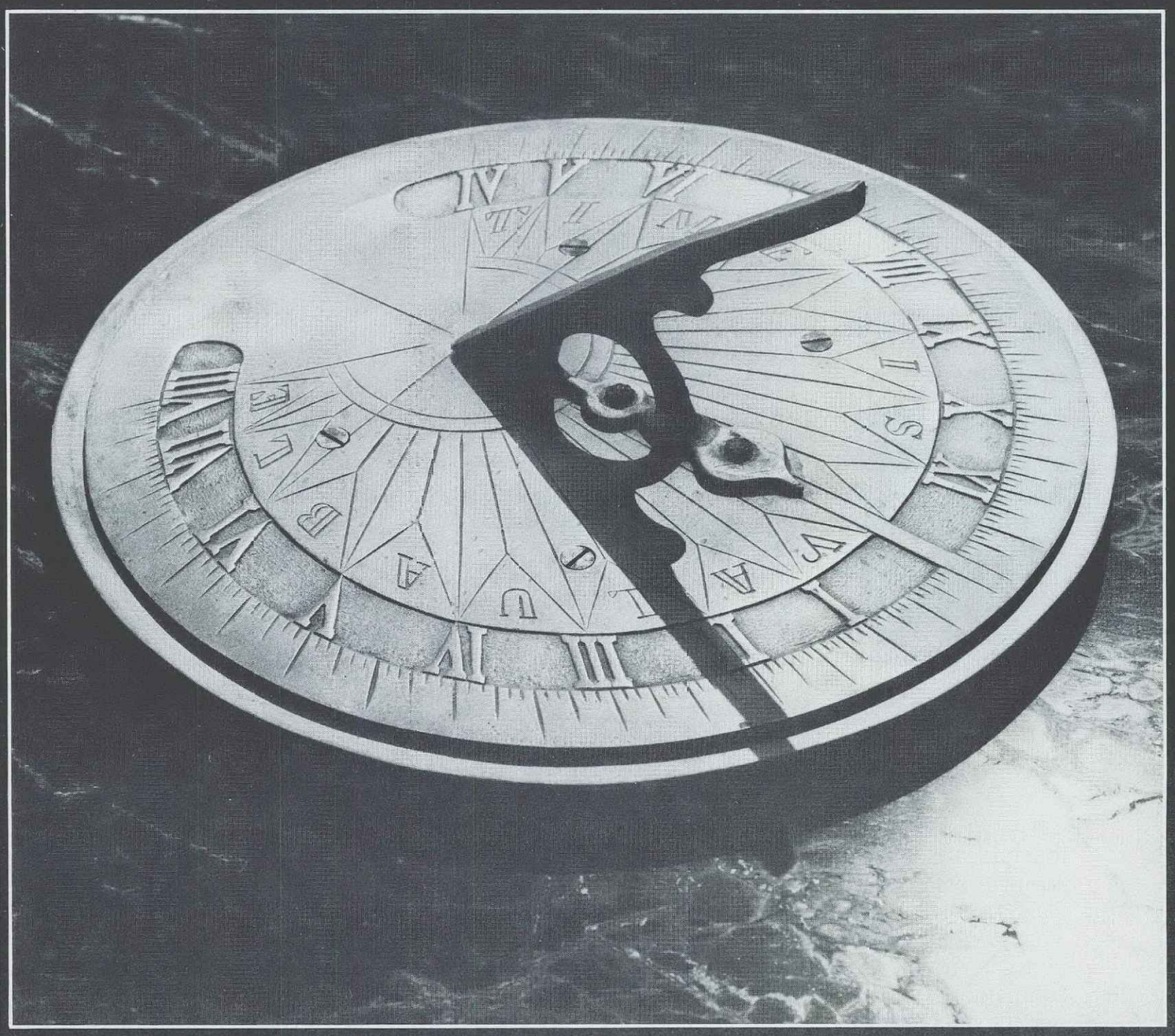
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"Our plans in the political risk area are somewhat slowed up. We're still very enthusiastic about the potential, but because of market conditions, there has been a slowdown," he added.

The international division is developing a computer-based international information system for risk managers that will offer insurance profiles on foreign countries and a comprehensive review of the client's international coverages.

Of the 65 countries where C&B has a presence, it is represented in 19 by Lloyd's broker Minet Holdings.

Besides buying the controlling interest in IDBI Managers, C&B acquired three agencies in 1984. They are RKC & Co. in San Diego; Tromp & McKinley Insurance Inc. in Eugene, Ore.; and Ellis Crotty Powers & Co. in Dallas.

All but IDBI were accounted for on a pooling basis.

So far this year C&B also acquired Dale K. Larson Inc., an agency and brokerage in Royal Oak, Mich.

Overall, Corroon & Black increased its staff just 6.7% last year, adding 200 employees for a total of 3,200. As a result, revenues per employee increased to $62,217 in 1984 from $54,958 in 1983.

Expense controls implemented during the soft market cycle are for the most part staying in place, said Mr. Corroon.

Controls that cut unnecessary travel and advertising expenses have remained, while a salary deferment instituted two years ago was removed.

Salaries and employee benefits increased by $15.7 million in 1984, compared to an increase of $5 million in 1983.

Corroon & Black's principal officers, in addition to Mr. Corroon, are: Richard M. Miller, president and chief operating officer; Joseph V. Ambrose Jr., senior vp, secretary and general counsel; C. Jackson Blair, senior vp of administration and human resources; Stephen A. Crane, senior vp and chief financial officer; Gerald W. Cusack, vp of management information systems; Marnix L.K. Guillaume, vp of international division; Robert H. Kaiser, vp of finance and treasurer; senior vps; Crawford A. Black, Paul T. Carter, Joseph O. Estes, Donald R. King and J. Bransford Wallace; vps; John A. Corroon, James V. Davis, John R. Lamberson, Fred Michel Jr. and Robert P. Cuthbert, controller.

As reported to the Securities & Exchange Commission, the five highest compensated executives in salaries, commission and bonuses were:

Robert F. Corroon	$400,020
Richard M. Miller	$317,420
J. Bransford Wallace	$356,690
William P. Baccala	$185,400
Donald R. King	$318,370

—By Michael Bradford

7

Rollins Burdick Hunter Co.

10 S. Riverside Plaza, Chicago, Ill. 60606; 312-454-1400

	1984	1983
Premium volume	NA	NA
Gross revenues	$133,377,000	$122,457,000
Brokerage: Retail	79%	79%
Reinsurance	2%	2%
Services	11%	10%
Personal lines	2%	2%
Invest. income	4%	4%
Other	2%	3%
Employees	1,597	2,054
Rev./employee	$70,309	$59,619
Offices	61	66

Rollins Burdick Hunter Co.'s 43 brokerage offices around the country function as one company now—and are a solid part of its parent company, Combined International Corp., declares Patrick G. Ryan, chairman and chief executive officer of RBH and president and chief executive officer of the parent company.

This is the first time Mr. Ryan has boasted that Combined's December 1982 acquisition of RBH is a success.

"Every merger takes time for people to believe," Mr. Ryan comments. "In many mergers, it never happens. But it happened in 1984 for us.

"Probably in the tail-end of 1984," he adds.

RBH today is the integration of the formerly independent RBH, which had 52 offices at the time of the acquisition, with four former Ryan Insurance Group brokerage subsidiaries and 26 offices of James S. Kemper & Co.

Ryan had acquired James S. Kemper in 1981.

"The mechanics were complete by mid-1984, then the integration was completed" by the end of the year, agrees RBH President and Chief Operating Officer Arthur F. Quern.

That the merger can be declared a success today is a credit to RBH's strategic plan, written by the late Harold H. Hines Jr., and to Mr. Ryan's direct involvement in the brokerage operations.

Mr. Hines died suddenly just a year ago this month, only seven months after taking over as chief executive officer of RBH.

When Mr. Ryan stepped in as chief executive officer, he was RBH's third CEO within one year. Former RBH chief executive officer Charles Hall had resigned in November 1983, when Mr. Hines came in to implement his strategic plan.

In August, Mr. Ryan promoted Mr. Quern to president and chief operating officer from senior vp of administration.

"I was able to stablize it and let Art get his arms around it," Mr. Ryan said, referring to Mr. Quern.

Calling Mr. Ryan's description of his role "too modest," Mr. Quern offered: "In the transition from Harold, Pat provided continuity that allowed the company to move ahead."

And now, Mr. Hines' ambitious strategic plan for doubling the size of RBH in five years, which he revealed last year, appears "do-able," Mr. Ryan says.

"I was a little nervous," Mr. Ryan admitted recently, when he had first heard that Mr. Hines had publicly announced his goal for growth. "But I feel better about it now," he says.

RBH's performance in 1984 and in the first quarter of 1985 are good reasons for Mr. Ryan to be more optimistic now.

In 1984, the Chicago-based brokerage broke out of a five-year stretch of lackluster performances.

RBH's revenues grew 8.9% in 1984, to $133.4 million compared with $122.5 million in 1983, maintaing RBH's position as the seventh-largest U.S.-based broker.

The growth in 1984 was more than double the 3.5% revenue growth reported in 1983, the year management concentrated on consolidating the RBH, Kemper and Ryan offices.

In 1982, RBH's revenues, as consolidated with the Ryan and Kemper results for 1982 and 1981, had grown a mere 1%.

In its last two years as an independent broker, RBH grew just 5.8% in 1981 and 7.6% in 1980.

And, RBH's profits in 1984 were a dramatic turnaround from 1983 when the brokerage unit lost $6.8 million.

On revenues of $113.9 million, as reported in Combined's annual report, the brokerage operation turned a 1984 profit of $7.7 million.

(RBH reports higher revenues to *Business Insurance* than are reported in Combined's financial statement because corporate accounting excludes from this line some services revenues that RBH

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says should be included for comparing RBH with other brokers.)

While RBH is the smallest contributor to profits of Combined International's three distinct insurance marketing organizations, RBH's profit turnaround in 1984 contributed to the 6.6% growth in operating income for Combined International as profits at Combined Insurance lagged.

Direct insurance sales contributed $127.5 million, direct response $28 million and corporate and other operations $26.5 million to Combined International's $189.7 million pretax operating income.

So far in 1985, RBH's revenue growth is ahead of Mr. Hines' plans.

In the first quarter of 1985, RBH's brokerage commissions and revenues were up 15.3% compared with a year ago. Mr. Hines had targeted 10% growth in 1985.

The first-quarter growth includes the effect of insurance rate increases, growth of existing client business and some new clients, Mr. Ryan says.

And, the growth reflects the successful implementation of key elements of Mr. Hines' strategic plan for RBH: bringing the company to the offices and thus bringing the offices together under a regional management; integrating RBH with the direct sales and direct response units of Combined, especially to develop and mass-market insurance programs; and controlling expenses.

A key element to RBH's success is the four-person regional management structure Mr. Hines had implemented in March 1984.

"It has worked very well," Mr. Ryan says. "They've really gotten hold of the offices."

In many offices, management was changed. Four of the nine offices in the Eastern region are under new management since early 1984, for example, and there is new management at three of the 13 middle states offices.

Bringing the 43 brokerage offices together as one company is the biggest accomplishment, Mr. Ryan says.

In the past, he explains, "RBH offices were not as much a part of the organization."

An RBH office was more likely to "deal with a problem the best they could with their resources," Mr. Quern adds. Now, they are more likely to look to other RBH offices for help.

The four regional managers are based in the Chicago headquarters, where they can readily communicate with each other and travel to the offices in their regions to meet office managers and clients, Mr. Quern notes.

"It was remarkably timely on Harold's part," observes Fred Feldman, manager for the middle states. "His reorganization situated the company very well to meet the changing market.

"There is great interaction between the offices. A lot of big brokers say they have a network, but it's lip service. At RBH, it's real," Mr. Feldman asserts.

"The smaller offices can depend on muscle elsewhere, and they do," he adds.

These inter-office service exchanges are provided without inter-office charges. Mr. Feldman notes. But, the office lending talent to another is given credit from corporate accounting for the services provided.

The other regional managers are Henry A. Revzan, manager for the Eastern region; Roger M. Stimpson Jr., Central regional manager, and John R. Pacholick, manager for the Western region.

Following the appointment of regional managers in March 1984, RBH implemented a previously undisclosed portion of the Hines strategic plan: The creation of a marketing panel in Chicago to assist RBH offices market insurance in a tight market.

"Harold thought the market would get tougher," Mr. Ryan recalls.

Formed in late summer, the panel is directed by three people in Chicago—Don Urbanciz, Larry Sorensen and Dennis Corrigan—and includes 60 people around the country.

Panel members serve as consultants, involved parties or will even take over a project, if asked.

RBH offices also are more likely now to tap the skills of other Combined International units involved in brokerage and related services, Mr. Ryan says.

These include Scarborough & Co. and Rollins-Wrightson, two brokers specializing in financial institutions; Self-Insurers Services Inc., a claims administrator; Self Insurers Benefits Services Inc., a medical claims auditing and benefit administrator and RBH's captive management companies.



Photo: Mary Herlehy

RBH is led by Chairman Patrick G. Ryan, standing, and President Arthur F. Quern.

Currently, RBH manages 120 captives in Bermuda, Cayman and Arizona, the latter the home of banks' credit life captives.

Also proving their merits are Mr. Hines' plans for RBH to develop more mass-marketed programs with the expertise and capabilities of other Combined International operations, including Union Fidelity Life Insurance Co., Mr. Ryan says.

RBH and Union are focusing on the distribution of primary or supplemental health and life products and professional liability coverages through association, affinity and employee groups. Union doesn't underwrite all the programs, but its marketing capabilities are essential.

RBH's mass-marketed programs have been "enhanced, quite significantly," with expanded participation and products, Mr. Ryan noted.

RBH's professional liability program for for the American Institute for Certified Public Accountants, for example, is "going gangbusters," Mr. Ryan noted, because other markets have stopped writing professional liability insurance for accountants.

A national program for real estate professionals also is growing.

And new programs are about to be launched, Mr. Ryan said.

RBH clients are well aware of Combined International's integrated operations.

An RBH customer sought out Mr. Feldman during the annual Risk & Insurance Management Society meeting last April and announced that, based on his own research, he had determined that RBH and Combined International had all the dimensions he needed to assemble an insurance program for his company's customers: mass-merchandising capabilities; insurers to offer the products, including Union Fidelity; and captive management.

Mass-marketed insurance programs contribute about 9% of RBH's revenues, Mr Quern says, about the same as last year.

Indeed, RBH's 1984 growth was across the board. Commercial retail brokerage revenues still generate 79% of revenues. Services, including those of affiliated companies, generate 11% of revenues, up only slightly from 10%. Personal lines contributed only 2% of revenues; investment income, 4%, and other services 2%.

RBH's brokerage revenues are primarily based on commissions—85%—with only 15% based on fees.

Big accounts, those generating more than $75,000 annually in commissions, are still the largest share of RBH's clients.

And by line, business placed by RBH is about the same as last year: 21% casualty, 15%

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Continued from page 42
property, 15% employee benefits, 10% multiperil, 9% workers compensation, 5% surety, 5% aviation, 4% ocean marine, 1% boiler and 15% all other lines.

While growth has been across the board, some offices and some product lines are really shining.

In the Eastern region, for example, the Fort Lauderdale, Fla., office has tripled in size, Mr. Revzan reports. He also singled out the New York office for becoming "very aggressive" and attracting referral business, and the Boston office for successfully integrating capable and bright young people with mature professionals.

In the Middle States, the St. Louis office has grown the most, Mr. Feldman says.

In the Central region, Milwaukee "showed terrific growth, and Chicago did very well, too," Mr. Stimpson says.

On the West Coast, new high-tech clients contributed to growth, Mr. Quern notes.

By products, Mr. Quern noted RBH is "pleased with our involvement in financial institutions." He cited brokerage units Scarborough and Rollins-Wrightson; Bancsure Insurance Services, which markets personal lines insurance products through financial institutions and affinity groups, and the credit enhancement group, which places financial guarantees.

Meanwhile, business lost in 1984 was "lower than the past and lower than we planned," Mr. Ryan said, attributing RBH's retention of business to "good account handling."

RBH's long-term relationships with markets also help the broker retain clients because it has access to needed markets, Mr. Quern notes. While "not a guarantee," long-term relationships are "a basis for strength," Mr. Quern adds.

Mr. Ryan concedes, however, "there is some" truth to the allegation by risk managers that insurers aren't honoring long-term relationships. When an insurer pulls out of an entire line of business, no long-term relationship will save the client's policy, he acknowledged.

Mr. Ryan describes his role at RBH as chairman and chief executive as working with Mr. Quern and others in the company "to be supportive" and to "solve specific problems."

Mr. Ryan unabashedly admits: "I love the brokerage business," but he adds, "Art is really running the company—and doing a super job."

Throughout 1984, Mr. Ryan and Mr. Quern "worked on strategy, planning and strengthening the organization," Mr. Ryan says. "We brought in high quality people," he reports, both from outside RBH and by transferring people from other Combined operations.

RBH has recruited more people from other brokerage firms "than ever before," Mr. Ryan admits.

Recruiting has not been difficult, he says, because "our company is the size where people can make a big impact, but big enough to go head-to-head on any business."

Mr. Ryan is especially proud of recruiting a reinsurance brokerage chief executive officer—and acquiring his company.

Sten-Re Cole Associates, owned by President Richard E. Cole and his partners with Reed Stenhouse Ltd., is being acquired this month by RBH to be merged with RBH's Booth, Potter Seal & Co. subsidiary. Mr. Cole will join the merged operation, to be named Cole Booth Potter Inc., as president and chief executive officer.

"We went looking for a first-rate CEO and we were fortunate in that we found a first-rate CEO and a first-rate company," Mr. Ryan beams.

The merged operation will triple RBH's reinsurance brokerage revenues, to estimated annual revenues of around $8 million.

Recruiting a reinsurance brokerage chief executive officer is the only significant deviation from Mr. Hines' strategic plan, Mr. Ryan notes.

Mr. Hines had recommended that RBH enter a joint venture with an established reinsurance broker.

Mr. Ryan preferred recruiting new talent for RBH.

"We have so much internal business," he said of Combined's reinsurance needs. "We need creativity and ready access."

Booth Potter hasn't handled Combined's reinsurance. Instead, Combined has gone direct to reinsurers, which Mr. Ryan says "takes too much time."

"There is a very sizable potential on internal business with one point of brokerage," Mr. Ryan observed.

When RBH needs to arrange reinsurance for a retail account, it will use the new Cole Booth Potter "when it makes sense. Where it doesn't, we will go elsewhere," Mr. Quern said.

The purchase is expected to be closed June 30.

While recruiting talent from the outside, Mr. Ryan also promotes from within and points to Mr. Quern as the most visible example.

As president and chief executive officer of Combined, Mr. Ryan also finds he can help bring new business to RBH. CEOs of companies in hometown Chicago and elsewhere in the country call Mr. Ryan, as one CEO to another, when they are faced with insurance problems.

"People buy from people they have confidence in," Mr. Ryan observes.

RBH made only one acquisition in 1984: Lemma, Gill, Cusick & Hensley Inc. in Portland, Ore.

RBH sold a small Canadian operation and closed a Booth Potter office in Denver.

With other office consolidations, RBH reports 61 total offices—43 brokerage and 18 service—at year-end 1984, down from 66 in 1983.

Overall, RBH reduced its staff 7.6% to 1,897 at year-end 1984 from 2,054 at year-end 1983. The result: a dramatic jump in revenues per employee to $70,309 in 1984 from $59,619 in 1983.

The single largest cut in staff was made at the corporate level, where the regional management structure allowed consolidation. Other staff reductions were made across the country to control expenses.

"We're consistently tight on expense control," Mr. Ryan said.

But, because RBH is part of Combined "we don't have to grind out the last dollar of profit out of RBH," he stressed. RBH has the resources to invest, when needed.

"Expenses are seen in relation to what they return. Where it makes sense to invest, we do," Mr. Quern adds.

Future investments will be in new people, and possibly acquisitions.

"We're interested in talent," says Mr. Quern.

"We're talking to high performers," professionals who produce results, adds Mr. Ryan.

No specific acquisitions are planned, but "we always have our eyes open," Mr. Quern says.

RBH is disengaging from joint ventures it had overseas but is expanding its correspondent relationships to service its multinational clients.

In addition to mass-marketed insurance programs and landing new brokerage clients, the RBH executives expect to see growth in the management of association-sponsored captive insurance companies.

"We're preparing to launch a workers compensation captive for one national association now," Mr. Ryan said.

In addition to Mr. Ryan and Mr. Quern, George S. Burrows continues as vice chairman of RBH.

—By Kathryn J. McIntyre



How to save money by controlling corporate healthcare costs with MCMS™ software

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The standing gold coin, a rare $20 Saint-Gaudens High Relief, was minted in 1907 at the request of President Theodore Roosevelt. In an effort to tell the world how culturally and artistically advanced the U.S. was then, Roosevelt commissioned the noted designer, Augustus Saint-Gaudens, to design a classic coin symbolic of artistically endowed ancient Rome and Greece. The Saint-Gaudens unique design was emphasized by the date MCMVII, the only time in U.S. history that Roman numeral dating was used on a coin. Only 11,250 specimens were struck in this style. Coin is valued at $13,500. Coin and paper currency courtesy of Stack's Coin Company of New York City.

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8

Bayly, Martin & Fay International Inc.

201 Main St., Suite 1990, Fort Worth, Texas 76102; 817-335-2048

	1984	1983
Premium volume	NA	NA
Gross revenues	$77,900,000	$79,951,000
Brokerage: Retail	70.1%	69.4%
Wholesale	4.9%	6.7%
Reinsurance	5%	5%
Services	8.4%	8.4%
Personal lines	6%	6%
Other	5.6%	5.1%
Employees	1,333	1,398
Rev. employee	$58,440	$57,190
Offices	54	54

The scratch pads in the reception area at Bayly, Martin & Fay International Inc.'s new Fort Worth headquarters still bear the company's old address—in Newport Beach, Calif.

But, despite the reminder that changes are still underway at the nation's eighth-largest insurance brokerage, BMF's officers say they are looking ahead to the advantages that its new Texas home base will create:

- Because its headquarters are now located in the Central Time Zone, the broker's home office is more accessible to clients in various parts of the country.
- Its new base is also closer geographically to some of its branch offices, notably BMF's Tulsa, Okla., office and its five offices in Louisiana.
- And, BMF officials can now maintain frequent contact with members of the oil-rich Bass Brothers organization, which owns 50% of Bayly, Martin & Fay's holding company, BMF Services Inc.

The other half of the company is controlled by about 40 BMF officers and key employees.

The move to Texas and the link with the Bass organization will give BMF a new shot of energy, officials say.

For instance, BMF President and Chief Executive Officer Joseph N. Tate projects the company's gross revenues over the next 12 months could exceed $90 million, though he concedes he may be overly optimistic.

A revenue increase would be welcome news for BMF. The broker's gross revenues declined 2.6% last year to $77.9 million from $79.9 million in 1983. This follows a 5.7% drop in revenues in 1983.

"With all the distractions and problems we had, I think it's a very creditable result," says Senior Vp-Operations Samuel Alcorn of the broker's performance last year.

Among the distractions facing BMF was the impending move to Fort Worth and its long struggle to pull away from the shadow of financially troubled Baldwin-United Corp., BMF's former parent company.

Last year, BMF management conceded that its ties with Baldwin-United—which has filed for reorganization and whose life insurance subsidiaries in Indiana and Arkansas are in rehabilitation—had hurt the brokerage's business (*BI*, June 25, 1984).

All ties between Baldwin-United and BMF were cut in April 1984 when BMF entered into the partnership with the Bass interests.

Severing the relationship with Baldwin-United and starting the associations with the Bass family has given BMF employees "a big, big boost of morale," Mr. Tate says.

BMF had also hoped contact with the Bass organization would restore confidence in the broker as well as open doors to new clients, and that's exactly what's happening, both BMF and Bass officials say.

"We are strongly behind Bayly, Martin & Fay and want them to do good things," says Greg B. Kent, risk manager for Bass Enterprises Production Co. Mr. Kent replaced Richard Rainwater two months ago as the sole Bass representative on BMF's board of directors.

Already the broker has taken on "three or four" new accounts as a direct result of introductions made by the Bass group, reports Mr. Alcorn, who is "delighted with the relationship."

Although he declines to identify the new clients, he says they are all major companies, not necessarily in Texas, and that one is a major oil company.

The move to Fort Worth, however, did create some management changes.

Among the key employees who remained behind in California are Lawrence G. Becker, vp and general counsel, and Donald Conners, associate general counsel, both of whom are now with Mission Insurance Group in Los Angeles.

John W. Roblee, chief financial officer, remains in Newport Beach as a financial consultant to the broker until he locates work elsewhere. He opted to stay in Southern California for personal reasons, and says he may be with BMF for as long as another year.

But there are new faces at BMF as well, most notably former Marsh & McLennan Inc. President Bruce W. Schnitzer, who is based in New York. Mr. Schnitzer joined BMF May 1 and works in an advisory position, concentrating on financial services and financial guarantee products.

Although Mr. Schnitzer is working primarily for BMF at the moment, he is expected in the future to devote about half his time to Bass family projects.

For some of BMF's officers, like Mr. Tate and William A. Mizell, executive vp and chief operating officer, the move is a coming home of sorts.

Both Mr. Tate and Mr. Mizell, who grew up in Dallas, came to BMF through the ranks of Harlan Agents & Brokers, a Houston-based retail broker that was merged into BMF about eight years ago by then-parent Sperry & Hutchinson Co.



Mr. Alcorn

The move to Texas, which Mr. Mizell estimates will cost the company about $300,000, isn't expected to change the broker's approach to doing business.

In fact, the biggest adjustment to doing business in north-central Texas might be a somewhat slower lifestyle than that in Southern California.

"You have to keep an eye out for cars at noon—one or two may come down the street," Mr. Alcorn said jokingly.

But in a serious vein, Mr. Alcorn recognizes the growing Dallas/Fort Worth metropolis as a major business and financial center and "an exciting section of the country."

Some of the brokerage's operations are exciting Mr. Alcorn as well.

For instance, the company's aviation division is "going great guns," Mr. Alcorn says.

He explains that the U.S. aviation market "has been a disaster longer" than the casualty market in general and that aviation rates started to increase before rates for other types of coverage, which increased BMF's commissions.

The broker's Los Angeles, Seattle, Philadelphia and Alaska offices produce the bulk of its aviation business.

The company's entertainment division in Los Angeles is "coming on very strong" in both the U.S. and European markets, Mr. Alcorn

Continued on next page

A leading insurance executive discusses safety and the company plane.

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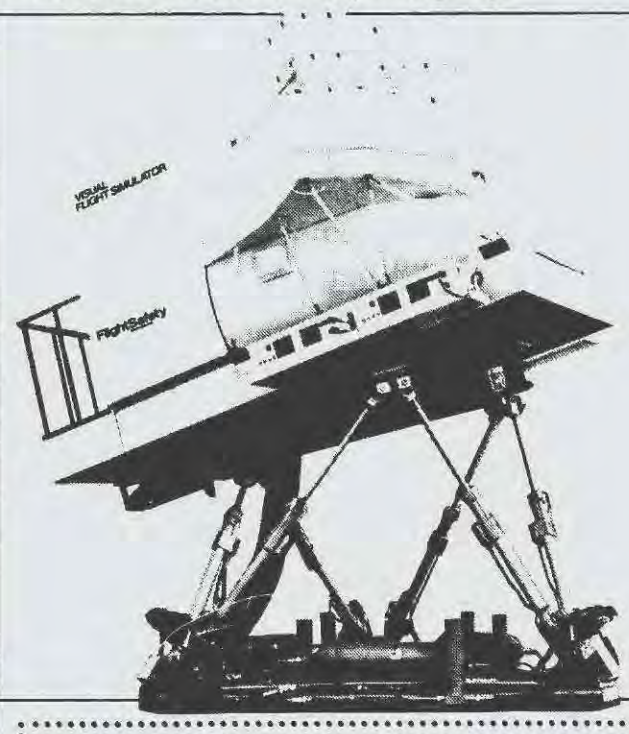
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Continued from previous page
says. BMF regularly places entertainment-related coverages, like cast insurance, for Twentieth Century Fox Film Corp. in Los Angeles and MGM/UA Entertainment Co. in Culver City, among others.

Most recently, the division arranged coverage for motion pictures including "The Breakfast Club," "Brewster's Millions," "Fletch," "Gotcha" and "Police Academy II."

BMF's managing general agency, MarinCo Inc. in San Antonio, Texas, writes only municipal liability insurance, exclusively on behalf of National Union Fire Insurance Co. of Pittsburgh, Pa., an American International Group Inc. unit.

"With the shrinkage in the market, that's a very, very busy area," Mr. Alcorn says.

And, as the tightening market renews interest in alternative risk financing methods, BMF expects its captive management business to grow, particularly the management of association captives.

'If you're going to go fishing, you'd better go to a lake with some fish in it. If you want to place an account, you'd better go to a company that has the surplus to take on the added volume,' says Bayly, Martin & Fay's Mr. Alcorn.

BMF manages captives in Colorado and Vermont through Risk & Benefit Management Systems, a subsidiary that reported gross revenues of more than $350,000 in 1984 (*BI*, April 15). And the broker manages captives in Bermuda through its Risk Treatment Services (Bermuda) Ltd. subsidiary, which reported more than $600,000 in gross revenues last year.

In addition, a division of RBMS —Imperial Industries—manages self-insured employee benefit plans for both associations and individual employers.

Last August, BMF acquired Norman Bevan & Associates, a San Antonio, Texas, brokerage that has since been merged into another subsidiary, BMF Compensation Strategies.

Formed 15 months ago via acquisition of Baker-Knox Co. in Costa Mesa, Calif., BMF Compensation Strategies specializes in designing and administering insured executive compensation plans, like supplemental retirement income programs.

But Mr. Alcorn says BMF's expansion in the near future will likely not be through acquisitions. Instead, operations that are started from scratch will probably be the source of its "modest" expansion plans.

For example, Mr. Alcorn said the company is considering opening a subsidiary operation in New York to work in the booming financial services and financial guarantee fields, one of Mr. Schnitzer's areas of interest.

About 70% of BMF's revenues comes from commercial retail brokerage operations. Six percent is derived from personal lines brokerage, 8% from self-insurance and captive management services and 5% each from reinsurance and wholesale brokerage. Ancillary services generated the remaining 6%.

About 91% of BMF's 1984 brokerage revenues was generated by commissions and only about 9% through fees, the same proportions as in 1983.

The company first noticed increased commissions due to the tightening commercial insurance market in August, Mr. Alcorn estimates.

He predicts that the brokers who will benefit from the tightening market will be those who can assess where capacity is at any given point. He adds that BMF will be among these brokers.

Shrinking capacity is forcing BMF to spend more time assessing which insurers have the ability to write certain lines of business in particular regions of the country.

"If you're going to go fishing, you'd better go to a lake with some fish in it," he says. "If you want to place an account, you'd better go to a company that has the surplus to take on the added volume.

"There's an increased premium right now on having an in-depth knowledge of the market. People can spend weeks running around, or they can make a phone call and we can say, 'Hey, these are the logical places,'" he says.

He explains that during the competitive market of the past, brokers tended to turn first to the largest insurers, the ones they knew best or those they had come to know through frequent contact. But that won't work in today's tightening market.

Now, Mr. Alcorn says, brokers have to question the strength of any market before placing coverage with it: Does the company have enough surplus to take on new business? How will it be used? And how can the brokerage benefit from it?

Some insurers, Mr. Alcorn observes, are monitoring capacity closely to make certain they will have enough to continue writing through year-end. These companies may only take on risks in periodic spurts, like "opening the floodgates monthly."

Other insurers may permit certain divisions to increase their business while curtailing the volume written by other divisions. "So maybe the mass-marketing department of a company was budgeted for an increase and can take on new programs, but you can't place the individual accounts," Mr. Alcorn explains.

Still others are writing all the business they can for the time being and simply stop writing when they've used up the capacity they've allotted for the year, he notes.

Liability for companies that remove asbestos from schools is one of the most difficult coverages to obtain (*BI*, June 4), Mr. Alcorn notes.

"That's virtually next to impossible to place," he says.

Transportation risks are also becoming more and more difficult to place, Mr. Alcorn added, compounded by the withdrawal of several major transit insurance markets, including Transport Indemnity Co. (*BI*, June 3).

But the biggest problem BMF may encounter over the next year is one other brokers must contend with as well: the fracas over the Insurance Services Office's proposed claims-made commercial general liability form.

Mr. Alcorn dubs this controversy "the biggest ulcer I can see coming down the path for 1986. It's a broker's nightmare, but an underwriter's delight.

"The underwriters are going to have more toys than they have ever had."

Mr. Alcorn says he foresees little if any treaty reinsurance support for coverage written on occurrence forms and wonders how excess and umbrella insurers will react to the move toward claims-made coverage, which only responds to claims made during that policy period.

Continued on page 48

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9

The Crump Cos. Inc.

5350 Poplar Ave., Memphis, Tenn. 38119; 901-761-1550

	1984	1983
Premium volume	$570,000,000	$428,000,000
Gross revenues	$69,879,000	$55,415,000
Brokerage: Retail	55%	58%
Wholesale	17%	15%
Reinsurance	6%	7%
Services	6%	2%
Personal lines	10%	11%
Invest. income	5%	6%
Other	1%	1%
Employees	1,210	1,048
Rev./employee	$57,751	$52,877
Offices	64	62

By 1990, The Crump Cos. Inc. will be a national broker generating $150 million in annual gross revenues, predicts Chairman and Chief Executive Officer Sidney A. Stewart Jr.

If its growth in 1984 is any kind of a barometer, Crump may well be on its way to fulfilling that prophecy.

In 1984, Crump's gross revenues grew 26% to $69.9 million, a rate more than double the impressive 12.4% growth recorded in 1983 when revenues grew to $55.4 million from $49.3 million in 1982.

Industry analysts are projecting that Crump's revenues in 1985 will approach $90 million, Mr. Stewart said.

Crump, which remains the ninth-largest U.S. broker in the Business Insurance ranking, also improved its net income by 65.5% in 1984 to $4.9 million from just under $3 million in 1983.

Earnings per share in 1984 were $1.19, up from 72 cents, a 65.3% rise.

Crump also increased its staff by 15.5% last year to 1,210 employees compared with 1,048 in 1984. "We've been investing in marketing people," said James M. Power, president and chief operating officer. Revenues per employee grew to $57,751 in 1984 from $52,877 in 1983.

If you had asked Mr. Stewart several years ago to describe his company, he would have said it was a regional broker.

And, that tag fit the Memphis-based broker fine when its operations were concentrated in the South.

"Except for excess/surplus operations, we were primarily in the South," added Mr. Power. (Crump is licensed as a surplus lines broker in 24 states.)

But five years of steady expansion through the acquisition of smaller agencies and service companies has made Crump a "semi-national" broker.

Crump now operates 66 offices in 24 states and has moved well beyond its traditional Southern base. To prove his point, Mr. Stewart points to the retail agency offices Crump has opened in four cities in California and three cities in the state of Washington.

"This is really a new company," Mr. Power says proudly.

"We're becoming a fully integrated company," Mr. Stewart adds.

Crump not only is a retail broker, but also has an expanding excess/surplus lines unit, treaty and facultative reinsurance offices and a claims administration facility for self-funding employers, and it owns Southern American Insurance Co., an excess/surplus insurer.

Fifty-five percent of Crump's 1984 revenues were generated from retail brokerage, compared with 58% in 1983. On the other hand, wholesale brokerage accounted for 17% of revenues, up from 15% in 1983. Revenues from reinsurance brokerage dropped one percentage point to 6%. And, revenue generated from services grew to 6% from 2% due to the acquisition of new claims administration operations.



Mr. Stewart

Personal lines accounts for 10% of Crump's revenues. Five percent of revenues were generated from investment income, down from 6% last year.

Casualty insurance generated 45% of Crump's commissions and

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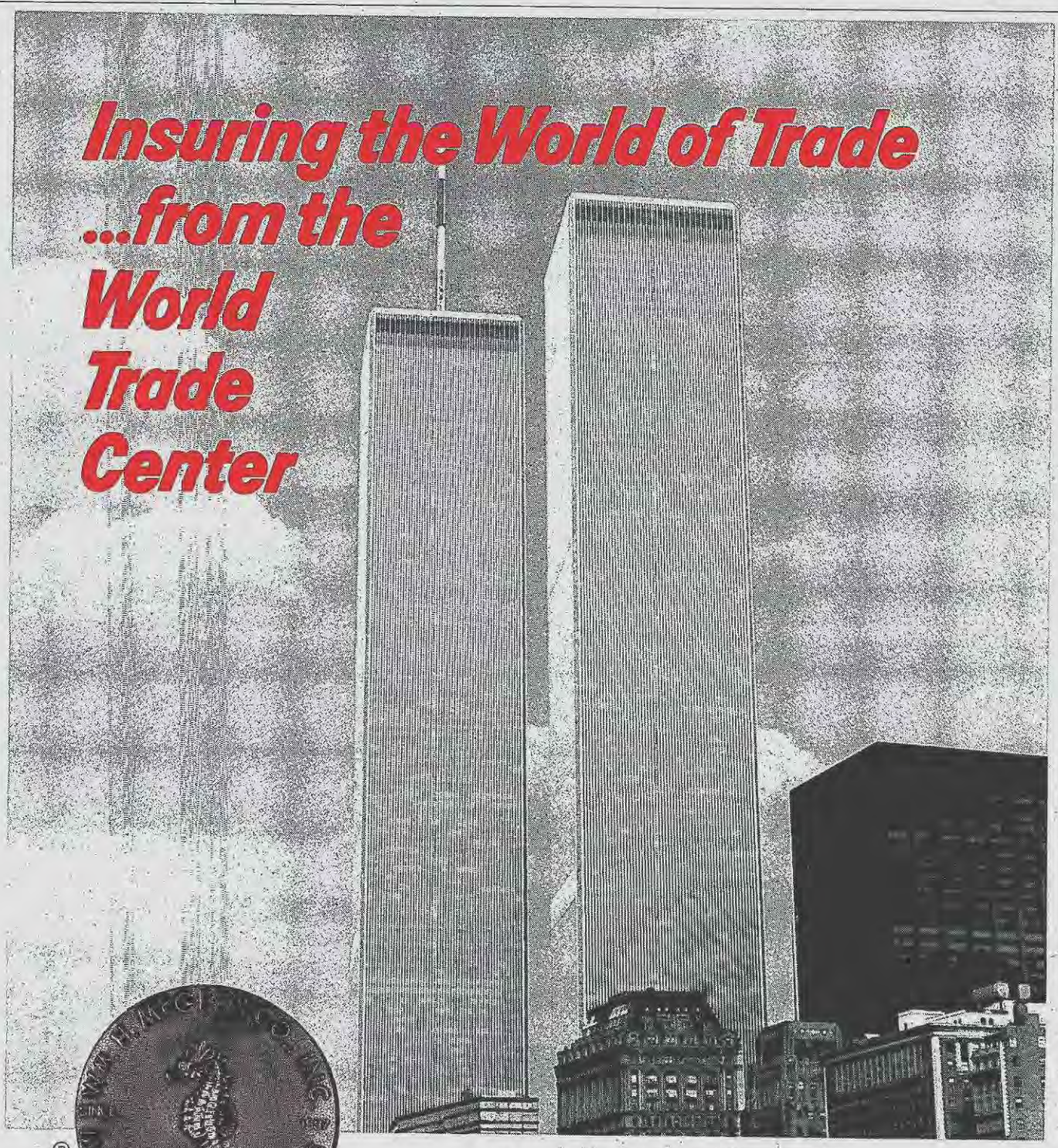
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Continued from previous page

fees in 1984; property insurance, 27%; reinsurance, 7%; aviation and marine, 5%; and surety, 4%.

Mr. Stewart attributes Crump's phenomenal growth last year to several forces:

- Many Crump clients, whose annual sales are generally between $50 million and $150 million, have grown and need more insurance coverage.
- Crump has increased account penetration, Mr. Stewart said. On accounts where Crump initially may have been only placing workers compensation coverage, it now also places property or liability coverages.

"You get increased penetration by doing a good job," Mr. Power said.

- The general tightening of the insurance market in the later part of 1984 brought a modest increase in commissions earned in the fourth quarter.
- A 1981 strategic plan calling for selective acquisitions and prudent divestitures is beginning to pay off.

For example, the March 1984 purchase of Atkins & Roberts Enterprises Inc. & Subs. has given Crump a base in the third-party claims administration field. The Atkins & Roberts acquisition included All Risk Corp. companies in Orlando, Fla., and Baton Rouge, La. All Risk administers both casualty and health care claims.



Mr. Power

The acquisition of the All Risk companies was the key reason Crump's revenue from services increased to 6% of total revenues in 1984, up from 2% in 1983.

The All Risk acquisition coupled with the 1982 purchase of Warren & Sommer Inc., a Denver-based retail agency that has a claims administration facility, allows Crump to provide self-insured administration services for employers throughout the South and Southwest, Mr. Stewart said.

All Risk and the claims administration unit of Warren & Sommer now operate under the name of Crump Special Services Inc.

Mr. Stewart says Crump might purchase yet another TPA. "We could very possibly have another acquisition in this area. . .but not a major thrust."

This month, General Insurance Managing Agency Inc., a Crump Texas subsidiary, acquired the insurance renewals and certain other assets of Houston Mutual Agency Inc., a Houston retail agency.

Under the agreement, Houston Mutual operations will be added to Crump-Strange Agency Inc., Crump's current Houston insurance agency representative.

"This new combination broadens our agency base in the important Houston market," Mr. Stewart said, Houston Mutual's expertise in financial guarantee bonds and related surety products will complement the Crump-Strange group's expertise in construction, manufacturing and commercial/mercantile accounts, Mr. Stewart said.

Mr. Stewart is a strong believer in the value and importance of acquistions. "Every time you merge you acquire something in the way of expertise you didn't have before. As we've grown, we've managed to obtain some top-flight people," he said.

Other acquisitions in 1984 included Commercial & Industrial Insurance Inc. in Nashville, Tenn.; and Mann-Webb Insurance Agency Inc. and Webb Insurance Inc. in Fort Myers, Fla.

Future acquisitions will revolve around the purchase and merger of small agencies in cities where Crump already has an office.

"That will be our main (acquisition) thrust," Mr. Stewart said. "The economics make sense. They may have a bookkeeper and we may have a bookkeeper and you may only need one. Economically, you can work a lot more efficiently."

In addition, the merger of two small agencies into one larger agency means a broker can have a greater impact in a community and a chance to win more business. "They (merged agencies) have the base to afford more specialized talent," Mr. Stewart added.

Crump, however, still has its eye on acquiring specialty agencies. For example, it is interested in the purchase of an agency with expertise in the energy field, Mr. Stewart said.

Internal expansion also is helping Crump grow. Since the fall of 1984, facultative and treaty reinsurance brokerage offices have

Continued on page 52

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Yet while we may be the cause of a great deal of excitement in the D.I.C. market, we're remaining as stable as ever.

We won't let short-term advantages affect our long-term commitment to the market. And we won't lower our underwriting standards to follow misguided marketing strategies.

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THE HARTFORD
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Continued from page 50

been opened in New York and Hartford, Conn.

In addition, Crump last month announced a major expansion of the company's Southern California excess/surplus and speciality lines insurance brokerage operations.

New E/S offices are being opened in Los Angeles and San Diego, while business handled in an existing office in Long Beach will be expanded beyond its marine speciality program.

"There is so much business out in Southern California," Mr. Stewart said.

Southern American Insurance Co., a wholly owned non-consolidated specialty lines insurer, also is primed to grow, Mr. Stewart says, thanks to prudent management of the insurer during the fierce price competition of the last four years.

This will provide a good market for Crump's excess/surplus brokers.

Southern American's net premiums written plunged to $1.96 million in 1983 compared with $3.57 million in 1980 as Crump chose to lose business rather than underwrite at a loss, said Mr. Stewart.

Last year as rates began to rise, net premiums written climbed back to $3.6 million. Southern American's statutory surplus climbed to $10.1 million last year from $8.7 million in 1983, putting the insurer in a position to expand its underwriting more now at profitable rates.

"Southern American is a vehicle that will allow us to have more capacity for our E/S offices," Mr. Stewart added, noting that the company's net premium volume could double this year.

Southern American provides a wide range of specialty coverages such as umbrella liability policies for oil-related businesses and excess coverage for utility, lumber and construction risks.

Crump also plans to expand its employee benefit business, which generated 12% of commissions and fees in 1984, compared with 10% in 1983.

Crump has added more benefits staffers and recently created an employee benefits council comprised of its benefits specialists.

The council meets periodically to give the benefit experts the opportunity to swap ideas. "It is such a broad field that no one person can know it all," Mr. Stewart said.

Employee benefits is a natural line of business for a broker, Mr. Stewart said. "In its most simplistic form, if a company carries property/casualty insurance through Crump, they certainly would be receptive to talking to us about employee benefits."

In 1984, Crump also continued a 2-year-old project to computerize its retail agencies to improve agency operations.

Computerization is a considerable but vital investment, company officials say. "It allows us to do a higher volume of business and provide better service," Mr. Stewart said.

Looking ahead, company officials expect Crump to carve out more special market niches like those it has carved in the aviation, marine, utilities, agri-business, lumber and contractors industries.

"Rather than competing head-on with the alphabet houses, we want to carve out niches," Mr. Stewart says.

"Specialties is where there can be a real payoff, if you do them well," Mr. Power adds.

In other areas, Crump is purposely cutting back. In 1984, the company sold real estate investments worth $7.8 million and plans to dispose of an additional $2 million to $3 million in real estate investments over the next couple of years.

Crump's involvement in real estate began years ago when it made loans to developers. In a number of cases, the developers couldn't pay back the loans and Crump then took over the properties—generally land.

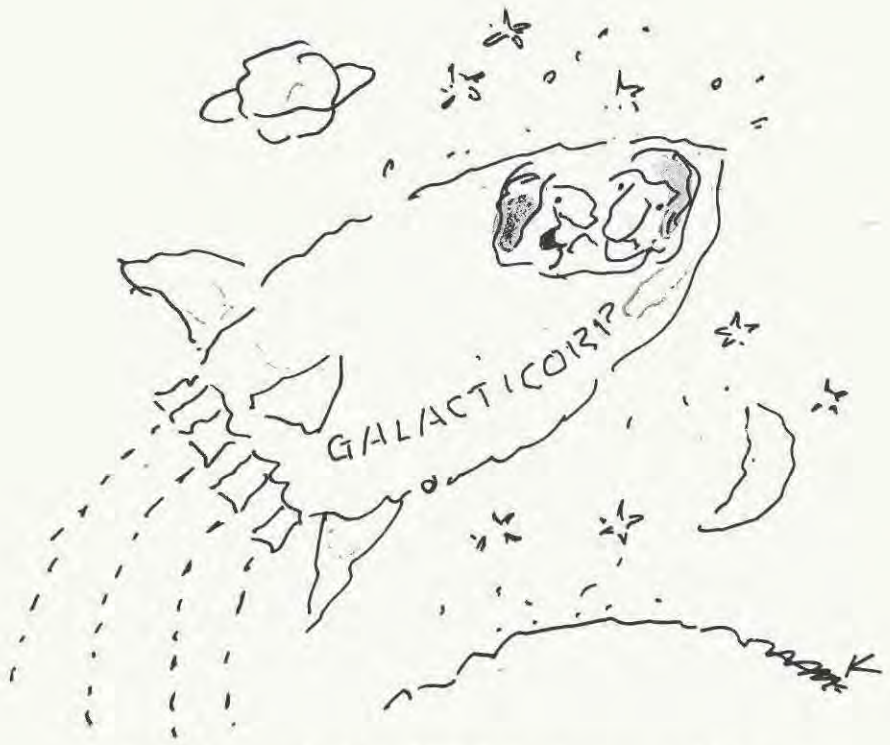
"In 1984, we disposed of more than $7 million of real estate investments. In effect, we transferred a non-earning asset into an earning asset. Give us two or three years, and we should be totally out of real estate," Mr. Stewart said.

In addition to Mr. Stewart and Mr. Power, principal officers of The Crump Cos. are: Edward B. Morrow Jr., Gordon E. Noble and Donald Thomas, executive vps.

The highest-paid officers and directors in 1984 at The Crump Cos. and their salaries, according to documents filed with the Securities and Exchange Commission were:

Sidney A. Stewart Jr.	$181,125
James M. Power	$160,000
Gordon E. Noble	$155,250
E.B. Morrow Jr.k	$129,375
Donald E. Thomas	$129,375

—By Jerry Geisel



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10

Arthur J. Gallagher & Co.

10 Gould Center, Golf Road, Rolling Meadows, Ill. 60008; 312-640-8500

	1984	1983
Premium volume	NA	NA
Gross revenues	$64,179,000	$53,358,000
Brokerage: Retail	53%	54%
Services	39%	40%
Invest. income	8%	6%
Employees	1,026	956
Rev./employee	$62,553	$55,814
Offices	74	71

Last year was a record one—the third in a row—for Arthur J. Gallagher & Co.

Its officers plan a repeat performance in 1985.

"We've got to do it all over again," announced Robert E. Gallagher, president and chief executive officer, at the company's annual meeting last month.

The annual meeting was the first since AJGCo. went public last June. Like a proud papa, Mr. Gallagher told shareholders and employees who crowded into the AJGCo.'s auditorium about the company's 1984 results: Gross revenues increased 20%; earnings increased 47%; and earnings per share increased 27%.

With 1984 gross revenues of $64.2 million—up from $53.4 million in 1983—AJGCo. retains the 10th spot in *Business Insurance's* ranking of the Top 20 U.S. brokers.

Revenues in 1983 had increased 10.1% over 1982 and 1982's gross revenues of $48.5 million represented a 14% increase over 1981.

First-quarter revenues this year show a dramatic 22.9% increase over the same period in 1984: $19.3 million as of March 31 this year compared with $15.7 million for the first three months of 1984.

AJGCo.'s strategy for maintaining its strong showing—and even improving on it this year—is simple, according to Mr. Gallagher.

"We're going to stay where we're strong—our specialty—the intergrated approach to risk management. Sixty-five percent of our revenues come from this arena," he said.

This integrated approach, which is particularly important to AJGCo.'s self-insured clients, involves AJGCo. working in consort with its subsidiary, Gallagher Bassett Insurance Service, to deliver all the components necessary to a risk management program.

"We have the brokering, we have the special products to support the risk management function, the claims management, the loss control engineering, the property appraisals.

"And driving the entire process is the (computer) information product that supports all components of the risk management function." he said.

To continue this integrated approach, AJGCo. needs more people, more offices and more products, he said.

"We need more firepower. We need more resources, human resources, sales professionals, marketing experts, more support staff; additional resources on the Gallagher Bassett side, the engineering side, the claims-adjusting side," Mr. Gallagher said.

AJGCo. added 70 new positions to its ranks last year, bringing the total number of employees to 1,026. And, the company added an additional 57 staffers during the first four months of this year.

Revenue per employee increased to $62,600 from $55,800 in 1983.

In addition to boosting revenues at least 20% this year through its current operations, the brokerage plans to grow through mergers and acquisitions. It made no acquisitions last year.

"We're a public company now. There's a great opportunity to grow externally," Mr. Gallagher said.

AJGCo. launched a public stock offering June 20, 1984. The offering price was $13.75 per share on that day. By the end of the year, the price per share had more than doubled to $29.75 per share, and earlier this month shares were selling at $44.75 each.



Mr. Gallagher

"And the beat goes on," Mr. Gallagher beamed.

Net earnings increased 47% in 1984 to $6.3 million from $4.3 million.

Stockholder equity increased a whopping 143% in 1984 to $26.1 million from $10.7 million.

Earnings per share were $1.59 at the end of 1984, up 27% over 1983

Continued on next page

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Continued from previous page
earnings per share of $1.25.

Earnings per share have grown an average of 41% a year over the past 10 years, and Mr. Gallagher expects earnings to continue to increase.

"We have various dedicated market areas in the U.S. where we're going to grow carefully," Mr. Gallagher said. For instance, he said increasing AJGCo.'s presence in California is a top priority.

"We're there now, but we're not strong there," he said. Currently, AJGCo. has service offices in Fresno and Newport Beach and service and sales offices in Sacramento.

AJGCo. operates through a network of 72 offices throughout the United States and two abroad. Some of these offices are fully staffed with sales, marketing, claims and other service personnel, and others function as servicing offices for the brokerage and risk management operations.

The company's international operations include a Lloyd's of London broker and captive management and reinsurance brokering facility in Bermuda.

In pursuing mergers, AJGCo. "will be looking for those small brokers that can fit with our culture and adopt our philosophy of risk management," Mr. Gallagher said.

Another facet of AJGCo.'s strategy for growth is the continued development of new products.

"We don't stand still. We're constantly researching, developing some very, very exciting products," Mr. Gallagher said.

Although some of these products are expected to be unveiled this year, Mr. Gallagher refrained from elaborating on them.

"We won't tell. We're in an incredible market. Any publicity, any mention, improperly or before the fact, might have a negative effect on the risk taker (insurer)," he said.

And, he said, these are especially trying times for insurers. The "violent changes" going on in the insurance market are uppermost in Mr. Gallagher's mind.

"Probably our No. 1 priority throughout the company is getting the special products. . .finding the market—the insurers," he said.

"This shrinkage of capital is a concern. . . .And, after July 1, I think it will be worse because of reinsurance renewals.

"We're scrambling like crazy. We don't know from one week to the next. This is our whole industry. I talk to our friends, and we're all out of breath," Mr. Gallagher said.

All brokers are exposed to a loss of existing business in this current difficult environment, Mr. Gallagher said. He noted that AJGCo. lost $700,000 in commissions and fees in the first quarter of this year due to nonrenewals.

This proportion is extremely high by the company's historical standards, he said.

To offset this trend and achieve the growth AJGCo. anticipates this year, it needs to work closely with self-insurers and insurers, Mr. Gallagher said.

"We feel we can assist the risk taker through the vehicle of information, speeding up the process with our on-line distributed process known as Risx-Facs," Mr. Gallagher said.

Risx-Facs is a computerized system developed by AJGCo. specifically for risk cost control and decision support. It organizes client information to produce a variety of reports, which can help sell a risk to excess insurers.

Last year, two new information products were added: Selex-Facs and Micro-Facs. Selex-Facs is an on-line decision support tool that permits risk managers to selectively extract from Risx-Facs up-to-the-minute information about losses.

And Micro-Facs is a collection of computer software packages that permits the user to link an IBM personal computer to the Risx-Facs system.

"Our system is a decision support system. If something happens today, you can reserve today," Mr. Gallagher said.

Such information is vital in this kind of market, Mr. Gallagher said.

Through Gallagher Bassett, a total of more than 1 million claims were stored in Risx-Facs as of May 14. This compares to just more than 300,000 claims a year earlier. And there are 16,000 computer transactions per day, he noted.

The potential for expansion of Risx-Facs is "tremendous," he said. "We have something here that is world class and is growing," Mr. Gallagher said. At the end of 1984, 410 of AJGCo.'s clients were converted to the system.

At the end of last year, Gallagher Bassett had 463 self-insured clients. This was an increase of 75 clients from the previous year, and the number keeps growing. Sixty more clients have been added during the first four months of this year.

Gallagher Bassett generated $21.8 million in gross revenues in 1984, or about a third of AFGCo.'s total gross revenues.

But, overall the percentage of AJGCo.'s self-insured clients compared with those that purchase commercial insurance is small.

He could not give a total client count, but said there are "many more Main Street America-first dollar" clients than self-insurers.

Continued on facing page

WITH A UAC ADJUSTER THERE'S A LOT GOING FOR



Continued from facing page

In 1984, revenues generated from the largest single client represented about 5% of total revenues. But the bulk of the clients are medium-sized, Mr. Gallagher said.

"We do have Fortune 500 clients, but our share is small. But we have what they need," Mr. Gallagher added.

In addition to Gallagher Bassett, other members of AJGCo. are:

Benefit Planning Services, a division specializing in employee benefit programs, deferred compensation, key-man life, pensions and tax shelters.

Arthur J. Gallagher & Co. (U.K.) Ltd., its Lloyd's of London broker.

Arthur J. Gallagher (Overseas) Ltd., a reinsurance brokering division of the London operation.

Arthur J. Gallagher & Co. (Bermuda) Ltd., an offshore subsidiary that forms and manages captive insurers and brokers reinsurance.

Arthur J. Gallagher International Inc., a domestic operation that spearheads overseas activities —including insurance, reinsurance, risk management and engineering services—for international and U.S. multinational corporations.

UIC Ltd., a joint venture that provides consulting and brokerage services in the area of political risk.

International Special Risk Services Inc., an in-house broker that accesses the excess/surplus and reinsurance markets.

Gallagher Marine Services, which provides marine insurance brokerage and related services.

In addition to Mr. Gallagher, the other principal officers of the 58-year-old AJGCo. are John P. Gallagher, executive vp and secretary; Michael J. Cloherty, vp of finance and treasurer; Donald J. Krutek, vp; and Walter F. McClure, vp.

The highest-paid officers in 1984, according to the 10-K report filed with the Securities and Exchange Commission, received the following cash compensation:

Robert E. Gallagher	$160,000
John P. Gallagher	$160,000
Michael J. Cloherty	$150,000
Donald J. Krutek	$135,000
Walter F. McClure	$125,000

—By Carol Cain

11

Reed Stenhouse U.S.A.

88 Pine St., New York, N.Y. 10005; 212-483-1204

	1984	1983
Premium volume	NA	$304,000,000
Gross revenues	$53,900,000	$50,900,000
Brokerage: Retail	83%*	80%*
Wholesale	8%*	5%*
Services	4%*	5%*
Reinsurance	7%*	NA
Other	NA	10%*
Employees	700	886
Rev. employee	$77,000	$57,449
Offices	20	20

*—*BI* estimate

The 1984 operations of Reed Stenhouse Holdings Inc., the U.S. division of Canadian Reed Stenhouse Cos. Ltd., were disappointing.

Reed U.S.A.'s 1984 revenues increased 5.8% to $53.9 million in 1984 from $50.9 million in 1983, keeping it the 11th-largest U.S. broker in the *BI* ranking. Figures are based on a conversion rate of $1 U.S. equals $0.768 Canadian.

But, the division posted a $2.9 million loss in 1984, compared with a $992,000 loss in 1983.

William M. Wilson, president and chief executive officer of Reed Stenhouse Cos., says things seem to be looking up for 1985, though.

Although the U.S. figures have not been broken out, the company overall had a 46.5% increase in net earnings for the first half of 1985, to $1.9 million.

Next month, Reed Stenhouse U.S.A. will merge into Alexander & Alexander Inc., Mr. Wilson notes, with the merger of Reed Stenhouse Cos. Ltd. and Alexander & Alexander Services Inc. (see story, page 14).

U.S. retail and wholesale broking accounted for about $48 million in revenues in 1984, says John Riley, vp-corporate office. This includes Reed Stenhouse Associates Inc., an employee benefits division that will become part of A&A's Human Resources Management division.

Reed Risk Management Inc., the San Francisco-based risk management services operation, will become part of A&A's Anistics risk management services subsidiary.

Reed Stenhouse's U.S.-based reinsurance brokerage, Sten-Re Cole & Associates, based in Edison, N.J., contributed about $4 million in revenues in 1984, says John Riley, vp-corporate office. But, it will not join A&A; it has joined with Combined International Corp., parent of broker Rollins Burdick Hunter Co.

"The principals in Sten-Re Cole had a substantial piece of the equity and had the opportunity to pull out," Mr. Riley says, describing it as an "amicable parting."

Reed Stenhouse also operates, with Continental Corp., Continental Reed Stenhouse Management Co. Ltd., which manages New York Insurance Exchange syndicates.

David C. French is chairman and chief executive officer of Reed Stenhouse Holdings, and Richard Irving is its president.

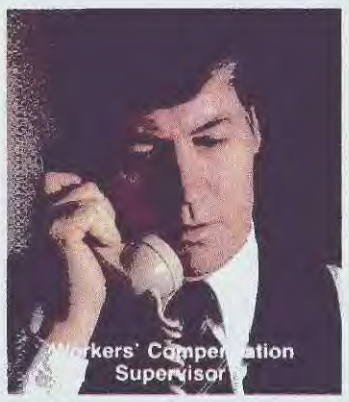
Reed had 700 U.S. employees in 1984, down from 886 in 1983.

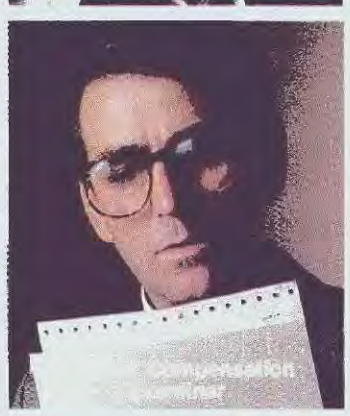
Reed Holdings has two New York offices and branches in Anchorage; Boston; Chicago; Dallas; Denver; Fort Lauderdale, Fla.; Honolulu; Houston; Kansas City, Mo.; Los Angeles; Minneapolis; Philadelphia; Pittsburgh; St. Louis; San Francisco; Seattle; Washington; and Edison, N.J.

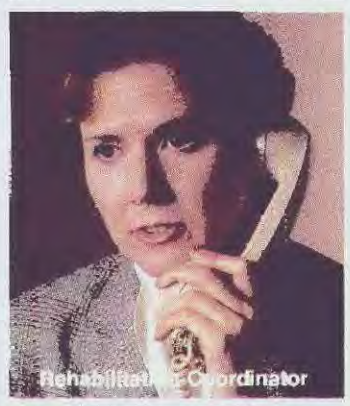
—By Judy Greenwald

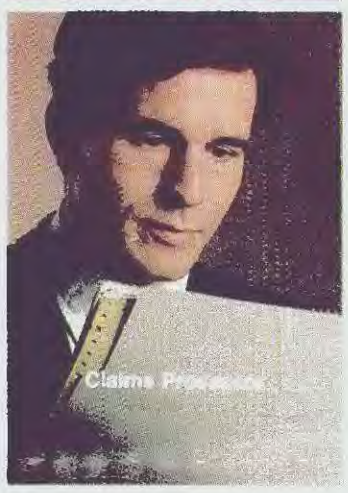
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The insurance company that Florida Power & Light has relied on for 13 years now is Arkwright-Boston. And when you consider FPL's deep commitment to engineering, that's a pretty notable achievement. You see, one of the major reasons FPL picked us as its insurer was because of our own very high level of engineering expertise.

A company with as many diverse risks as Florida Power & Light needs an insurance company that understands the intricacies and difficulties of engineering for a big, growing utility.

As you can imagine, when two companies with such mutual respect for engineering get together, there are bound to be some rather impressive results. Like our quality assurance manual which we developed for inspecting nuclear facilities. It was one of many reasons FPL set all sorts of records in getting one of its new plants up and running.

As for Arkwright-Boston, it put us on the list as a nationally approved vendor for utility engineering and inspection services by the Coordinating Agency for Supplier Evaluation, an independent organization of electric utilities. Something we're very proud of.

Of course, Florida Power & Light's enthusiasm for us stems from more than just our engineering abilities. A company with such diverse risks also wants an insurer with great flexibility, responsiveness and the kind of financial stability it can count on no matter what its needs may be in the future.

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Over the years, FPL has put a lot of energy into Florida and we've put a lot of energy into FPL.

Our All Risk Policy is one good example. It's a policy designed to provide extremely wide-ranging coverage against virtually any fortuitous property loss. A policy that includes everything from traditional boiler and machinery insurance to DIC to natural disaster coverage—a vital feature in an area like Florida where hurricanes and lightning can be a real threat.

It's a flexible policy, too. In the case of Florida Power & Light, our ocean cargo coverage protects the company's constant shipments of natural resources. Its blanket fidelity coverage is important, too.

It's the kind of protection that will continue to be flexible with FPL's ever-changing insurance needs. And for one very simple reason.

We listen to our clients. We work with them. And we work harder than anyone else we know to accommodate them. So much so that Florida Power & Light has decided to renew its all-risk contract with us.

And if you think a company like yours wouldn't get the same level of attention and dedication to its risk management needs, think again. Because we put the same high standards to work for all our insureds.

But don't take our word for it. Ask Digital Equipment Corporation. Or Morton Thiokol. Or American Greetings. Or WestPoint Pepperell. Each and every one is a client of ours. And each and every one has an insurance program we've tailored just for them.

So call us or write us. But don't wait too long. We'd hate to see anything pull the plug on your business.

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ARKWRIGHT BOSTON INSURANCE

12

Jardine Insurance Brokers Inc.

50 Francisco St., San Francisco, Calif. 94133; 415-391-2600

	1984	1983
Premium volume	NA	NA
Gross revenues	$38,576,000	$34,324,000
Brokerage: Retail	74%	76%
Wholesale	12%	9%
Services	1%	1%
Personal lines	8%	10%
Invest. income	5%	4%
Employees	674	639
Rev./employee	$57,234	$53,715
Offices	15	14

Jardine Insurance Brokers Inc. is focusing its corporate energies inward, developing its own professional staff and expertise to meet the challenges of the hardening insurance market, attract larger clients and foster growth.

This is the course charted by Chairman and Chief Executive Officer Harold R. Talbot Jr., who took over the helm of Jardine in the United States in February 1984.

The new tack is a departure from the acquisition bent of former CEO Bernard H. Mizel.

Mr. Talbot, 49, also is working to more fully integrate and coordinate his company's U.S. operations with Jardine Insurance Brokers, the worldwide brokerage operations of Jardine-Matheson & Co. Ltd.

Mr. Talbot knows the turf. He had worked for two years in London coordinating Jardine Insurance Brokers' worldwide retail brokerage operations, after leaving Marsh & McLennan Cos. Inc. after 25 years.

And, Mr. Talbot wants to solidify the corporate image in the United States of San Francisco-based Jardine.

Even without any major acquisitions in 1984, Jardine produced a strong 12.4% growth in revenues in the U.S. to $38.6 million from $34.3 million in 1983 and remained the 12th largest broker in the United States based on its U.S. revenues.

Jardine restated its 1983 gross revenues to eliminate the small amount of commissions paid to producing brokers that had been inadvertently reported last year.


Mr. Talbot

While 1984 revenue growth was due partly to increased commissions on rising rates in the tightening insurance market, Mr. Talbot says he is pleased with last year's increase in revenues.

"Keep in mind, we changed chief executive officers in midterm," he says, adding that the company's staff "didn't miss a beat and kept right on going."

And, Mr. Talbot is quick to point out that a 26% leap in revenues recorded in the first four months of 1985 "is not all rates. There's a lot of new business in there."

Jardine's 1984 U.S. revenues represent 43.5% of the worldwide revenues of $83.5 million generated by all of Jardine-Matheson's brokerage operations in 1984, converted to U.S. dollars, exclusive of investment income.

But while Jardine's U.S. revenues were up in 1984, profits were flat, Mr. Talbot says, because the broker invested more its operations: hiring people, investing in a new computer system and opening a new office.

Profits are expected to increase moderately in 1985 but not in proportion to revenue growth, again because profits will be reinvested in the company.

Worldwide, the international businesses owned by Jardine-Matheson produced profits of $10 million (U.S.) for the Hong Kong-based and Bermuda-registered company whose stock is traded on the Hong Kong exchange.

"We still have, as we did this time last year, 100% support from our parent company," Mr. Talbot says. "They really believe in developing the insurance brokerage business, both here in the United States and around the world. It's a go, go future."

At Jardine in the United States, Mr. Talbot says, "We've based our whole development (in 1984) on internal growth, reinforcing where we are and what we are."

Unlike the past, Jardine isn't looking for growth by acquisitions.

"We're not going to go out and buy 10 books of business in San Francisco just to be bigger," Mr. Talbot says emphatically.

Instead, Mr. Talbot says he spent considerable energy and resources last year beefing up Jardine's professional staff and adding experts in areas like environmental impairment liability, construction, utilities and energy—all areas where Mr. Talbot sees potential for growth.

Jardine's staff in the U.S. grew 5.5% to 674 at year-end 1984 from 639 at year-end 1983. The rate of staff growth was less than revenue growth, increasing Jardine's revenues per employee to $57,234 in 1984 from $53,715 in 1983.

Jardine also took the first steps in 1984 to computerize its operations, a move that Mr. Talbot says will give the firm a competitive edge by making the company more efficient and improving its ability to manage risk management and claims information for clients.

'We've based our whole development (in 1984) on internal growth,' says Jardine's Mr. Talbot.

The company entered into a contract with McCracken Computer Inc. of Lexington, Mass., a firm that specializes in developing computer software for the insurance industry.

Mr. Talbot says it could take up to three years to complete the process of fully computerizing the company. When the system is completed, employees will be able to call up information about any client on a computer terminal at their desks. But first, the system will improve the firm's accounting and billing practices, Mr. Talbot says.

The system is now a major investment, but it should save the company money in the long-haul, Mr. Talbot says. He would not disclose the cost of the system.

In September, Jardine also opened an office in Houston, bringing to 15 its U.S. offices.

Houston will serve the oil and energy industry and already has snagged an important client—Shell Oil.

Mr. Talbot says the company's new Houston office also fits plans to expand international brokering for U.S.-based clients.

Jardine Insurance Brokers worldwide already does a considerable amount of energy-related brokering. "The Houston office is a very useful piece in the jigsaw puzzle," Mr. Talbot says.

Peter Robertson, formerly a senior vp with Alexander & Alexander Services Inc. who joined Jardine in September, is president of Jardine Insurance Brokers (Texas) Inc.

Jardine is targeting all types of companies with worldwide insurance needs "because that tends to be where we have a commercial advantage, particularly when it

Continued on facing page

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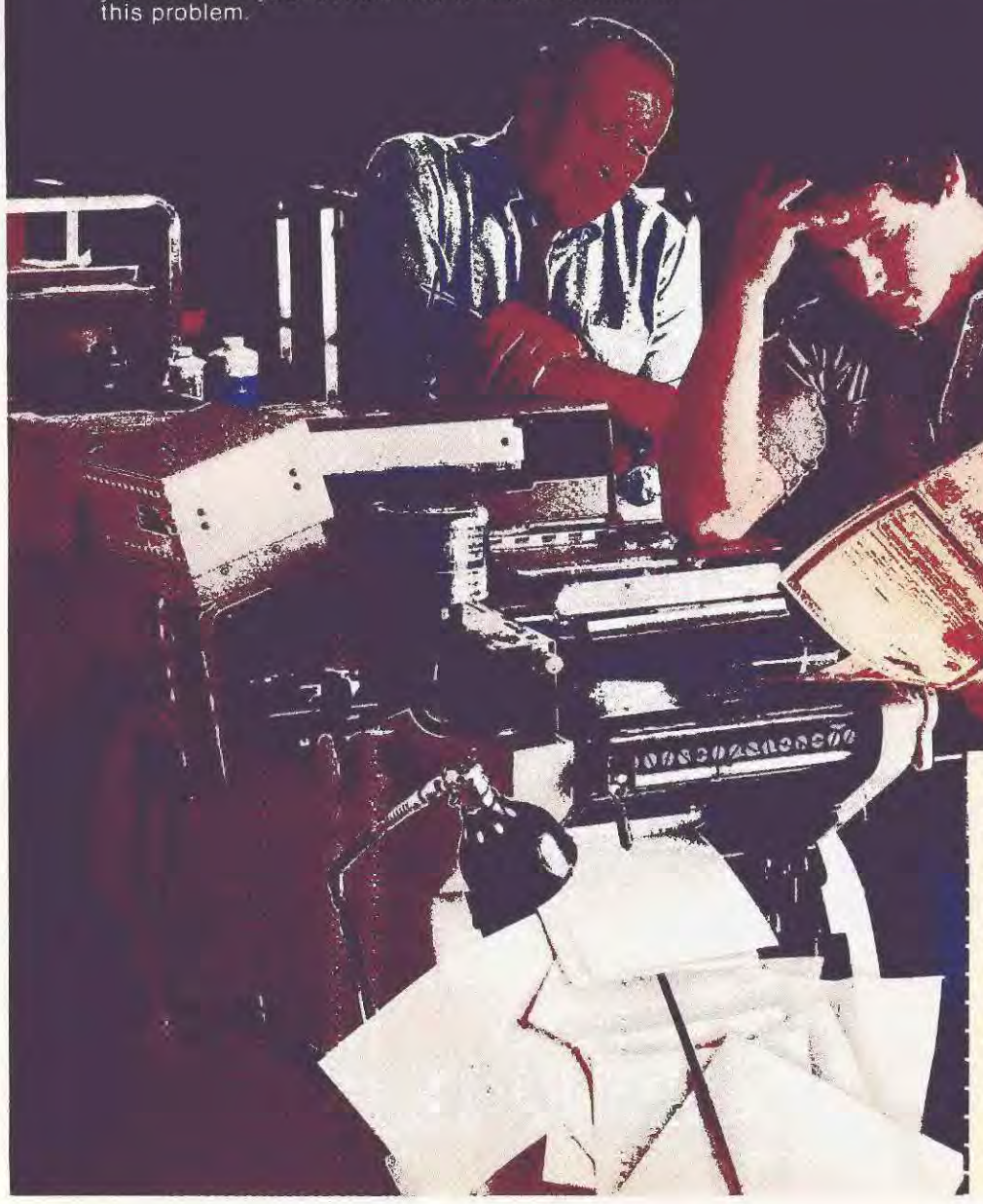
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Continued from previous page
comes to the Far East," Mr. Talbot says.

Jardine Insurance Brokers worldwide has several offices in the Far East, including Thailand, Indonesia, Malaysia, Singapore, China and Hong Kong.

In addition, Jardine's marine and international trade division is targeting not only marine risks but also other types of risk faced by companies involved in international trade.

Mr. Talbot notes Jardine is increasingly involved in the placement of insurance for U.S. clients with overseas construction projects.

Currently, Jardine has a "well diversified" book of business, with about 25,000 commercial accounts, Mr. Talbot says. This year, the company plans to focus on several major industries, including utility, construction, and non-nuclear energy.

Generally, Mr. Talbot says, each Jardine office tends to specialize in serving the insurance needs of the industries in the area in which the office is located.

"If you've ever been in the Arcata-Eureka area, you know if you have an office there you'd better specialize in the forest products industry," which is exactly what Jardine's Arcata, Calif. office does, he says.

"Here in San Francisco," Mr. Talbot continues, "we think we are a pretty important factor in the business of arranging workers comp coverage for the ski industry. In New York, we've done quite a bit of residual value (insurance) for automobile rental organizations. Our most recent client there is Thrifty Rent-A-Car," he says.

Jardine also has offices in Los Angeles, Santa Rosa, Santa Clara, Santa Ana, Calif.; Honolulu; Boston; Schenectady, Syracuse and Cedarhurst, N.Y.; Parsippany, N.J., and Spokane, Wash.

Mr. Talbot says he hopes to attract more large clients, like Thrifty, to reach an average client size of $500,000 to $1 million in premium. "We think we have the resouces to help that kind of client," he says.

Currently, Jardine's typical client pays annual premiums of $250,000 to $500,000. While their clients haven't changed, those figures are higher than a year ago because of the escalating cost of insurance, Mr. Talbot notes.

Mr. Talbot says he plans to attract larger clients by developing the kind of risk management services these clients will need to weather the hardening insurance market.

"We don't have 50 insurance companies up our sleeve that no one else has," Mr Talbot admits. "It's not that we have miracles in the way of market solutions. We don't."

In fact, one of Jardine's major markets—Mission Insurance Group—has announced it plans to cut way back on premium volume, largely as a result of gigantic underwriting losses last year (*BI*, March 18).

"At the same time," Mr. Talbot notes, Mission is "going through a very sharp repricing. If you're going to reduce your premium volume while you're increasing prices, you're going to have to cancel a lot of business. And, that's what they've done."

About two-thirds of the insurance Jardine placed with Mission was workers compensation coverage and about one-third was property and casualty business.

Mr. Talbot downplays the impact Mission's withdrawal from the market will have on Jardine. The effect will be only regional because Mission was used mostly for West Coast clients, he says.

Asked if other markets are available to replace the coverage, Mr. Talbot replies: "Not to the extent we'd like because we are pretty rigorous about our security standards."

'We don't have 50 (insurers) up our sleeve that no one else has,' Mr. Talbot says.

But, Mr. Talbot says he thinks that markets will be available to replace coverage canceled by Mission.

Several other markets used by Jardine also have cut back the amount of premium they will underwrite and Jardine has lost some of its markets, Mr. Talbot admits, but he declined to name any of these insurers.

Jardine's major markets include Fireman's Fund Insurance Co. in Novato, Calif.; St. Paul Cos.

Continued on page 60

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Continued from page 59
Inc. in St. Paul, Minn.; Great American Insurance Co. in Cincinnati, Ohio; Continential Insurance Co. in New York; Industrial Indemnity Co. in San Francisco; Travelers Insurance Co. in Hartford, Conn.; The Home Insurance Co. in New York; CIGNA Insurance Co. in Philadelphia; Crum & Forster Insurance Co. in Morristown, N.J.; Commercial Union Insurance Co. in Boston; and American International Group in New York.

Overall, Mr. Talbot says the broker has "reinforced relationships that we already had, with one exception: Mission."

Jardine continues to enjoy a close relationship with Great American Insurance Co., Mr. Talbot says. Both Mission and Great American are part of the American Finanicial Group of Cincinnatti, Ohio.

Great American has a branch office with 30 employees in Jardine's San Francisco headquarters. The office is dedicated exclusively to serving the broker's West Coast offices.

As a result, Mr. Talbot says, Jardine brokers know exactly what types of risk Great American is looking for and can turn a quote around very quickly.

Jardine's relationship with Great American does not in any way compromise the clients' needs, according to Mr. Talbot.

Instead, he says, it allows the kind of economies of scale that benefit the client.

Jardine places less than 20% of its business on the West Coast with Great American, he notes.

Commercial insurance retail brokering generated about 74% of Jardine's revenues last year, according to Mr. Talbot's estimate.

That's about the same contribution to revenues as last year, and the mix of insurance handled is also much the same. About two-thirds of the insurance is property, casualty and marine; about 20% was related to group and association business and about 15% was related to employee benefit products.

Jardine plans to expand its marketing of group life and health products to associations.

"We're very good at employee association-type business," Mr. Talbot says.

Overall, the most significant change in the source of revenues was growth in wholesale brokering. In 1984, about 12% of Jardine's revenues were generated by brokering business for other brokers compared with 9% of its 1983 revenues—a gain of $1.5 million in revenues.

Mr. Talbot says the increase was prompted by the withdrawal of some primary underwriters from the market, which forced Jardine's broker clients to go to surplus lines insurers to get coverage.

Revenues generated from personal lines brokerage fell to 8% of 1984 revenues compared with 10% of 1983 revenues.

Only 1% of Jardine's revenues were generated by fees for non-brokerage services.

But, Jardine is prepared to provide clients with non-brokerage services, such as assisting clients in examining a captive insurance company as an alternative to commercial insurance.

"I think there's going to be an increased interest by smaller companies in self-insurance solutions," Mr. Talbot contends.

"Not necessarily 100% owned captives," he adds, "but pooling, rent-a-captive solutions and association captives."

He says that companies in the $150,000 to $200,000 premium range are going to have to ban together with other companies of similar size to employ self-insurance solutions.

"We're ready for that. And, we believe in it," Mr. Talbot says.

Jardine Insurance Brokers worldwide has its own captive management firm in Bermuda.

Mr. Talbot made several significant management changes during 1984, most notably a shift back to regional management.

Robert L. Rossi, who was made chief operating officer in 1983 in an attempt by Mr. Mizel to tie the company's two regions together, is now chief executive officer for the western division and will oversee West Coast operations.

Timothy Reath, who joined Jardine in July, will direct the East Coast operations as chief executive officer for the eastern division. Mr. Reath had been with Marsh & McLennan Cos. Inc. as a managing director in New York.

"We've gone back to putting the emphasis on the two major regions in which we're located," according to Mr. Talbot.

Only the Houston office, which Mr. Talbot describes as "in a development posture," is outside the regional management.

"You want the strongest managment as close to the client as possible," he says. "Proximity to the client is still very, very important.

"Proximity doesn't just mean physical presence, it means decision-making presence," he maintains.

The marine and international trade division also is under the regional management structure now. Michael Gribbin, formerly executive vp of the marine and international trade division, was transferred to London to take on a new position as part of a "very small headquarters team" for Jardine Insurance Brokers.

But while all of these changes Mr. Talbot has made are designed to improve Jardine's position in the marketplace, the company continues to suffer from one difficulty that only time can correct: confusion over its corporate identity.

The brokerage firm has changed owners and names three times over the past eight years. The original Albert M. Bender Co. was first catapulted into the national brokerage scene in 1978, the year Bache Group Inc. purchased the company and an acquisition binge began.

Renamed Bache Insurance Services Inc. in 1980, the brokerage was put on the block shortly after Prudential Insurance Co. of America bought Bache in 1981.

Prudential cited a conflict of interest with its own agency force as its reason for selling the brokerage firm.

In March of 1982, Jardine-Matheson purchased the company from Prudential-Bache for $30 million and renamed it Jardine Insurance Brokers Inc.

Mr. Talbot admits that this series of name and ownership changes has created some confusion over the company's identity.

"I certainly hope that we are better understood this year than we were last year," he says.

"We intend to continue building our image and consolidating our reputation."

In addition to Mr. Talbot, regional managers Ms. Rossi and Mr. Reath and Mr. Robertson in the Houston office, principal officers of Jardine in the United States include: J. William Campo, vice chairman; Edward A. Greenberg, executive vp of the western division; W. Michael Carroll, executive vp of the eastern division; and E. Paul Hansen, chief financial officer.

—By Robert A. Finlayson

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Emett & Chandler Cos. Inc.

1800 Avenue of the Stars, Suite 1410, Los Angeles, Calif. 90067; 213-553-4600

	1984	1983
Premium volume	NA	NA
Gross revenues	$34,516,000	$30,197,030*
Brokerage: Retail	64%	55%
Wholesale	3%	4%
Services	28%	37%
Other	5%	4%
Employees	561	518
Rev./employee	$61,526	$58,295
Offices	33	31

*—Adjusted for discontinued operations

Emett & Chandler Cos. Inc. is back to the basics of brokering—and at an opportune time.

Revenues in the first quarter of 1985 were $10.5 million, a 24% gain compared with the first three months of 1984, thanks to rising insurance prices.

And despite the soft market of the first three quarters of last year, Emett & Chandler's insurance brokerage revenues alone increased 28% in 1984.


Mr. Emett

In total, Emett & Chandler reported gross revenues from continuing operations of $34.5 million in 1984, up 14% from a restated $30.2 million in 1983.

Emett & Chandler has restated its financials in 1984 to separately report the results of its continuing brokerage and service operations from the results of its discontinued underwriting operations.

About 64% of its 1984 continuing operations revenues were generated by commercial retail brokerage, about 28% from claims administration and other fee-related services and about 3% from wholesale brokerage. Investment income contributed 5%.

Emett & Chandler broke all its production records in 1984, Chairman Robert L. Emett and President Richard A. Archer both boast.

Most of the increased revenue is attributable to new clients.

Emett & Chandler is targeting clients that generate $75,000 to $100,000 or more in annual commissions and generally is not pursuing accounts with less than $10,000 in annual commissions. As a result, the brokers' clients are generally larger than those of competitors about the same size as Emett & Chandler.

Current Emett & Chandler clients are known to include the Los Angeles County Bar Assn., Western Airlines, Los Angeles Department of Airports, The Denver & Rio Grande Western Railroad.

But, some business was lost, too.

For example, Emett & Chandler lost part of New York-based Norton Simon Inc.'s account when the consumer products giant was acquired by Esmark Inc. of Chicago, which was subsequently bought by Beatrice Foods Co. last August. Subsidiary R. L. Kautz & Co. still administers workers compensation claims for certain employees of the Norton Simon unit.

With the financial world's merger and acquisition fervor, chances have increased that a broker will lose a big client not because of poor service, but because another company has taken over the helm.

"You can do a super job on a client and somebody comes in and grabs them off, and BOOM. It doesn't matter what kind of a job you did, you're gone," Mr. Archer says.

But he prefers to look upon such mergers as an opportunity to land the new parent as another client. "That's the time to go in and compete against the other guy. If you're good, you may pick up the whole business."

In addition to landing new clients in 1984, Emett & Chandler hung its nameplate in another major city, progessing with its plans to establish Emett & Chandler in about 20 major cities.

Last September, the 13th-largest U.S.-based broker opened shop in Houston by acquiring the Houston and El Paso retail offices of Desert American Agency. Emett & Chandler also purchased a small managing general agent in Texas, bringing the Texas acquisition costs to $1.8 million.

It took five years for Emett & Chandler to establish itself in Texas.

Beginning in 1980, a Texas agency operated under the Emett & Chandler name under a lease-purchase option agreement. But, in 1983, the owner exercised his option and terminated the arrangement (*BI*, June 27, 1983).

Last year, Emett & Chandler purchased the Rotan Mosle Insurance Agency, only to sell it back to the principals—at a small profit—about a month later when the larger Desert American opportunity popped up.

The Mosle operation's business, mainly sports-oriented specialty accounts, wasn't a good fit with the general business acquired with Desert American, Mr. Acher explained.

The Texas acquisition gives Emett & Chandler a brokerage office in six of the largest U.S. cities. The other five large cities where Emett & Chandler has offices are: Los Angeles, San Francisco, New York, Chicago and Phoenix.

Other cities in which Emett & Chandler would like to operate offices are: Philadelphia, Detroit, Boston, St. Louis, Pittsburgh, Cleveland, San Diego, Miami, Atlanta, Minneapolis-St. Paul, Tampa-St. Petersburg, Dallas-Fort Worth and the Washington, D.C. area.


Mr. Archer

Emett & Chandler can't predict what city it will take on next or when that might happen. At any one time, the broker is working in about a dozen cities and "you just never know which one is going to drop," Mr. Archer says.

He notes, however, that it is currently working to acquire another Chicago agency to add to Emett & Chandler Illinois.

Emett & Chandler increased its Chicago office business last year with the acquisition of Lannan & Co., a retail broker that was absorbed into Emett & Chandler Illinois last December.

The Sanford Cohen Agency, a small broker in Kansas City, was also purchased last year and its business consolidated into Emett & Chandler Missouri.

The four 1984 acquisitions, which were accounted for only from their date of purchase, together contributed only about 1% to 1984 gross revenues.

But, the acquired employees represent the bulk of the 8% increase in Emett & Chandler's employee base, to 561, up from 518 employees at year-end 1983.

Nonetheless, revenues per employee grew nicely to $61,526 in 1984 from $58,295 in 1983.

Emett & Chandler has invested about $9.9 million—proceeds from the sale of its reinsurance underwriting subsidiaries as well as profits from its other divisions—in new operations between 1981 and 1984, according to Mr. Archer.

While putting its energies into geographical expansion, the broker

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does not expect to expand by diversifying its business activities.

"I think we're about where we want to be, and we want to play to our strengths," Mr. Emett says.

Emett & Chandler is now completely out of the risk-bearing business, which it began to wind down in 1981.

In 1981, it sold its U.S. reinsurer, Presidio Insurance Co., to Beloit Corp. and in 1980 it sold its British reinsurer, North Atlantic Insurance Co., to Armco Inc.

And, in 1983, it sold the last of liabilities of its Bermuda reinsurer, Transworld Insurance Co., to Armco.

However, Litigation brought by Beloit against Emett & Chandler seeking to rescind the sale of Presido and win damages triggered a qualification of the company's annual statement for the second year.

Because the underwriting operations are classified as discontinued, Emett & Chandler has restated its previous financial statements to segregate the results of continuing operations of brokerage and service sales from discontinued operations.

The revised statement increases the 1983 operating loss to $2.3 million from the $918,000 operating loss originally reported.

But, for 1984, Emett & Chandler reports $36,000 in operating income from continued operations.

A $63,000 provision for state taxes creates a $27,000 after-tax loss on continuing operations, which is offset by a $139,000 gain from the discontinued operations—the assets of the now inactive Transworld. As a result, Emett & Chandler reports $112,000 in net income in 1984, or 6 cents per share. That's down from 1983 net income of $133,000 or 7 cents per share.

Emett & Chandler decided to leave the underwriting business because, "We're busy doing what we do best. Underwriting is a very capital-intensive business. And our capital can be much better employed in the business we're in," says Mr. Archer.

"We're going to stick to what we know and what we know we can do well."

So far, that has proved to be brokering insurance.

R.L. Kautz & Co., the broker's struggling self-insurance claims administrator, was "not quite" profitable last year, but improved its operations compared with 1983, according to Mr. Emett.

Kautz was managed until recently by Robert C. Emett Jr., Mr. Emett's son. Robert left the company last November and is now working in the Southern California real estate business.

Now managing Kautz are brothers Michael L. Poland, president and chief executive officer, and William F. Poland, executive vp and chief operating officer. Michael formerly was executive vp at Kautz and William formerly was vp and chief financial officer at Bierly & Associates Inc., a claims administrator in South Pasadena.

The Irvine, Calif.-based Kautz has been a drain on Emett & Chandler for the past several years, but Mr. Emett says Kautz should report a profit before the end of this year, with a helping hand from the tightening commercial insurance market driving more companies to self-fund risk and purchase claims administration services.

"The wind is blowing right for Kautz," says Mr. Archer.

R.L. Kautz has offices in Irvine, Union City, San Diego, and Bakersfield, Calif.; Milwaukee; Pittsburgh; Troy, Mich.; and Des Plaines, Ill.

Sister claims administrator Laverack & Haines is based in Buffalo, N.Y., and has other offices in Syracuse and New York City.

The tightening market should foster growth of other subsidiaries as well, such as captive managers Risk Management Inc. in Los Angeles and Pinehurst Management Co. Ltd. in Hamilton, Bermuda, and the Cayman Islands.

These companies now manage about 60 captives, up from about 50 at this time last year, according to Mr. Emett. About 20 of these are association captives, and the other 40 are single-owner captives, half of which are owned by brokerage clients of Emett & Chandler.

"People are more interested in getting the coverage than in the IRS," notes Mr. Emett, referring to the U.S. Tax Court's reluctance to recognize insurance premiums paid to captives as a tax-deductible business expense.

Emett & Chandler Insurance Services, a mass merchandising operation based in Pasadena, Calif., "probably more than doubled its business" last year and has an "excellent penetration in the savings and loan institutions," Mr. Archer says.

Its products include specialty group and personal lines insurance like travel and accident coverage, baggage insurance, dreaded disease insurance and various forms of life insurance.

For example, The Times Mirror Co., publisher of the *Los Angeles Times*, purchases accidental death insurance for its employees from this division.

Five-year-old Galaher Settlements & Insurance Services Co. Inc., a structured settlement specialist, is "expanding by leaps and bounds," Mr. Emett says. The company opened its sixth office in New Orleans last October.

Its other offices are located in Houston, Chicago, New York, Boston and Claremont, Calif.

Galaher provided settlement services last year for Houston-based Global Marine Inc., whose drilling ship Glomar Java Sea sank off the coast of China in November 1983.

Pinex Insurance Services, which arranges reinsurance for captive insurance companies, is located in Los Angeles. A facultative reinsurance broker, ECRIS Inc. is based in New York but is "just barely operating," Mr. Archer says.

Two significant investors in Emett & Chandler sold their holdings in the past six months.

In January, Emett & Chandler bought back about 210,500 shares from investors affiliated with New York-based marine broker Thomas E. Leeds & Co. Inc.

The investors had acquired enough stock over eight years to elect Thomas E. Leeds Jr., the firm's president, to Emett & Chandler's board of directors last June, replacing William S. Banowsky, a director since 1980.

Mr. Leeds said he had hoped for the merger of Emett & Chandler and his marine brokerage, to strengthen Emett & Chandler's presence in the marine market and give his brokerage a stature it currently lacks in the property/casualty market. But that never came to fruition.

When Emett & Chandler repurchased the stock, Mr. Leeds resigned as director. Mr. Banowsky was then re-elected a director.

"It was quite obvious to me that they had no desire to have me on the board," Mr. Leeds says today.

The repurchased stock was used to fund Emett & Chandler's employee stock purchase and stock option plans, Mr. Archer says.

Then in April, Old Republic Insurance Co. sold most of its Emett & Chandler holdings, which the insurer had built to about 11% of the broker's outstanding stock since November 1981.

Mr. Emett speculates that Old Republic bought the stock with the intention of selling it later.

The insurer gave Emett & Chandler the opportunity to buy back the stock—more than 175,000 shares at $16 per share—but the broker decided against it and the stock was sold on the open market, purchased by numerous investors.

"It was a lot of money, and we didn't think that was the best use of our assets at the time," explains Mr. Emett.

Emett & Chandler would have had to borrow some of the capital to purchase the stock. "We frankly are happy to have that much more in the public's hands."

Commenting on current conditions in the insurance marketplace, Mr. Archer says the tightening market worries him.

Underwriters are reacting too quickly, which could adversely affect "the whole insurance institution," he suggests.

"If people can't find coverage, people find alternatives. If they try to buy it but it's not available at any price, I say the industry's falling short.

"If underwriters and management of insurance companies will just concentrate on getting a proper return on their capital and stick with that, then the problems we have today we won't have in the future," he reasons.

Besides a capacity crunch, the ISO—proposed occurrence-form general liability policy concerns the brokerage executive.

"We're opposed to anything that negatively impacts our clients. It's pretty basic that an occurrence form provides a better form of protection than a claims-made form," Mr. Archer says.

Other officers of Emett & Chandler are Thomas B. Arney, vp, and George W. Brown and Leonard P. Lawrence, both group vps.

As reported to the Securities and Exchange Commission, the five highest compensated executives in salaries, commissions and bonuses in 1984 were:

L.P. Lawrence	$316,736
T.B. Arney	$233,225
R.L. Emett	$212,500
R.A. Archer	$150,000
G.W. Brown	$150,000

—By Steve Taravella

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Republic Hogg Robinson Inc.

177 Milk St., Boston, Mass. 02109; 617-542-5200

	1984	1983
Premium volume	NA	NA
Gross revenues	$30,606,000	$27,974,000
Brokerage: Retail	50%	50%
Services	26%	26%
Personal lines	19%	20%
Invest. income	5%	4%
Employees	594	622
Rev./employee	$51,525	$44,974
Offices	28	28

Republic Hogg Robinson Inc. is sticking to the strategy that has led to steady revenue gains for two consecutive years.

"We did the things for the company that we said we wanted to do" in 1984, remarked Charles E. Keller, president and chief executive officer of the nation's 14th-largest broker.


Mr. Keller

"Our game plan is to continue to target the size business we handle well," he says. That means RHR will continue to focus on medium-sized companies as corporate brokerage clients, notes Mr. Keller.

Last year, RHR's revenues rose 9.4% to $30.6 million from just less than $28 million in 1983. Revenues had risen 11% in 1983 after rising only 1.8% during 1982.

Half of RHR's 1984 revenues were derived from retail brokerage, unchanged from last year, while 26% came from other services, mainly third-party claims administration for self-insured clients. Personal lines accounts for 19% of the brokerage's revenues, and 5% is generated by investment income.

Although RHR did not achieve the double-digit revenue increase during 1984 enjoyed by some of its competitors, "I think we are comfortable with our growth," Mr. Keller said.

He noted that RHR's 1984 revenues were boosted by "the beginning of some new business," said Mr. Keller. "Maybe at the very end, we got some help from the tight market, but most of it was from the development of new business."

During 1983, RHR's growth came mainly from additional business the brokerage placed from existing clients, he noted.

Mr. Keller is confident that increasing commercial property/casualty rates will boost RHR's revenues further this year. "We've already seen it," he said.

Although Republic Hogg Robinson isn't planning any great changes in its strategy, the company has seen some change in its ownership.

Republic Steel Corp., which bought what had been known as Penn General Agencies in 1981 in partnership with Lloyd's of London broker Hogg Robinson Group P.L.C., was acquired by Dallas-based LTV Corp.

LTV continues to own 50% of RHR, while Hogg Robinson owns the remaining half of the brokerage.

But whether the partnership that owns RHR will continue is uncertain.

"I think the English are interested in our company, but so far there is nothing definite," Mr. Keller said, referring to speculation that Hogg Robinson may buy 100% of RHR.

"I think that LTV has been known to sell off some of their non-steel properties," he added.

Officials at Hogg Robinson in London say they are interested in

Continued on next page

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Continued from previous page

acquiring a controlling interest in RHR, but will not comment on negotiations with LTV.

No matter what stake Hogg Robinson holds in RHR, the groundwork for an ongoing successful relationship with the London brokerage is already well-established, Mr. Keller says.

"We've improved our relationship greatly with Hogg Robinson in the last year."

He pointed out that RHR already receives many referrals from the London brokerage for U.S. business, and the number of referrals from Hogg Robinson is increasing.

"As the market tightens, Hogg Robinson is a great asset to help us market our business," he says. "As our communications with Hogg Robinson have improved. . .we have begun doing more business back and forth across the Atlantic than we did a year ago."

RHR's administrative functions have been gradually shifting eastward across the country—to Boston from Los Angeles.

Most administrative operations that were handled in Los Angeles and other parts of the country are now performed in Boston, now referred to as RHR's headquarters.

However, the company's chief legal officer and treasurer still work from the broker's Los Angeles office. And Chairman Arnold Bergson continues to work from RHR's New York office, overseeing the operations of the company's branch offices on the East Coast.

Further adding to this decentralization is the many individual specialties that have been developed by RHR's individual offices throughout the country.

From its New York office, RHR is a leading broker for fine arts coverage for museums and galleries. Energy programs are a specialty of the Philadelphia office, while the Cleveland office handles coverage for companies in the metalworking industry.

Business from Japan is handled by the Los Angeles office, where Japanese-speaking staff members are based.

Last year, RHR attempted to expand its oil and gas business in Texas through its Dallas office.

"It's going all right," Mr. Keller commented. "It wasn't the greatest time to set it up, but it's done what we wanted it to do. What we've tried to do during 1984 is build a foundation for how the business should grow in the next five years."

How the tightening property/casualty insurance market develops will also influence what new specialty risks RHR concentrates on in the future, he said.

Although RHR targets medium-sized companies as brokerage clients, RHR's new Special Services Division, headquartered in Cleveland, is helping RHR develop new business by offering specialty services to large clients.

"It has given us the opportunity to do a lot of things," Mr. Keller said of the new division, "whether it be special consulting or to come up with new products that would work better for our clients."

The Special Services Division was created last year to target larger accounts so RHR's network of national offices could concentrate on "the everyday business" of handling medium-sized accounts, he said.

The division will "do anything a Fortune 500 company needs, whether it is consulting services, placing specialty business or developing new products—whatever it needs."

The division is headed by Joseph I. Cline Jr., formerly vp of insurance services at Republic Steel Services Group, which was a unit of Republic Steel Corp.

Mr. Keller says that RHR is well-aware of the challenges the tightening market poses for insurance brokers, noting that brokers must keep in mind two basic marketing techniques to employ during a hardening market.

"One is to meet the underwriters face-to-face, talk through how its done. The second is to meet your clients face-to-face to explain what the tight market is all about. If we do those things and do them properly, I think that's a first strategy for our size business."

But the tightening market is not changing RHR's internal procedures, especially its attempts to keep a lid on expenses, he said.

"It is my philosophy is that we must run our business to make money in a soft market or in a tighter market," he added. "What expense controls we put on to try to make our company more successful, will remain."

Mr. Keller is also closely watching the current controversy surrounding the claims-made commercial general liability policy form proposed by Insurance Services Office. But he says RHR's operating procedure will not be drastically changed by the implementation of the new form.

"Our job is to communicate with our clients. Our function is to find the best insurance available for them. . . .We're still a middleman, no matter what anybody says, and we must get (the coverage) written properly and communicate to the client that this is what is best in the market at this particular time."

Claims and other non-brokerage services for clients, which make up 26% of RHR's revenues, are largely handled through its Los Angeles-based subsidiary, Penn General Service Corp.

Earlier this year, *Business Insurance* ranked PGSC as the nation's fifth-largest claims administrator specializing in self-insured health plans (*BI*, Jan. 28).

Although PGSC is a separate subsidiary, last year RHR consolidated the sales force of the brokerage and the claims subsidiary.

"We decided the company wasn't big enough to have two sales forces," said Mr. Keller. "That was a major change for us last year. Our sales force can sell insurance 'as such' and also third-party administration services. Overall, it was a very successful move for us."

PGSC closed its office in Barrington, N.H., last year after working out an arrangement with a major client for it to take on more of its own administrative duties.

Pension Planning Associates, an actuarial consulting firm in New York that was acquired in 1983, continues to provide services to companies with self-insured pension plans.

"One of our thrusts in 1985 is to do a better job overall on our employee benefits business," said Mr. Keller. "We have a number of individual specialties in our employee benefit area and we are trying to do a better job of putting them all together."

He mentioned the company's expertise in administering self-funded pension plans, along with with the brokerage's ability to provide group health plan consulting services. Those abilities can be offered together to clients and "as we do this, our third-party administration should increase," he said.

In addition, an international employee benefits unit is being developed, to be headed by Richard Hornigold in Boston. Mr. Hornigold was previously a director of employee benefits for Pepsico Inc. and has also worked for Johnson & Higgins.

The new unit will "take advantage of international employee benefits since we are associated with Hogg Robinson and their international network," said Mr. Keller.

Continued on next page



Continued from previous page

RHR reported 594 employees at the end of 1984, a 4.7% drop from the end of 1983.

Some of the turnover was caused by RHR's decision to close its Houston office last year. Business formerly handled from that office is now handled by the Dallas office.

Because of the increase in revenue and a decrease in head count, revenues per employee in 1984 rose 15% to $51,525 from $44,900.

But, despite the loss of some employees, the brokerage has added professionalism, Mr. Keller said.

"What we want is everybody in our company to understand how to deal with each other, our clients and the general public. We talk constantly that we want to be both professional and personable, and if we do, we will continue to have a little pride."

Internally, RHR has developed a national marketing committee to get employees more involved in the broker's operation.

Nearly every RHR employee is involved with the work of the committee, whose task is to ensure that branch offices communicate with each other to exchange information on how different insurers are performing, what risks particular companies are writing and how to successfully broker hard-to-place risks.

Besides its Boston headquarters, RHR's commercial brokerage offices are located in Phoenix, Ariz.; Los Angeles and San Jose, Calif.; Miami; Southfield and Saginaw, Mich.; Burlington, N.C.; New York; Beachwood, Ohio; Wynewood, Pa; and El Paso, Lubbock and Irving, Texas.

Penn General Services Corp. has offices in Los Angeles; Miami; Caribou, Falmouth and Jackman, Maine; Springfield, Mass; Southfield and Cadillac, Mich; New York; and Austin, Irving and Lubbock, Texas.

A new chief financial officer, Douglas A. Blackburn, was hired earlier this year from accountant Arthur Young & Co. in New York and is based in Boston.

Besides Mr. Keller, Mr. Bergson and Mr. Blackburn, RHR's principal officers include Senior Vp William J. Nietschmann and Regional Vps Donald A. Benyas, Vernon E. Dockendorf, Donald F. Bercu and Michael R. Tyler.

—By Michael Bradford

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Poe & Associates Inc.

702 N. Franklin St., Tampa, Fla. 33602; 813-228-7361

	1984	1983
Premium volume	NA	NA
Gross revenues	$23,054,000	$20,370,000*
Brokerage: Retail	47%	56%
Wholesale	30%	23%
Services	7%	7%
Personal lines	11%	11%
Invest. income	1%	1%
Other	4%	2%
Employees	460	465
Rev./employee	$50,139	$44,882
Offices	15	20

*—Restated

Confident that Poe & Associates Inc. has finally stopped a three-year drain on its profits, Chairman William F. Poe Jr. is anticipating "great opportunities" for the brokerage in 1985 and 1986.

Poe & Associates has written off its remaining investments in both Whiting National Insurance Co., a wholly owned U.S. insurer that specialized in professional liability coverage, and Stetzel, Thomson & Co. Ltd., a London-based underwriting manager in which Poe held an 80% interest.



Mr. Poe

Over the last three years, losses at Whiting wiped out Poe & Associates' profits. And, in 1983, the Stetzel, Thomson investment took its toll.

But, as a result of the write-offs at a total cost of $693,000 against 1984 income, any further losses incurred by those operations should not affect Poe & Associates.

Nonetheless, auditors Ernst & Whinney have qualified Poe's 1984 annual statement subject to the outcome of any further impact on Poe & Associates related to the discontinuance of Whiting's operations.

Whiting had specialized in underwriting professional liability insurance, primarily for dentists and lawyers. It ceased underwriting May 1, 1985, and its business is being run off by Whiting National Management Co., a Poe subsidiary with about 20 employees.

Whiting National Services Inc., a third-party claims administrator, continues to operate.

But, before writing off its investment in Whiting, at a cost of $315,000, Poe had to take a $1.7 million charge primarily related to strengthening loss reserves for prior underwriting years.

Previously, reserve adjustments at Whiting have cost Poe & Associates $2.6 million in 1983 and $1.3 million in 1982.

The other troubled Poe subsidiary, Stetzel, Thomson, ceased underwriting activities in January 1984 after several Mexican and South American reinsurers stopped paying their bills and Poe had taken a $1.9 million charge for a special reserve. In October 1984, Stetzel transferred the runoff of the business to Limewood Run-Off Ltd., and Poe & Associates received $450,000 in cash.

Poe wrote off its remaining investment in Stetzel, Thomson at a cost of $293,000 in 1984 income.

Despite these charges, Poe & Associates' 1984 results were an improvement over a disastrous 1983.

Revenues from continuing operations increased 10.5% to $23.1 million in 1984 from $20.9 million in 1983—markedly improved from the previously reported 1.3% growth in 1983 revenues over 1982.

(Poe restated its 1983 results to include investment income that had been previously excluded.)

The gain moves Poe & Associates up to the 15th spot among the 20 largest U.S. brokers.

And, Poe's aftertax income from continuing operations recovered to nearly its 1982 level. Operating income in 1984 climbed to $1.37 million, compared with a $976,000 loss from continuing operations in 1983 created by the special reserve related to Stetzel, Thomson.

In 1982 Poe recorded aftertax income on continuing operations of $1.39 million.

However, after the $2 million loss on Whiting, Poe & Associates suffered a $642,000 net income loss in 1984, or 23 cents per share. That's still better than the $3.5 million net income loss, or $1.24 per share, suffered in 1983.

Poe's first-quarter 1985 results—minus Whiting—reflected a slight increase over first-quarter 1984. Net income from continuing operations was up only 0.2% to $515,000 from $513,000 in 1984.

First-quarter 1985 gross revenues were up 1.7% to $6.1 million from $6 million in 1984.

Part of the reason for such a minor increase in revenues for the first quarter of 1985 is that Poe reported several non-recurring transactions in 1984 primarily related to entities sold later in the year.

Baltimore-based Matterhorn Bank Programs Inc., which specializes in personal lines financial services products, was sold to AVEMCO Corp. of Frederick, Md.

Poe & Associates of Puerto Rico Inc., a San Juan-based insurance agency, and several expiration lists, also were sold. The sales resulted in a net gain of $1.2 million.

"Our biggest accomplishments for 1984 were cost containment and being able to have a small revenue growth—10%," Mr. Poe said. "The other thing is that most of our profit centers became profitable, without the Whiting National Insurance Co. loss.

"It's the same for the first part of 1985. We have what appears to be a good year going."

He said rate increases are not yet apparent in Poe & Associates' results. "We have not measured the impact of rate increases yet."

Wholesale brokerage, which primarily involves mass marketing and association-sponsored programs, grew for Poe & Associates in 1984, to generate 30% of revenues.

Poe regularly acts as a wholesale broker for about 400 agents across the country and for hundreds of other agents on a piece-by-piece basis, he added.

And, Poe is its own customer in states where it has offices: Florida, Georgia, New Jersey and North and South Carolina.

Poe's largest association-sponsored mass-marketed programs primarily market professional liability insurance. The largest of these is the American Dental Assn.'s ADA Professional Protector Plan written by CNA Insurance Cos. in 48 states (excluding California and New York). The program, covering about 50,000 dentists, includes malpractice, professional liability and property coverages.

Mr. Poe notes that the ADA program "probably represents slightly under 20% of our business."

Other major mass marketed programs for professional liability coverages offered by Poe include the Florida Lawyers Program, which insures approximately 7,000 lawyers in that state; the American Optometric Assn.'s Optometric Protector Plan, endorsed in 38 states; the American Pharmaceutical Assn.'s A.Ph.A. Pharmaceutical Protector Plan and Pharmacists Professional Liability Protector Plan for drugstore and pharmacy owners; and the Lawyers Protector Plan.

So far the withdrawal of numerous underwriters from professional liability lines has not created a great amount of trouble for the brokerage. "We have had only minor capacity problems," Mr. Poe said.

"Obviously we are having difficulty in getting, and do not get, the same number of quotes on a particular risk as we had before," he said. "There are a lot less players in the market. Up to this point we pretty much have been able to maintain our companies and capacity."

But, Poe & Associates is anticipating some capacity problems for the second half of 1985, particularly in professional liability lines.

"In malpractice particularly, and in other areas like umbrellas and so forth, we are finding a diminishing market and we are anticipating capacity problems," Mr. Poe said.

Mr. Poe noted that insurers' underwriting standards are becoming much stricter in the hardening marketplace.

"Basically we do business on the terms of the underwriter," he said. "They go from one extreme to another. . .an overreaction."

The market is "strictly a seller's market," he said, adding insurers are scrutinizing liability risks much harder than property risks.

"We're personally dealing a risk face-to-face with underwriters," Mr. Poe said. "We're being sure that all the details are well-prepared so that the underwriters can quickly make decisions rather than having to clerically deal with rates, schedules, etc."

In 1984, Poe & Associates' commercial retail brokerage revenues dropped to 47% of total revenues from 56% in 1983. Retail business did not grow as quickly as wholesale business.

A large account landed this year is a wrap-up construction program for a $50 billion development on Harbor Island off the tip of Tampa.

The firm concentrates on writing medium-sized to small commercial accounts, Mr. Poe said.

Mr. Poe said that, considering market conditions, he's rather pleased that they don't have many large commercial accounts.

But, with rates rising as they are, Poe's clients may soon qualify for large account status, he notes.

But, Poe is not planning on "changing our marketing strategy to try to market to large accounts. We anticipate maintaining a medium to small account base."

About 15% of Poe & Associates' business involves employee benefits Mr. Poe said, including TPA fees and James P. Poole & Co., an Atlanta agency that specializes in brokering life and health business.

About 7% of Poe & Associates' total revenues are generated by subsidiaries providing services for fees, including the two third-party administrator subsidiaries, Whiting National Services and EBS Inc.

Another subsidiary, L. Garry Smith & Associates Inc., which has offices in Tallahassee, Miami and Tampa, Fla., is a lobbyist and consultant on political, medical and real estate matters.

Within the last three months, Mr. Poe said that the brokerage firm has started up a small operation within its Orlando office called Poe Financial Services. The new operation is engaged in individual financial planning and the selling of financial services products like tax shelters, mutual funds, life insurance and real estate.

Personal lines brokering generated 11% of revenues in 1984 as well as 1983.

In September 1984, Poe & Associates purchased Dick Russo Insurance Agency Inc. in Brandon, Fla. In March, Poe & Associates purchased Baldwin Insurance Agency Inc. in Miami.

Within Florida, Poe & Associates has branch offices in Fort Myers, Jacksonville, Lakeland, Miami, Orlando, Tallahassee, Tampa, Venice and Winter Haven.

Poe & Associates subsidiaries include: The Jordon Group, a wholesale operation; O'Connell & Salisbury, an agency in New Brunswick, N.J.; and Poe & Associates of North Carolina/South Carolina, with offices in Charlotte and Wilkesboro, N.C. and Florence, S.C.

Poe & Associates has 460 employees, five fewer than 1983. So, revenues per employee rose to $50,139 in 1984 from $44,882 in 1983.

Other officers besides Mr. Poe include: V.C. Jordan, Jr., president of Poe & Associates and former owner of The Jordan Group, in charge of wholesale operations; Martin L. Vaughan III, executive vp, in charge of the retail operations, and Bruce G. Geer, executive vp and chief financial officer.

The five highest-paid officers of Poe & Associates in 1984 and their salaries, commissions and fees, according to documents filed with the Securities and Exchange Commission, were:

William F. Poe	$125,769
V.C. Jordan, Jr	110,000
Martin L. Vaughan III	$97,000
Earl S. Lipnick	$135,000
Kenneth M. Sumner	$70,000

By Linda J. Collins

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Financial Guardian Group Inc.

3100 Broadway, Kansas City, Mo. 64111; 816-561-8630

	1984	1983
Premium volume	NA	NA
Gross revenues	$22,900,000	$21,475,421
Brokerage: Retail	77%	70%
Wholesale	21%	27%
Services	2%	3%
Employees	333	356
Rev./employee	$68,769	$60,324
Offices	15	15

Divested of operations not in line with its focus on retail insurance brokering, Financial Guardian Group Inc. is primed to take full advantage of the tightening commercial insurance market, its new chairman says.

"Our company is in excellent condition," says Donald R. Weber, who became chairman and chief executive officer of the privately-held Kansas City-based brokerage when Lee Beets retired in September 1984.

"We've stayed with operations that have been successful and are on track to start making a profit."

The firm, which recorded only a $31,525 profit in 1984 following lean years also in 1982 and 1983,generated record-high gross revenues of $22.9 million in 1984. Still, it fell a notch to 16th-largest broker in the *Business Insurance* ranking of the Top 20 U.S. brokers when Poe & Associates In. moved into the 15th spot.



Mr. Weber

The 6.7% increase in revenues over 1983's $21.5 million was due to the improved national economy and internal growth, Mr. Weber says. In 1983, gross revenues dropped 3.8% from $22.3 million in 1982.

"We started this year with a minimum of reorganization costs and are doing well in the first quarter, maintaining business," he added.

However, "we will have less total gross revenues in 1985 than in 1984 because of our divestitures," Mr. Weber said.

FG renewed its emphasis on retail brokering in 1984, selling the reinsurance underwriting management division of subsidiary World American Underwriters to Royal American Managers Inc. of Kansas City, Mo., and closing down World American's underwriting management activities. The subsidiary is now inactive.

In addition, the broker reviewed the operations of all profit centers and purged itself of some of them:

- Retail offices in Stamford, Conn. and Des Moines, Iowa, were sold in June and December 1984 because they "were small and had little to build upon," Mr. Weber said.
- Financial Compensation Consultant Inc., a wholly owned subsidiary that mass marketed a deferred compensation program, was discontinued.
- The professional liability operations of Financial Guardian's wholesale brokerage subsidiary, Worldsurance Inc., were sold earlier this year.

And, despite an increase in revenues generated from employee benefits products, FG sold benefits subsidiary Insured Benefits Inc. (doing business as Byerly & Co. of Denver and Cheyenne) to former shareholders in January 1985.

FG also moved its risk management services subsidiary, FG Technical Services Inc., from New York to Kansas City to control costs.

"This will be more cost effective since we can more practically deliver services to the middle-market clients that use them," Mr. Weber says. "It eliminates tremendous expenses."

FG's only major acquisition in the past 12 months was Crescent Insurance Services Inc. of Houston earlier this year. Mr. Weber describes it as a "small agency with a good client list."

This purchase fits into the company's new strategy of sticking to what it knows best—retail brokering—and aiming at excellence.

"We want to be good at what we do and not try to be what we are not," Mr. Weber says. "We have a niche in the middle market and will not try to be a Marsh & McLennan."

FG now has 333 employees—a decrease of 6% from 356 in 1983 as a result of home office cost control measures—and 15 offices.

"Our motto is 'large enough to serve, small enough to care,'" says Mr. Weber. "We have the risk management, consulting and bro

Continued on next page

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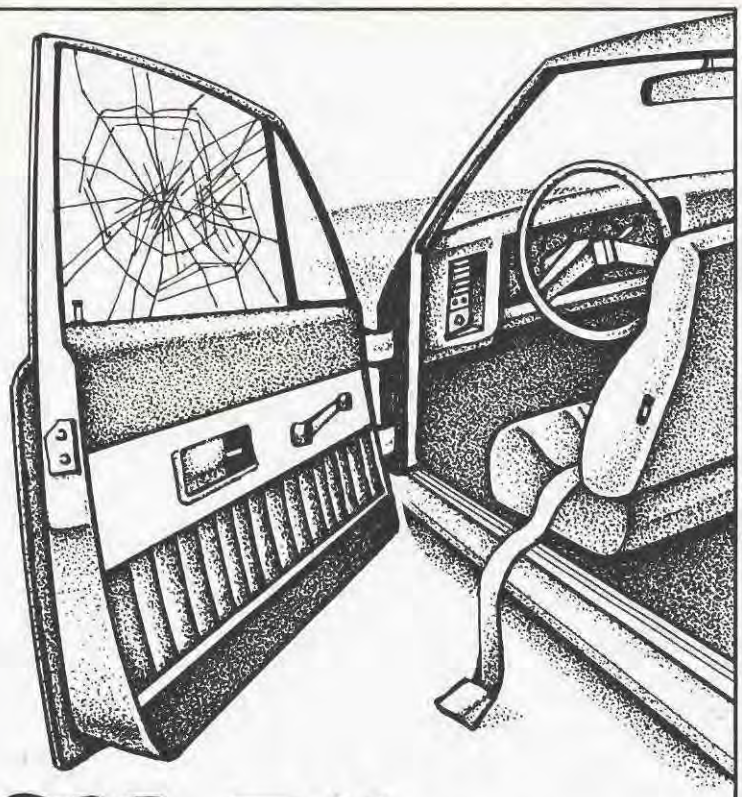
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Continued from previous page

kerage services clients need, but are able to spend time with them."

FG has 56,000 clients, with most generating annual premiums ranging from $2,500 to $1 million. Besides serving these midsized clients, "we have also gained a reputation as competent group marketing specialists in fast food, trucking, errors and omissions and student insurance programs," Mr. Weber says.

FG's commercial retail brokerage operations grew in 1984 to 77% of its total business from 70% in 1983, according to the company's 1984 10-K.

Of the remaining 23% in revenues, about 21% was derived from wholesale operations—a drop from 27% in 1983—and 2% from fees for risk management, engineering and claims services.

The percent of revenue generated by commercial retail property/casualty lines fell slightly in 1984 to 71.9%. Personal lines business also fell slightly to 7% of 1984 gross revenues from 7.8% for 1983.

The area of greatest growth was life, health and employee benefits lines, which accounted for 18.9% of gross revenues in 1984, up from 15.8% in 1983.

However, in 1985 these revenues will likely decrease due to the sale of Insured Benefits Inc., Mr. Weber says.

Interest income on investments increased to $289,963 in 1984 from $264,460 for 1983, due to the availability of more "idle" funds to invest, FG's annual report says. However, this still accounted for only slightly more than 1% of revenues.

About 90% of FG's compensation is from commissions and 10% from fees, officials say. As Mr. Beets predicted last year, this emphasis on commissions has put FG in a good position to benefit from commercial insurance rate increases that began in mid-1984.

"You usually hear of the more dramatic rate increases, but on average we're dealing with 25%-50% increases," Mr. Weber said.

The tightening market will force policyholders to take a new look at assuming higher self-insured retentions and to consider other risk-funding methods, including captives, Mr. Weber says.

"This will increase the need for technical talent on the brokerage end, which is one of our strengths."

For example, Financial Guardian International Ltd., a subsidiary management firm based in Bermuda, manages a group captive for 1,800 Pizza Hut franchise restaurants, Mr. Weber says.

HUTCO, which covers the franchisee's property/casualty risks—including workers compensation risks—has shown an underwriting profit three of its four years. Premiums in 1985 will total $7.5 million.

'We have a good program in London we use to fill gaps in specialty areas such as aviation and marine. You hear of reduced capacity, but it hasn't affected us yet. If anything, we hope to get more capacity from London,' Mr. Weber says.

"HUTCO's doing very well right now and shows the value of handling risks through a premium stabilization program," Mr. Weber says.

"The franchisees in the program paid 20%-30% more in premiums than their competitors over the last few years, but are relatively unaffected by today's market and their reinsurance is holding steady while their competitors are getting 100% increases," he said.

Markets used consistently by FG include Fireman's Fund Insurance Cos., Hartford Insurance Group St. Paul Cos. Inc., CNA Insurance Cos. and SAFECO. It also uses CIGNA, Travelers Insurance Cos., Aetna Life & Casualty Co. and Home Insurance Co.

He says FG places most of its clients' coverages with U.S. markets but adds, "We have a good program in London we use to fill gaps in specialty areas such as aviation and marine. You hear of reduced capacity, but it hasn't affected us yet. If anything, we hope to get more capacity from London."

Despite the fact that higher commercial rates are increasing FG's commissions, it is not letting up on a cost-control program begun in 1982, says Vp and Treasurer Darrel D. Prater. "We're budgeting closely on expenses."

Measures include leasing out 30,000 square feet of office space in the broker's headquarters to cut overhead and automation of FG's personal lines business, which has simplified accounting and eliminated certain staff positions, Mr. Prater says.

The overall effort has helped cut the home office budget by 50% over the last two years.

In mid-1984, FG became one of the first companies to go on-line with Insurnet, an industry sponsored computer network, Mr. Prater says. "We worked with Insurnet to develop the Advanced General Ledger System, a complete brokerage accounting and data processing package."

FG also hopes within the next 18 months to achieve a computer link-up among its 15 offices, improving communications between regional offices and the broker's three administrative centers in Kansas City, Detroit and San Jose.

"We're beginning to realize the benefits of our hardware."

To improve operations, FG is studying what each of its offices does particularly well and using its operations as a guide to develop standards for other offices.

For example, the San Jose, Calif., office has been successful in commercial property/casualty risk management analysis and in marketing employee benefits programs, he says. The Troy, Mich., office does well in small commercial and personal lines, Kansas City has successfully marketed the Risk-Surance concept (unbundled brokering and risk management services) and Wichita has done well with business from the fast food industry.

For the first time ever, FG's directors this year have set aside research and development funds, Mr. Weber says. The $150,000 fund will be used to develop training programs, marketing strategies and automated risk management and employee benefits systems.

FG's two major subsidiaries are its retail brokerage, Financial Guardian Inc., and wholesale brokerage Worldsurance.

Retail Financial Guardian offices are located in Los Angeles and San Jose, Calif.; Phoenix; Denver; Houston; Atchison and Wichita, Kan.; Kansas City and St. Louis, Mo.; Oak Brook, Ill.; Troy, Mich.; and New York.

Worldsurance operates offices in Los Angeles, Houston and New Orleans.

Foreign subsidiaries include Financial Guardian International, B.V., of Holland; Financial Guardian France, S.A.; and Bermuda-based FG Reinsurance Ltd. and Financial Guardian International Ltd.

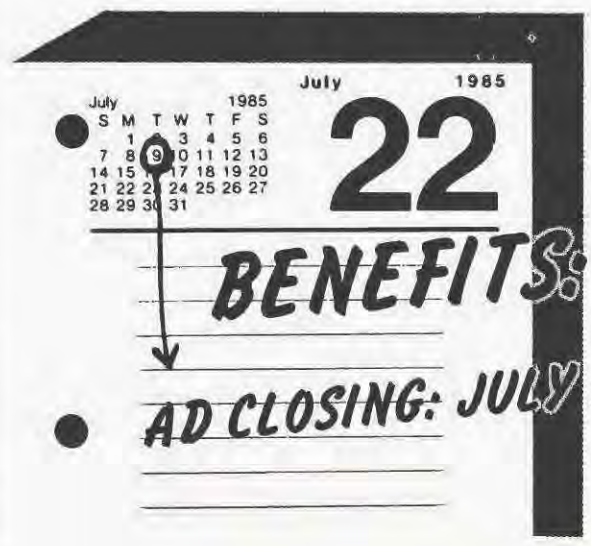
FG is licensed as an excess/surplus broker in Arizona, California, New York, Texas, Louisiana, Missouri, Michigan and Colorado.

FG's other key officer besides Mr. Weber and Mr. Prater is Lewis A. Dysart, vp and secretary.

Mr. Weber said Mr. Beets' decision to retire last year was a "matter of him having one set of goals and plans for the company and others having theirs. We felt it was better for him to retire, assuming we could agree on a settlement. It was a friendly agreement." According to FG's 10-K, the severance agreement drawn up gave Mr. Beets—who founded the company—$12,500 a month for the last three months of 1984 and $150,000 a year for the next four years.

—By Steve Sherwood

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Hilb, Rogal & Hamilton Co.

6630 W. Broad St., Richmond, Va. 23230; 804-289-5300

	1984	1983
Premium volume	$115,000,000	$100,000,000
Gross revenues	$21,948,000	$18,900,000
Brokerage: Retail	70%	67%
Services	1%	1%
Personal lines	25%	28%
Invest. income	4%	4%
Employees	365	355
Rev./employee	$60,132	$53,239
Offices	16	15

Size isn't everything to Hilb, Rogal & Hamilton Co.

Medium-sized clients—those that generate an annual commission of between $5,000 to $75,000 a year—"are our meat and potatoes," says company President Robert Hilb.

"We don't attempt to compete with the large brokers on large accounts—we don't try to do AT&T or General Motors—and we have little competition from the large brokers in our locations," he says.



Mr. Hilb

"We try to be No. 1 in performance, if not in gross revenues," adds the president of the privately-owned company, which again holds the 17th spot this year in the *Business Insurance* ranking of U.S. brokers.

"We're a general agency, with no particular specialty," Mr. Hilb says. "We strive to become the leader in the market areas we're in: Richmond, Mobile, Birmingham—the middle-sized cities."

Although the brokerage is not overly concerned about its size, it does, of course, want to increase its business. For instance, to increase its commercial lines brokerage volume, Hilb, Rogal & Hamilton held a companywide sales contest, Mr. Hilb said.

"We've found that by putting competition in the sales end, we get aggressive results. We have seven or eight sales leaders in the various offices, and when they go head to head, they all want to win.

"Our computer tells us when we bring all the numbers together, that our people sold $1.7 million in commissions to 1,803 new clients during 1984."

The contest contributed to an increase in commercial retail business during 1984, to 70% of total revenues from 67% in 1983, with a corresponding fall in personal lines to 25% from 28% of total business. As in 1983, investment income generated 4% of revenues, while services added the other 1%.

Still, Mr. Hilb notes, the company does much more personal lines business than most major brokers. For instance, personal lines accounts for up to 40% of the Mobile office's business.

The efforts made during the sales contest, in conjunction with increasing rates and acquisitions, led to a 16% increase in gross revenues during 1984 to $21.94 million from $18.9 million in 1983.

This continues the steady growth the company has enjoyed since separating in 1982 from its former parent, Continental Financial Services Corp.

"We will probably be at $25 million in 1985," Mr. Hilb says.

The company's premium volume increased 15% to $115 million in 1984 from $100 million in 1983. Per-employee revenues rose 13% to $60,131 from $53,239.

In addition to its general retail brokerage business—Hilb, Rogal & Hamilton does no wholesale business—the broker operates a third-party employee benefits administrator, Mr. Hilb says.

"We also provide engineering services and are in the process of doing an in-depth study of captives to determine whether we should get into them. I think there could be some potential in association captives."

He added that the company is not currently exploring any other specific new areas of business.

In examining the current market, Mr. Hilb viewed insurers' requests for higher rates with some skepticism.

Rates generally began hardening in September or October, Mr. Hilb says. "When insurers came to us and said they needed 15% to 20% increases, we said we'd do our best to help them sell their products, only to find six months later they were coming back with huge increases."

Excess/surplus lines, product liability, trucking, pollution—any types of coverage with unusual

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Continued from previous page
terms and conditions—are experiencing rate increases of 100% to 300%, he says. The cost of typical small-business owners' policies, which were expected to rise 15% to 20%, are increasing anywhere from 75% to 100%.

"Of course, I hear the horror stories," he adds. "It may not be as severe as that on a day-to-day basis."

Some rate increases are definitely necessary and justifiable, Mr. Hilb says. "I want insurance companies to survive. They are in trouble and need more money and customers should pay more so that loss ratios get back under 100%. My concern is that we are seeing some that appear to have been raised out of panic."

For example, if the premium for a directors and officers liability policy, on which no losses have been paid, were increased to $150,000 from $30,000, "Where's the justification for that?" he asks. "Insurers need to make up for losses from those who caused them."

While a 35% to 40% rate increase for most lines of coverage often is justified, insurers that ask for more than that will get an argument from Mr. Hilb. "I expect to have problems with customers and the public if, as I suspect, today's rate increases bring excessive profits," he said.

"I think we're making a mistake as an industry," he says. "When agents and brokers were getting 92 quotes for each piece of business and using only the lowest one, the price was below what was needed to carry losses. Now insurers are getting more than they need to carry losses.

'My deepest concern is that if profits begin to show up in the third quarter of 1985 and the first quarter of 1986, the industry will soon have itself back in a soft-market soup,' says Robert Hilb, president of Hilb, Rogal & Hamilton Co.

"My deepest concern is that if profits begin to show up in the third quarter of 1985 and the first quarter of 1986, the industry will soon have itself back in a soft-market soup."

There's no way the market cycle can be totally controlled, but the extremes should be narrowed, Mr. Hilb says. "I'm terribly disappointed that we as an industry are unable to handle it in a better fashion. Cooler heads should prevail."

Hilb, Rogal & Hamilton placed business with more than 100 insurers in 1984, he says.

"None of the significant companies we've worked with in the past have turned us out. We've had isolated cases where insurers and we have agreed to discontinue because of a lack of volume, but in a recent meeting with the heads of my offices, I asked if we lost significant accounts because markets refused to renew, and the answer was no," he said.

"We may have lost one or two from competition, but not because we couldn't find a market."

The broker does business with five key insurers: St. Paul Fire & Marine Insurance Co., Hartford Insurance Co., Travelers Insurance Co., USF&G Corp. and CNA Insurance Cos., he says. "There are others we do a great deal of business as well," Mr. Hilb said.

Most of the brokerage business is placed in domestic markets, he notes. "London is raising rates dramatically. They're so far out of line I have a hard time using them."

"We still have a job to do," Mr. Hilb continued. "The toughest part is to make sure policyholders don't lose any of their coverages. Insurers are looking closely at exposures and trying to restrict goodies negotiated into old contracts. You have to be careful to protect your customers."

Product liability business is being cut back, commercial auto is restricted and it is tough to place a trucking risk, he says. "Some other areas are restricted as well, but for the most part we had no special dealings with them. We aren't too heavily into one specialty."

Individual Hilb, Rogal & Hamilton offices are cooperating more closely than in the past to cross-market risks, he says. For instance, if one office cannot find coverage for a particular aircraft, another office that has dealt more with aviation business in the past will be asked to help.

Another worry facing brokers, Mr. Hilb says, is the Insurance Services Office's proposed claims-made commercial general liability form.

"They have already converted medical malpractice and errors and omissions to it, and it does cause some trauma," he says.

"Claims-made is a difficult switch," he adds. "It could open the door to an E&O situation for agents and brokers. The key will be if insurers can force-feed it to us."

Though Hilb, Rogal & Hamilton's offices are concentrated in the Southeast, Mr. Hilb says, "We don't consider ourselves a Southeastern agent. We also have offices in Hartford, Dayton, Pittsburgh and San Diego. We're not as national as we'd like to be, but that is currently not our priority."

For instance, in Goldsboro, N.C., Hilb, Rogal & Hamilton is the largest broker in town, he notes. "That office will never bring in "$100 million in commissions, but we can be well-respected and do a good job there. We're looking at an acquisition six miles away, in Princeton (N.C.), and when it's put together, it will be one of the biggest agents in eastern North Carolina.

"It's not of great appeal to the majors, but if we do this again and again we'll have a hell of a system. I think we've found our niche.

"Our thrust is to expand and strengthen existing offices first," he says. "We're on a pretty active merger and acquisition kick."

Hilb, Rogal & Hamilton's acquisitions in the past 18 months include the Federal Insurance Agency in Fort Myers, Fla. in January 1984; the Minor-Alexander Insurance Agency in Charlottesville, Va. in November 1984; the Ratini Insurance Agency in Pittsburgh in January 1985; Ehrman Insurance in Pittsburgh in January 1985; and Max Davis & Associates in Atlanta in March 1985.

"All were in areas where we already had offices, so we simply merged them together," Mr. Hilb says. "We're actively working toward a dozen more, three of which are under letters of intent."

Mr. Hilb declined to reveal the locations of the agencies the company hopes to buy.

The broker's network of offices depend primarily on local clients for the bulk of their revenue, 96% of which is commissions and 4% is fees, Mr. Hilb says. "We work on a person-to-person basis and can't really have a fancy marketing strategy."

Still, with its 16 profit centers, each called by a different name, there is a problem with name recognition, he says. "We're on a program right now to have closer identification of profit centers with the parent company. Ultimately we will identify each as Hilb, Rogal & Hamilton of Birmingham or Hilb, Rogal & Hamilton of Dayton.

The Birmingham office is now known as Hamilton & Shackelford Inc., while the Dayton office is called Meuche, Hickman & Snow Agency.

"We're getting some recognition from our logo, but we think we'll benefit from our common identification."

Another reason for Hilb, Rogal & Hamilton's growth is its status as an employee-owned company, Mr. Hilb says.

"Our success in the last three years I attribute to the employees knowing they work for a company they own a piece of." Through an employee stock ownership plan, 87 of Hilb, Rogal & Hamilton's 365 employees own stock in the company.

"They work harder and cheer the results just like we do at headquarters," he says, adding the company will likely offer more shares in eight to 10 months. "All of a sudden we have 87 people who don't think profit is a dirty word anymore—they recognize the need for profits for long-term survival."

Hilb, Rogal & Hamilton's expense-control program, aimed at reducing telephone and other office costs, has allowed the company to increase its employee profit-sharing contribution 1% a year for the past two years, he says.

"We're still on it (controlling costs), but we obviously let the barriers down a little in the production area, adding 17 new people in two years since we're very sales-conscious."

Hilb, Rogal & Hamilton's total workforce rose 2.8% to 365 employees in 1984 from 355 in 1983.

Hilb, Rogal & Hamilton is licensed as an excess/surplus lines brokerage in Florida, Georgia, Alabama, Virginia, Pennsylvania, Connecticut, Michigan and California.

The company has 16 profit centers that it lists as subsidiaries. They include: Hilb, Rogal & Hamilton Co. of Mobile in Mobile, Ala.; Hamilton & Shackelford Inc. in Birmingham, Ala.; Percy H. Goodwin Insurance in San Diego; Insurance Management Center in Manchester, Conn.; Herndon, Iles & Scott Inc. in Orlando, Fla.; IMC of South Florida in Fort Myers; and IMC of Tampa Bay in Tampa.

Other subsidiaries include: Leide Associates in Atlanta; Jackson Insurance Agency in Jackson Mich.; Underwood-Dawson in Goldsboro, N.C., Meuche, Hickman & Snow in Dayton, Ohio; Rogal Co. Inc. in Pittsburgh; IMC of Charlottesville in Charlottesville, Va.; Insurance Management Corp. of Tidewater in Chesapeake, Va.; Mutual Insurers Inc. in Richmond, Va.; and Minor/Alexander Insurance Agency in Charlottesville.

In addition to Mr. Hilb, the company's principal officers include David W. Hamilton and Alvin Rogal, executive vps, Timothy J. Korman, vp/treasurer; and Dianne F. Fox, vp/corporate secretary.

—By Steve Sherwood

18

FBS Insurance

1700 Soo Line Building, P.O. Box 522, Minneapolis, Minn. 55480; 612-370-5191

	1984	1983
Premium volume	$81,900,000	$69,300,000
Gross revenues	$19,500,000	$15,600,000
Brokerage: Retail	62%	38%
Services	4%	2%
Personal lines	31%	58%
Invest. income	3%	2%
Employees	325	188
Rev./employee	$60,000	$82,979
Offices	55	62

With a burst of acquisition activity in 1984, Minneapolis-based FBS Insurance breaks into the *Business Insurance* ranking of the Top 20 U.S. brokers—the first brokerage owned by a bank-holding company ever to make the list.

A subsidiary of First Bank Systems Inc. of Minneapolis, FBS Insurance increased its gross revenues 25% in 1984 to $19.5 million from $15.6 million in 1983, to secure the 18th position in the *BI* ranking.


Mr. Hoiness

Three-quarters of that growth is attributable to the acquisition of six commercial lines agencies in 1984, including the largest agency in Montana. And, the pace is continuing this year.

Since January, FBS Insurance has acquired six more agencies that have added $3 million to revenues already this year, and it is considering more acquisitions to position itself as a commercial market in 17 other major population centers.

"We're not out trying to hit home runs—we're trying to hit singles and doubles," explains Michael R. Hogan, senior vp for business development/support. "We're looking for stable, solid growth niches that we can serve well."

The aggressive acquisition program has increased FBS Insurance's focus on commercial lines insurance.

The percent of FBS Insurance's gross revenues attributable to commercial retail brokerage increased to 62% in 1984, compared with 38% in 1983. In contrast, only 31% of revenues was generated by personal lines brokerage in 1984, down from 58% in 1983.

"Our focus on acquisitions is large commercial agencies" in major population centers, says Mr. Hogan.

The newly acquired agencies produce 90% of their revenues from commercial lines as opposed to personal lines, he added.

In 1984, FBSI reported its largest profit ever, although the broker would not divulge the figures. It projects 1985 net income will improve by 10% in 1985, says Mr. Hogan.

"We have our expense structure in line to the point where we can take on additional revenue at a reasonable cost," according to Mr. Hogan.

First Bank Systems Inc.—which formed FBS Insurance in 1929—is the 14th largest bank-holding company in the United States, with a net income of $131.1 million in 1984.

It consists of 78 bank and trust companies with 148 banking offices concentrated in Minnesota, Wisconsin, Montana, North Dakota and South Dakota. Its flagship banks—First Bank Minneapolis and First Bank St. Paul—are the largest in those cities.

In addition, First Bank Systems is one of only 16 bank holding companies that retained the right to sell insurance under a grandfather clause in the 1956 Bank Holding Company Act. However, few of

Continued on next page

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What is very important, though, is that the new name reflects the financial strength and firm commitment of the St. Paul Companies to provide the insurance industry with a strong and experienced reinsurance market.

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St Paul Re

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Continued from previous page
these are actively involved in commercial retail brokering.

While the 25% gain in gross revenues booked by FBS Insurance in 1984 due primarily to the six agency acquisitions is impressive, the increase in gross revenues would have been a whopping 54% —to $24 million from $15.6 million —if the acquisitions had been reported on an annualized basis.

Similarly, on an annualized basis, FBSI projects that the six new acquisitions this year will account for $6 million to $8 million more in gross revenues in 1985.

FBSI also expects an additional 10% growth in revenues in 1985, due to higher commissions it is earning because insurers are demanding higher premiums to renew existing business, and because premiums generated by new business are growing.

Overall, gross revenues booked are expected to grow to $31 million on an annualized basis in 1985.

Ninety-eight percent of FBS Insurance's revenues are generated from commissions.


Mr. Sheffert

Premium volume booked in 1984 increased to $81.9 million from $69.3 million in 1983. On an annualized basis, 1984 premium volume was $107.5 million. Projected premium volume for 1985 is $150 million on an annualized basis.

Primarily because of the agency acquisitions, the number of employees increased 73% in 1984 to 325 from 188. The broker also expects to add another 110 to 130 employees by the end of this year.

Its number of offices, however, has actually decreased to 56 from 62 in 1983, due in part to consolidation of offices, including the merger of nine agencies in the Minneapolis-St. Paul area.

As part of its overall strategy, all of the agencies FBSI acquires are located near First Bank System banking facilities.

"We think that perhaps the best opportunities initially are agencies in areas where we have a strong banking relationship and can take advantage of the synergy of advertising and common business systems and so on," explains Chairman and CEO Mark W. Sheffert.

"Thus, where we have a strong customer base and good name recognition, it is natural to extend financial services," he explains.

"That does not preclude us, however, from looking at other possibilities throughout the country," he adds. "What it does say is we've elected to focus where we think we have the greatest opportunity right now."

Currently, FBSI commercial brokerage activities are limited to five states—Minnesota, North Dakota, South Dakota, Wyoming and Montana. It also does brokers lines insurance in Wisconsin.

However, Mr. Sheffert says that perhaps within the next year or two, FBSI will expand outside the current six-state area. Growth will most likely come in the Southwest and Northwest, excluding California.

Agencies acquired by FBSI in 1984 include Hoiness LaBar Insurance Co. Inc., of Billings, Mont., the largest in the state; Wiedenman Agency of Madison, S.D.; Metropolitan Insurance of Wahpeton, N.D.; Dakota Citizens of Vermillion, S.D.; Bartels Agency of Butte, Mont.; and The Insurance Center of Mankato, Minn.

Acquisitions in 1985 so far include Marshall-Salsbury Inc. of Billings, on Feb. 1; First Insurance Valley View Inc. of Bloomington, Minn., on March 1; Austin-Osterud Agency of Austin, Minn., on April 1; and Transcontinental Brokers Inc. of Minneapolis, John C. Boe Co. of Grand Forks, N.D., and PIP Inc. of Butte, all on June 1.

FBSI's commercial brokerage business primarily involves medium-sized accounts ($5,000 to $75,000 in annual commissions) and it does not plan to change that emphasis.

"We would not turn down a $1 million account, but we are not out elephant hunting," explains Mr. Sheffert.

Of the 62% of gross revenues attributed to commercial retail brokerage last year, 51% was generated from property and casualty insurance, 7% from crop insurance and 4% from farm insurance.

While FBSI has no product line specialty, it has "niches by geographical market," including a strong surety bond operation in Montana and a big book of municipal business in Minnesota, said Mr. Hogan.

Fees from non-brokerage services rose to 4% of gross revenues in 1984 from 2% in 1983, while investment income accounted for 4% of gross revenues, up from 2% in 1983.

Due to the change in focus to commercial lines from personal lines and its growth through acquisitions, FBSI was reorganized in 1984 into two new units—the Agencies and Direct Marketing divisions.

The Agencies division focuses on commercial insurance lines, although it also places personal lines coverages. The Direct Marketing division focuses on mass marketing personal lines insurance—including life, disability, auto and homeowners coverages—to First Bank System customers, and includes a telemarketing program. It distributes credit life insurance through more than 600 licensed loan officers of FBS.

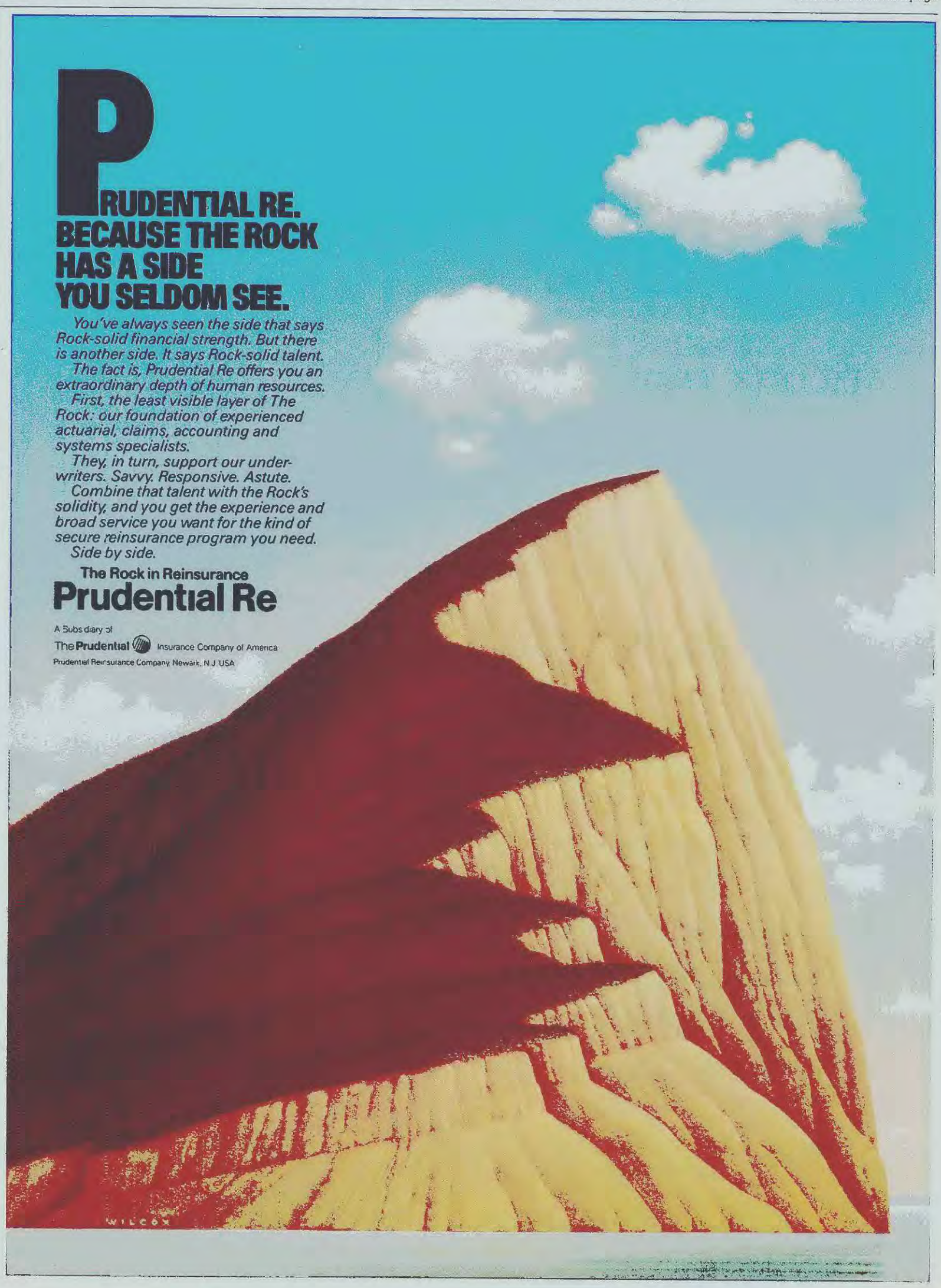
James D. Hoiness was appointed president of the Agencies unit after FBSI acquired the Hoiness-LaBar agency last year. John C. Larson is president of the Direct Marketing division.

Mr. Sheffert, an executive vp of First Bank System, heads the bank holding company's Financial Services division, which includes the insurance brokerage operations. Although he retains the title of chairman and chief executive officer of FBSI, he is no longer involved in its daily operations.

The division into the two units "was based a lot on customer focus," Mr. Hoiness says. The agency division allows those in it to "exercise a focus on the traditional agency system," he adds.

"Even though we organized

Continued on next page



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around strategy, we also did some organizing around people," Mr. Sheffert adds.

He points out that Mr. Hoiness has 30 years of experience in running a very successful commercial agency in Montana.

Mr. Larson is a former senior vp of Minnesota Mutual Life Insurance Co. and has been greatly involved in the mass marketing of personal lines insurance products.

For the first time this year, FBSI will broker excess/surplus policies directly to London, in addition to going through existing excess/surplus brokers, Mr. Hoiness says.

Mr. Hogan says that FBSI, which generated $6 million to $8 million in premiums from excess/surplus business in 1984, has substantial excess/surplus business to broker itself.

FBSI is currently a licensed excess/surplus lines broker in Montana, Minnesota, North Dakota and South Dakota.

"We think the excess and surplus lines business in a tightening market is always one that's pretty explosive. There's a lot of opportunity there," Mr. Hoiness says.


Mr. Larson

The Agencies division also will add a staff member in the Twin Cities area with expertise in the financial guarantee area, as FBSI prepares to expand in that market beyond the contract bonds it currently places.

Not only does Mr. Hoiness feel that the market is right for financial guarantee products, but he also believes FBSI's relationship with First Bank Systems "gives us an added edge."

While Mr. Hoiness says FBSI did not experience the effects of the tightening market much in 1984, in 1985 it has had to cancel a special property and liability insurance program it offered restaurants. The insurer on the program withdrew its coverage and and FBSI could not find another market to replace the coverage.

This year, FBSI is offsetting some of the problems created by the tight market by maintaining good relationships with the insurance markets it uses and making sure submissions are complete, accurate and timely, Mr Hoiness says.

FBSI also has begun working on renewals 60 to 90 days before policy expiration, instead of 30 days, to give insurers more time to assess the risks involved.

In addition to Messrs. Sheffert, Hoiness, Larson, and Hogan, the other principal officer of FBSI is Vp and Controller Anwar H. Bhimani.

—By Stephen Tarnoff

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The Kaye Group Inc.

122 E. 42nd St., New York, N.Y. 10168; 212-210-9200

	1984	1983
Premium volume	$250,000,000	$195,000,000
Gross revenues	$17,361,000	$13,322,000
Brokerage: Retail	80%	79%
Wholesale	8%	8%
Reinsurance	3%	3%
Services	2%	2%
Personal lines	2%	2%
Invest. income	5%	6%
Employees	254	198
Rev./employee	$68,350	$67,283
Offices	5	4

The fast-paced bustle at the New York headquarters of The Kaye Group Inc. rivals notoriously busy Grand Central Station just across East 42nd Street.

Senior Vp Howard Kaye, 39, bounces in and out of an interview to take phone calls.

Founder, Chairman and Chief Executive Officer Walter Kaye, 66, apologizes for his cluttered desk, covered with piles of papers.

Senior Vp Marc Silverman, 42, is late joining the group assembled for a recent interview.

President Lawrence Greenfield, 49, offers that it's unusal for these four owners of The Kaye Group to gather together on a Monday morning.

But, for this occasion, the owners considered it important to all be there.

A record 30.3% surge in gross revenues in 1984 to $17.4 million powered the 33-year-old privately held Kaye Group for the first time into the *Business Insurance* ranking of the 20 largest U.S. brokers, into slot 19.

Last year, on the strength of a 25.7% revenue growth to $13.3 million in 1983, Kaye Group ranked number 24.

And, first-quarter 1985 revenues of $5.5 million were 32% higher than for the first quarter 1984.

The growth "exceeded our expectations," said Mr. Greenfield.

New retail brokerage clients and increases in premiums on business placed for existing clients of the group's brokerage operations are fueling Kaye Group's growth, Mr. Silverman said.

Eighty percent of Kaye Group's revenues are generated by commercial retail brokerage, primarily by New York-based Walter Kaye Associates Inc., the group's flagship.

Smaller brokerage offices operate in Beverly Hills under the name Walter Kaye Corp. of California and in Fairfield, Conn., under the name Walter Kaye Corp. of Connecticut.

Rate increases—evident in casualty lines after July 1, 1984 renewals and in property lines late in 1984 and early in 1985, according to Mr. Greenfield—played a part in boosting Kayes revenues, Mr. Silverman says.

Kaye Group's earlier growth tallied 8.7% in 1982, 10.9% in 1981, 9.6% in 1980 and 15.5% in 1979.

But new clients, too, contributed to the revenue gain on placing estimated premiums of $250 million in 1984, up 28.2% from $195 million in 1983.

Kaye Group added 75 to 100 new commercial property/casualty clients, bringing its commercial client list to about 4,000, said Mr. Silverman.

New clients included "smokestack" businesses which have been divested by conglomerates, including Magnetk Inc. in Milwaukee, a spinoff from Litton Industries Inc., and J. H. Williams Inc. of Buffalo, a spinoff from TRW Inc.

Only a "very small" number of Kaye Group accounts were lost during 1984, said Mr. Greenfield. And, some of those have since lost their insurance and are now seeking the broker's help in finding coverages, he added. But, he declined to mention names.

Kaye Group lists among its specialities the medical profession, real estate and retail sales. Its 80 catalog showroom clients control 50% to 60% of their market.

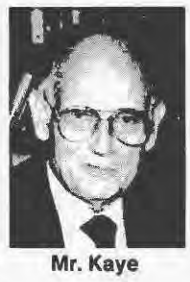
Walter Kaye also represents medium-sized manufacturers with between $200 million and $400 million in sales.

Between 75% and 85% of the group's revenues are related to clients that pay annual premiums of more than $100,000, Mr. Greenfield said. The bulk of its gross revenues are produced by medium-sized accounts which generate $15,000 to $75,000 annually at a commission rate that averages 10% of premium.

Larger accounts number about 25.

Kaye Group's clients are concentrated in a four-state area of New York, Connecticut, New Jersey and Pennsylvania. But, Mr. Greenfield says Kaye Associates is more than a regional broker because its number of clients in those four states is fewer than the number of clients located elsewhere in the U.S.

Of insurance brokered in 1984, about 90% was property and casualty lines, with property slightly more than casualty. Both lines included a minimal amount of marine coverages. About 10% was employee benefits and life insurance.


Mr. Kaye

Kaye brokers only a minimal amount of aviation coverages, according to Mr. Silverman, involving mostly corporate accounts, like Playboy Enterprises Inc.

Risks insured by Kaye brokers are almost entirely domestic, since only about 2% of its clients have risks outside the United States.

In the coming year, Kaye Group expects more growth among clients in all areas, especially the smokestack industries and especially from referrals.

Retail brokerage Kaye Associates offers clients more senior management attention than they would get from a division of a larger, "alphabet house" brokerage, says Walter Kaye, who will celebrate 50 years in the insurance business next year.

Kaye Group also operates American Administrators Corp. in Arlington Heights, Ill., a direct mail subsidiary that markets life and health insurance products to associations.

The company is "considering expansion in the northeast corridor" between New York and Boston, said Mr. Greenfield. Kaye Group would like to purchase a brokerage with about $1 million in annual commission income to help serve its clients.

About 8% of Kaye Group's 1984 revenues are generated by wholesale brokerage activities, the same as in 1983. It is a licensed surplus lines broker in New York and Connecticut.

Kaye Group's TKG Agencies Inc., a New York-based reinsurance brokerage subsidiary, contributed about 3% to 1984 revenues and

Services and personal lines brokering each contributed about 2% to 1984 revenues, the same as 1983, even though the company has added a couple of hundred new personal lines clients for a total of 4,000.

Investment income generated 5% of revenues in 1984 compared with 6% in 1983.

The number of Kaye Group employees in 1984 grew almost as much as revenues: a 28% increase to 254 at year-end 1984 from 198 at year-end 1983.

New employees include account

Continued from facing page
executives and claims handlers, working primarily for Walter Kaye Associates in New York.

The additional employees in 1984 also required renting additional space nearby at 630 Third Ave. to house about 24 people.

Included in this group are the benefits department and the unit that provides the back-office services for the American Psychiatric Assn. professional liability insurance program purchased by 11,000 members.

Meanwhile, the staff of Walter Kaye Corp. of California doubled to 20 from 10 persons.

Nonetheless, Kaye Group's revenues per employee tallied an impressive $68,350 in 1984, up from $67,283 in 1983.

While running 32% ahead of 1984 revenues in the first quarter of 1985, Kaye Group executives say they are conservatively projecting 1985 revenues of at least $20 million, which would be 15.2% higher than 1984.

Kaye Group is concentrating now on renewing clients' insurance at the best possible terms and price in the face of rising prices and shrinking capacity.

"We see 1985 as the year of the renewal," said Mr. Greenfield. "We see a contraction in new services and products.".

A reduction of capacity by Commercial Union Insurance Co. affected the brokerage the most, said Mr. Greenfield.

Walter Kaye Associates had several national accounts with Commercial Union, generating close to $9 million in premium. When Commercial Union pulled out of the big risk market, Walter Kaye Associates was able to find new markets for the risks.

Mr. Greenfield noted that he finds the London market is generally consistent and its capacity for professional liability risks unchanged.

While acknowledging that rate increases are necessary, Mr. Greenfield says some insurers are "overreacting."

"It is a matter of degree," Mr. Greenfield explained. In areas, especially in product liability coverages, there are abuses, he said.

Walter Kaye Associates generally markets risks to fewer than 20 insurers, including some specialty markets, but may use as many as 150 different markets in any one year, Mr. Greenfield said.

Problems created by reduced capacity and higher rates have been exacerbated by cancellation and nonrenewal notices coming in daily, usually with the minimum 30-day notice, which is the statutory limit in many states, said Howard Kaye. "There is a great deal of pressure dealing with deadlines," he added.

"We will have the great growth, but we will pay for it emotionally," said Howard Kaye, senior vp and son of Walter Kaye.

Now they are getting clients' business 90 days before expiration and completing it 90 days afterwards, he said.

At least 10 employees will be added to help with the workload and the claims-processing department will be expanded.

In a tightening market, insurers also are reluctant to accept manuscript policies and increasingly favor standard forms, notes Mr. Greenfield.

Walter Kaye also expects insurers to issue many more claims-made policies for general liability insurance in 1986.

Mr. Greenfield characterized the switch to a claims-made commercial general liability form as "an accounting trick." While claims-made forms used years in the future will eventually eliminate losses reported years after policies expire, the tails on recent occurrence forms will produce losses for 20 years to come, he explains.

"I think insurers think this will rescue the American insurance business," Mr. Greenfield said. Yet, adopting a claims-made form doesn't address the core problem, the tort system and "the American theory of entitlement, not negligence," he said, quoting from a recent article.

The switch to a claims-made policy will increase a broker's exposure to errors and omissions lawsuits from customers who don't understand the coverage, Mr. Greenfield said. He's explained claims-made to physicians for 10 years, but some still don't understand it. "I don't think we can get an informed consent form, like physicians do," he said ruefully.

Even if brokers could obtain some kind of consent form, a client could contend after an uncovered loss that he did not understand what he signed, he added.

Kaye Group is implementing three strategies to cope with the tight market conditions:

- Putting rate increases into perspective for clients by comparing them to 1978-79 rates adjusted for inflation.
- Holding weekly meetings of the four stockholders and 10 other key employees to exchange information about markets and ideas.
- Trying not to "wear out its welcome" with insurers.

Mr. Greenfield expects to see more clients expressing an interest in establishing a captive as a device for stop-loss or excess loss insurance.

In the past, the brokerage has established six captives for clients but does not actively manage them. It is now working with druggists on a possible captive.

A movement toward self-retention methods like captives would confirm Mr. Greenfield's prediction that the tight market will cause clients to spend more time on basic risk identification and risk management. "The client will begin to assume—voluntarily or involuntarily—more risk," he said.

—By Meg Fletcher

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McDonough Caperton Insurance Group Inc.

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	1984	1983
Premium volume	NA	NA
Gross revenues	$17,132,000	$13,500,000
Brokerage: Retail	81%	82%
Wholesale	1%	1%
Services	70%	5%
Personal lines	5%	5%
Invest. income	3%	3%
Employees	400	300
Rev./employee	$42,830	$45,000
Offices	10	9

McDonough Caperton Insurance Group owes its continuing, rapid growth to a strategy that combines old-fashioned hard work with a progressive belief that employees are to be nurtured, not controlled

"If you can set criteria of perfcrmance and people are striving to e.-ther equal or beat that, then you don't sit around worrying if they take a five-minute coffee break," says President Gaston Caperton.

Operating on this philosophy, McDonough Caperton achieved a 26.7% increase in gross revenues for 1984 and managed to increase gross revenues by an average of 20% a year since 1980.

This significant growth won the Charleston, W. Va., broker a spot this year for the first time in the *Business Insurance* ranking of the 20 largest U.S. brokers.

McDonough Caperton took over the No. 20 spot, with $17.1 million in gross revenues compared with $13.5 million in 1983.

Gross revenues generated by its Benefits Group grew 40% in 1984 to $9.1 million from $6.5 million in 1983. Gross revenues from the brokerage's Property/Casualty Group grew 14.3% in 1984 to $8 million from $7 million in 1983.

And, although the company didn't reach the three-year goal it set in 1981—to double its revenues to $20 million by 1984—it projects it will surpass that goal next year by ringing up gross revenues of $21 million. And, Mr. Caperton already is anticipating a 1990 goal of $50 million in gross revenues.

The 49-year-old, privately held company's most noteworthy growth this decade has been in the Benefits Group, which comprises six of the broker's 16 affiliated companies. The growth has shifted the main focus of McDonough Caperton from property/casualty business to benefits business.

Services offered include benefits consulting, plan design, placement of insurance and plan administration.

In 1982, the Benefits Group's gross revenues grew by 31%, to $5.5 million from $4.2 million in 1981. The same year, property/casualty revenues grew 8% to $6.5 million from $6 million.

In 1983, benefits revenues grew another 18% to $6.5 million, while property/casualty revenues grew 7.7% to $7 million.

Last year, the share of the company's revenues generated by property/casualty brokerage fell to 40%, while 52% of revenues were generated by employee benefits services, including brokering benefits-related insurance. The balance of revenues came from investment income, 3%, and personal lines, 5%.

In 1981, 59% of the company's gross revenues came from brokering property/casualty insurance and 33% came from employee benefits services.

In 1982, property/casualty brokerage supplied 54% of revenues while benefits supplied 38%. In 1983, the property/casualty share of revenues was 49%, and benefits grew to 43%.

As revenues generated by the Benefits Group has increased so has the size of its staff. Of the broker's 400 employees last year, 240 were in the Benefits Group, a 60% increase over the 150 employed in that group in 1983.


Mr. Caperton

The employee population in the Property/Casualty Group remained unchanged, at about 145 employees.

(The remaining 15 employees work for the broker's holding company.)

And, two of McDonough/Caperton's three new affiliates started since January 1984 were in the Employee Benefits Group. The offices are in Big Stone Gap, Va., and Charleston, W. Va.

Not surprisingly, one of McDonough Caperton's greatest victories belonged to the Employee Benefits Group. In April 1984, it won the contract to administer the state of West Virginia employee benefits account from the Equitable Life Assurance Society of the United States, which had held the business for 10 years. The state provides life insurance and a self-insured health care plan to 250,000 employees and dependents (*BI*, April 23, 1984).

"The state of West Virginia has been a wonderful account, not only because they're here, but also because it's given us the thrust and capacity to continue to develop our benefits systems for all our clients," says W. Marston Becker, executive vp of McDonough Caperton. "It really has provided that nudge to move forward."

Although the more impressive growth has been in the benefits area, McDonough Caperton's property/casualty subsidiaries are also doing well. Last year, a new property/casualty affiliate was started in Abingdon, Va. And, the other affiliates in the property/casualty group are growing along with the benefits group companies.

"Some (affiliates) are probably growing a little faster than others, but all are growing pretty well," Mr. Becker says. "We're not displeased in our growth anywhere. Even in economically depressed areas, we've been able to continue a pretty strong growth cycle. Even in the soft market, we continue to grow in the property/casualty business.

"Our strength really is people and systems. We have great people, both internal administrative people and external sales people. And they know how to identify clients and put together programs that are tailored to solve their needs."

McDonough Caperton delivers its services through "systems" developed for both benefits and property/casualty brokerage.

The Employee Benefits System comprises nine steps, taking the client from consultation to annual review. The client is given a complete description of all the steps the broker will take and what will be delivered. The system also serves as a set of goals for account representatives, listing all the things they are expected to deliver to the client.

Similarly, the Property & Casualty System 1 has nine steps, from information development to claims- handling service. Again, both the client and account representative are provided with lists of customer guarantees.

"Our client knows what he can expect, the employee knows what he's expected to provide," Mr. Caperton says. "With a system like that, you also should be much more productive as a sales force because you continue to define the service you are going to provide and how you can improve that service."

The system approach seems to have been a success. McDonough Caperton's commercial client base has grown by 40% in the last three years to 7,000 in 1984 from 5,000 in 1981. Of that 7,000, 10% generate more than $75,000 a year in commissions, 50% generate between $5,000 and $75,000 in commissions and 40% generate less than $5,000 in commissions. Most of the growth since 1981 has been in clients that generate between $5,000 and $75,000 in commissions, Mr. Becker says.

McDonough Caperton's Property/Casualty Group receives 95% of its income in commissions and 5% in fees; the Benefits Group receives 80% of its income in commissions and 20% in fees.

Correlated with McDonough Caperton's growth has been an expansion into new geographic regions.

"Our marketplace is expanding," Mr. Becker says. "It's not just West Virgina anymore—it's West Virginia and all the bordering states. Therefore, the availability of larger clients has grown proportionately."

Specifically, the organization has branched out to four neighboring states—Ohio, Pennsylvania, Virginia and Kentucky—since it was founded in West Virginia in 1936. The company has never closed an office.

McDonough Caperton has offices in Charleston, Parkersburg, Wheeling, Fairmont and Beckley, W. Va.; Cleveland; Pittsburgh; Lexington, Ky.; and Big Stone Gap and Abingdon, Va.

Although the broker has no immediate plans for further expansion, it plans to continue its specialization strategy.

On the property/casualty side, McDonough Caperton concentrates on serving specialized markets, including hospitals, engineers and architects, heavy equipment manufacturers and oil and gas companies. It also has done well in industries indigenous to its regions, including the coal and horse industries.

The broker also is dedicated to state-of-the-art automation. Last year, McDonough Caperton spent $1.5 million to further automate the organization. "And that's after we thought we had a pretty good automation program going," Mr. Becker says.

"In the insurance industry, the only way to truly help your expense ratio is to make people become more productive, because we're a people-based industry," Mr. Becker says.

"We've got to give those people all the tools possible to help them get more work out in a shorter period of time. Therefore, we have made huge investments in trying to automate our firm, he adds.

"We see the whole industry going electronic. We would like to maintain ourselves on the cutting edge of that conversion to the electronics of the industry. We feel that's going to be the competitive edge for us—to have a lower unit cost than the next guy. And having a lower unit cost is going to mean the difference between mediocrity and true success."

But, Mr. Becker insists that necessity—not the hardening property/casualty market and its inflationary effect on premiums—has mandated the expeditures for expansion and automation.

"We feel the necessity to maintain expense control and receivable control is only heightened in an up market," he said. "Because the up market is not going to last forever, and the people who can roll out of an up market, poised for a down market, are really going to accomplish a lot.

"And if you look at the cycles of markets. . .the up cycles are getting shorter and the down cycles are getting longer. So you really want to keep yourself poised for a down cycle, not an up cycle."

It is the tightening property/casualty market that will challenge the broker in relationships with its clients and with insurers, Mr. Caperton says. But, he adds these relationships can weather the market changes with integrity.

"I think the only way you get through that market is by increasing your communication and increasing your understanding of each other," he said.

"We are very aware of the profit pressure insurance companies are under and the pressures they're under because they don't have the capacity. And yet we don't want them to just let that be an excuse to handle business on a sloppy basis."

Mr. Caperton says the challenge for McDonough Caperton is to persuade insurers to think of the long-term effects of their decisions.

"It's real easy today for insurance companies to just say 'no' to you and not to think through the thing and look at what the overall implications are: Is this a good piece of business and is there something beyond next quarter?

"We're trying to get people to have some mutuality of goals and look beyond their own little problem today. And, that's the biggest problem that we face as a broker. You have to be persistent. You can't just let people tell you 'no.'"

Mr. Caperton says he is confident that the broker's relationships with its clients will not suffer because it has prepared clients for the turn in the market.

"We've always told our clients, day in and day out, 'This is a cyclical business, and all we can do is place you the best, wherever the cycle is,'" he says.

"And so, when we were going in and saving them 20% or 30% over the last few years, we didn't go in and tell them we were geniuses and we're doing all these wonderful things for them. We said, 'You're taking advantage of a down cycle in a market and we're getting you the best rates, but remember that cycle is going to go back up.'

Open, straightforward communication also is imperative to the broker's relationship with insurers, Mr. Caperton says. The broker held a meeting with its major insurers in early spring to discuss the hardening market and how each plans to cope with it.

Mr. Caperton says, "We met with those companies and said, 'Tell us what you see happening. What are your plans for the next year? What kind of business do you want to write, what kind of increases do you see, what kind of capacity do you think you have? How do you perceive us? What do you think we're doing well and what do you think we're doing poorly?' And then we told them what we're doing.

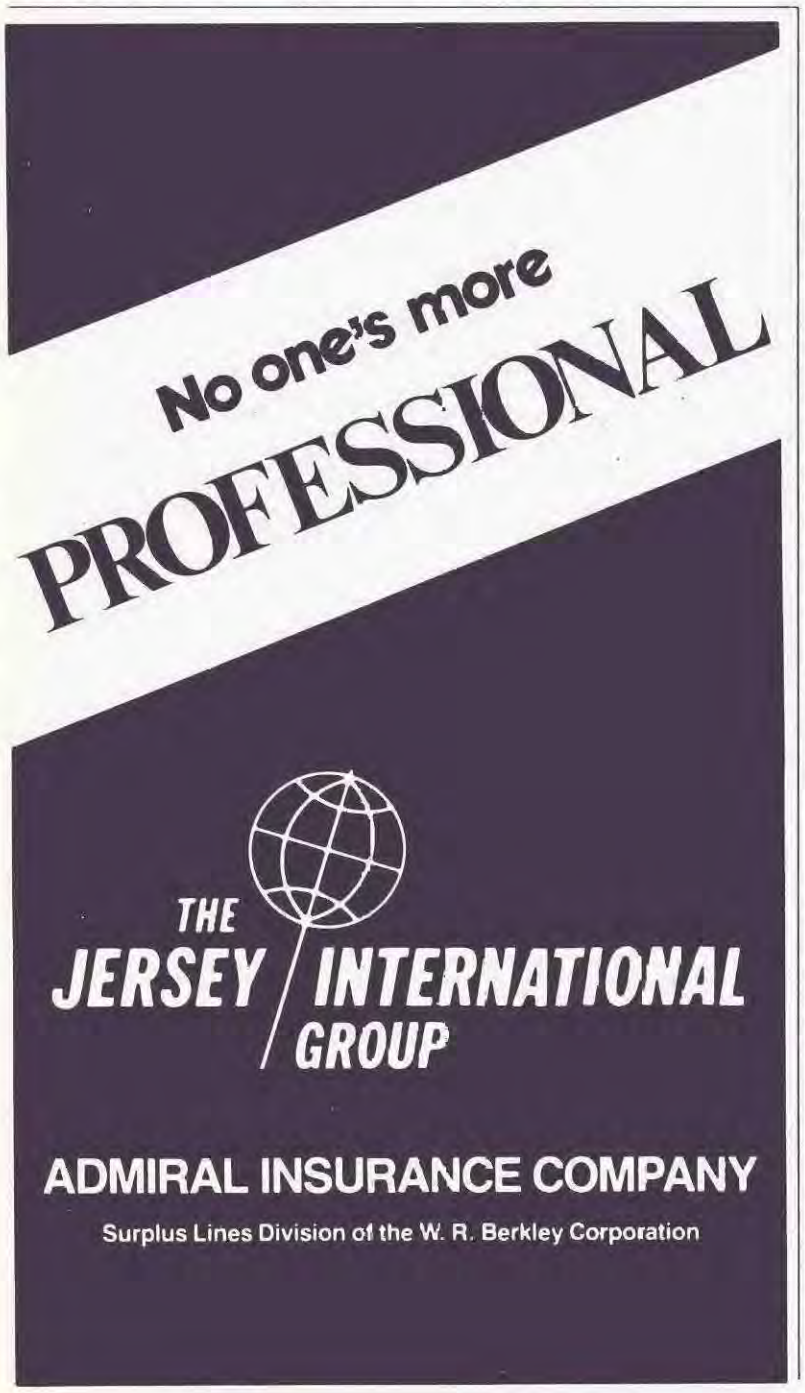
"We have an insurance company relations committee at the highest level within our company. We're monitoring and communicating on a continuous basis."

Mr. Caperton has no doubt that strong relationships with clients and insurers, nurtured employees and a carefully developed system of delivery will result in continued success for the broker.

"We've really matured a lot as an organization, and we're much stronger," he says. "We have the people in place, we have the systems in place, we know how to do it. Getting the next $20 million will be a whole lot easier than getting the first."

Besides Mr. Caperton and Mr. Becker, company officers include Andrew J. Paterno, president of McDonough Caperton Employee Benefits in Charleston; and Dennis J. Vogelsberger, president of McDonough Caperton International, Ltd., also in Charleston.

—By Diane Lynn Kastiel



Two past 'Top 20' firms fall into ranks of 21-25

By MICHAEL BRADFORD

Two brokers among those ranked 21 to 25 in the *Business Insurance* survey of major U.S. brokers based on 1984 results were among the 20 largest U.S. brokers based on 1983 results and one is a newcomer to the annual survey.

All the brokers showed some growth, although one had a revenue increase of less than 1%. And, all predict that rising rates will mean an increase in profits in 1985.

John L. Wortham & Son in Houston holds the 21st position for 1984, after occupying the 20th slot in 1983. Wortham's gross revenues were up 18% in 1984 to $17 million, from $14.3 million in 1983. The number of employees rose to 244 from 225.

Wortham's growth came from a mix of new business and the effect of rising insurance rates in a tightening market, according to Fred Burns, managing partner of the brokerage.

"It was a normal growth of new business, which is always fairly steady," Mr. Burns said. "It was a little better than we expected."

Since the brokerage's strategy has been not to participate in acquisitions or mergers, all of its growth is internal.

"Internally generated growth is much more profitable," Mr. Burns said.

Retail brokerage accounts for 93% of Wortham's revenues, while 7% comes from personal lines.

Fortunately for Wortham, the slumping oil business in the Southwest has not seriously hurt the brokerage.

"The oil business is still down, but our customers have not been hurt badly," Mr. Burns said. "Not all portions of that (oil) business have suffered as bad as others."

Rhulen Agency Inc. in Monticello, N.Y., which was the 21st largest broker in 1983, slipped to 22 in 1984.

Gross revenues for Rhulen were $16.2 million in 1984, an increase of about 15.9% over 1983. In 1983, Rhulen reported revenues of $14 million.

Rhulen reduced its number of employees last year to 227 from 235 the year before.

Rhulen specializes in recreation and livestock-related coverages. Last year saw an increase in new business in those areas and some slight rate increases.

Those specialty coverages make up around 75% of Rhulen's business, and rates for the coverages have only recently begun to rise significantly, said Walter A. Rhulen, president of the firm.

"It varies by the type of risk," he said, noting that rates for recreation and livestock-related coverages have gone up an average of 30% since March 1.

Rate increases for liability coverages in those areas may average more than that, he added, while increases in related property coverages are not as drastic.

The agency is experiencing a particular problem in the area of recreation lines, which includes coverage for day and overnight camps, gymnastics, martial arts, day care centers and other youth-related activities.

Reports of sexual abuse problems are making insurers wary, Mr. Rhulen said, referring to recent incidents of alleged child abuse at day care centers across the country. The publicity is causing some insurers to increase rates, add exclusions or cancel liability policies for day care centers (*BI*, June 10).

"A lot of camp risks have the same sort of fear related to it. We are wrestling with that problem," Mr. Rhulen said.

Rhulen faced another problem when Transit Casualty Co., its market for specialty lines, stopped writing new and renewal business. Transit has been replaced by Motors Insurance Group in Detroit as the primary insurer for Rhulen's specialty business.

Replacing Transit meant losing a lot of business because of problems experienced during the changeover, Mr. Rhulen said. "We had to sit there and watch a lot of business go right out the door."

Rhulen's revenues from its wholesale brokerage operations contributed 47% of 1984's total,

Continued on next page

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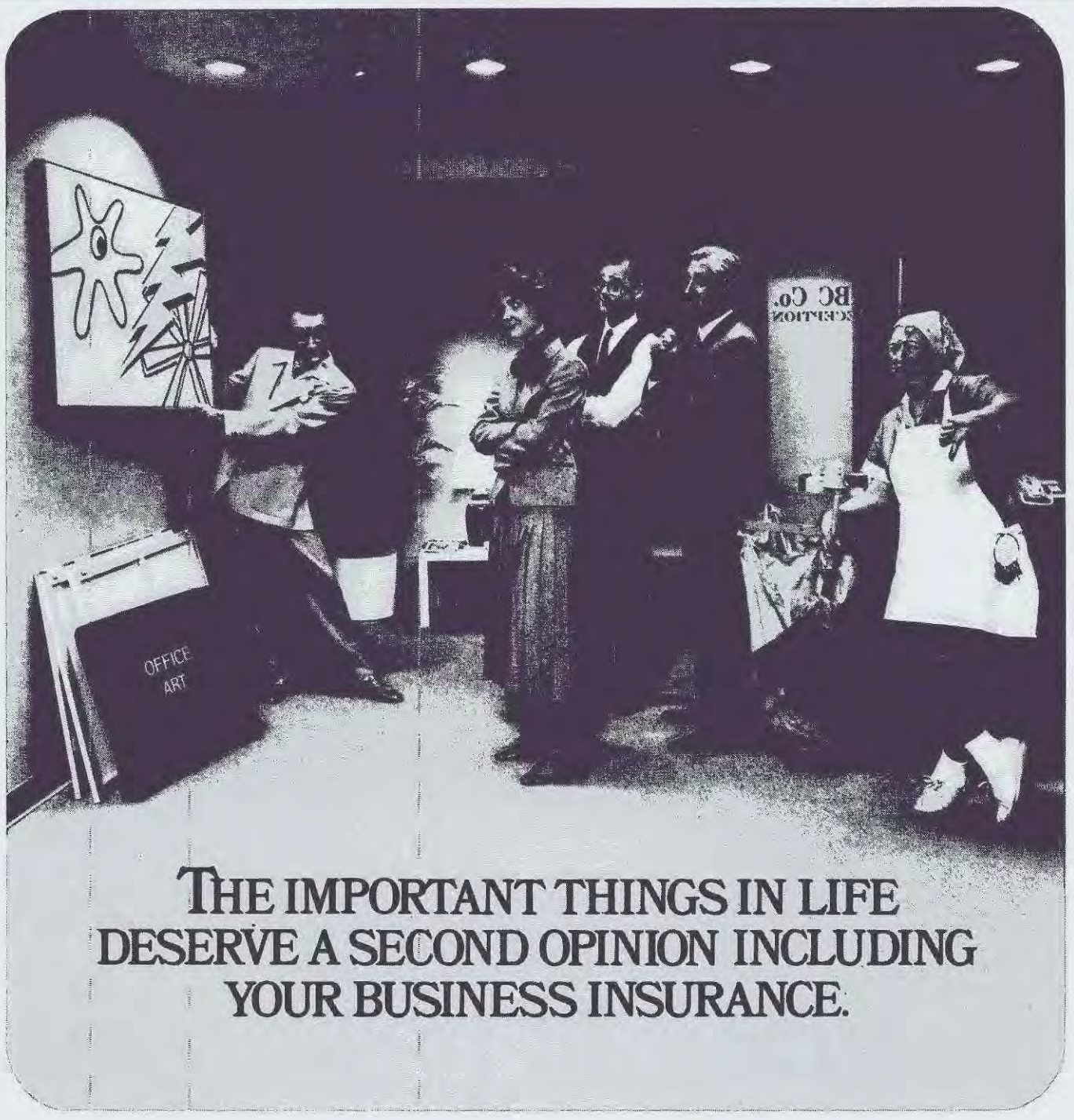
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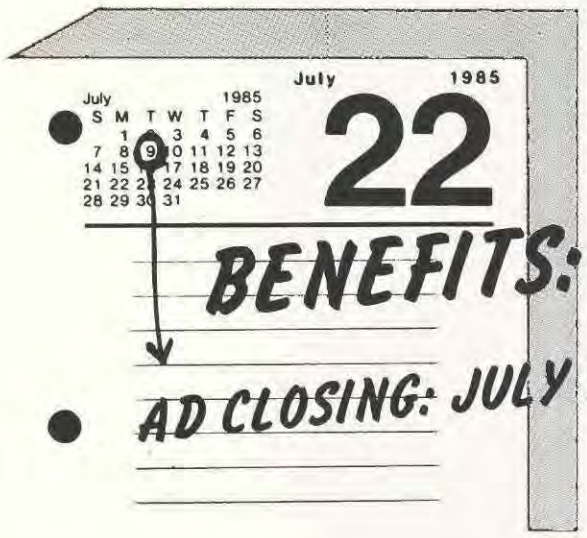
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Brokers 21 to 25

Continued from previous page

while retail brokering accounted for 45%. Reinsurance brokerage made up 3% of revenues, personal lines and investment income each contributed 2% and 1% came from non-brokerage services.

Mr. Rhulen said he expects "substantial growth," both from new business and from rising rates in 1985.

Rhulen is owned by Frontier Columbus Corp., a partnership that also owns Frontier Insurance Co. in Monticello, Va. In addition, the agency has seven branch offices. An office in Toronto was closed in April, and that business is now being handled by the Monticello office.

Andreini & Co., based in San Mateo, Calif., is participating for the first time in the annual *BI* broker survey. Andreini reported gross revenues of $16.1 million for 1984, placing 23rd in the ranking.

Andreini's 1984 revenues represent a 26% jump over 1983 revenues of $12.8 million. In addition to the San Mateo office, Andreini is represented in the California cities of Fresno, Bakersfield and Coalinga. It also lists as a branch office Beck, Brown & Dwire in Oxnard, Calif.

The big increase in gross revenues last year stemmed from new business that was acquired during the soft market when rates were low, says George Andreini, president of the brokerage. Now that the market is hardening, higher rates are creating more profits, he said.

Commercial retail brokerage accounted for 87% of the firm's 1984 gross revenues, unchanged from 1983. An additional 3% came from personal lines and investment income generated 10%, both figures unchanged from 1983.

The 33-year-old firm specializes in placing insurance for agricultural and related businesses, including food growers, packers and shippers.

Andreini provides complete insurance packages that include workers compensation, liability, property and employee benefits coverages.

The brokerage has experienced so much growth that it is has just purchased another building near its current location, opening up an additional 45,000 square feet of office space.

Growth has also meant hiring additional employees. Personnel grew to 205 employees in 1984, from 165 the year before. The firm has added 25 more workers this year, bringing the number of employees to 230, an increase of 39% since 1983.

"And we're still looking," said Mr. Andreini, adding that the firm still needs quality personnel for its operations.

He said a new gymnasium and racquetball court have been installed at the San Mateo office for workers. "It's a beautiful place, but we're still having a hard time attracting people."

Looking ahead to the remainder of this year, Mr. Andreini said rising rates should result in more growth, as it will for most brokers. While he hesitates to predict firm results for the year, he said the brokerage would like to repeat last year's performance.

"That would be a generous increase," he remarked.

In Andreini's Fresno office, the task of increasing business in a tight market will be the responsibility of someone who is used to working under pressure.

Daryle Lamonica, former quarterback with the Oakland Raiders of the National Football League, is vp of the Fresno office. Before joining Andreini earlier this year with the opening of the Fresno branch, Mr. Lamonica held a sales position with Frank B. Hall in that city.

Robinson-Conner Inc. fell from No. 18 in the 1983 ranking to the 24th spot in 1984, based on 1984 gross revenues.

Continued on next page

ABI will join 'Top 20,' President Mizel predicts

SAN FRANCISCO—Founded in May 1984, upstart ABI Management Inc. of San Francisco will break into the ranks of the 20 largest U.S.-based insurance brokers next year, ABI President Bernard H. Mizel confidently predicts.

Mr. Mizel, who helped build the former Albert M. Bender Co.—now Jardine Insurance Brokers Inc.—into a major force in the national insurance brokerage community, says he has mapped out an acquisition strategy that will propel ABI Management into the *Business Insurance* Top 20 next year, based on its 1985 gross revenues.

Mr. Mizel resigned from Jardine Insurance Brokers Inc. in February 1984 after an 18-year-career with Bender, which he joined in 1966. He had managed Bender through two ownership changes and numerous acquisitions and its entry on the *BI* Top 20 list.

The veteran insurance broker says his objective is to build ABI into a major brokerage serving the property/casualty insurance needs of mid-sized commercial insurance accounts and the employee benefit program needs of trade associations and professional associations.

Backed by American Financial Group of Cincinnati, Ohio, ABI Management acquired four brokers in 1984 and is currently on "an active acquisition plan" aimed at brokers in the Midwest, Texas and on the West Coast, Mr. Mizel says.

Once ABI Management has a strong foothold in the urban centers of these regions, Mr. Mizel says he will seek additional acquisitions in the outlying areas.

Mr. Mizel would not disclose ABI Management's current annualized revenues. He says the figure would not be meaningful because ABI plans additional acquisitions this year.

So far, ABI has acquired L.K. Lloyd & Associates in San Francisco, Wellington Insurance Brokers in Los Angeles, American Business Insurance Agencies in Minneapolis and Transportation Employee Benefits Inc. in Los Angeles.

In addition to those cities, ABI Management reports offices in Chicago, Cleveland, Dallas, Fort Lauderdale, Denver, Portland, Ore., and Kansas City, Mo.

ABI Management is a licensed surplus lines broker in two states: Minnesota and Illinois.

About 80% of ABI Management's retail brokerage revenues are based on commissions and 20% on fees.

In addition to Mr. Mizel, other officers of ABI are Theodore Keiler, executive vp; Ronald Brichler, financial vp; and Bruce Ricci, senior vp.

—By Robert A. Finlayson



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Brokers 21 to 25

Continued from previous page

The Erie, Pa.-based brokerage reported gross revenues virtually unchanged from 1983. Figures for 1984 show revenues of $15.2 million, compared with $15 million the year before. Personnel decreased by one, to 305 employees.

William B. Conner, president of the brokerage, said Robinson-Conner has decided to slow its traditionally fast pace of acquiring new companies in order to "digest what we have and make it operate more profitably. Sometimes sheer volume doesn't guarantee a profit."

Last year's flat growth is in sharp contrast to the previous year, when gross revenues leaped 56.3% on the strength of acquisitions that included five agencies.

In 1984, Robinson-Conner acquired four more agencies in the first half of the year and picked up two in September.

Acquired in 1984 were: Multi-Services Corp. in Louisville and Lexington, Ky.; Ed Murray & Sons in Cheyenne, Wyo.; Tolley-Weidman Insurance Agency Inc. in Colorado Springs and Denver; Nelson Insurance Agency in Colorado Springs; Husted Insurance Agency in Harrisburg, Penn.; Ameri-Guard Insurance Inc. in Colorado Springs and Joseph F. Kenny Jr. Co. in Harrisburg, Pa.

With those new operations under its belt, Mr. Conner says the brokerage last year began a process of "realignment after active and ambitious growth."

So far in 1985, there have been two agency acquisitions: Klein & Appel Inc. in Louisville, Ky., and O'Neill Insurance Agency in Houtzdale, Pa.

"Frankly, we're being careful in the area of acquisitions," Mr. Conner said. He pointed out that there is an increasing number of agencies looking for buyers because they are losing markets in the hardening insurance environment.

But, he notes, Robinson-Conner has not put a moratorium on acquisitions. "There are some situations that we are interested in that may fit into our operation. If so, those are the ones we will pursue."

Robinson-Conner's revenues were produced 85% by commercial retail brokerage in 1984, up from 75% in 1983. Non-brokerage services accounted for the remaining 15% of revenues last year, compared to 10% the year before.

The brokerage has 17 branch offices and three subsidiaries. The subsidiaries are Workers Compensation Service Co. in Cleveland, Columbus and Cincinnati, Ohio; Claims Service Inc. in Erie, Pa.; and Colorado Notary Assn. in Denver.

The bulk of Robinson-Conner's business is generated by casualty insurance placed for medium-sized businesses that produce $5,000 to $75,000 in annual commissions.

B.R.I Coverage Corp. in New York, No. 24 in 1983, dropped one place to round out the top 25 brokers for 1984.

This was despite the fact that B.R.I. saw gross revenues jump 18% in 1984 to $14.3 million from $12.1 million in 1983. The firm increased its staff to 138 in 1984 from 130 the year before.

Howard Miller, senior vp and director of sales for B.R.I., said rising rates helped slightly to improve the bottom line, but "a couple of nice new accounts" had more of an affect.

He described the new business as an industrial account and a real estate client. "For us, they are a good size," he noted.

The biggest part of B.R.I.'s business last year was casualty insurance, accounting for about 40%. The remainder is: marine insurance, 20%; property, 20%; crime and surety, 10%; and personal lines and miscellaneous, 10%.

But, 1985 may see a slight shift in that breakdown, Mr. Miller said. By the end of the year, B.R.I.'s casualty business will probably represent about 45% of the total and property will drop to around 15%, he said.

"Everybody's focus has changed in '85," said Mr. Miller. "Now you get your renewals done first and then worry about new business. It used to be the reverse: You got the new business and the renewals were easy."

He said B.R.I. lost very little business during 1985 renewals and, "We certainly left nobody without coverage."

Commercial retail brokerage accounts for 85% of the firm's revenues and wholesale brokering adds 1%. Reinsurance brokerage business provides 3% of revenues, while non-brokerage services make up 5%. Personal lines and investment income each contribute 3% of gross revenues. ■

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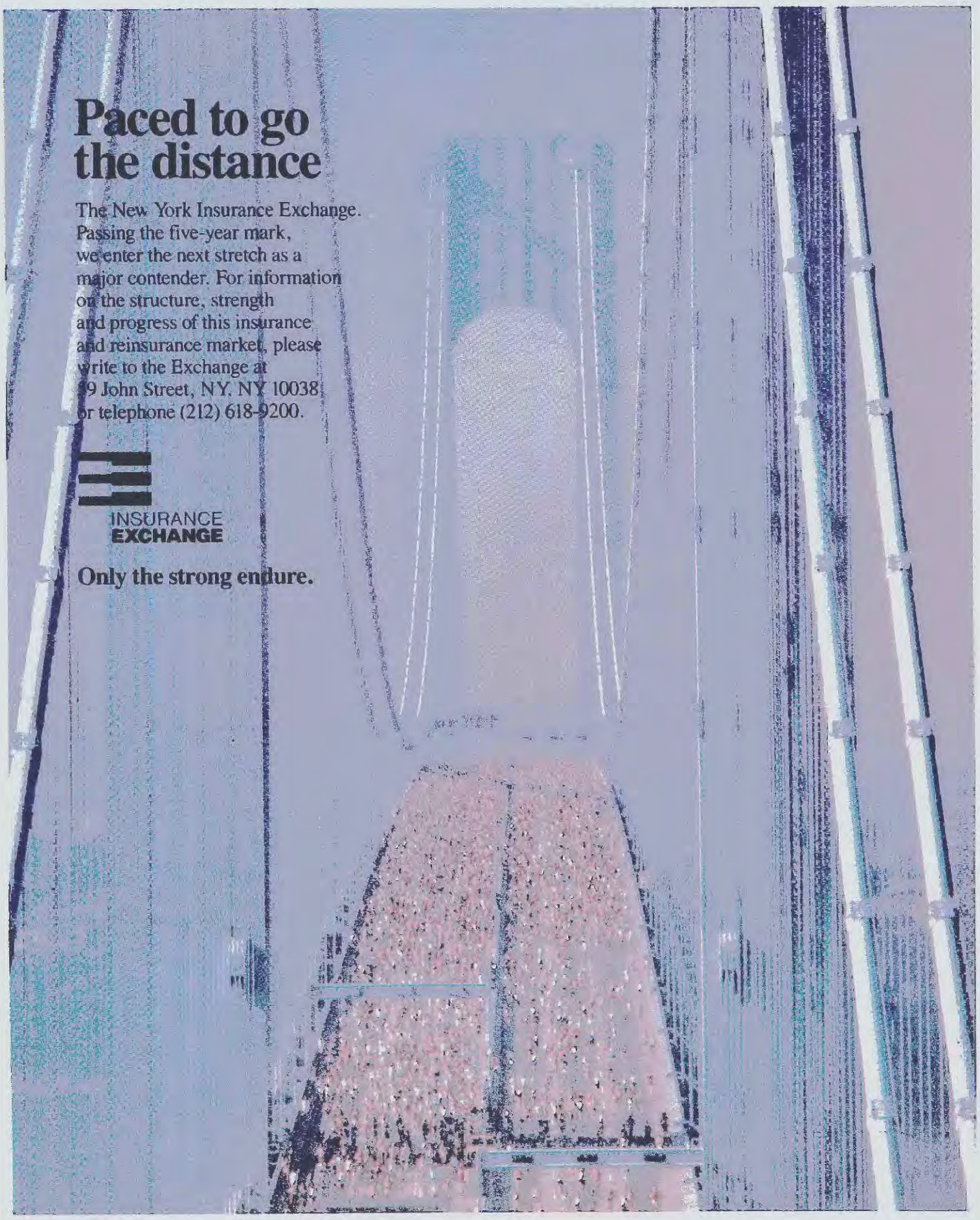
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BI's annual guide to agents and brokers

a

ABI Management Inc.

3 Embarcadero, San Francisco, Calif. 94111; 415-788-3371

	1984*	1983*
Premium volume	NA	NA
Gross revenues	NA	NA
Employees	NA	NA
Offices	NA	NA

*Company founded May 1984.

Year founded: 1984.
Brokerage: 80% commission; 20% fee.
Acquisitions: L.K. Lloyd & Associates, San Francisco; Wellington Insurance Brokers, Los Angeles; America Business Insurance Agencies, Minneapolis; Transportation Employee Benefits Inc., Los Angeles; all purchased.
Branch offices: Minneapolis; Chicago; Cleveland; Dallas; Ft. Lauderdale, Fla.; Kansas City, Mo.; Denver; Portland, Ore.; San Francisco; Los Angeles.
Principal officers: Bernard Mizel, president; Theodore Keiler, executive vp; Ronald Brichler, financial vp; Bruce Ricci, senior vp.
Licensed excess/surplus broker in: Minnesota and Illinois.

The Abow Companies

3221 W. Big Beaver Rd., Suite 203, Troy, Mich. 48843; 313-649-1990

	1984	1983
Premium volume	75,000,000	60,000,000
Gross revenues	2,420,000	2,250,000
Brokerage: Retail	80%	81%
Services	5%	5%
Personal lines	2%	2%
Invest. Income	10%	10%
Other	3%	2%
Employees	37	32
Offices	1	1

Year founded:1977.
Brokerage: 94% commission; 6% fee.
Principal officers: Thomas P. McGraw, Andrew Aljian, Donald F. O'Keefe, William D. Wentworth, Victor R. Battani, Gordon C. Rains.

Jay Adams & Associates Inc.

P.O. Drawer 70, Daytona Beach, Fla. 32015; 904-252-3701

	1984	1983
Premium volume	$8,500,000	$7,350,000
Gross revenues	$1,359,000	$1,227,000
Brokerage: Retail	65%	67%
Wholesale	0.5%	0.5%
Services	1.5%	1.5%
Personal lines	27%	25%
Investment income	6%	6%
Employees	27	25
Offices	1	1

Year founded: 1920.
Brokerage: 99% commission; 1% fee.
Principal officers: John C. Adams, president; Charles F. Bultman, Gerard M. White, Richard M. Fulton, vps; Sandi S. Wells, secretary/treasurer.
Licensed excess/surplus broker in: Florida.

Admiral Lynnford-Shmishkiss Insurance Agency Inc.

20 State St., Lynn Mass., 01901; 617-599-2000

	1984	1983
Premium volume	$6,500,000	$4,500,000
Gross revenues	$866,908	$581,945
Brokerage: Retail	65%	65%
Personal lines	35%	35%
Employees	16	11
Offices	1	1

Year founded: 1964
Brokerage: 100% commission.
Acquisitions and mergers: Lynnford-Smishkiss, Lynn Mass.
Principal officers: Stanley Smishkiss, chairman; Samuel B. Tassel, president/chief executive officer.
Licensed excess/surplus broker in: Massachusetts.

Alexander & Alexander Services Inc.

1211 Ave. of the Americas, New York, N.Y. 10036; 212-840-8500
See profile page 16.

Alliance Brokerage Corp.

990 Westbury Road, Westbury, N.Y. 11590; 516-333-7300

	1984	1983
Premium volume	$38,000,000	$37,500,000
Gross revenues	$4,800,000	$4,500,000
Brokerage: Retail	77%	32%
Wholesale	5%	5%
Services	4%	0%
Personal lines	12%	12%
Invest. Income	2%	1%
Employees	93	90
Offices	5	6

Year founded: 1897.
Brokerage: 97% commission; 3% fee.
Acquisitions: Anchor Agency, St. Croix, U.S. V.I.; not included.
Branch offices: Alliance Brokerage Corp., St. Petersburg, Fla.; Antilles Insurance Inc., St. Thomas and St. Croix, U.S. Virgin Islands; Antilles Insurance Ltd., Tortola, British Virgin Islands.
Subsidiaries: Alliance Life Associates, Westbury, N.Y.; Atlantic Cycle Agency Inc., Westbury, N.Y.; Alliance Health Management Services Inc., Westbury, N.Y.; Cycle Insurance Service, Westbury, N.Y.; Central Claims Adjustment Inc., Westbury, N.Y.; Atlantic Excess & Surplus Inc., Westbury, N.Y., and U.S. Virgin Islands; Alliance Brokerage Corp., Westbury, N.Y., and St. Petersburg, Fla.; Antilles Insurance Inc., St. Thomas and St. Croix, U.S. Virgin Islands; Antilles Insurance Ltd., Tortola, British Virgin Islands.
Principal officers: Herbert N. Zack, president/treasurer; Benjamin R. Mintz, executive vp/secretary; Marshall M. Krassner, senior vp; Richard Stewart, president, Antilles Insurance Inc.
Licensed excess/surplus broker in: New York and U.S. Virgin Islands.



Alper Agency Inc.

60 W. Superior St., Chicago, Ill. 60610; 312-642-1000

	1984	1983
Premium volume	$6,000,000	$6,000,000
Gross revenues	$1,500,000	$1,300,000
Brokerage: Retail	60%	60%
Services	20%	20%
Personal lines	5%	5%
Invest. Income	6%	6%
Other	9%	9%
Employees	30	26
Offices	1	1

Year founded: 1966.
Brokerage: 70% commission; 30% fee.
Subsidiaries: AuditRate Inc., Chicago, Ill.
Parent company: Alper Services Inc.
Principal officers: Howard C. Alper, president; Russell M. Cortino, Edward J. Priz, David R. Victoria Jr., Herbert M. Singer, vps.

Seymour Alper Inc.

5165 Queen Mary Road, Montreal, Quebec H3W 1X8; 514-489-8601

	1984	1983
Premium volume	$12,750,000	$12,000,000
Gross revenues	$2,351,000	$2,194,000
Brokerage: retail	80%	83.3%
Personal lines	20%	10.7%
Employees	45	39
Offices	1	1

Year founded: 1951.
Brokerage: 97.5% commission; 2.5% fee.
Principal officers: Seymour Alper, president; Michel LaBelle, first vp; Lita Alper, treasurer; Elliott Alper, secretary.

Alpha Aviation Insurance Agency Inc.

377 Route 17, Penthouse Suite, Hasbrouck Heights, N.J. 07604; 201-288-4831

	1984	1983
Premium volume	$6,500,000	$5,000,000
Gross revenues	$760,000	$630,000
Brokerage: retail	90%	90%
Personal lines	10%	10%
Employees	13	13
Offices	1	1

Year founded: 1975.
Brokerage: 100% commission.
Principal officers: Francis P. Brown, president; Eugene F. Duflo, senior vp; Adrienne M. Brown, vp.

American Professional Agency Inc.

95 Broadway, Amityville, N.Y. 11701; 516-691-6400

	1984	1983
Premium volume	$8,500,000	$6,500,000
Gross revenues	$1,200,000	$900,000
Brokerage: Retail	98%	98%
Wholesale	2%	2%
Employees	25	20
Offices	1	1

Year founded: 1940.
Brokerage: 100% commission.
Parent company: RCI Industries Corp.
Principal officers: Richard C. Imbert, president.

Anderson & Anderson Insurance Brokers Inc.

2495 Campus Dr., Irvine, Calif. 92715

	1984	1983
Premium volume	$25,000,000	$22,000,000
Gross revenues	$3,950,000	$3,800,000
Brokerage: retail	95%	95%
Wholesale	2%	2%
Services	1%	1%
Other	2%	2%
Employees	47	48
Offices	1	1

Year founded: 1952.
Brokerage: 98% commission; 2% fee.
Principal officers: Robert M. Anderson, president; Stephen D. Wood, senior vp.

Andreini & Co.

220 W. 20th Avenue, San Mateo, Calif., 94403; 415-573-1111

	1984	1983
Premium volume	NA	NA
Gross revenues	$16,132,756	$12,800,000
Brokerage: Retail	87%	87%
Personal lines	3%	3%
Invest. Income	10%	10%
Employees	205	165
Offices	5	4

Year founded: 1952
Brokerage: 100% commission.
Branch offices: Andreini & Co., Fresno, Cal.; Bakersfield, Cal.; Coalinga, Cal.; San Mateo, Cal.; Beck, Brown & Duire, Oxnard, Cal.
Principal officers: John Andreini, president; George Andreini, vp/treasurer; Michael J. Colzani, secretary.
Licensed excess/surplus broker in: California.

Anthony Insurance Inc.

I.C.O.N. Building, Kenmount Road, St. John's, Newfoundland, Canada A1B3N2; 709-726-9930

	1984	1983
Premium volume	$20,000,000	$18,000,000
Gross revenues	$4,000,000	$3,500,000
Brokerage: Retail	55%	94%
Services	1%	3%
Personal lines	35%	0%
Invest. Income	4%	0%
Other	5%	3%
Employees	70	60
Offices	9	11

Year founded: 1953.
Brokerage: 97% commission; 3% fee.
Acquisitions and mergers: Anthony Sedgwick Inc., Halifax, Nova Scotia, Canada; pooled.
Branch offices: Carbonear, Gander, Grand Falls, Deerlake, Corner Brook, Newfoundland; Halifax, Nova Scotia; Toronto; Calgary and Edmonton, Alberta.
Subsidiaries: Affiliated companies Lloyd Sadc & Anthony Insurance Ltd., Edmonton, Alberta; Anthony Sedgwick Inc., Halifax, Nova Scotia.
Parent company: Anthony Group Ltd.
Principal officers: Rex C. Anthony, president; J.D. Windsor, E.J. Burden, senior vps; P. Ralph, secretary/treasurer; T. Sadd, director.

The Armistead Group, Inc.

3401 West End Avenue, Nashville, Tenn., 37203; 615-385-2861.

	1984*	1983*
Premium volume	NA	NA
Gross revenues	$9,200,000	NA
Brokerage: Retail	82%	NA
Wholesale	8%	NA
Services	5%	NA
Other	5%	NA
Employees	125	NA
Offices	5	NA

*New company.

Year founded: 1984.
Brokerage: 95% commission; 5% fee.
Subsidiaries: Broadus-Anderson & Associates Inc., Knoxville, Tenn.; Garner, Meshad, Wood Agency Inc., Birmingham, Ala.; Gieseler-Simmons Corp., New Orleans; Greenwich American Underwriters Inc., Hendersonville, Tenn.; Polk & Sullivan Inc., Nashville.
Principal officers: Hunter Armistead, chairman/chief executive officer; Daniel J. Gieseler, Jr., vice chairman; David D. Haynes, president/chief operating officer; Wilma H. Baldry, secretary.
Licensed excess/surplus broker in: Tennessee.

Associated Agencies Inc.

223 W. Jackson Blvd., Chicago, Ill. 60606; 312-322-4800

	1984	1983
Premium volume	$28,687,000	$27,906,000
Gross revenues	$3,578,000	$3,332,000
Brokerage: Retail	85%	85%
Wholesale	1.5%	1%
Services	1%	1%
Personal Lines	12.5%	13%
Employees	69	64
Offices	1	1

Year founded: 1890.
Brokerage: 94% commission; 6% fee.
Principal officers: Max Robert Schrayer, chairman; Robert L. Adler, president/chief executive officer; Irving Shainberg, executive vp; A.A. Freeman, Arthur Friedman, senior vps; Peter M. Wolff, senior vp/treasurer/secretary.
Licensed excess/surplus broker in: Illinois.

Association Administrators & Consultants Inc.

19000 MacArthur Blvd., Suite 500, Irvine, Calif., 92715; 714-833-0673.

	1984	1983
Premium volume	$37,003,000	$32,358,000
Gross revenues	$4,968,000	$4,975,500
Brokerage: Retail	45%	45%
Wholesale	4%	4%
Services	50%	50%
Invest. Income	1%	1%
Employees	68	63
Offices	2	1

Year founded: 1972.
Brokerage: 50% commission; 50% fee.
Branch offices: San Francisco.
Subsidiaries: California Insurance Advisors, AA&C Investment Corp., Irvine, Calif.
Principal officers: Wallace E. Jeffs, president; Egon A. Bartetzko, executive vp; Randall W. Jeffs, senior vp—marketing; Irene J. Fortier, vp-finance/treasurer; Nancy K. Hudson, corporate secretary.
Licensed excess/surplus broker in: California.

Atkins Insurance Corp.

Atkins Building, 105 W. Capitol, Little Rock, Ark. 72201; 501-372-2222

	1984	1983
Premium volume	$28,000,000	$27,150,000
Gross revenues	$4,300,000	$3,900,000
Brokerage: Retail	79%	76%
Wholesale	0%	3%
Services	0.5%	0.5%
Personal Lines	11%	11%
Invest. Income	0.5%	0.5%
Other	9%	9%
Employees	66	72
Offices	3	3

Year founded: 1897.
Brokerage: 98% commission; 2% fee.
Branch offices: Conway and Hot Springs, Ark.
Principal officers: James H. Atkins, chairman/chief executive officer; Richard P. Herget, president; Jerry Dollins, executive vp-operations; John Elliott, executive vp-sales.
Licensed excess/surplus broker in: Various states.

Austin & Co. Inc.

307 Washington Ave., Albany, N.Y. 12201; 518-465-3591

	1984	1983
Premium volume	$6,000,000	$5,500,000
Gross revenues	$1,000,000	$900,000
Brokerage: Retail	70%	70%
Personal Lines	30%	30%
Employees	21	22
Offices	2	2

Year founded: 1853.
Brokerage: 99% commission; 1% fee.
Branch offices: Stevenson Agency, Chestertown, N.Y.
Principal officers: Charles M. Liddle III, president; James P. Faughnan Jr., executive vp; Helen Rack, Erwin F. Geutig, vps.

b

B.R.I. Coverage Corp.

156 William St., New York, N.Y. 10038; 212-233-7171

	1984	1983
Premium volume	$130,000,000	$110,000,000
Gross revenues	$14,300,000	$12,100,000
Brokerage: Retail	85%	90%
Wholesale	1%	0%
Reinsurance	3%	1%
Services	5%	3%
Personal lines	3%	3%
Invest. income	3%	3%
Employees	138	130
Offices	1	1

Year founded: 1974.
Brokerage: 85% commission; 15% fee.
Subsidiaries: Risk Management Economics, B.R.I. International Agency Inc. and Whitehouse Agency Inc., New York; UNISEA Insurance Co. Ltd., Hamilton, Bermuda; International General Insurance Co. Ltd., Grand Cayman, B.W.I.
Parent company: B.R.I. Holding Co.
Principal officers: Donald P. Ferrarini, president; Howard Miller, senior vp/director of sales; Arthur Ostrow, Bruno Rumignani, Fred Ghawi, James Sweitzer, John Kelly, Roger Imperial, Matthew A. Murphy, Allen Birnbaum, James J. O'Donnell, Harold K. Ross, senior vps; Herbert Kramer, Joseph Zweig, vps; Burton Matfus, secretary/treasurer.
Licensed excess/surplus broker in: New York, New Jersey.

Babb Inc.

850 Ridge Ave., Pittsburgh, Pa. 15212; 412-237-2115

	1984	1983
Premium volume	$40,000,000	$39,000,000
Gross revenues	$3,600,000	$3,510,000
Brokerage: Retail	44%	44%
Services	24%	24%
Personal lines	22%	22%
Invest. income	10%	10%
Employees	80	84
Offices	2	2

Year founded: 1929.
Brokerage: 95% commission; 5% fee.
Branch offices: Wayne, Pa.
Continued on facing page

Continued from facing page

Subsidiaries: Highom-Whitridge Inc., Wayne, Pa.; Highom-Whitridge Securities Inc., Wayne, Pa.

Principal officers: Ronald B. Livingston, chairman/chief executive officer; William M. Steele, vice chairman; James Mitchel, Robert Friénd, vps.; Chester Sanderson, treasurer.

Licensed excess/surplus broker in: Pennsylvania.

Bartlett Agency

P.O. Box 970, 2200 52nd Ave., Moline, Ill. 61265; 309-764-9666

	1984	1983
Premium volume	$9,000,000	$8,500,000
Gross revenues	$2,050,000	$2,000,000
Brokerage: Retail	62%	55%
Services	11%	13%
Personal lines	9%	7%
Other	18%	25%
Employees	32	28
Offices	3	2

Year founded: 1942.

Brokerage: 100% commission.

Branch offices: Davenport, Iowa; Chicago.

Principal officers: Richard J. Miles, president; Thomas K. Bracke, executive vp; John J. Barrett, vp; Thomas Wohrley, vp.

Licensed excess/surplus broker in: Illinois.

L.T. Barton Insurance

P.O. Box 9320, Fort Worth, Texas 76107; 817-332-1313

	1984	1983
Premium volume	$5,205,480	$4,781,930
Gross revenues	$888,462	$831,740
Brokerage: Retail	67%	67%
Wholesale	2%	2%
Personal lines	30%	30%
Invest. income	1%	1%
Employees	16	17
Offices	1	1

Year founded: 1944.

Brokerage: 100% commission.

Principal officers: Hayes Tucker, Troy G. Barton, David Cooper, partners.

Licensed excess/surplus broker in: Texas.

Baumann & Ozzie Agency

8001 N. Lincoln Ave., Skokie, Ill. 60077; 312-673-1717

	1984	1983
Premium volume	$7,835,000	$10,300,000
Gross revenues	$2,786,000	$3,200,000
Brokerage: Retail	35%	33%
Wholesale	2%	2%
Personal lines	15%	16%
Invest. income	2%	4%
Other	46%	44%
Employees	44	42
Offices	2	2

Year founded: 1946.

Brokerage: 98% commission; 2% fee.

Branch offices: Arlington Heights, Ill.

Subsidiaries: Baumann & Ozzie Agency Inc., Skokie, Ill.; Colonial Financial, Arlington Heights, Ill.; Pro Financial Services, Arlington Heights, Ill.

Parent company: BOC Financial.

Principal officers: William T. Billings, Richard Colvelli, Brian Burns.

Licensed excess/surplus broker in: Illinois.

Bayly, Martin & Fay International Inc.

201 Main St., Suite 1990, Ft. Worth, Texas 76102; 817-335-2048

See profile page 45.

Beal & Associates Insurance Counselors Inc.

5635 E. Thomas Road, Phoenix, Ariz. 85018; 602-990-1111

	1984	1983
Premium volume	$6,200,000	$6,000,000
Gross revenues	$1,770,000	$1,500,000
Brokerage: Retail	75.5%	78%
Services	12%	10%
Personal lines	12%	11%
Invest. income	.5%	1%
Employees	41	40
Offices	1	1

Year founded: 1958.

Subsidiaries: Insurance Verification Service, Phoenix, Ariz.

Principal officers: William A. Beal, president; Thomas W. Beal, vp; Norma J. Beal, secretary/treasurer.

Continued on next page

How *BI* gathers data on brokers

The 1985 directory of agents and brokers is based on responses to a *Business Insurance* questionnaire.

Listings are provided as an editorial service and are free of charge; however, to qualify companies must generate at least $500,000 in gross revenues from retail commercial insurance brokering.

Companies were asked to report premium volume and gross revenues; and to identify the percentage of gross revenues generated by commercial retail brokerage, wholesale brokerage, reinsurance brokerage, non-brokerage fee-based services, personal lines, investment income and other activities. The number of employees and offices are also included.

Following the year founded, the brokers report the percentage of their commercial retail brokerage revenues generated by commissions and fees.

Acquisitions, locations of branch offices and subsidiaries, the parent company (if any), and names and titles of principal officers are supplied. States in which companies are licensed as excess/surplus lines brokers complete the listings.

If you wish to locate an agent or broker by state, you may refer to the geographic index beginning on page 93. Home offices as well as branch offices and subsidiaries providing retail brokerage services are included.

The information in each entry was compiled by *BI* based on information supplied by the agents and brokers.

Schirmer

SCHIRMER ENGINEERING CORPORATION

OFFERING FULL LOSS CONTROL ENGINEERING SERVICES

✓Underwriting & Loss Control Surveys
✓Fire Protection Engineering
✓Safety & Health Engineering
✓Litigation Support Services
✓Building & Fire Code Consultation
✓Sprinkler System Design
✓Alarm System Design

SCHIRMER ENGINEERING CORPORATION
707 LAKE COOK ROAD • DEERFIELD, IL 60015 • 312/272-8340

Partnership

Factory Mutual System



It's Our Word.

Twenty-five men with a common interest: winning baseball games.

The 1927 New York Yankees won 110 games, a league record for nearly 30 years. They are regarded as the greatest baseball team of all-time.

Theirs was a partnership of spikes and spirit, of homers and heroics, dirt and destiny. They left a heritage that became the Yankee tradition.

Our heritage is a tradition of partnership as well, and has been for nearly a century. People with a common interest: the most vital component of today's risk management process. Protection.

We meet property insurance needs with broad coverages, options and unparalleled engineering resources plus the research facilities to provide the sound loss control program you need.

Protection Mutual

Protection Mutual Insurance Company
300 South Northwest Highway
Park Ridge, Illinois 60068

312/825-4474

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Continued from preceding page

Licensed excess/surplus broker in: Arizona.

Beardsley, Brown & Bassett Inc.

1 Lafayette Circle, Bridgeport, Conn., 06604; 203-366-1815.

	1984	1983
Premium volume	$15,100,000	$13,800,000
Gross revenues	$2,410,000	$2,228,000
Brokerage: Retail	52%	50%
Personal lines	26%	27%
Invest. income	1%	1%
Other	21%	22%
Employees	37	35
Offices	1	1

Year founded: 1884.
Brokerage: 100% commission.
Principal officers: John P. Bassett, chairman; James F. Tomchik, president; Brendan T. Shea, treasurer; James A. D'Agostion, vp-sales; Allan F. Tibbitts, vp.

Beauchamp & McSpadden

231 W. Canal St., P.O. Box 687, Wabash, Ind. 46992; 219-563-8821

	1984	1983
Premium volume	$7,333,000	$7,041,000
Gross revenues	$1,504,000	$1,273,000
Brokerage: Retail	57.4%	60.6%
Personal lines	30.9%	32.6%
Invest. income	10.7%	5.4%
Other	1.0%	1.4%
Employees	29	29
Offices	4	3

Year founded: 1927.
Brokerage: 100% commission.
Branch offices: Marion and North Manchester, Ind.; Beauchamp McSpadden Strayer Insurance, Warsaw, Ind.
Subsidiaries: IFM Life & Health Inc., Wabash, Ind.
Parent company: Insurance & Financial Management Inc., Wabash, Ind.
Principal officers: Robert W. Beauchamp, president; Joseph W. McSpadden, vp; Michael J. Beauchamp, treasurer; Frederich H. Squires, secretary.

Beck/Wm. Schwartz Inc.

3050 Post Oak Blvd., Suite 1700, Houston, Texas 77056; 713-622-4364

	1984	1983
Premium volume	$13,000,000	$11,000,000
Gross revenues	$950,000	$821,000
Brokerage: Retail	90%	90%
Wholesale	5%	5%
Services	5%	5%
Employees	14	8
Offices	2	1

Year founded: 1981.

Executive Placement
Nationwide specialists in
COMPENSATION & BENEFITS
V.I.P. RESOURCES, INC.
278 Crafton Avenue
Staten Island, NY 10314
(718) 494-6725 Joseph Gross

Brokerage: 95% commission; 5% fee.
Branch offices: Beck/Wm. Schwartz Inc. of California, Indian Wells/Palm Springs, Calif.
Principal officers: William M. Schwartz, chairman; G.G. Beck, president; S.J. Bryant, senior vp; J.W. Gould, vp; J.D. Barkman, president (California).
Licensed excess/surplus broker in: Texas and California.

Bigler-Ketchum Inc.

700 Fifth Ave., Pittsburgh, Pa., 15219; 412-391-5525

	1984	1983
Premium volume	$8,000,000	$5,000,000
Gross revenues	$1,350,000	$800,000
Brokerage: Retail	85%	93%
Services	10%	5%
Invest. income	3%	2%
Other	2%	0%
Employees	22	13
Offices	5	1

Year founded: 1977.
Brokerage: 90% commission; 10% fee.
Acquisitions and mergers: Mulert, Pittsburgh; Goodman Associates, Pittsburgh.
Subsidiaries: Mulert-Bigler-Ketchum Inc., Bigler-Ketchum-Goodman, Renaissance Realty, Rudov Associates Inc., Pittsburgh; Structured Annuities, Pittsburgh, Harrisburg, Philadelphia.
Principal officers: Chandler G. Ketchum, chairman; Harold S. Bigler, president; Howard M. Mulert, president (Mulert-Bigler-Ketchum); Richard Goodman, president (Bigler-Ketchum-Goodman).
Licensed excess/surplus broker in: various states.

Robert E. Bill Associates Inc.

814 Fulton St., Farmingdale, N.Y. 11735; 516-249-1000

	1984	1983
Premium volume	$8,100,000	$7,400,000
Gross revenues	$1,400,000	$1,300,000
Brokerage: Retail	82%	79%
Personal lines	7%	6%
Invest. income	11%	15%
Employees	21	21
Offices	2	2

Year founded: 1972.
Brokerage: 98% commission; 2% fee.
Branch offices: Garden City, N.Y.
Principal officers: Robert E. Bill, chief executive officer/president; Robert S. Klipera, Henry G. Arntsen, vps; Robert Clausen, vp; Robert Rippert, controller.

Blumencranz, Klepper & Wilkins Ltd.

3000 Marcus Ave., Lake Success, N.Y. 11040; 212-445-2300

	1984	1983
Premium volume	$28,000,000	$24,000,000
Gross revenues	$2,830,000	$2,360,000
Brokerage: Retail	75%	85%
Wholesale	10%	0%
Services	2%	2%
Personal lines	10%	10%
Invest. income	3%	3%
Employees	40	34
Offices	1	1

Year founded: 1929.
Brokerage: 90% commission; 10% fee.
Acquisitions: Joda Brokerage Associates, New York.
Subsidiaries: BBK&W Agency Inc.; Joda Brokerage Associates.
Principal officers: Roger A. Blumencranz, president; Aaron A. Wilkins, Stuart B. Wilkins, Joyce Rubin, Frank Ali, Joyce Rubin, vps.
Licensed excess/surplus broker in: New York.

Boccaccio & Susanin Inc.

141 Washington St., Hartford, Conn. 06106; 203-249-6811

	1984	1983
Premium volume	$6,300,000	$5,500,000
Gross revenues	$1,250,000	$1,100,000
Brokerage: Retail	90%	90%
Personal lines	10%	10%
Employees	24	24
Offices	1	1

Year founded: 1962.
Brokerage: 99% commission, 1% fee.
Principal officers: Richard P. Boccaccio, Ernest S. Susanin.
Licensed excess/surplus broker in: Connecticut.

Bolton & Co.

1100 El Centro, South Pasadena, Calif., 91030; 818-796-5900

	1984	1983
Premium volume	$23,211,000	$17,871,000
Gross revenues	$3,575,000	$2,732,000
Brokerage: Retail	83%	80%
Personal lines	12%	14%
Invest. income	5%	6%
Employees	41	38
Offices	1	1

Year founded: 1931.
Brokerage: 100% commission.
Principal officers: William D. Bolton, chief executive officer; James A. Bolton, executive vp; John Boyle, Joe Moyna, Lee Westkopf, vps; Jill Wright, secretary-treasurer.

Bone, Robertson & McBride Inc.

3161 Putnam Blvd., Pleasant Hill, Calif., 94523; 415-938-4000

	1984	1983
Premium volume	$10,080,000	$7,980,000
Gross revenues	$1,316,000	$977,000
Brokerage: Retail	88%	87%
Personal lines	7%	8%
Invest. income	5%	5%
Employees	21	19
Offices	1	1

Year founded: 1974.
Brokerage: 98% commission; 2% fee.
Principal officers: Donald L. Bone, partner, president; Gary A. Robinson, partner, vp; Dudley Robertson, secretary-treasurer.

Boockford & Co.

2015 Spring Road, Suite 630, Oak Brook, Ill. 60521; 312-789-5000

	1984	1983
Premium volume	NA	NA
Gross revenues	$1,709,000	$1,535,000
Brokerage: Retail	88%	87%
Personal lines	4%	5%
Invest. income	8%	8%
Employees	26	25
Offices	1	1

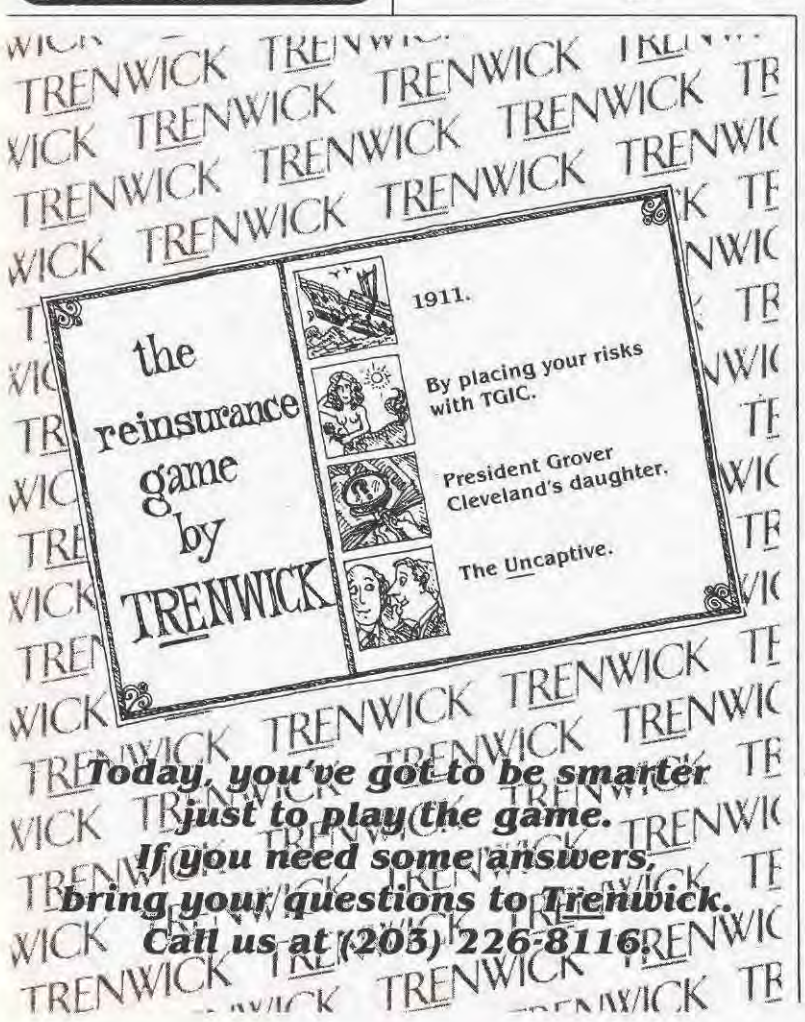
Year founded: 1950.
Brokerage: 93% commission; 7% fee.
Principal officers: William D. Boockford Jr., chairman; William D. Boockford, president; Louis J. Chiodo, vp-treasurer; James F. Schuster, vp-secretary.
Licensed excess/surplus broker in: Illinois.

Brandow Howard Kohler & Rosenbloom Inc.

3601 Park Center Blvd., St. Louis Park, Minn. 55416; 612-929-5551

	1984	1983
Premium volume	$23,000,000	$19,500,000
Gross revenues	$3,000,000	$2,600,000
Brokerage: Retail	87%	89%
Wholesale	1%	1%
Personal lines	8%	7%
Invest. income	4%	3%
Employees	62	54
Offices	1	1

Year founded: 1963.
Brokerage: 95% commission; 5% fee.
Principal officers: John A. Kohler, chairman; James Richmond, president; Amos Rosenbloom, Frank J. Howard, vps; James Dockman, vp-treasurer.
Licensed excess/surplus broker in: Minnesota.



Brown & Brown Inc.

126 Volusia Ave., Daytona Beach, Fla. 32015; 904-252-9601

	1984	1983
Premium volume	$85,100,000	$52,900,000
Gross revenues	$12,308,803	$7,008,183
Brokerage: Retail	41.4%	53.8%
Wholesale	13.2%	11.6%
Services	14.6%	8.0%
Personal lines	25.0%	21.9%
Invest. income	2.5%	2.5%
Other	3.3%	2.2%
Employees	284	211
Offices	14	14

Year founded: 1939.
Brokerage: 92.1% commission; 7.9% fee.
Acquisitions and mergers: James/Hawkins & Associates, Palm Beach, Fla.; Associated Insurance Services Inc., Fort Myers, Fla.; both purchased.
Branch offices: Orlando and Tampa, Fla.; James/Hawkins & Associates, Boynton Beach, West Palm Beach, Delray Beach, Fla.; James & Johansing Inc., Coconut Creek, Fla.; Associated Insurance Services, North Fort Myers, Fort Myers, Port Charlotte, Sanibel, Cape Coral, Fla.; United Self-Insured Services, Orlando, Sarasota, Fla.
Subsidiaries: MacDuff Underwriters Inc., Daytona Beach, Fla.; MacDuff Exchange Inc., Miami; James & Johansing, Coconut Creek, Fla.
Principal officers: J. Hyatt Brown, president; Kenneth E. Hill, executive vp; Robert Thomas III, senior vp; H. Van Massey, senior executive vp; Donald F. Pelling, vp-finance/treasurer.
Licensed excess/surplus broker in: Florida.

Brown-Hiller-Clark & Associates

5500 Euper Lane, P.O. Box 3529, Fort Smith, Ark. 72913; 501-452-4000

	1984	1983
Premium volume	$6,757,760	$6,690 445
Gross revenues	$1,127,727	$1,093 899
Brokerage: Retail	72%	72%
Personal lines	25%	25%
Invest. income	3%	3%
Employees	30	27
Offices	3	2

Year founded: 1915.
Brokerage: 100% commission.
Branch offices: BHC of Eureka Springs, Eureka Springs, Ark.
Subsidiaries: BHC Life & Group Specialists Inc., Fort Smith, Ark.; BHC of Oklahoma Inc., Sallisaw, Okla.
Principal officers: Sam B. Hiller, president-treasurer; Larry R. Clark, executive vp-secretary; William J. Green, senior vp; Gaylon B. Brown, vp; Tom L. Cooley, vp, partner.
Licensed excess/surplus broker in: Arkansas.

Brown-Spaulding & Associates Inc.

Dolores & 7th, P.O. Drawer 5276, Carmel, Calif. 93921; 408-624-1866

	1984	1983
Premium volume	$3,400,000	$2,700.000
Gross revenues	$748,000	$476,000
Brokerage: Retail	69%	69%
Wholesale	8%	8%
Services	0.5%	0.5%
Personal lines	22%	22%
Invest. income	0.5%	0.5%
Employees	10	13
Offices	1	1

Year founded: 1969.
Brokerage: 99.9% commission; 1% fee.
Acquisitions and mergers: Mahoney Insurance Agency, Monterey, Calif; purchased.
Principal officers: Christopher Spaulding, president; William T. Brown, treasurer; Marcia J. Bell, secretary; John J. Mahoney Jr., vp.

Bruner Cassady Neeser Agency Inc.

1002 E. Jefferson Blvd., South Bend, Ind., 46617; 219-233-9443

	1984	1983
Premium volume	$5,000,000	$4 900,000
Gross revenues	$1,000,000	$825,000
Brokerage: Retail	60%	60%
Personal lines	30%	35%
Invest. income	3%	2%
Other	7%	3%
Employees	18	17
Offices	1	1

Year founded: 1936.
Brokerage: 100% commission.
Principal officers: Thomas R. Cassady, president; Robert O. Neeser, executive vp; David P. Fegley, vp-secretary.

Bynum Insurance Inc.

2401 Fountainview, Suite 800, Houston, Texas 77057; 713-783-9902

	1984	1983
Premium volume	$5,323,000	$8 048,000
Gross revenues	$1,093,000	$1 081,000
Brokerage: Retail	64%	76%
Personal lines	22%	20%
Invest. income	14%	4%
Employees	15	18
Offices	1	1

Year founded: 1970.
Brokerage: 99% commission; 1% fee.
Subsidiaries: Bynum Life & Benefits Inc., Houston.
Principal officers: David D. Bynum, president-treasurer; William F. Duncan, vp; Hilda Hines, vp-secretary; Fred A. Carpenter Jr., president-Bynum Life & Benefits Inc.
Licensed excess/surplus broker in: Texas.

C

CPI Insurance Group

2 Ridgedale Ave., Cedar Knolls, N.J., 07927; 201-267-1333

	1984	1983
Premium volume	$9,000,000	$7,200,000
Gross revenues	$1,760,000	$1,430,000
Brokerage: Retail	78%	81%
Personal lines	22%	19%
Employees	23	24
Offices	1	1

Year founded: 1980.
Brokerage: 95% commission; 5% fee.
Subsidiaries: CPI Insurance Inc., Hofman Stevens Inc., Schlosser-Lewis Agency, all Cedar Knolls, N.J.
Principal officers: Walter P. Kilkenny, president; David L. Clark, vp.

Calco Insurance Brokers & Agents

1900 Alameda de las Pulgas, San Mateo, Calif. 94403; 415-572-4418

	19843	1983
Premium volume	$31,514,939	$21,024,000
Gross revenues	$2,790,188	$2,148,891
Brokerage: Retail	86%	88%
Wholesale	1%	0%
Personal lines	10%	10%
Invest. Income	3%	2%
Employees	NA	NA
Offices	5	5

Year founded: 1937.
Brokerage: 100% commission.
Branch offices: San Francisco, Fresno, Glendale, Orange, Calif.
Parent company: California Casualty Management Co.
Principal officers: Thomas R. Brown, director/chairman; Peter Goldberg, director/executive vp; Robert E. Tuthill, senior vp; William D. Hall, vp-manager.

Cal-Surance Group

3475 Torrance Blvd., Torrance, Calif. 90503; 213-543-1660

	1984	1983
Premium volume	$102,575,000	$61,358,200
Gross revenues	$10,443,000	$7,288,000
Brokerage: Retail	65%	80%
Wholesale	15%	10%
Reinsurance	1%	0%
Services	15%	9%
Personal lines	1.3%	0%
Invest. Income	2.7%	0%
Other	0%	1%
Employees	180	135
Offices	3	4

Year founded: 1962.
Brokerage: 90% commission; 10% fee.
Branch offices: San Jose and Anaheim, Calif.
Subsidiaries: Lancer Claims Services, Torrance, Calif.
Parent company: Chartered Financial Services.
Principal officers: Donald E. Martin, president; Earl D. Butler, senior vp/chief operating officer; George Francis, Jim Hall, senior vps; Garry Nelson, vp.
Licensed excess/surplus broker in: California.

Cape Insurance Center Inc.

303 New Jersey Ave., North Wildwood, N.J., 08260; 609-522-1004

	1984	1983
Premium volume	$7,500,000	$6,800,000
Gross revenues	$1,050,000	$980,000
Brokerage: Retail	70%	68%
Services	1%	1%
Personal lines	29%	31%
Employees	28	38
Offices	2	2

Year founded: 1970.
Brokerage: 99% commission; 1% fee.
Branch offices: Mount Laurel, N.J.
Principal officers: Ernest L. Yarborough, president; David I. Vonsavage, Wesley Ludlam, vps.
Licensed excess/surplus broker in: New Jersey.

Continued on facing page

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Carswell Insurance Group Inc.

P.O. Box 1368, Savannah, Ga. 31402; 912-234-1671

	1984	1983
Premium volume	$45,000,000	$38,000,000
Gross revenues	$6,900,000	$6,100,000
Brokerage: Retail	59%	55%
Services	16%	15%
Personal Lines	15%	16%
Invest. Income	4%	8%
Other	6%	6%
Employees	149	130
Offices	8	7

Year founded: 1868.
Brokerage: 86% commission; 14% fee.
Acquisitions: Hartnett—Carswell, Charleston, N.C., not included.
Branch offices: Savannah, Vidalia and Atlanta, Ga.; Carswell of Carolina, Hilton Head Island, S.C.
Subsidiaries: Almours-Carswell, Jacksonville, Fernandina and St. Petersburg, Fla.; Hartnett-Carswell, Charleston, S.C.
Principal officers: John D. Carswell, president/treasurer; William Holt Brown, executive vp; Edwin P. Bendin, Carl G. Carlson, G. David Reid, vps.

Clair Insurance Agency Inc.

717 Bethlehem Pike, Erdenheim, Pa. 19118; 215-242-5555

	1984	1983
Premium volume	$15,864,809	$15,363,992
Gross revenues	$2,157,804	$1,997,178
Brokerage: Retail	81%	80%
Personal Lines	19%	20%
Employees	49	50
Offices	1	1

Year founded: 1932.
Brokerage: 91% commission; 9% fee.
Subsidiaries: Morgan Insurance Agency.
Principal officers: Robert A. Clair, president/treasurer; Milton B. Kohn, vp/secretary; David A. Collins Jr., Frank D. Svitek, vps.
Licensed excess/surplus broker in: Pennsylvania.

Corroon & Black Corp.

Wall Street Plaza, New York, N.Y. 10005; 212-363-4100
See profile page 37.

Couper-Ackerman-Sampson Inc.

2 Court St., P.O. Box 1970, Binghamton, N.Y. 13902; 607-772-1444

	1984	1983
Premium volume	$5,200,000	$5,000,000
Gross revenues	$1,100,000	$915,000
Brokerage: Retail	65%	63%
Personal lines	32%	33%
Invest. Income	3%	4%
Employees	27	25
Offices	2	1

Year founded: 1890.
Brokerage: 95% commission; 5% fee.
Branch Offices: Brink-Stabler Agency, Endwell, N.Y.
Principal officers: John F. Russell, president; William J. McPhail, executive vp; Robert H. White, vp/secretary; Thomas L. Moore, vp/treasurer; Glen F. Miller, vp.

The Crump Cos. Inc.

5350 Poplar Ave., Memphis, Tenn. 38119; 901-761-1550
See profile page 49.

Frank Crystal & Co. Inc.

40 Broad St., New York, N.Y. 10004; 212-344-2444

	1984	1983
Premium volume	NA	NA
Gross revenues	$8,832,000	$6,645,000
Brokerage: Retail	83%	86%
Personal lines	17%	14%
Employees	90	51
Offices	2	1

Year founded: 1933.
Brokerage: 96% commission; 4% fee.
Subsidiaries: Frank Crystal & Co. Inc. (Texas), Houston; Frank Crystal & Co. Inc. (Florida), Fort Lauderdale, Fla.
Principal officers: James W. Crystal, president/chief executive officer; I. Frank Crystal, chairman; Kenneth Liebman, executive vp; Arhtur Littman, vp/chief financial officer; Kenneth Gamble, vp-sales; William Mann, vp-marketing; Vincent Gandolfo, vp-benefits.
Licensed excess/surplus broker in: New York, Florida and Texas.

d

The Daniel & Henry Co.

100 N. Jefferson, St. Louis, Mo. 63103; 314-421-1525

	1984	1983
Premium volume	$30,099,987	$29,562,000
Gross revenues	$5,281,034	$4,998,032
Brokerage: Retail	67%	66.11%
Services	7.57%	5.78%
Personal lines	16%	15%
Invest. income	2.04%	2.33%
Other	7.39%	10.78%
Employees	131	120
Offices	2	2

Year founded: 1921.
Brokerage: 99% commission; 1% fee.
Branch offices: St. Louis.
Principal officers: C. Peyton Daniel, president/chief executive officer; Charles S. Drew Jr., chairman; John S. Childress, executive vp; John A. Harrison, vp; Ronald C. Mueller, treasurer.
Licensed excess/surplus broker in: Missouri.

Davis-Grosse Inc.

168 E. Lake, Box 579, Elmhurst, Ill. 60126; 312-834-0056

	1984	1983
Premium volume	$5,750,000	$5,900,000
Gross revenues	$1,109,603	$1,071,887
Brokerage: Retail	82%	84%
Wholesale	5%	5%
Personal lines	10%	9%
Invest. income	3%	2%
Employees	15	17
Offices	1	1

Year founded: 1916.
Brokerage: 98% commission; 2% fee.
Principal officers: Edward L. Grosse, president; William Opelka, senior vp; Alfred E. Barr, vp/secretary; James H. Davis, vp/treasurer.

Curtis Day & Co.

1 California St., San Francisco, Calif. 94111; 415-433-0480

	1984	1983
Premium volume	$18,585,283	$11,500,000
Gross revenues	$2,375,352	$1,720,000
Brokerage: Retail	91.9%	92.2%
Personal lines	2%	2%
Invest. income	4.7%	5.5%
Other	1.4%	0.3%
Employees	33	24
Offices	1	1

Year founded: 1966.
Brokerage: 95% commission; 5% fee.
Principal officers: Phillip J. Buchanan, president/treasurer; Julie A. Ferro, vp/secretary.

Walter P. Dolle Inc.

Dixie Terminal Building, Cincinnati, Ohio 45202; 513-421-6515

	1984	1983
Premium volume	$40,000,000	$39,100,000
Gross revenues	$3,870,000	$3,815,000
Brokerage: Retail	84%	83%
Reinsurance	1%	1%
Services	2%	2%
Personal lines	9%	9%
Invest. income	4%	5%
Employees	62	64
Offices	1	1

Year founded: 1872.
Brokerage: 80% commission; 20% fee.
Principal officers: Jack R. Trainer, chairman; Robert D. Lang, president; H. Russell Reigart, Thomas Wohlwender, Thomas Melnick, Robert Barnett, vps.
Licensed excess/surplus broker in: Ohio.

Robert F. Driver Co. Inc.

1620 Fifth, San Diego, Calif. 92102; 619-238-1828

	1984	1983
Premium volume	$75,000,000	$60,000,000
Gross revenues	$8,068,870	$6,500,000
Brokerage: Retail	85%	80%
Services	0%	15%
Personal lines	10%	0%
Other	5%	5%
Employees	147	130
Offices	4	4

Year founded: 1925.
Brokerage: 95% commission; 5% fee.
Branch offices: La Jolla, Newport and Escondido, Calif.
Subsidiaries: Driver Equity Co. and Premium Advance Co., San Diego.
Principal officers: Robert F. Driver, chairman; Irwin B. Sklar, president; Robert H. Herring, secretary/treasurer/comptroller; LeGrand L. Rane, senior vp; Robert J. Young, executive vp.
Licensed excess/surplus broker in: California.

e

Eastman & Co. Insurance Brokers

4001 W. Alameda Ave., Burbank, Calif., 91505; 213-849-2400

	1984	1983
Premium volume	$4,050,000	$3,025,000
Gross revenues	$583,000	$414,000
Brokerage: Retail	90%	87%
Wholesale	1%	2%
Personal lines	8%	10%
Invest. Income	1%	1%
Employees	9	7
Offices	1	1

Year founded: 1970.
Brokerage: 100% commissions.
Principal officers: Robert Eastman, president; James Waldorf, vp; Linda Davidson, vp/secretary.

James Econn & Co.

3055 Wilshire Blvd., Los Angeles, Calif. 90010; 213-386-3131

	1984	1983
Premium volume	$24,631,946	$16,655,000
Gross revenues	$3,633,723	$2,792,167
Brokerage: Retail	96%	96%
Wholesale	1%	1%
Personal Lines	3%	3%
Employees	34	31
Offices	3	3

Year founded: 1919.
Brokerage: 99% commission; 1% fee.
Branch offices: Newport Beach and Foster City, Calif.
Subsidiaries: Affiliated companies JEM Co. Insurance Services, James Econn & Co. Life Agency and Home Buyers Insurance Agency, all Los Angeles.
Principal officers: James W. Econn, chairman; Benjamin F. Grier, president/chief operating officer; Richard C. Econn, executive vp; Gregory Econn, Donald Killian, vps.

Elliott, McKiever & Stowe Inc.

2828 W. Flagler Street, Miami, Fla., 33135; 305-642-7170

	1984	1983
Premium volume	$6,836,538	$5,555,858
Gross revenues	$938,183	$818,450
Brokerage: Retail	56%	56%
Personal lines	40%	40%
Invest. Income	4%	4%
Employees	16	16
Offices	1	1

Year founded: 1937.
Brokerage: 100% commissions.
Principal officers: Donald L. Elliott, president; Larry B. Stowe, vp; Wallace Montgomery, secretary/treasurer.
Licensed excess/surplus broker in: Florida.

Emett & Chandler Cos. Inc.

1800 Ave. of the Stars, Suite 1410, Los Angeles, Calif. 90067; 213-553-4600
See profile page 60.

f

FAI Insurance Counseling

222 Columbia Turnpike, Florham Park, N.J., 07932; 201-822-7900

	1984	1983
Premium volume	$9,000,000	$7,500,000
Gross revenues	$1,150,000	$850,000
Brokerage: Retail	78%	80%
Wholesale	1%	1%
Services	1%	1%
Personal lines	15%	12%
Invest. Income	4%	5%
Other	1%	1%
Employees	20	16
Offices	1	1

Year founded: 1931.
Brokerage: 90% commission; 10% fee.
Principal officers: Richard C. Fowler, president; Donald W. Wright, executive vp; Donna M. Mercadante, vp/treasurer; John L. Dawa, vp.

FBS Insurance

1700 Soo Line Building., P.O. Box 522, Minneapolis, Minn. 55480; 612-370-5191
See profile page 68.

Fairlane Associates Inc.

15350 Commerce Dr. North, Dearborn, Mich., 48121; 313-271-8200

	1984	1983
Premium volume	$10,500,000	$8,500,000
Gross revenues	$1,715,000	$1,480,000
Brokerage: Retail	49.6%	48.5%
Services	1.8%	1.8%
Personal lines	45.7%	46.9%
Invest. Income	2.9%	2.8%
Employees	29	29
Offices	1	1

Year founded: 1926.
Brokerage: 98% commission; 2% fee.
Acquisitions and mergers: Marvin Howell, Southfield, Mich.; purchase.
Principal officers: Robert Maldegen, president/treasurer; Michael Maldegen, vp/secretary; Carl F. Fricke, vp-sales.
Licensed excess/surplus broker in: Michigan.

Financial Guardian Group Inc.

3100 Broadway, Kansas City, Mo. 64111; 816-561-8630
See profile page 65.

Financial Insurance Service Inc.

2603 W. 22nd St., Suite 22, Oak Brook, Ill. 60521; 312-850-9500

	1984	1983
Premium volume	$25,892,540	$21,036,807
Gross revenues	$2,720,220	$2,109,300
Brokerage: Retail	43%	38%
Wholesale	11%	10%
Services	45%	51%
Invest. Income	1%	1%
Employees	49	36
Offices	1	1

Year founded: 1968.
Brokerage: 100% commission.
Subsidiaries: Financial Insurance Service Consultants Inc., Oak Brook, Ill.

Principal officers: Joseph T. Ambrose, president; Robert J. Peele, vp/secretary; Ronald O. Anfenson, treasurer.
Licensed excess/surplus broker in: Illinois.

Fitzgerald, Clayton, Noyes & Kasten Inc.

757 N. Broadway, Milwaukee, Wis. 53202; 414-271-3717

	1984	1983
Premium volume	$5,100,000	$5,100,000
Gross revenues	$870,000	$875,000
Brokerage: Retail	76.4%	76.1%
Wholesale	6.1%	6%
Personal Lines	13.8%	13.1%
Invest. Income	2.7%	2.4%
Other	1%	2.4%
Employees	16	16
Offices	1	2

Year founded: 1850.
Brokerage: 95.3% commission; 4.7% fee.
Principal officers: Robert T. Clayton, president/treasurer; William D. Hoppenjan, vp/secretary; Gladys Vierguth, assistant secretary.
Licensed excess/surplus broker in: Wisconsin.

Foa & Son Corp.

Five World Trade Center, New York, N.Y. 10048; 212-432-1234

	1984	1983
Premium volume	$38,835,000	$35,788,000
Gross revenues	$3,131,000	$3,042,000
Brokerage: Retail	71.6%	73%
Wholesale	4.8%	3.3%

Continued on next page

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Continued from preceding page

Reinsurance	6.4%	8.2%
Services	1.4%	2%
Personal Lines	11.1%	10%
Invest. Income	3.7%	1.9%
Other	1%	1.6%
Employees	67	66
Offices	3	3

Year founded: 1861.
Brokerage: 94% commission; 6% fee.
Acquisitions: William Morrison & Co. Inc., New Hyde Park, N.Y., pooled.
Branch offices: Westchester and Long Island, N.Y..
Subsidiaries: Monthly Premium Corp.; Foa Leasing Co., G.A. Services Corp.
Principal officers: Mario Foa, chairman; Conrad Foa, president/chief executive officer; Dick Impastato, executive vp/chief operating officer; Stanley Apicella, senior vp.

Frenkel & Co. Inc.

123 William St., New York, N.Y. 10038; 212-267-2200

	1984	1983
Premium volume	NA	NA
Gross revenues	$9,529,000	$8,585,000
Brokerage: Retail	88%	87%
Personal Lines	7%	7%
Invest. Income	5%	6%
Employees	150	150
Offices	1	1

Year founded: 1878.
Brokerage: 99% commission; 1% fee.
Principal officers: Charles W. Pachner, chairman; James J. Costa, vice chairman; Alan S. Samuels, president; Robert E. Shunk, senior executive vp; Harold D. Goldsmith, executive vp/treasurer.
Licensed excess/surplus broker in: New York.

g

Arthur J. Gallagher & Co.

10 Gould Center, Golf Road, Rolling Meadows, Ill. 60008; 312-640-8500
See profile page 53.

Richard N. Goldman & Co.

1 Maritime Plaza, San Francisco, Calif. 94111; 415-981-1141

	1984	1983
Premium volume	NA	NA
Gross revenues	$3,700,000	$3,100,000
Brokerage: Retail	90%	90%
Personal Lines	10%	10%
Employees	50	45
Offices	1	1

Year founded: 1947.
Brokerage: 95% commission; 5% fee.
Principal officers: Richard N. Goldman, chairman; Stuart W. Seiler, president; Gerald J. Fitzgerald, senior vp/secretary; Helen A. Castro, senior vp/treasurer; Alden Ames III, senior vp.
Licensed excess/surplus broker in: California.

S.H. Gow & Co. Inc.

344 Delaware Ave., Buffalo, N.Y. 14202; 716-856-5877

	1984	1983
Premium volume	$30,100,000	$25,400,000
Gross revenues	$4,713,000	$3,936,716
Brokerage: Retail	88%	87%
Wholesale	4%	5%
Services	2%	3%
Personal Lines	3%	3%
Invest. Income	3%	2%
Employees	79	73
Offices	3	3

Year founded: 1951.
Brokerage: 93% commission; 7% fee.
Branch offices: Rochester, Syracuse, N.Y.
Subsidiaries: Gow Management Services Inc., Buffalo, N.Y.
Principal officers: Stephen H. Gow, chairman; Timothy Gow, president.
Licensed excess/surplus broker in: New York.

The Graham Co.

2124 Race Street, Philadelphia, Pa., 19103; 215-567-6300

	1984	1983
Premium volume	$50,000,000	$32,000,000
Gross revenues	$6,522,824	$4,122,603
Brokerage: Retail	90%	91.5%
Wholesale	1%	0.5%
Personal lines	3%	3%
Invest. Income	6%	5%
Employees	43	34
Offices	1	1

Year founded: 1950.
Brokerage: 80% commission; 20% fee.
Principal officers: William A. Graham IV, president/chief executive officer; Judith A. Dooling, secretary/treasurer; Joseph M. McNasby Jr., Philip K. Glick, vps.
Licensed excess/surplus broker in: Pennsylvania and New Jersey.

Griffith/Sincock Insurance Brokers Inc.

1800 E. 16th Street, Santa Ana, Calif. 92701; 714-953-9521

	1984	1983
Premium volume	$11,464,000	$7,927,000
Gross revenues	$1,700,000	$1,130,000
Brokerage: Retail	96%	96%
Personal lines	2%	2%
Invest. Income	2%	2%
Employees	21	NA
Offices	1	1

Year founded: 1979.
Brokerage: 100% commission.
Principal officers: Edward Griffith, president; Brian Sincock, secretary; Terry Cressman, vp.

h

Haas & Wilkerson Inc.

4300 Johnson Drive, Fairway, Kan. 66205; 913-432-4400

	1984	1983
Premium volume	$41,050,145	$30,000,000
Gross revenues	$6,075,329	$5,000,000
Brokerage: Retail	92%	92%
Personal lines	8%	8%
Employees	110	94
Offices	4	4

Year founded: 1938.
Brokerage: 99% commission; 1% fee.
Branch offices: Haas-Wilkerson-Wohlberg Inc., St. Petersburg, Fla. and St. Louis; Haas & Wilkerson Inc., Philadelphia.
Principal officers: W. Ralph Wilkerson, president; C.J. Jordan, vp/treasurer; William R. Wilkerson III, J.M. Palmer, vps; Howard F. Walter, secretary.
Licensed excess/surplus broker in: Kansas, Florida, Missouri.

Hackett, Valine & MacDonald Inc.

P.O. Box 488, Burlington, Vt. 05402; 802-658-1100

	1984	1983
Premium volume	$8,649,000	$7,438,000
Gross revenues	$1,592,025	$1,492,263
Brokerage: Retail	83%	83.3%
Personal lines	13.6%	13%
Invest. income	3.4%	3.7%
Employees	31	31
Offices	1	1

Year founded: 1970.
Brokerage: 100% commission.
Subsidiaries: Hackett & Co. and Yankee Insurance, Burlington, Vt.
Parent company: HVM Corp., Burlington, Vt.
Principal officers: Luther F. Hackett, president; Duane A. Valine, senior vp/treasurer; Donald R. MacDonald, senior vp/secretary.
Licensed excess/surplus broker in: Vermont.

Frank B. Hall & Co. Inc.

549 Pleasantville Road, Briarcliff Manor, N.Y. 10510; 914-769-9200
See profile page 27.

Harding-Conley-Drawert-Tinch Insurance Agency Inc.

P.O. Box 29069, San Antonio, Texas 78229; 512-732-9601

	1984	1983
Premium volume	$3,469,477	$3,443,000
Gross revenues	$685,135	$600,215
Brokerage: Retail	89%	89%
Personal lines	10%	10%
Invest. income	1%	1%
Employees	7.5	7.5
Offices	1	1

Year founded: 1919.
Brokerage: 100% commission.
Principal officers: A.C. Tinch Jr., president; Thomas A. Drawert, Homer M. Conley, vps; M.A. Christensen, underwriting manager.

Harris & Co.

940 Starks Building, Louisville, Ky. 40202; 502-584-2193

	1984	1983
Premium volume	$14,163,561	$14,899,619
Gross revenues	$2,098,854	$2,571,000
Brokerage: Retail	82%	82%
Wholesale	1%	1%
Reinsurance	7%	7%
Services	1%	1%
Personal lines	5%	5%
Invest. income	3%	3%
Other	1%	1%
Employees	32	55
Offices	2	1

Year founded: 1915.
Brokerage: 99% commission; 1% fee.
Acquisitions: Alford Gustafson Agency, Louisville; purchased.
Branch offices: Louisville.
Principal officers: W. Grant Lewis, chairman; Michael F. Sheehan, president; John G. Beam Jr., executive vp; Pamela R. Wessel, managing director.
Licensed excess/surplus broker in: Indiana and Kentucky.

Joseph Held Co. Inc.

116 John St., New York, N.Y. 10038; 800-221-9940/212-962-3122

	1984	1983
Premium volume	$6,500,000	$5,100,000
Gross revenues	$825,000	$550,000
Brokerage: Retail	80%	80%
Wholesale	5%	5%
Personal lines	10%	10%
Invest. income	5%	5%
Employees	12	11
Offices	5	3

Year founded: 1897.
Brokerage: 95% commission; 5% fee.
Branch offices: Hollywood, Port Charlotte and Vero Beach, Fla.; Trenton, N.J.; New Britain, Conn.
Subsidiaries: Standard Insurance Management Co. Inc., Hollywood, Fla.
Principal officers: Kenneth S. Held, president/chief executive officer; Arnold M. Held, executive vp; Dana M. Sanders, president-Standard Insurance Management Co.
Licensed excess/surplus broker in: New York, Florida.

Henderson & Phillips Inc.

235 E. Plume St., Norfolk, Va. 23510; 804-625-1800

	1984	1983
Premium volume	$28,000,000	$23,000,000
Gross revenues	$4,500,000	$3,700,000
Brokerage: Retail	71%	71%
Services	1%	1%
Personal lines	24.5%	25%
Invest. income	3.5%	3%
Employees	100	95
Offices	4	4

Year founded: 1896.
Brokerage: 99% commission; 1% fee.
Acquisitions: Ballou & Palmer, Newport News, Va., purchased.
Subsidiaries: Ballou & Palmer, Newport News, Va.; Commercial Insurance Agency, Portsmouth, Va; Harrison & Lear Insurance, Hampton, Va.; Self-Insurance Services, Richmond, Va.
Principal officers: George G. Phillips, president; F. Dudley Fulton, executive vp; Charles J. Cralle, Barry F. Gidley, senior vps; P. Winfield Thompson, president-Commercial Insurance Agency.
Licensed excess/surplus broker in: Virginia.

Paul Hertel & Co. Inc.

Northeast corner Third & Chestnut Sts., Philadelphia, Pa. 19106; 215-925-7656

	1984	1983
Premium volume	$20,000,000	$16,000,000
Gross revenues	$2,750,520	$2,322,923
Brokerage: Retail	66%	49%
Personal lines	30%	45%
Invest. income	4%	6%
Employees	48	44
Offices	3	4

Year founded: 1908.
Brokerage: 100% commission.
Acquisitions: Gallagher Insurance, Feasterville, Pa., not included.
Branch offices: Media and Roxborough, Pa.
Principal officers: Paul R. Hertel Jr., president; James McLaughlin, executive vp; Jeremiah A. Caron, vps.
Licensed excess/surplus broker in: Pennsylvania.

Hilb, Rogal & Hamilton Co.

6630 W. Broad St., Richmond, Va. 23230; 804-289-5300
See profile page 67.

The Hirshorn Co.

14 E. Highland Ave., Philadelphia, Pa. 19118; 215-242-8200

	1984	1983
Premium volume	$4,100,000	$3,350,000
Gross revenues	$702,000	$505,000
Brokerage: Retail	79%	79%
Personal lines	17%	18%
Invest. income	4%	3%
Employees	14	12
Offices	1	1

Year founded: 1931.
Brokerage: 98% commission; 2% fee.
Principal officers: Ralph S Hirshorn, president/treasurer; B. Graeme Frazier, executive vp/secretary; M. Bruce Hirshorn, vp; Margaret J. McAllister, assistant secretary.
Licensed excess/surplus broker in: Pennsylvania.

Holmes, Murphy & Associates Inc.

420 Keo Way, Des Moines, Iowa 50309; 515-286-4400

	1984	1983
Premium volume	$84,248,260	$58,861,000
Gross revenues	$6,558,647	$6,041,535
Brokerage: Retail	91.8%	93.7%
Services	0.7%	0.3%
Personal lines	2.9%	0%
Other	1.5%	0%
Employees	76	76
Offices	1	1

Year founded: 1932.
Brokerage: 99.3% commission; 0.7% fees.
Subsidiaries: Employers Claims Administrative Services, Des Moines, Iowa.
Parent company: HMA Inc.
Principal officers: Robert A. Dee, president; Harry S. Barrows, executive vp/treasurer; Richard J. Noyce, senior vp/secretary; Daniel J. Grimm, senior vp.
Licensed excess/surplus broker in: Executive vp licensed in Iowa.

Hudig-Langeveldt Group B.V.

Wijnhaven 61, 3011 WJ, Rotterdam, The Netherlands; 010-647-111

	1984	1983
Premium volume	$465,400,000	$529,000,000
Gross revenues	$42,287,000	$47,407,000
Brokerage: Retail	61%	61%
Wholesale	4%	4%
Reinsurance	2%	2%
Services	1%	1%
Invest. income	4%	4%
Other	28%	28%
Employees	1,205	1,216
Offices	36	28

Year founded: 1750.
Brokerage: 97% commission; 3% fee.
Acquisitions: HLR Holdings, Hong Kong, consolidated on equity basis; Rollins Heath International Ltd. S.A., Panama, consolidated on equity basis; Hong Kong office of British National Insurance Co.
Branch offices: Hudig-Langeveldt Insurance Brokers, Rotterdam, Amsterdam, The Hague, Netherlands; Hudig-Langeveld GmbH, Hamburg and Dusseldorf, West Germany; Coens Verzekeringen N.V., Antwerp, Belgium; Hudig Langeveldt Pty. Ltd., Sydney, Melbourne, Adelaide, Brisbane, Australia; Hudig-Langeveldt (Antillen) N.V., Curacao and Aruba; Hudig-Langeveldt North America B.V. Inc., Atlanta; Safeguard Risk Services (Bermuda) Ltd., Bermuda.
Subsidiaries: Moulin & Langeveldt S.A., Paris; Nespa S.A., Madrid and Barcelona, Spain; Marsh & McLennan Italia & Co. SpA, Milan, Rome, Brescia, Padua, Italy; Hudig-Langeveldt-Hopkins, West Perth, Australia; P.T.Langeveldt Indonesia, Jarkata, Indonesia; Hudig-Langeveldt-Kyoritsu Ltd., Tokyo; HLR (Holdings) Ltd., Hong Kong; Singapore; Kuala Lumpur, Malaysia; Bangkok, Thailand; Manila, Philippines.
Principal officers: J. Fortuin, chairman; F.E.L. Dorhout Mees, J.P.E. Teding van Berkhout, executive board members.

i

ISU/Marion A. Allen Inc.

P.O. Box 1239. Fort Valley, Ga. 31030; 912-825-5566

	1984	1983
Premium volume	$15,000,000	$12,000,000
Gross revenues	NA	NA
Brokerage: Retail	94%	94%
Wholesale	2%	2%
Personal lines	4%	4%
Employees	61	48
Offices	10	8

Year founded: 1952.
Brokerage: 100% commission.
Acquisitions: Northeastern General Agency Inc., Gainesville, Fla., purchased
Branch offices: Marion A. Allen Inc. of Baxley, Baxley, Ga.; Marion A. Allen Inc. of Florida, Ocala, Fla.; Marion A. Allen Inc. of Atlanta; Marion A. Allen Inc. of Vidalia, Vidalia, Ga.; Marion A. Allen Inc. of Tennessee, Knoxville, Tenn.; Allen & Furr Inc., Roswell, Ga.; Allen & Lambert Inc., Macon, Ga.; Marion A. Allen Inc. of Gainesville, Gainesville, Fla.; Allen Risk Management Consultants Inc., Tucker, Ga.
Principal officers: Marion A. Allen, president; R. Gary Allen, M. Elton Luckie, vps; Jeanette J. Allen, secretary/treasurer.
Licensed excess/surplus broker in: Georgia.

ISU/Bottari, Holland & Sweetman

P.O. Box 2054, Oakland, Calif. 94604; 415-835-4600

	1984	1983
Premium volume	$5,300,000	$4,900,000
Gross revenues	$913,000	$813,000
Brokerage: Retail	60.5%	60%
Personal lines	36%	36.5%
Invest. income	3.5%	3.5%
Employees	19	19
Offices	1	1

Continued on facing page

The Wetzel Company, Inc., an independent point of view on:
Energy
Financial Services
Associations & Special Risks
Reinsurance - Treaty & Facultative

P.O. Box 66452
Houston, Texas 77266
AC713/621-6033
Telex: 76-2053

Continued from facing page

Year founded: 1959.
Brokerage: 100% commission.
Principal officers: John P. Holland Jr., chairman; Robert G. Sweetman, president; Marie Long, Bonnie Marzo, vps; James B. Hess Jr., secretary/treasurer.

ISU/Boynton Brothers & Co.

200 Jefferson St., Perth Amboy, N.J. 08862; 201-442-3300

	1984	1983
Premium volume	$16,000,000	$13,000,000
Gross revenues	$2,500,000	$2,000,000
Brokerage: Retail	75%	74%
Personal lines	20%	20
Invest. income	4%	4%
Other	1%	2%
Employees	42	42
Offices	1	1

Year founded: 1899.
Brokerage: 95% commission; 5% fee.
Principal officers: Edwin Stewart Jr., chairman; Michael J. McMahon, president; Kenneth Warchal, executive vp; Barry Cruikshank, secretary/treasurer; Barrett Sikora, vp.
Licensed excess/surplus broker in: New Jersey.

ISU/Crosby & Henry Inc.

590 Cascade West Parkway, S.E., Grand Rapids, Mich. 49506; 616-942-5480

	1984	1983
Premium volume	$8,500,000	$7,500,000
Gross revenues	$1,150,000	$1,000,000
Brokerage: Retail	71%	70%
Services	7%	10%
Personal lines	19%	18%
Invest. income	3%	2%
Employees	20	20
Offices	1	1

Year founded: 1858.
Brokerage: 93% commission; 7% fee.
Principal officers: William H. Henry, president; James M. Crosby III, executive vp.
Licensed excess/surplus broker in: Michigan.

ISU/Dowis Agency Inc.

214 S. Third St., Sterling, Colo. 80751; 303-522-6260

	1984	1983
Premium volume	$5,374,500	$4,683,000
Gross revenues	$1,131,000	$1,056,000
Brokerage: Retail	75%	75%
Wholesale	1%	1%
Services	1%	6%
Personal lines	15%	12%
Invest. income	7%	5%
Other	1%	1%
Employees	22	22
Offices	1	1

Year founded: 1924.
Brokerage: 95% commission; 5% fee.
Subsidiaries: Dowis Management Corp. and Dowis Systems Inc., both in Sterling, Colo.
Principal officers: Richard W. Dowis, president; Lyle D. Graham, senior vp; H.M. Dickson Jr., vp; Michael T. McCune, assistant vp; Richard A. Warren, secretary/treasurer.

ISU/Ellingson & Jones Insurance Services

4415 Sonoma Highway, Suite A, Santa Rosa, Calif. 95405; 707-539-5300

	1984	1983
Premium volume	$7,200,000	$6,500,000
Gross revenues	$1,022,000	$988,300
Brokerage: Retail	100%	100%
Employees	15	19
Offices	1	1

Year founded: 1964.
Brokerage: 99% commission; 1% fee.
Subsidiaries: Auto/Home Insurance Mart, Santa Rosa, Calif.
Principal officers: Darryl E. Ellingson, president; Samuel L. Jones III, vp; Jody L. Schmoll, secretary; Mark R. Fess, treasurer.

ISU/Euclid Insurance Agencies Inc.

977 N. Oaklawn, Suite 300, Elmhurst, Ill. 60126; 312-833-1000

	1984	1983
Premium volume	$15,787,656	$14,109,744
Gross revenues	$2,631,276	$2,351,624
Brokerage: Retail	87%	90%
Wholesale	3%	2%
Personal lines	6%	5%
Invest. income	3%	3%
Other	1%	0%
Employees	44	41
Offices	1	1

Year founded: 1952.
Brokerage: 100% commission.
Acquisitions: Security Funding, Clarendon Hills, Ill., and Gould Insurance, Palatine, Ill., both purchased.
Principal officers: Peter G. Colis, president/treasurer; Shirley Goode, secretary; Nancy M. Colis, assistant treasurer.
Licensed excess/surplus broker in: Illinois.

ISU/Fenderson Insurance

44 Central St., P.O. Box 655, Bangor, Maine 04401; 207-947-6751

	1984	1983
Premium volume	$6,600,000	$5,000,000
Gross revenues	$990,000	$800,000
Brokerage: Retail	72%	66%
Wholesale	2%	5%
Other	26%	29%
Employees	23	20
Offices	3	3

Year founded: 1836.
Brokerage: 100% commission.
Acquisitions: Maurice C. King Insurance Agency, Brewer, Maine, pooled.
Branch offices: Calais and Eastport, Maine.
Principal officers: David M. Fenderson, president; Robert L. Norman, vp; Normand P. Liberty, secretary; Marilyn D. Fenderson, treasurer.
Licensed excess/surplus broker in: Maine.

ISU/Gold Insurance Agency

200 E. Sandpointe Ave., Santa Ana, Calif. 92707; 714-241-4451

	1984	1983
Premium volume	$5,000,000	$3,600,000
Gross revenues	$770,000	$572,000
Brokerage: Retail	65%	50%
Personal lines	35%	40%
Employees	22	16
Offices	4	3

Year founded: 1974.
Brokerage: 100% commission.
Acquisitions: Stanley Wincote Insurance Agency, San Diego, and ISU/Allied Insurance Agency, Long Beach, Calif., both consolidated.
Branch offices: Long Beach, San Diego and San Leandro, Calif.
Parent company: Butterfield Savings & Loan Assn.
Principal officers: Chris R. Reinhardt, president; William Kenneth Cleek, senior vp; Nelson N. Coleman, vp.

ISU/Grand Rapids Holland Insurance Agency Inc.

19 W. Eighth St., P.O. Box 3010, Holland, Mich. 49423; 616-396-4611

	1984	1983
Premium volume	$8,451,596	$7,307,093
Gross revenues	$1,613,802	$1,437,270
Brokerage: Retail	75.6%	74.8%
Services	0.2%	0.3%
Personal lines	20%	21.8%
Invest. income	3.7%	2.6%
Other	0.5%	0.5%
Employees	26	26
Offices	2	2

Year founded: 1873.
Brokerage: 97% commission; 3% fee.
Branch offices: Grand Rapids, Mich.
Principal officers: Dale E. Van Lente, president; John A. Heyboer Jr., executive vp; David L. Lake, James R. Van Juiken and David L. Krombeen, vps.

ISU/Gundermann & Gundermann Inc.

175 W. Carver St., Huntington, N.Y.; 516-271-0600

	1984	1983
Premium volume	$10,000,000$	$8,000,000
Gross revenues	$1,500,000	$1,300,000
Brokerage: Retail	48%	49%
Personal lines	50%	48%
Invest. income	1%	2%
Other	1%	1%
Employees	34	31
Offices	2	2

Year founded: 1937.
Brokerage: 99.9% commission; 0.1% fee.
Branch offices: Hauppauge, N.Y.
Principal officers: J.A. Gundermann Jr., president; D.E. Gundermann, secretary/treasurer; Robert M. Rossiter and J.A. Gundermann III, vps.

ISU/Hastings-Tapley Insurance

271 Cambridge St., Cambridge, Mass. 02141; 617-876-7510

	1984	1983
Premium volume	$29,702,244	$27,475,925
Gross revenues	$5,213,424	$4,725,911
Brokerage: Retail	51.1%	50.9%
Wholesale	2%	1.4%
Services	1%	2.9%
Personal lines	44.4%	44.8%
Other	1.5%	0%
Employees	116	115
Offices	12	12

Year founded: 1866.
Brokerage: 95% commission; 5% fee.
Acquisitions: Alexander Insurance Agency, Gloucester, Mass., purchased; Bowers Insurance Agency, Waltham, Mass., not reported.
Branch offices: Danvers, Essex, Gloucester, Ipswich, Medford, North Reading, Reading, Saugus, Topsfield, Watertown and Woburn, Mass.
Subsidiaries: Lane England Associates Inc., affiliated company.
Parent company: Hastings-Tapley Corp.
Principal officers: David J. Lane, chairman; Frederick J. England Jr., president; Frederick J. England, treasurer; Marsha K. Burridge, E. Donald Lewis, executive vps.
Licensed excess/surplus broker in: Massachusetts.

ISU/Herke Insurance Center Inc.

727 E. 86th St., Indianapolis, Ind. 46240; 317-251-7100

	1984	1983
Premium volume	$8,500,000	$7,000,000
Gross revenues	$1,275,000	$1,100,000
Brokerage: Retail	83%	79%
Personal lines	15%	19%
Invest. income	2%	2%
Employees	28	29
Offices	1	1

Year founded: 1927.
Brokerage: 99% commission; 1% fee.
Subsidiaries: Nichols-Herke Insurance Inc.
Principal officers: C. Salen Herke, chief executive officer; Philip R. Peterson, president; Daniel T. Touw, Robert L. Tucker, Harley B. Guynn, vps.
Licensed excess/surplus broker in: Indiana.

ISU/T.D. Howe & Associates Inc.

P.O. Box 219168, Houston, Texas 77218; 713-558-8585

	1984	1983
Premium volume	$3,969,000	$3,100,000
Gross revenues	$683,109	$649,260
Brokerage: Retail	92%	81%
Personal lines	8%	0%
Other	0%	19%
Employees	8	9
Offices	1	1

Year founded: 1966.
Brokerage: 95% commission; 5% fee.
Subsidiaries: T.D. Howe & Associates, Houston.
Principal officers: T.D. Howe III, president; J.W. Franklin, secretary/treasurer.

ISU/Klein Insurance Group Inc.

2350 South Ave., La Crosse, Wis. 54601; 608-788-5200

	1984	1983
Premium volume	$6,800,000	$5,800,000
Gross revenues	$1,530,000	$1,319,000
Brokerage: Retail	70%	68%
Personal lines	27%	30%
Invest. income	3%	2%
Employees	38	38
Offices	3	2

Year founded: 1900.
Brokerage: 100% commission.
Acquisitions: Jacobson Agency, Osseo, Wis., included.
Branch offices: Black River Falls and Osseo, Wis.
Principal officers: Edward Tanke, president; Steven Tanke, vp/treasurer; Richard Heib, vp; Ronald Wilhelm, sec

Continued on next page

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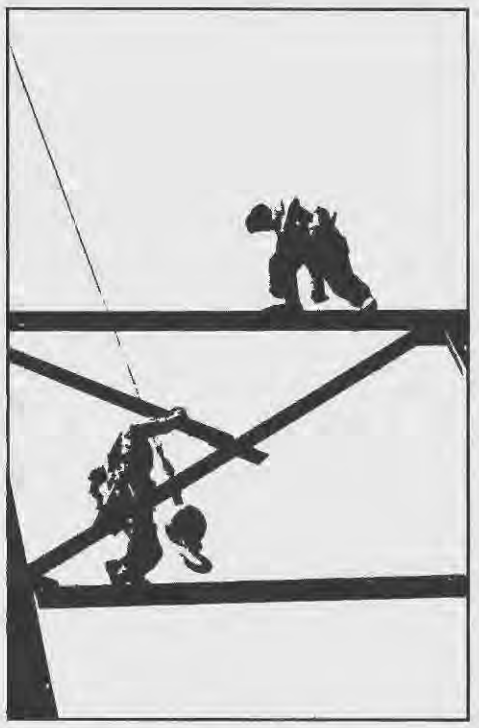
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retary.
Licensed excess/surplus broker in: Wisconsin.

ISU/Manning, Malcolm & Kelley Inc.

6030 F. Dawson Blvd., Norcross, Ga. 30093; 404-441-3337

	1984	1983
Premium volume	$6,000,000	$2,800,000
Gross revenues	$800,000	$358,000
Brokerage: Retail	86%	91%
Personal lines	9%	5%
Invest. income	4%	3%
Other	1%	1%
Employees	14	7
Offices	1	1

Year founded: 1982.
Brokerage: 99% commission; 1% fee.
Principal officers: Glenn W. Manning, president; Paul M. Kelley, executive vp; Owen H. "Pete" Malcolm Jr., secretary/treasuer.
Licensed excess/surplus broker in: Georgia.

ISU/Midwest Commerce Insurance

107 W. Franklin St., P.O. Box 1724, Elkhart, Ind. 46515; 219-293-4565

	1984	1983
Premium volume	$14,453,983	$13,038,630
Gross revenues	$2,674,012	$2,353,646
Brokerage: Retail	79%	78%
Wholesale	1%	0%
Personal lines	17%	19%
Invest. income	3%	3%
Employees	51	53
Offices	2	2

Year founded: 1915.
Brokerage: 100% commission.
Branch offices: Goshen, Ind.
Parent company: Midwest Commerce Corp.
Principal officers: Ward J. Merchant, president; Donald R. Anderson, Gaylord L. Russell, Farrel J. Zehr, Jeffrey Whisler, vps.
Licensed excess/surplus broker in: Indiana.

ISU/Moloney & O'Neill Inc.

300 Columbia Building, Spokane, Wash. 99204; 509-747-6066

	1984	1983
Premium volume	$7,500,000	$5,500,000
Gross revenues	$950,000	$700,000
Brokerage: Retail	60%	60%
Wholesale	5%	5%
Services	5%	5%
Personal lines	30%	30%
Employees	24	17
Offices	1	1

Year founded: 1946.
Brokerage: 90% commission; 10% fee.
Acquisitions: Dean Gehrett & Associates Inc., Spokane, Wash., not included.
Principal officers: Frank W. O'Neill, president; Thomas A. Black, vp; John P. Moloney Jr., secretary/treasurer.
Licensed excess/surplus lines broker in: Washington.

ISU/Montgomery Fansler & Carlson

104 W. Anapamu St., Santa Barbara, Calif.; 805-965-0071.

	1984	1983
Premium volume	$12,500,000	$10,000,000
Gross revenues	$1,550,000	$1,250,000
Brokerage: Retail	80%	80%
Personal lines	20%	20%
Employees	38	34
Offices	4	2

Year founded: 1935.
Brokerage: 100% commission.
Acquisitions: Robert Lilley Insurance, Lompoc, Calif.
Branch offices: Robert Lilley Insurance; Willis & Griffith, Ventura, Calif.; Santa Yney Valley Insurance, Solvang, Calif.
Principal officers: Robert Montgomery, president; Edmund Fansler, John Carlson, vps; Bonnie Montgomery, secretary.

ISU/Primac Insurance

8 S. Nevada, Colorado Springs, Colo. 80901; 203-475-8222

	1984	1983
Premium volume	$8,500,000	$6,000,000
Gross revenues	$1,716,220	$1,282,759
Brokerage: Retail	83%	84%
Services	1%	1%
Personal lines	11%	13%
Invest. income	5%	2%
Employees	30	25
Offices	3	2

Year founded: 1910.
Brokerage: 99% commission; 1% fee.
Branch offices: Montrose, Pueblo and Cortez, Colo.
Principal officers: Denis A. Weber, president; Donald L. Chilsen, chairman; Donald L. Smith, Thomas W. Titsworth, vps.
Licensed excess/surplus broker in: Colorado.

ISU/Rogers & Belding Insurance Agency Inc.

2525 Gateway West, El Paso, Texas 79903; 915-544-3111

	1984	1983
Premium volume	$12,213,000	$11,241,000
Gross revenues	$2,358,000	$2,128,000
Brokerage: Retail	73%	72%
Wholesale	1%	1%
Services	1%	1%
Personal lines	24%	25%
Invest. income	1%	1%
Employees	46	44
Offices	1	1

Year founded: 1933.
Brokerage: 96% commission, 4% fee.
Principal officers: James E. Rogers Sr., president; James E. Rogers Jr., William D. Tippin, Walther H. Stowe, Kenneth L. North Jr., vps.
Licensed excess/surplus lines broker in: Texas.

ISU/Patrick C. Ross Associates

21243 Ventura Blvd., Suite 200. Woodland Hills, Calif. 91364; 818-999-5556

	1984	1983
Premium volume	$7,200,000	$6,250,000
Gross revenues	$1,135,000	$970,000
Brokerage: Retail	96%	95%
Personal lines	4%	5%
Employees	20	16
Offices	1	1

Year founded: 1939.
Brokerage: 100% commission.
Principal officers: Patrick C. Ross, president; Doyle Gilbert, Jerry Vild, vps; Sheilah Ross, secretary.

ISU/The Schaefer Agency Inc.

201 E. Main St., Smithtown, N.Y. 11787; 516-979-7474

	1984	1983
Premium volume	$7,500,000	$5,000,000
Gross revenues	$1,200,000	$900,000
Brokerage: Retail	65%	65%
Personal lines	34%	34%
Invest. income	1%	1%
Employees	24	16
Offices	2	1

Year founded: 1976.
Brokerage: 100% commission.
Acquisitions: Crafts Smith Nowich & Goodwin, Smithtown, N.Y., included.
Branch offices: Smithtown.
Principal officers: Charles Schaefer, president; Doris Schaefer, vp.

ISU/Security Group Inc.

Executive Park Tower, Stuyvesant Plaza, Albany, N.Y. 12203-0528; 518-489-8904

	1984	1983
Premium volume	$4,500,000	$3,300,000
Gross revenues	$597,000	$461,000
Brokerage: Retail	85%	78%
Personal lines	13%	19%
Invest. income	2%	3%
Employees	10	11
Offices	1	2

Year founded: 1911.
Brokerage: 95% commission; 5% fee.
Principal officers: Albert Fenster, chairman; Gerald Cohn, president; William W. Fibiger, executive vp; Lenore Malafsky, secretary.

ISU/Thoits Insurance

541 Cowper St., Palo Alto, Calif. 94301; 415-324-0606

	1984	1983
Premium volume	$5,500,000	$4,150,000
Gross revenues	$1,199,820	$858,026
Brokerage: Retail	74%	70%
Personal lines	22%	26%
Invest. income	4%	4%
Employees	20	17
Offices	1	1

Year founded: 1891.
Brokerage: 99% commission; 1% fee.
Principal officers: Donald A. Way, president; Herbert G. Hill, Kenneth K. Peterson, senior vps; Viesha I. Treadwell, Winifred D. Anderson, vps.

ISU/United California Insurance Agency

6180 Laurel Canyon Blvd., P.O. Box 3943, North Hollywood, Calif. 91609; 213-877-3123

	1984	1983
Premium volume	$6,884,778	$5,848,145
Gross revenues	$926,734	$798,868
Brokerage: Retail	85%	87%
Personal lines	10%	8%
Invest. income	5%	5%
Employees	13	12
Offices	1	1

Year founded: 1950.
Brokerage: 98% commission; 2% fee.
Principal officers: C. Jack Rosemark, president; James. J. Buttitta, Ron F. Carlson, vps.
Licensed excess/surplus broker in: California.

ISU/Valley Oaks Insurance

8391 Auburn Blvd., Citrus Heights, Calif. 95610; 916-969-6700

	1984	1983
Premium volume	$5,500,000	$4,000,000
Gross revenues	$850,000	$560,000
Brokerage: Retail	62%	77.2%
Personal lines	18%	14%
Invest. income	4.5%	3.5%
Other	15.5%	5.3%
Employees	20	16
Offices	1	1

Year founded: 1974.
Brokerage: 100% commission.
Principal officers: Thomas E. Tingey and Colby D. Eller, partners.

ISU/Wallace Welch & Willingham Inc.

P.O. Box 33020, St. Petersburg, Fla. 33733; 813-327-1141

	1984	1983
Premium volume	$14,000,000	$11,000,000
Gross revenues	$2,400,000	$1,920,000
Brokerage: Retail	59%	61%
Personal lines	28%	31%
Invest. income	3%	1%
Other	10%	7%
Employees	55	48
Offices	2	4

Year founded: 1925.
Brokerage: 99.9% commission; 0.1% fee.
Acquisitions: Bennett, Wallace Welch & Green Insurance and Weyman Willingham & Co., both in St. Petersburg; merged.
Branch offices: St. Petersburg.
Principal officers: William P. Wallace, chairman; John I. Welch, vice chairman; Weyman Willingham Jr., president; Robert J. Stambaugh, executive vp; Stanley C. Shaver Jr., senior vp.
Licensed excess/surplus broker in: Florida.

ISU/Wellington Insurance Services

4465 Wilshire Blvd., First floor, P.O. Box 76969, Los Angeles, Calif. 90076; 213-937-8510

	1984	1983
Premium volume	$18,200,000	$14,700,000
Gross revenues	$2,396,000	$2,009,000
Brokerage: Retail	76%	79%
Personal lines	19%	17%
Invest. income	5%	4%
Employees	33	31
Offices	1	1

Year founded: 1971.
Brokerage: 100% commission.
Parent company: ABI Management Inc.
Principal officers: Wilbert W. Stein, chairman; John Antignas, president; Gerald Richbook, Earl B. Gross, senior vps; Arthur M. Newman, vp.

Industrial Insurance Agency Inc.

600 Woodfield Dr., Schaumburg, Ill. 60195; 312-884-6100

	1984	1983
Premium volume	NA	NA
Gross revenues	$1,191,805	$934,420
Brokerage: Retail	90%	93%
Personal lines	8%	7%
Invest. income	2%	0%
Employees	13	12
Offices	1	1

Year founded: 1960.
Brokerage: 100% commission.
Principal officers: Melvin E. Rodney, chief executive officer; Richard A. Rodney, president; Ken Jorgensen, vp.
Licensed excess/surplus broker in: Illinois.

Insurance Management Associates Inc.

600 IMA Plaza, 250 N. Water, Wichita, Kan. 67202; 316-267-9221

	1984	1983
Premium volume	$4,563,492	$38,122,694
Gross revenues	$6,245,818	$4,834,208
Brokerage: Retail	66%	70%
Services	15%	14%
Personal lines	7%	7%
Invest. income	6%	4%
Other	6%	5%
Employees	102	94
Offices	2	2

Year founded: 1973.
Brokerage: 75% commission; 25% fee.
Acquisitions: Harris Burns Inc., Wichita, Kan., pooled.
Branch offices: Topeka, Kan.
Principal officers: William C.
Continued on facing page

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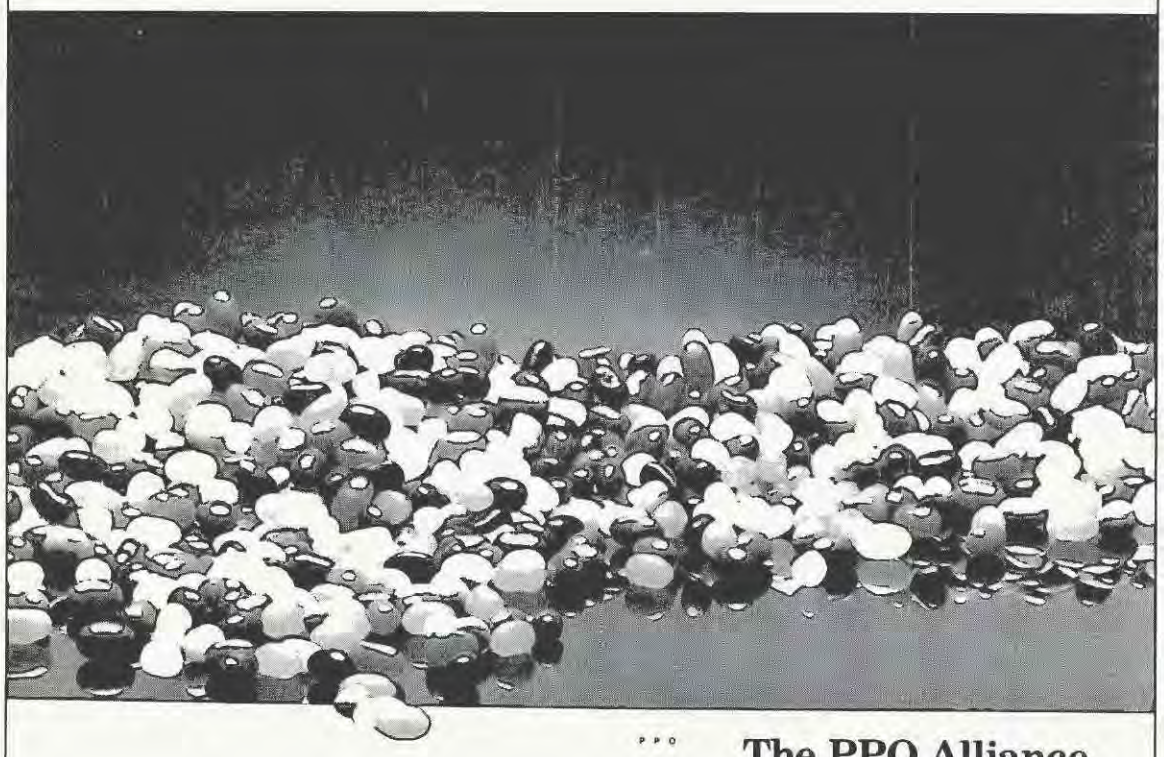
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Cohen Jr., chief executive officer; Joe Moddrell Jr., Kay Barrett, Paul C. Yankey Jr., James Sloan, vps.

Licensed excess/surplus broker in: Kansas.

Insurance Marketing Agencies Inc.

306 Main St. Worcester, Mass. 01608-1588; 617-753-7233

	1984	1983
Premium volume	$8,900,000	$8,000,000
Gross revenues	$1,362,000	$1,320,000
Brokerage: Retail	80%	83%
Personal lines	16%	15%
Invest. income	3%	1%
Other	1%	1%
Employees	30	29
Offices	1	1

Year founded: 1924.

Brokerage: 95% commission; 5% fee.

Principal officers: Sumner W. Herman, president/treasurer; Arnold J. Horowitz, executive vp/clerk; John J. Kelly, vp.

Licensed excess/surplus broker in: Massachusetts.

Insurance & Risk Management

P.O. Box 1705, Fort Wayne, Ind. 46801; 219-436-1616

	1984	1983
Premium volume	$17,100,000	$16,060,000
Gross revenues	$3,890,000	$3,550,000
Brokerage: Retail	67%	63%
Services	11%	9%
Personal lines	21%	27%
Invest. income	1%	1%
Employees	85	87
Offices	4	6

Year founded: 1962.

Brokerage: 88% commission; 12% fee.

Branch offices: Muncie, Elkhart and Indianapolis, Ind.

Principal officers: Harry A. Crawford, chairman; Paul Porter, Leonard Koeller, James E. Van Dyck and Robert DeVore.

j

Fred S. James & Co. Inc.

55 Water St., New York, N.Y. 10041; 212-747-6600

See profile page 32.

Jardine Insurance Brokers Inc.

50 Francisco St., San Francisco, Calif. 94133; 415-391-2600

See profile page 58.

Johnson & Higgins

95 Wall St., New York, N.Y. 10005; 212-701-7500

See profile page 22.

Johnson, Kendall & Johnson Inc.

P.O. Box 8, Newtown, Pa. 18940; 215-968-4741

	1984	1983
Premium volume	$7,783,000	$6,433,000
Gross revenues	$1,180,070	$1,021,000
Brokerage: Retail	65%	100%
Personal lines	32%	0%
Invest. income	3%	0%
Employees	23	21
Offices	1	1

Year founded: 1959.

Brokerage: 98% commission; 2% fee.

Principal officers: Edwin T. Johnson, president; Douglas D. Peterson, executive vp, William J. Alder, David R. Johnson, Richard B. Willis, John A. Wright, vps; Mary J. Rounsavill, secretary/treasurer.

k

Walter Kaye Associates Inc.

122 E. 42nd St., New York, N.Y. 10168; 212-210-9200

See profile page 19.

Keenan & Associates

3715 W. Lomita Blvd., Suite 200, P.O. Box 4328, Torrance, Calif. 90510; 213-373-8811

	1984	1983
Premium volume	NA	NA
Gross revenues	$7,823,100	$6,600,000
Brokerage: Retail	55%	53%
Services	40%	42%
Invest. income	4%	4%
Other	1%	1%
Employees	151	138
Offices	10	9

Year founded: 1972.

Brokerage: 58% commission; 42% fee.

Branch offices: Chico, Fresno, Riverside, Sacramento, San Diego, San Jose, San Rafael, Santa Ana and Thousand Oaks, Calif.

Principal officers: John R. Keenan, president; Richard C. Phillips, executive vp-marketing; David G. Guyer, executive vp-administration.

Kelter-Thorner Inc.

24600 Northwestern Highway, Southfield, Mich. 48075; 313-353-2200

	1984	1983
Premium volume	$30,000,000	$20,100,000
Gross revenues	$5,612,795	$3,295,626
Brokerage: Retail	53.9%	80.1%
Wholesale	29%	0%
Services	3.9%	1.5%
Personal lines	6.2%	10.2%
Invest. income	3.2%	3.3%
Other	3.8%	4.9%
Employees	67	54
Offices	6	6

Year founded: 1952.

Brokerage: 100% commission.

Acquisitions: Neel Insurance Agency, Burlingame, Calif., not included.

Branch offices: Kelter-Thorner Inc. of New Jersey, Fords, N.J.; Kelter-Thorner Inc. of Southern California, Costa Mesa, Calif.; Kelter-Thorner Inc. of California, Redwood City, Calif.; Kelter-Thorner Insurance Agency Inc. (Ohio), Cleveland; Atlantic Underwriters Inc., Birmingham, Mich.

Principal officers: Theodore R. Kelter, chairman; Marilyn Chernoff, president; Theodore R. Kelter III, vp.

Licensed excess/surplus broker in: Michigan.

Kendall Insurance Inc.

90 S. Main St., Rochester, N.H. 03867; 603-332-5800

	1984	1983
Premium volume	NA	NA
Gross revenues	$5,995,000	$5,100,000
Brokerage: Retail	41.5%	36.8%
Wholesale	16.5%	19.2%
Services	22.5%	15.9%
Personal lines	15%	15%
Other	4.5%	13.1%
Employees	128	110
Offices	3	3

Year founded: 1867.

Brokerage: 100% commission.

Branch offices: Manchester, N.H.; Salt Lake City, Utah.

Principal officers: Kennett R. Kendall Jr., president; Robert N. Kendall, John R. Dulude, executive vps.

Licensed excess/surplus broker in: Maine and New Hampshire.

Sander A. Kessler & Associates Inc.

9570 W. Pico Blvd., Los Angeles, Calif. 90035; 213-278-8740

	1984	1983
Premium volume	$35,000,000	$28,000,000
Gross revenues	$5,338,656	$4,307,109
Brokerage: Retail	75.2%	74.6%
Personal lines	7.6%	7.9%
Invest. income	5%	5.8%
Other	12.2%	11.7%
Employees	68	68
Offices	1	1

Year founded: 1956.

Brokerage: 100% commission.

Principal officers: Sander A. Kessler, president; Ronald A. Bloom, executive vp; Kenneth Kessler, Melvin Moss, Leo Fisher, Steven Kessler, vps; Bernard M. Kirsch, secretary/trea-

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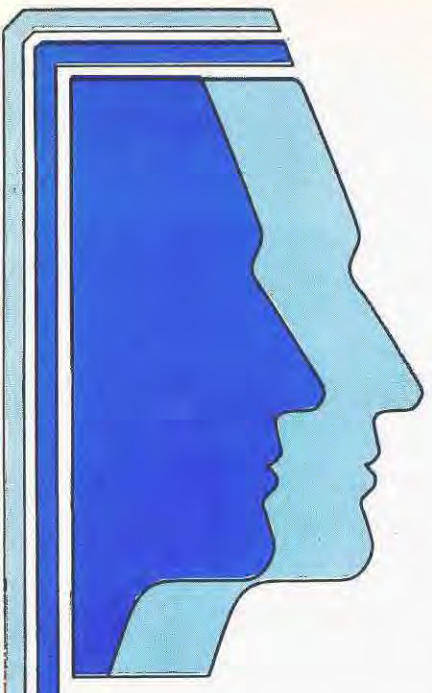
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business insurance

Today there is a sense of urgency regarding the exorbitant expense of employee benefits. Industry professionals are concerned with the overall rise in health care costs. More specifically, employers are continuously faced with the task of effectively communicating the most efficient usage and bottom line value of benefits to employees.

The Business Insurance Employee Benefits Communication Conference is a valuable investment of your time and dollars that makes sense for your company and for you as a benefits executive.

While examining issues critical to your professional responsibilities, the *BI Conference* centers on traditional communication tools as well as exploring new high tech trends that impact the industry.

At the *BI Conference* you will gain valuable insight on employee communications. You will have a clearer understanding of what your employees want and need to know about their benefits and how you should present the options to them. Equally important, you will be given the opportunity to participate and contribute your own ideas and evaluations regarding your day-to-day communications problems.

THE DOLLARS & SENSE OF COMM

AGENDA

GENERAL SESSIONS focus on the foundation of effective communication.

Listening To Employees
Suzanne Kenney, Manager, Employee Listening Services, HEWITT ASSOCIATES
After interviewing more than 29,000 employees and examining written survey responses from 85,000 others, Ms. Kenney will present fascinating data on how employees feel about their benefits. What are employees saying, what questions are they asking, and what choices are they making about benefits?

Working With Consultants: The Consultant Side
George Heiring, Managing Partner, HEWITT ASSOCIATES
In the first of a two part series, Mr. Heiring offers a practical approach, injected with gentle humor, to the ever-changing relationship between consultant and client. He addresses such issues as what should the client expect, what is unreasonable for the client to expect, and how clients can get the most results from their consultant.

Working With Consultants: The Company Side
Steve Wasserman, Director, Benefit Communication & Training, DART & KRAFT, INC.
In part two, Mr. Wasserman addresses the client side of the consultant-client relationship. He will make pratical suggestions on when, where, why and how you should use consultants. Further, Mr. Wasserman will recommend what groundwork should be done prior to and while working with a consultant — groundwork that will save you time and money.

You Be The Judge
Herbert Zeltner, HERBERT ZELTNER CONSULTANT INC.
A dynamic speaker who sparks controversy and leads you in an energetic session, Mr. Zeltner returns once again to the BI Conference. He will introduce selected audio-visual programs submitted to the EBC Competition and will offer you a glimpse of what other industry professionals are doing.

CASE STUDIES encourage group interaction.

Your Retirees: An Untapped Health Care Cost Containment Weapon
Jeffrey M. Ostroff, President, JEFFREY M. OSTROFF ASSOCIATES
Vivian Anderson, Corporate Personnel, ALLSTATE INSURANCE COMPANY
Providing medical benefits to retirees can be very costly; and expenditures will continue to rise as the retiree population grows. Mr. Ostroff will present a brief overview of the post-retirement health benefits issue. In addition, Ms. Anderson will walk you through a communications program Allstate used to effectively deal with this problem. Attendees will be given strategies which offer companies the opportunity to contain health care costs for both retirees and active workers.

Benefits Overhaul
Steve Wasserman, Director. Benefit Communication & Training, DART & KRAFT, INC.
While producing communication materials for benefit changes may have to be done in a tight time frame, good plan and communications design takes months. The communicator must keep all lines of communication open during the design and production process, and have suppliers ready to go when the job begins. In an informative presentation, Mr. Wasserman discusses effective communications planning, what communication approach was taken in a benefits package redesign, and how production was achieved in a short time frame.

Computers Can Talk Benefits
Pam Keeler, Director, Advanced Benefit Communications,
METROPOLITAN LIFE INSURANCE COMPANY
In an effort to increase employee understanding and perception of their benefits program, Met Life took a new look at the employee communications field. After a careful study of benefit communications needs, Metropolitan designed an innovative program. Now, Met employees can directly access their benefit and savings plan information through interactive computer terminals stationed throughout Met Life headquarters. Ms. Keeler will explain the intricacies of this unique communications vehicle and what it takes to make it succeed.

PRINT WORKSHOPS address specific communications needs.

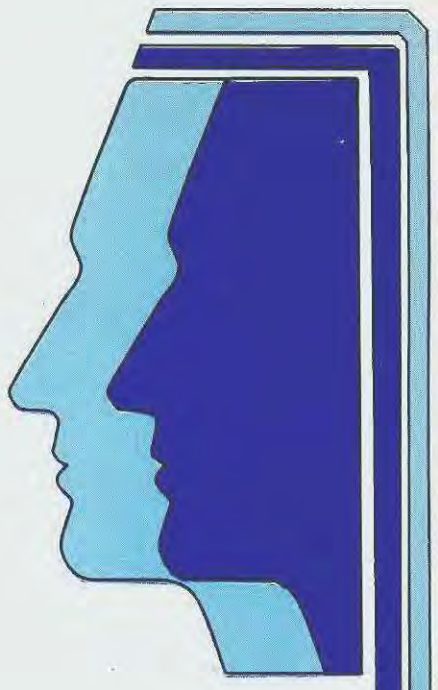
The Power of Personalizing Print
Deborah K. Huffman, Senior Vice President,
FRANK B. HALL CONSULTING COMPANY
Ms. Huffman will address the pros and cons of personalizing print communications. How technology is distancing the workforce from management, the pressure that "personalizing" can place on your data base, and current applications for personalized benefits communications, are just some of the issues she will discuss. Additionally, Ms. Huffman will compare the strengths and weaknesses of traditional vs. laser print materials, and will provide good and bad examples of personalized communications using both techniques.

Standard Print Communications & Print Enhancement
Martin Lapidus, Consultant,
TOWERS, PERRIN, FORSTER & CROSBY
To effectively communicate benefits to employees you must have a precise understanding of the issue at hand. You must also anticipate what reaction management expects from employees. Mr. Lapidus suggests that it is the nature of the benefits program (positive change, negative change, update, etc.) that helps determine the elements of effective communication. Further, he offers a practical approach to what management's goals should be in communicating benefits to employees.

TASK FORCE is a challenging professional forum.

Designed to encourage idea-sharing among attendees, the task force is perhaps the most intriguing component of the Business Insurance Conference. At the time of registration we invite you to submit questions, problems, or issues on benefits communications (see registration form). During this session the group will be divided into small task force units. Within this unique "give and take" framework you will discuss and evaluate the proposed communications problems with your professional counterparts. Each task force will then have the opportunity to state the problem and present their findings to all attendees. The task force is a stimulating forum where your input is an integral part of the BI Conference learning experience.

August 5 and 6
The Grand Hyatt Hotel, New York City



This year our Conference format covers four major areas. While meeting as a large group, the general sessions focus on the foundation of effective communication. Small case study meetings encourage group interaction, and rotating schedules afford you the opportunity to attend all three sessions. Print workshops will center on two techniques — standard and laser printing — and you can select the one which best suits your needs. The task force, a new component of the *BI Conference*, is a challenging forum where you actively partake in evaluating the "real life" problems confronting communicators. We encourage you to submit your problems, questions or postulates of benefits communications on the attached registration form.

Highlighting the *1985 BI conference* is the 13th annual EBC Competition Awards Presentation. Print programs submitted to this year's Competition will be available for review in the EBC Gallery. Another feature, the Benefits Literature Gallery, is where you can collect some of the latest information available from consultants, insurance companies and service organizations.

UNICATING EMPLOYEE BENEFITS

EBC COMPETITION

EBC AWARDS LUNCHEON

Alfred Malecki, Publisher, BUSINESS INSURANCE

At a luncheon honoring the winners of the 13th annual EBC Competition, awards will be presented to those companies who have excelled in communicating their employee benefits programs. One of the winning audio visual programs will be shown.

A limited number of additional seats are available for the EBC Awards Presentation luncheon. Tickets are $50.00 each, available on a first come-first serve basis; advance reservation is required. Please contact the Registrar.

REGISTRATION

The Business Insurance Conference opens Sunday evening, August 4, with advance registration and cocktail reception. Sessions begin Monday, August 5, at 8:45 am and adjourn Tuesday, August 6, at 4:15 pm.
The cost is **$575.** A 10% discount is offered to additional registrants from the same company. The fee includes sessions, workbook and educational materials, breakfast, coffee breaks, luncheons and cocktail reception.

Payment required with registration.

All cancellations must be received in writing. A full refund will be made on cancellations received prior to July 5. A $100 service charge will apply to cancellations received after July 5. No refund will be made on cancellations received less than 5 business days prior to the conference.

However, if your plans change at any time, you may substitute the name of another person from your company without penalty.

All registrations will be confirmed in writing.

To register, simply complete the form and send it along with your payment to:
Business Insurance, Communication Services Department
220 E. 42nd St., Suite 930, New York City, NY 10017
For additional information call: Ann Vazquez, Registrar, at 212/210-0137

HOTEL ACCOMMODATIONS

We have set aside a block of rooms at a special rate at the Grand Hyatt Hotel in New York City. Rates available to Conference Registrants only: $100 single; $125 double.

You must mention the *Business Insurance Benefits Conference* when making your reservations. Hotel cards will be included with your Conference Registration Confirmation. Or call the Grand Hyatt Hotel at 212/883-1234; or toll free at (800)228-9000. These rates will be honored only until July 22.

REGISTRATION FORM

Please register me for the 1985 BI Conference
"The Dollars & Sense of Communicating Employee Benefits"
August 5 and 6
The Grand Hyatt Hotel in New York City

Name _____

Title _____

Organization _____

Address _____

City _____ State _____ Zip _____

Business Phone ( ) _____

Additional Registrants from my organization:

Name _____

Title _____

☐ Payment Enclosed ☐ Visa ☐ Mastercard ☐ American Express

Account # _____ Exp. Date _____

Signature _____

Mail to:
Business Insurance *Communication Services Department*
220 East 42nd Street, New York, NY 10017
For additional information call: Ann Vazquez at 212/210-0137

I want to attend the following Print Workshop—select *only* one:

☐ The Power of Personalizing Print
☐ Standard Print & Print Enhancements

Registrants are invited to propose their day-to-day benefit communication problems or issues for evaluation at Task Force sessions. Due to time restraints, not all proposals can be addressed. Use the space provided below to submit your suggestion:

_____

_____

_____

_____

_____

_____

_____

(attach additional sheet if required)

Continued from page 83
surer.
Licensed excess/surplus broker in: California.

Kinney, Pike, Bell & Conner Inc.

98 Merchants Row, Rutland, Vt. 05701; 802-775-2311

	1984	1983
Premium volume	NA	NA
Gross revenues	$2,475,000	$2,197,601
Brokerage: Retail	73%	73%
Wholesale	1%	1%
Personal lines	23%	23%
Invest. income	3%	3%
Employees	51	44
Offices	5	5

Year founded: 1904.
Brokerage: 98% commission; 2% fee.
Acquisitions: I.J. Davis, White River Junction, Vt., purchased.
Branch offices: Brattleboro, Essex Junction, Hartford, Poultney, Vt.
Subsidiaries: KPB&C Life Corp., Rutland, Vt.; Vermont Captive Management.
Principal officers: Edward C. Pike, president.
Licensed excess/surplus broker in: Vermont.

Kirke-Van Orsdel Insurance Services Inc.

777 Third St., Des Moines, Iowa 50309; 515-243-1830

	1984	1982
Premium volume	$17,150,000	$12,278,000
Gross revenues	$3,147,000	$2,080,000
Brokerage: Retail	74%	74%
Personal lines	24%	24%
Invest. income	2%	2%
Employees	65	58
Offices	2	2

Year founded: 1981.
Brokerage: 96% commission; 4% fee.
Branch offices: Phoenix, Ariz.
Parent company: Kirke-Van Orsdel Inc.
Principal officers: William A. Van Orsdel, president; James E. Dunn, senior vp; Stephen W. Kent, vp/Des Moines; Darrell Porath, vp/Phoenix.
Licensed excess/surplus broker in: Arizona.

H.C. Knight & Co.

320 Walnut St., Philadelphia, Pa. 19106; 215-923-5440

	1984	1983
Premium volume	$17,337,927	$15,208,631
Gross revenues	$1,586,595	$1,503,631
Brokerage: Retail	90%	93%
Other	10%	10%
Employees	31	31
Offices	1	1

Year founded: 1888.
Brokerage: 75% commission; 25% fee.
Principal officers: John A. Philbrick III, Charles B. Achuff.
Licensed excess/surplus broker in: Pennsylvania.

I

Lachance, Bertrand, Benoit, Lavigne Ltd.

1320 Graham Blvd., Suite 101, Montreal, Quebec, Canada H3P3E7; 514-342-5430

	1984	1983
Premium volume	$6,000,000	$5,700,000
Gross revenues	$1,500,000	$1,275,000
Brokerage: Retail	45%	50%
Personal lines	40%	39%
Invest. income	5%	4%
Employees	27	25
Offices	1	1

Year founded: 1971.
Brokerage: 95% commission; 5% fee.
Principal officers: Robert Lachance, president; Jean-Louis Benoit, secretary/treasurer; Andre Bertrand, Guy Lachance, Claude Lavigne, Maurice Lachance, vps.

Lasher-Cowie Agency Inc.

2020 N. Central Ave., Suite 400, Phoenix, Ariz. 85004; 602-258-4444

	1984	1983
Premium volume	$19,700,000	$21,400,000
Gross revenues	$3,518,000	$3,500,000
Brokerage: Retail	51%	41%
Wholesale	17%	35%
Personal lines	17%	14%
Invest. income	5%	5%
Other	10%	5%
Employees	73	69
Offices	4	4

Year founded: 1955.
Brokerage: 92% commission; 8% fee.
Acquisitions: Norman Grey Agency, Tucson, Ariz.; Mueller & Associates, Williams, Ariz.; Insurance Placement Services, Tucson, all purchased.
Branch offices: Tucson; Lasher-Cowie Turner, Flagstaff, Page, Ariz.
Subsidiaries: Innkeepers International, Phoenix; Rocky Mountain General Agency, Phoenix.
Principal officers: Robert P. Cowie, president; Robert McKinney, vp; Richard J. Seminoff, secretary/treasurer.
Licensed excess/surplus broker in: Arizona, Alabama, Arkansas, Colorado, Idaho, Louisiana, Missouri, Nebraska, North Carolina, North Dakota, West Virginia.

Laub Group Inc.

324 E. Wisconsin Ave., Milwaukee, Wis. 53202; 414-271-4292

	1984	1983
Premium volume	NA	NA
Gross revenues	$4,156,000	$4,130,000
Brokerage: Retail	77.9%	78.1%
Wholesale	13.1%	12.9%
Services	2%	2%
Personal lines	7%	7%
Employees	60	71
Offices	5	5

Year founded: 1931.
Brokerage: 98% commission; 2% fee.
Branch offices: Racine, Madison, Wausau and Appleton, Wis.
Parent company: Intertye Corp.
Principal officers: Raymond H. Laub, chairman; George Stevoff, president.
Licensed excess/surplus broker in: Wisconsin.

Lawrence Agency Corp.

258 State St., Albany, N.Y. 12210; 518-370-1720

	1984	1983
Premium volume	$104,000,000	$54,100,000
Gross revenues	$8,309,000	$6,010,095
Brokerage: Retail	55%	70%
Wholesale	5%	10%
Services	25%	15%
Personal lines	10%	NA
Invest. income	3%	NA
Other	2%	5%
Employees	205	145
Offices	20	17

Year founded: 1954.
Brokerage: 100% commission.
Acquisitions: Geer Stillman, Latham, N.Y., pooled.
Branch offices: Boston; Clearwater and Fort Lauderdale, Fla.; Harrisburg, Pa.; Louisville, Ky.; Niles, Ohio; Phoenix, Ariz.; Albany, Buffalo, Cortland, Glens Falls, New York, Rochester, Schenectady, Syracuse, Latham, Troy and Whitney Point, N.Y.; Greenwood, Ind.
Subsidiaries: Healthcare Administrative Services, Albany, N.Y.; Independent Risk Management Group, Syracuse, N.Y.; Fitts-Lawrence Inc., Schenectady, N.Y.
Principal officers: A.W. Lawrence, chairman; Gary Keehfus, president; Thomas Hali, Carmel Roberson, Joyce Orlowski, vps.
Licensed excess/surplus broker in: New York.

Lawton Byrne Bruner Insurance Agency

10 Broadway, St. Louis, Mo. 63102; 314-621-5540

	1984	1983
Premium volume	$143,000,000	$147,000,000
Gross revenues	$13,510,000	$14,706,000
Brokerage: Retail	47%	49%
Wholesale	40%	38%
Services	2%	2%
Personal lines	4%	5%
Invest. income	7%	7%
Employees	200	210
Offices	1	1

Year founded: 1889.
Brokerage: 95% commission; 5% fee.
Subsidiaries: John O. Felker Benefit Services Inc., St. Louis.
Principal officers: W.W. Fetner, chairman; H.R. Larkin, president; C.P. Skwiot, executive vp; David Smith, treasurer; J.B. Andrews Jr., secretary.
Licensed excess/surplus broker in: Missouri and Illinois.

The Leavitt Group

P.O. Box 130, Cedar City, Utah 84720; 801-586-6553

	1984	1983
Premium volume	$50,266,000	$40,235,654
Gross revenues	$7,540,500	$5,998,176
Brokerage: Retail	41%	93%
Wholesale	12%	0%
Personal lines	32%	0%
Other	15%	0%
Employees	163	147
Offices	35	38

Year founded: 1952.
Brokerage: 98% commission; 2% fee.
Branch offices: Armistead-Leavitt, Salt Lake City; Barton-Leavitt, Kanab, Utah; Blonquist-Leavitt, Coalville, Utah; Bowen-Leavitt, Orem, Utah; Briggs-Leavitt, Salina, Utah; Bringhurst-Leavitt, Hurricane, Utah; Leavitt Group of Spanish Fork, Spanish Fork, Utah; Manis-Leavitt, Delta, Utah; Dixie Leavitt Agency, Cedar City, Utah; Okerlund-Levitt, Richfield, Utah; Leavitt Group of St. George, St. George, Utah; Leavitt Group of Heber City, Heber City, Utah; Savage-Leavitt, Salt Lake City; Leavitt Group of Unitah Basin, Roosevelt, Utah; Leavitt Group of Brigham City, Brigham City, Utah; Stowell-Leavitt, Nephi, Utah; Taylor/Bowen-Leavitt, Provo, Utah; Turner, Leavitt & Co., Salt Lake City; Wilkinson/Bowen-Leavitt, Orem, Utah; Bourne-Leavitt, Lake Havasu City, Ariz.; Butler-Leavitt, Dawn-Leavitt and Minard-Leavitt, Phoenix, Ariz.; La Paz-Leavitt, Parker, Ariz.; Massey-Leavitt, Mesa, Ariz.; Riviera-Leavitt, Riviera, Ariz.; BHW-Leavitt, Cahill/Griffith-Leavitt, Clark-Leavitt, Fleet-Leavitt, Wegener-Leavitt, Leavitt Insurance Agency, Parus-Leavitt and Summerfield-Leavitt, Las Vegas; Long-Leavitt, Overton, Nev.
Parent company: Security Enterprises Ltd.
Principal officers: Michael O. Leavitt, president/chief executive officer; Dane O. Leavitt, executive vp/chief operating officer; Kelly R. Russell, secretary/treasurer.
Licensed excess/surplus broker in: Utah, Nevada, Arizona.

Levinson Brothers Inc.

101 California St., San Francisco, Calif. 94111; 415-434-3200

	1984	1983
Premium volume	$15,442,512	$14,630,547
Gross revenues	$2,198,601	$2,103,613
Brokerage: Retail	94%	94%
Personal lines	6%	6%
Employees	25	25
Offices	1	1

Year founded: 1956.
Brokerage: 100% commission.
Principal officers: Fred Levinson, president; Mort Levinson, David J. Levinson, vps.
Licensed excess/surplus broker in: California.

M.J. Lieberman & Co.

354 Eisenhower Parkway, Livingston, N.J. 07039; 201-992-6500

	1984	1983
Premium volume	$9,000,000	$7,738,000
Gross revenues	$1,567,000	$1,344,000
Brokerage: Retail	94%	93%
Wholesale	1%	1%
Personal lines	5%	6%
Employees	21	19
Offices	1	1

Year founded: 1954.
Brokerage: 97% commission; 3% fee.
Principal officers: Morris Lieberman, president; Philip Lieberman, secretary/treasurer; Robert A. Kososki, Robert Emmons, vps.

Don Liebert Inc.

172 S. Middletown Rd., Nanuet, N.Y., 10954; 914-623-3434

	1984	1983
Premium volume	$8,858,480	$8,654,033
Gross revenues	$1,328,772	$1,299,605
Brokerage: Retail	70%	65%
Personal lines	28%	32%
Invest. income	2%	3%
Employees	26	24
Offices	1	1

Year founded: 1912.
Brokerage: 100% commission.
Subsidiaries: Liebert Commercial Inc., Glo-Mer Systems Inc.; both in Nanuet, N.Y.
Principal officers: Donald F. Liebert, president; Richard Hiller, vp; Richard B. Phelan, assistant secretary.

The Lockton Insurance Agency Inc.

7600 State Line Road, Prairie Village, Kan. 66208; 913-381-3100

	1984	1983
Premium volume	$45,000,000	$23,000,000
Gross revenues	$6,720,000	$4,316,000
Brokerage: Retail	92%	92%
Personal lines	3%	3%
Invest. income	5%	5%
Employees	117	80
Offices	3	3

Year founded: 1967.
Brokerage: 90% commission; 10% fees.
Branch offices: Lockton Insurance Agency of Colorado Inc., Denver; Lockton Insurance Agency of St. Louis Inc., St. Louis.
Principal officers: John T. Lockton III, president; Michael C. Frost, managing vp; Gary F. Hambright, vp-insurance; James C. Pateidl, vp-surety; David M. Lockton, executive vp.
Licensed excess/surplus broker in: Various states.

Lofberg Co.

363 Cedar Lane, Teaneck, N.J. 07666; 201-836-2100

	1984	1983
Premium volume	$5,750,000	$5,400,000
Gross revenues	$980,000	$930,000
Brokerage: Retail	60%	90%
Services	10%	10%
Personal Lines	30%	0%
Employees	24	22
Offices	1	1

Year founded: 1926.
Brokerage: 100% commission.
Subsidiaries: Letz-Lofberg Associates; Van Houten Lofberg Agency; Lofberg Excess.
Principal officers: Richard C. Lofberg, chief executive officer; Paul W. Lofberg, president; Franklin D. Lutz, executive vp; David Holmgren, senior vp.
Licensed excess/surplus broker in: New Jersey.

The Loomis Cos. Ltd.

P.O. Box 1378, 601 Penn Square Center, Reading, Pa. 19603; 215-374-4041

	1984	1983
Premium volume	$38,000,000	$22,000,000
Gross revenues	$4,700,000	$3,800,000
Brokerage: Retail	66%	62%
Wholesale	5%	5%
Services	12%	10%
Personal lines	18.8%	18%
Invest. income	2.5%	3%
Other	2%	4%
Employees	104	104
Offices	5	5

Year founded: 1982.
Brokerage: 100% commission.
Subsidiaries: Insurance Inc., Reading and Harrisburg, Pa.; Loomis Insurance Agency Corp., Reading and Lancaster, Pa.; Skaist, Knoblauch & Hyman Inc., Reading, Pa.; Murray, Martin & Olson Inc., Annapolis, Md. and Fort Lauderdale, Fla.
Principal officers: James R. Loomis, president-chief executive officer; Kathy Schlegel, treasurer; Margaret Emerick, secretary; H. Edmond Smith, David Schlegel, vps.
Licensed excess/surplus broker in: Florida, Maryland and Pennsylvania.

M

MBAH Insurance

P.O. Box 5609, Lafayette, Ind. 47903; 317-423-5421

	1984	1983
Premium volume	$7,271,149	7,185,642
Gross revenues	$1,179,240	1,243,748
Brokerage: Retail	70%	72%
Wholesale	2%	2%
Personal lines	24%	21%
Invest. income	3%	4%
Employees	31	33
Offices	1	1

Year founded: 1948.
Brokerage: 98% commission; 2% fee.
Principal officers: R.E. "Buffy" Mayerstein, president; Andrew A. Bain, vp; William W. Heath, treasurer; Steven K. Horner, secretary.
Licensed excess/surplus broker in: Indiana.

MDM Insurance Associates Inc.

5730 Uplander Way, Culver City, Calif. 90231; 213-670-0172

	1984	1983
Premium volume	NA	NA
Gross revenues	$3,440,000	$3,110,000
Brokerage: Retail	67%	69%
Services	10%	8%
Personal lines	18%	18%
Other	5%	5%
Employees	49	44
Offices	1	1

Year founded: 1970.
Brokerage: 90% commission; 10% fee.
Acquisitions: Wallace Moir Insurance Agency, Los Angeles, pooled.
Parent company: Mort-Kane Corp.
Principal officers: Morton Firestone, president/chief executive officer; William Roeder, executive vp/chief operating officer.

Continued on facing page

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Continued from facing page

MacIntyre, Fay & Thayer Insurance Agency Inc.

1 Wells Ave., Newton, Mass. 02159; 617-332-5100

	1984	1983
Premium volume	$26,096,000	$23,071,000
Gross revenues	$5,124,000	$4,458,000
Brokerage: Retail	50.7%	51.6%
Wholesale	21.7%	20.8%
Personal lines	14.7%	15.5%
Invest. income	2.8%	1.5%
Other	10.1%	10.6%
Employees	75	81
Offices	1	1

Year founded: 1929.
Brokerage: 96% commission; 4%fee.
Subsidiaries: Surplus Services Insurance Agency Inc. and Marketing Associates Insurance Agency Inc., Newton, Mass.
Principal officers: Walter P. Corcoran, managing partner; Sandford D. Elsass, Michael J. Susco, Peter A. Ormiston.
Licensed excess/surplus broker in: Massachusetts.

Mack & Parker Inc.

Xerox Center, 55 W. Monroe, Chicago, Ill. 60603; 312-346-1221

	1984	1983
Premium volume	NA	NA
Gross revenues	$3,744,000	$3,454,000
Brokerage: Retail	96%	96%
Personal lines	4%	4%
Employees	65	70
Offices	1	1

Year founded: 1935.
Brokerage: 80% commission; 20% fee.
Principal officers: Edward E. Mack III, president; Martin P. Hughes, vp.
Licensed excess/surplus broker in: Illinois.

Mahoney & Wright Insurance Agencies

141 Tremont St., Boston, Mass. 02111 617-482-4086

	1984	1983
Premium volume	$35,000,000	$27,082,000
Gross revenues	$5,775,000	$4,256,000
Brokerage: Retail	50%	50%
Personal lines:	50%	50%
Employees	125	120
Offices	18	16

Year founded: 1927.
Brokerage: 100% commission.
Acquisitions: Vezina Insurance Agency Inc., Gardner, Mass; Bernaroini Insurance Agency Inc., Wrentham, Mass.; Sclafani Insurance Agency Inc., Boston; Mitchell Phillips Insurance Agency, Newton, Mass.; Cranton Bros. Insurance Agency, Haverhill, Mass.; all purchased.
Branch offices: Boston, Newton, Weymouth, Falmouth, W. Yarmouth, Wakefield, Scituate, Fitchburg, Dedham, Rockland, Middleboro, Tewksbury, Peabody, Walpole, Wrentham, Gardner, Haverhill and Wayland, Mass.
Subsidiaries: Vezina Insurance Agency Inc., Gardner, Mass; Bernaroini Insurance Agency Inc., Wrentham, Mass.; Sclafani Insurance Agency, Boston; Mitchell Phillips Insurance Agency, Newton, Mass.; Cranton Bros. Insurance Agency, Haverhill, Mass.
Principal officers: Norman R. Wright, chief executive officer; Richard D. Forrest, executive vp; Donald Beale, Daniel O'Rourk, Richard A. Grant, vps.
Licensed excess/surplus broker in: Massachusetts.

Mammel/Schropp/ Swartzbaugh/ Engler & Jones Inc.

9110 W. Dodge Road; Suite 175, Omaha, Neb. 68114; 402-397-7000

	1984	1983
Premium volume	$41,934,980	36,145,900
Gross revenues	$5,139,945	$3,393,645
Brokerage: Retail	86.2%	89.6%
Reinsurance	2.3%	1.7%
Services	9.4%	7.3%
Invest. income	1.6%	1.0
Other	0.5%	0.4%
Employees	74	59
Offices	1	1

Year founded: 1959.
Brokerage: 77% commission; 23% fee.
Subsidiaries: Midwest Benefit Administrators Inc.
Principal officers: Carl G. Mammel, president; Marvin B. Engler, Donn B. Jones and Robert C. Schropp, senior vps; Robert F. Swartzbaugh, secretary/treasurer.
Licensed excess/surplus broker in: Nebraska.

Marsh & McLennan Cos. Inc.

1221 Ave. of the Americas, New York, N.Y. 10024; 212-997-2000
See profile page 10.

Marshall & Sterling Inc.

75 Washington St., Poughkeepsie, N.Y. 12601; 914-454-0800

	1984	1983
Premium volume	$22,000,000	$20,000,000
Gross revenues	$3,574,000	$3,100,000
Brokerage: Retail	61%	61%
Personal lines	35%	35%
Invest. income	4%	4%
Employees	70	65
Offices	3	3

Year founded: 1864.
Brokerage: 99% commission; 1% fee.
Acquisitions: Young-Clark Insurance Ltd., Christiansted, St. Croix, U.S. Virgin Islands.
Branch offices: Wappingers Falls, N.Y.; Christiansted, St. Croix, U.S. Virgin Islands.
Subsidiaries: Caribbean Insurance Agency Inc., U.S. Virgin Islands.
Principal officers: John P. O'Shea, president; Harry E. Reis Jr., vp/general manager-Wappingers Falls branch; Larry W. Frey, resident vp-Virgin Islands; Peter T. Bennett, Frank R. Rinaudo, vps.
Licensed excess/surplus broker in: New York; U.S. Virgin Islands.

Mason-McDuffie Insurance Service Inc.

3478 Buskirk Ave., Suite 333, Pleasant Hill, Calif. 94523; 415-946-0800

	1984	1983
Premium volume	$20,000,000	$12,100,000
Gross revenues	$3,726,000	$2,500,000
Brokerage: Retail	57%	60%
Personal lines	40%	37%
Invest. income	3%	3%
Employees	61	42
Offices	3	2

Year founded: 1887.
Brokerage: 100% commission.
Acquisitions: Wm. Krueger Insurance Agency, San Francisco; T.J. Inglott, Long Beach, Calif.; Trans-Pak, San Leandro, Calif.; selected accounts from major San Francisco brokerage; all purchased.
Branch offices: Sacramento, San Leandro and Fullerton, Calif.
Principal officers: Jay P. O'Brien, president; Donald C. Hook, executive vp; Gary N. Lewis, chief financial officer; L. Jay Idlor, vp; J.R. Dunathan, vp-sales/marketing.

May-Davis Inc.

Box 11589, Spokane, Wash. 99211; 509-535-8783

	1984	1983
Premium volume	$4,500,000	$4,250,000
Gross revenues	$500,000	$500,000
Brokerage: Retail	100%	100%
Employees	5	5
Offices	1	1

Year founded: 1974.
Brokerage: 100% commission.
Principal officers: L.E. May, president; William H. Davis, executive vp.

McCrea & Gallen Inc.

992 Old Eagle School Road, P.O. Box 311, Wayne, Pa. 19087; 215-964-9250

	1984	1983
Premium volume	$7,800,000	$7,200,000
Gross revenues	$856,000	$760,000
Brokerage: Retail	91%	94.5%
Invest. income	7%	5.5%
Other	2%	0%
Employees	21	20
Offices	1	1

Year founded: 1980.
Brokerage: 85% commission; 15% fee.
Principal officers: Thomas F. McCrea, president; Thomas J. Gallen, secretary/treasurer.

McDonough Capterton Insurance Group

One Hillcrest Dr., P.O. Box 1551, Charleston, W. Va. 25326; 304-346-0611
See profile page 72.

McDowell Insurance Inc.

338 Lincoln Way E., P.O. Box 497, Chambersburg, Pa. 17201; 717-263-8401

	1984	1983
Premium volume	$8,730,000	$8,069,000
Gross revenues	$1,915,000	$1,714,000
Brokerage: Retail	57%	65%
Personal lines	36%	30%
Invest. income	2%	2%
Other	5%	3%
Employees	44	48
Offices	5	6

Year founded: 1910.
Brokerage: 99% commission; 1% fee.
Branch offices: Carlisle, Greencastle, Mercersburg and Waynesboro, Pa.
Subsidiaries: WNS Properties Inc., Chambersburg, Pa.
Principal officers: E.C. Zimmerman, president and chief executive officer; Karl A. Shreiner, executive vp and chief operating officer; Charles W. Schroeder, vp; Robert C. Reymer Jr. and Norman F. Wilson Jr., vps.
Licensed excess/surplus broker in: Pennsylvania.

The McElroy-Minister Co.

141 E. Town St., Columbus, Ohio 43215; 614-228-5565

	1984	1983
Premium volume	$29,125,533	$24,560,058
Gross revenues	$4,939,813	$4,346,253
Brokerage: Retail	74%	73%
Services	17%	17%
Personal lines	4%	4%
Invest. income	4%	5%
Other	1%	1%
Employees	103	98
Offices	1	1

Year founded: 1875.
Brokerage: 71% commission; 29% fee.
Subsidiaries: Bancroft Co., Columbus, Ohio.
Principal officers: H. Thorp Minister Jr., chairman; John C. Glandon, vice chairman; Keith A. Pierce, president/treasurer; James R. Creek, executive vp; William R. Gillam, executive vp/secretary.
Licensed excess/surplus broker in: Ohio.

McGowan & Co. Inc.

21010 Center Ridge Road, Rocky River, Ohio 44116; 216-333-6300

	1984	1983
Premium volume	$8,245,000	$7,540,000
Gross revenues	$856,000	$781,100
Brokerage: Retail	73%	71%
Wholesale	1%	0%
Personal lines	25%	0%
Invest. income	1%	0%
Other	0%	29%
Employees	26	24
Offices	1	1

Year founded: 1950.
Brokerage: 92% commission; 8% fee.
Principal officers: Thomas B. McGowan, president; Thomas B. McGowan III, vp.
Licensed excess/surplus broker in: Ohio.

McGriff, Seibels & Williams Inc.

P.O. Box 10265, Birmingham, Ala. 35202; 205-252-9871

	1984	1983
Premium volume	$82,617,527	$65,168,095
Gross revenues	$12,899,054	$10,707,187
Brokerage: Retail	68.9%	65.4%
Wholesale	1.7%	0%
Services	9.6%	15.2%
Personal lines	3.4%	4.0%
Invest. income	4.9%	5.0%
Other	11.5%	10.4%
Employees	268	215
Offices	6	6

Year founded: 1886.
Brokerage: 100% commission.
Branch offices: Florence and Mobile, Ala.; Pensacola and Orlando, Fla.; Atlanta.
Subsidiaries: Southern Risk Services Inc., Birmingham, Ala.; Wood & Co. Inc., Atlanta.
Principal officers: Lee McGriff, chairman/chief executive officer; Richard M. Womack, president; Elliott T. Williams Jr., Henry G. Seibels Jr., vice chairmen.
Licensed excess/surplus broker in: Alabama, Florida and Georgia.

Richard A. McGuire Associates Inc.

1510 Fifth Ave., Bay Shore, N.Y. 11706; 516-666-9300

	1984	1983
Premium volume	$8,350,000	$8,000,000
Gross revenues	$1,300,000	$1,250,000
Brokerage: Retail	50%	40%
Wholesale	5%	10%
Services	3%	15%
Personal lines	30%	25%
Invest. income	2%	2%
Other	10%	8%
Employees	28	30
Offices	1	3

Year founded: 1969.
Brokerage: 90% commission; 10% fee.
Subsidiaries: Steel & McGuire of New York Inc.; Suffolk Risk Management Associates Inc.; Harbour Financial Planning Group Ltd.
Principal officers: Richard A. McGuire, president; Robert F. Guariglia, vp.

Meadowbrook Inc.

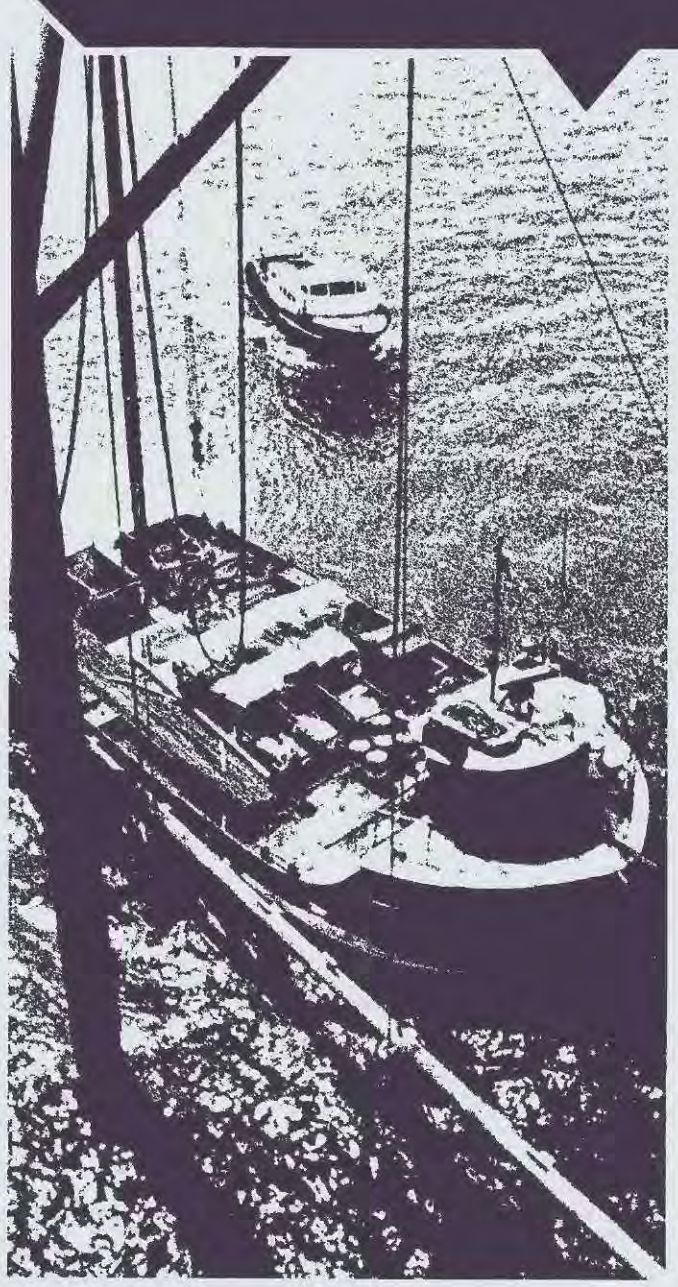
24370 Northwestern Highway, Southfield, Mich. 48075; 313-358-1100

	1984	1983
Premium volume	$28,700,000	$20,700,000
Gross revenues	$5,500,000	$4,504,000
Brokerage: Retail	59%	52%
Reinsurance	3%	3%
Services	30%	35%
Personal lines	3%	4%
Other	2%	2%
Employees	105	102
Offices	7	6

Year founded: 1955.
Brokerage: 100% commission.
Continued on next page

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Correspondents, Lloyd's London

Continued from preceding page

Branch offices: Boston; Hamilton, Bermuda; Chicago; New York; Stuart, Fla.; Grand Rapids, Mich.

Subsidiaries: Meadowbrook Insurance Agency Inc., Dedham, Mass., and Arlington Heights, Ill.; Meadowbrook Risk Management Ltd., Hamilton, Bermuda, and New York; Self Insured Risk Services Inc., Southfield, Mich.; MeadowLife Inc., Southfield, Mich.; Nolta-Quail-Sauer & Associates Inc., Southfield, Mich.; Meadowbrook Intermediaries Inc., New York; Corporate Risk Consultants, Southfield, Mich.

Parent company: Meadowbrook Inc.

Principal officers: Merton J. Segal, chairman; Robert A. Engle, president; Lee F. Kelly, vp/treasurer; Michael Murawski and Gerald Kanter, vp.

Licensed excess/surplus broker in: Michigan.

Merritt & McKenzie Inc.

1827 Powers Ferry Road, Building 10, Marietta, Ga. 30067; 404-952-5775

	1984	1983
Premium volume	$7,000,000	$6,000,000
Gross revenues	$1,400,000	$1,150,000
Brokerage: Retail	45%	45%
Personal lines	52%	52%
Invest. income	3%	3%
Employees	27	25
Offices	1	1

Year founded: 1925.

Brokerage: 100% commission.

Principal officers: James W. McKenzie Sr., chairman; Edward F. Merritt Jr., president; Sam P. McKenzie Jr.

Julius Moll & Son Inc.

6160 N. Cicero Ave., Chicago, Ill. 60646; 312-286-7737

	1984	1983
Premium volume	$9,000,000	$8,500,000
Gross revenues	$1,600,000	$1,400,000
Brokerage: Retail	72%	77%
Services	5%	2%
Personal lines	8%	9%
Invest. income	3%	2%
Other	12%	10%
Employees	23	18
Offices	1	1

Year founded: 1901.

Brokerage: 99% commission, 1% fee.

Principal officers: Theodore S. Ross, president; Richard M. Moll, chairman.

Licensed excess/surplus broker in: Illinois.

Molton, Allen & Williams Corp.

2101 Sixth Ave. N., P.O. Box 10025, Birmingham, Ala. 35202-0025; 205-251-6000

	1984	1983
Premium volume	$22,805.3600??	11,633,100
Gross revenues	$2,736,342	$1,428,684
Brokerage: Retail	78%	97.5%
Services	2%	2.5%
Personal lines	20%	0%
Employees	48	24
Offices	3	3

Year founded: 1983.

Brokerage: 98% commission; 2% fee.

Acquisitions: Lyons Insurance Co., Mobile, Ala.; M. Lee Mitchell, Birmingham, Ala.

Branch offices: Huntsville, Mobile, Ala.

Principal officers: Tommy C. Ritter, president/chief executive officer; William M. Jacka, president-insurance division; Jeffrey L. Johnson, executive vp; John H. Truitt, senior vp.

Licensed excess/surplus broker in: Alabama.

Morency, Weible & Sapa Inc.

950 York Road, Hinsdale, Ill. 60521; 312-887-0910

	1984	1983
Premium volume	$7,500,000	$6,000,000
Gross revenues	$1,600,000	$1,250,000
Brokerage: Retail	94%	94%
Personal lines	4%	4%
Invest. income	2%	2%
Employees	15	14
Offices	1	1

Year founded: 1960.

Brokerage: 99% commission; 1% fee.

Principal officers: George A. Morency Jr., president; Glenn P. Sapa, Mike Weible, Richard T. Morency, vps.

Licensed excess/surplus broker in: Illinois.

Fred A. Moreton & Co.

649 East South Temple, Salt Lake City, Utah 84102; 801-531-1234

	1984	1983
Premium volume	$20,300,000	$16,900,000
Gross revenues	$4,061,000	$3,500,000
Brokerage: Retail	72%	71%
Wholesale	16%	20%
Services	3%	0%
Personal lines	2%	2%
Invest. income	5%	5%
Other	2%	2%
Employees	62	55
Offices	2	2

Year founded: 1910.

Brokerage: 99% commission; 1% fee.

Branch offices: Idaho Falls, Idaho.

Subsidiaries: Moreton General Agency, Salt Lake City; Moreton Insurance Credit Plan, Salt Lake City; Moreton Benefit Administrators, Salt Lake City.

Principal officers: Edward B. Moreton, president; Ron Cornell, executive vp; Edward F. Folland, senior vp; L. Kent Bills, Don Merrill, vps.

Licensed excess/surplus broker in: Utah and Idaho.

N

NIA Ltd./National Insurance Associates

66 Route 17, Paramus, N.J. 07652; 201-845-6600

	1984	1983
Premium volume	NA	$22,000,000
Gross revenues	$5,193,000	$4,498,000
Brokerage: Retail	46%	50%
Wholesale	12%	8%
Services	8%	7%
Personal lines	33%	33%
Invest. income	1%	2%
Employees	99	95
Offices	7	7

Year founded: 1926.

Brokerage: 91% commission; 9% fee.

Acquisitions: James & Co. Inc., Fair Lawn, N.J.; Coven Agency Inc., West New York, N.J.; Sidney Kaplow Insurance, Newark, N.J.; all included.

Branch offices: Guttenberg, Newark, North Plainfield, Freehold and Long Valley, N.J.; Nanuet, N.Y.

Subsidiaries: NIA Risk Management Services, Paramus, N.J.; NIA Professional Plans Inc., Paramus, N.J.

Principal officers: Paul L. Gross, president; William F. Meade, executive vp; Beulah J. Handler, senior vp; Howard P. Cantor, vp-finance/treasurer.

National Coverage Corp.

2174 Jackson Ave., P.O Box 40, Seaford, N.Y. 11783; 516-826-8000

	1984	1983
Premium volume	$18,198,000	$17,520,000
Gross revenues	$2,220,362	$2,047,999
Brokerage: Retail	83%	87%
Personal lines	9.3%	7.2%
Invest. income	7.7%	5.8%
Employees	43	40
Offices	1	1

Year founded: 1964.

Brokerage: 90% commission; 10% fee.

Subsidiaries: School Brokerage Inc.

Principal officers: William A. Kulesh, president/treasurer; Warren G. Aaronson, executive vp; Anthony P. Costanza, senior vp; Russell J. Tillman, Ronald P. D'Alessandro, vps.

Near North Insurance Agency Inc.

875 N. Michigan Ave., 23rd Floor, Chicago, Ill. 60611; 312-280-5600

	1984	1983
Premium volume	$50,000,000	$38,000,000
Gross revenues	$6,500,000	$4,800,000
Brokerage: Retail	96%	96%
Wholesale	2%	2
Personal lines	2%	2%
Employees	120	108
Offices	1	1

Year founded: 1962.

Brokerage: 99% commission; 1% fee.

Subsidiaries: Condominium Risk Managers, Arkin Associates; North Suburban Inc.; Lustig Sherman; all in Chicago.

Principal officers: Michael Segal, president; David C. Green, Claude LoPiccolo, Robert E. Kappus and Edwin B. Hochman, senior vps.

Licensed excess/surplus broker in: Illinois.

Nelson Charlmers Inc.

725 Teaneck Road, NCI Building, Teaneck, N.J. 07666; 201-837-1100/212-772-0060

	1984	1983
Premium volume	$13,778,583	$10,800,000
Gross revenues	$1,899,651	$1,692,000
Brokerage: Retail	85%	80%
Personal lines	15%	20%
Employees	32	30
Offices	1	1

Year founded: 1962.

Brokerage: 90% commission; 10% fee.

Principal officers: Alvin Singer, president; Donald Dillon, vp.

North American Insurance Agency Inc.

3800 Classen Blvd., Oklahoma City, Okla. 73118; 405-523-2100

	1984	1983
Premium volume	$41,918,000	$40,670,000
Gross revenues	$5,659,000	$5,530,042
Brokerage: Retail	71%	69%
Personal lines	28%	30%
Other	1%	1%
Employees	84	86
Offices	6	6

Year founded: 1959.

Brokerage: 98% commission; 2% fee.

Acquisitions: Earnie Cornelius Insurance Agency, Yukon, Okla.; Payne Co., Oklahoma City.

Branch offices: Tulsa and Edmond, Okla.; Denver; Dallas; New Orleans.

Subsidiaries: NAIA of Louisiana Inc.; NAIA of Tulsa Inc.; NAIA of Texas Inc.; NAIA of Colorado Inc.

Principal officers: Gene McCrory, president; Donald W. Glaspey, executive vp; Jack G. Barry, senior vp; James M. Hill, treasurer; John Mackey, vp.

Licensed excess/surplus broker in: Oklahoma, Colorado and Louisiana.

North American Racing Insurance Inc.

P.O. Box 2240, Independence, Mo. 64055; 816-254-2525

	1984	1983
Premium volume	NA	New
Gross revenues	$600,000	company
Brokerage: Retail	92%	—
Wholesale	6%	—
Services	1%	—
Invest. income	1%	—
Employees	3	—
Offices	1	—

Year founded: 1984

Brokerage: 99% commission; 1% fee.

Principal officers: Virgil George England Jr., president; Gilbert C. England, vp; Beverly I. England, secretary/treasurer.

Licensed excess/surplus broker in: Missouri.

O

Olliver/Pilcher Insurance Inc.

6150 N. 16th St., Phoenix, Ariz. 85016; 602-277-5703

	1984	1983
Premium volume	$44,000,000	$38,396,805
Gross revenues	$8,600,000	$7,787,213
Brokerage: Retail	98%	98%
Wholesale	2%	2%
Employees	165	170
Offices	5	10

Year founded: 1907.

Brokerage: 100% commission.

Branch offices: Glendale, Prescott, Flagstaff and Yuma, Ariz.

Subsidiaries: Olliver/Pilcher Financial Corp. and Olliver/Pilcher Management Co.

Principal officers: William W. Pilcher, chairman; William W. Pilcher II, vice chairman; Mike Metzger, president; Pete Scardello Jr., executive vp; Dick Jones, senior vp/secretary; Jerry Underwood, treasurer.

Licensed excess/surplus broker in: Arizona.

Osborn & Lange Inc.

759 Victoria Square, Montreal, Quebec, Canada H2Y2K5; 514-849-4161

	1984	1983
Premium volume	$21,000,000	$22,500,000
Gross revenues	$2,300,000	$2,330,000
Brokerage: Retail	78.0%	83.6%
Services	9.0%	16.4%
Personal lines	5%	0%
Invest. income	6%	0%
Other	2%	0%
Employees	40	46
Offices	4	6

Year founded: 1898.

Brokerage: 90% commission 10% fee.

Branch offices: Toronto; Vancouver, British Columbia; Winnipeg, Manitoba.

Subsidiaries: Osborn & Lange (USA) Inc., Chicago.

Principal officers: H. Bennett, president/chief executive officer; J.A. Cantello, vp; T.G. Cleary, vp-finance; M.A. Hogan and K. Robinson, vps-Toronto.

Osterloh & Durham Insurance Brokers of North America Inc.

6930 N. Valjean Ave., Van Nuys, Calif. 91409-8400; 818-988-6520

	1984	1983
Premium volume	$26,000,000	$25,000,000
Gross revenues	$2,234,139	$1,910,445
Brokerage: Retail	92%	33%
Services	0%	5%
Personal lines	3%	0%
Invest. income	5%	12%
Employees	37	28
Offices	3	3

Year founded: 1924.

Brokerage: 95% commission; 5% fee.

Branch offices: Escondido and Long Beach, Calif.

Principal officers: A.F. Osterloh III, chairman/president; Roy C. Redman, Carl C. Lamb, L.C. Sears, Peter Kent, vps.

Arthur L. Owen Co. Inc.

714 Jackson St., The Renaissance Place, Suite 1000, Dallas, Texas 75202; 214-747-6500

	1984	1983
Premium volume	$31,117,000	$25,836,000
Gross revenues	$4,588,000	$3,655,000
Brokerage: Retail	89.0%	92.0%
Services	—	2.0%
Personal lines	5.5%	6.0%
Invest. income	5.5%	—
Employees	60	51
Offices	1	1

Year founded: 1946.

Brokerage: 97% commission; 3% fee.

Subsidiaries: Owen Life Agency Inc.; Owen Realty Partners.

Principal officers: Arthur L. Owen, chairman; Douglas B. Owen, president; Ed Dunn, executive vp; Richard Kerr and Joe Funk, senior vps; Rex Jennings, vp.

Licensed excess/surplus broker in: Texas.

P

Palley Simon Associates

Rydal Executive Plaza, Rydal, Pa. 19046; 215-884-2100

	1984	1983
Premium volume	$6,750,000	$6,350,000
Gross revenues	$1,250,000	$1,100,000
Brokerage: Retail	85%	85%
Personal lines	15%	15%
Employees	20	18
Offices	1	1

Year founded: 1974.

Brokerage: 90% commission; 10% fee.

Principal officers: Mahlon B. Simon Jr., president; Samuel M. Palley, Dexter P. Gresh, vps.

Palmer Goodell Insurance Agency Inc.

BayBank Tower, 1500 Main St., Springfield, Mass. 01115; 413-781-5940

	1984	1983
Premium volume	$24,401,768	$22,067,085
Gross revenues	$3,547,816	$3,385,666
Brokerage: Retail	50%	48%
Services	6%	5%
Personal lines	29%	28%
Invest. income	1%	1%
Other	14%	18%
Employees	79	79
Offices	1	1

Year founded: 1955.

Brokerage: 96% commission, 4% fee.

Principal officers: John W. Pennington, president/chief executive officer; H. Russell Preston, senior vp/clerk; Robert H. Carnevale, executive vp/treasurer; Carleen Papageorge, senior vp/director of insurance services; Jack Stone, vp-sales; Elizabeth W. Moore, vp-agency operations.

Licensed excess/surplus broker in: Massachusetts.

Pembroke Insurance Agency Inc.

Suite 626, 281 Independence Blvd., Virginia Beach, Va. 23462; 804-497-9611

	1984	1983
Premium volume	$4,579,000	$3,789,000
Gross revenues	$774,767	$686,703
Brokerage: Retail	76%	74%
Personal lines	24%	26%
Employees	13	13
Offices	1	1

Year founded: 1969.

Brokerage: 100% commission.

Parent company: Pembroke Enterprises Inc.

Principal officers: W. Kirk Hammaker, president; Brenda H. Roach, vp; Richard E. Olivieri, Frederick J. Napolitano.

Licensed excess/surplus broker in: Virginia.

Perpetual Insurance Services Inc.

8401 Corporate Drive, Landover, Md. 20785; 301-386-3100

	1984	1983
Premium volume	$6,800,000	$6,000,000
Gross revenues	$1,569,092	$1,564,513
Brokerage: Retail	32%	36%
Personal lines	63%	59%
Invest. income	4%	5%
Other	1%	0%
Employees	36	29
Offices	1	1

Year founded: 1927.

Brokerage: 100% commission.

Parent company: Perpetual American Bank, F.S.B.

Principal officers: Thomas Owen, chairman; Willard Bernardin, president; Ross Towne, Livinia Cook and Richard Ferrigno, vps.

Licensed excess/surplus broker in: Maryland, Virginia, District of Columbia.

H & R Phillips Inc.

622 Third Ave., New York, N.Y. 10017; 212-949-9100

	1984	1983
Premium volume	NA	NA
Gross revenues	$2,300,000	$2,000,000
Brokerage: Retail	85%	85%
Wholesale	5%	5%
Services	5%	5%
Personal lines	5%	5%
Employees	32	30
Offices	1	1

Continued on facing page



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Continued from facing page

Year founded: 1964.
Brokerage: 95% commission; 5% fee.
Subsidiaries: Management Compensation Group New York Inc., New York; Management Compensation Group Northern New Jersey Inc., Tenafly, N.J.; H & R Phillips of Delaware Inc., New York; Phillips Services Inc., New York.
Principal officers: Harry Phillips III, chairman; Judith L. Robinson, president; Roger Phillips, executive vp; Carmen Barros and William R. Phillips, vps.

Pickett, Adams & Burkholder Insurance Inc.

P.O. Box 850069, Mobile, Ala. 36685; 205-343-9480

	1984	1983
Premium volume	$5,400,000	$4,800,000
Gross revenues	$829,144	$636,000
Brokerage: Retail	65%	50%
Wholesale	1%	1%
Personal lines	32%	47%
Invest. income	2%	2%
Employees	19	17
Offices	1	1

Year founded: 1983.
Brokerage: 100% commission.
Acquisitions: Hefner & Jensen Insurance.
Principal officers: C. King Pickett, president; Spencer M. Adams III, executive vp; Paul H. Burkholder Jr., secretary/treasurer; Jerry P. Edwards, H. Steven King, vps.
Licensed excess/surplus broker in: Alabama.

Pierson & Smith Inc.

65 Broad St., Stamford, Conn. 06901; 203-327-2727

	1984	1983
Premium volume	$19,200,000	$17,300,000
Gross revenues	$3,351,000	$3,238,000
Brokerage: Retail	77%	63%
Other	23%	37%
Employees	52	44
Offices	3	4

Year founded: 1935.
Brokerage: 94% commission; 6% fee.
Branch offices: Norwalk and Danbury, Conn.
Principal officers: Samuel F. Pierson, president; Richard H. Smith Jr., executive vp; Jon Rudiger, treasurer; Michael G. Watts, secretary.
Licensed excess/surplus broker in: Connecticut.

Poe & Associates Inc.

702 N. Franklin, Tampa, Fla. 33602; 813-228-7361
See profile page 64.

Popkin Lebson Bergstein Inc.

38 Franklin St., P.O. Box 800, Tenafly, N.J. 07670; 201-569-8090/212-928-2473

	1984	1983
Premium volume	$9,258,903	$8,003,886
Gross revenues	$1,740,623	$1,550,786
Brokerage: Retail	65%	65%
Wholesale	1%	1%
Services	1%	1%
Personal lines	31%	31%
Invest. income	2%	2%
Employees	25	24
Offices	1	1

Year founded: 1974.
Brokerage: 99% commission; 1% fee.
Subsidiaries: PLB Life Agency Inc. and Instrument Insurance Agency, Tenafly, N.J.
Principal officers: Leo J. Popkin, president; Bruce A. Bergstein, vp/secretary; Martin A. Lebson, vp/treasurer; Michael Bergstein, Ron Bergstein, Jay Bergstein, vps; Ted Kadison, vp-PLB Life Agency Inc.

Cecil W. Powell & Co.

Box 41490, Jacksonville, Fla. 32203; 904-353-3181

	1984	1983
Premium volume	NA	$5,750,000
Gross revenues	$1,819,000	$1,239,870
Brokerage: Retail	90%	95%
Services	1%	0%
Personal lines	5%	0%
Invest. income	4%	0%
Other	0%	5%
Employees	23	22
Offices	1	1

Year founded: 1936.
Brokerage: 99% commission; 1% fee.
Principal officers: Fitzhugh K. Powell Sr., president/treasurer; Lon B. Bryan, executive vp; Stan L. Storey, vp-casualty; R.B. Hazard, vp-surety; C. Buys, assistant secretary/assistant treasurer.
Licensed excess/surplus broker in: Florida.

Producers Exchange Inc.

1310 Texas American Bank Building, Dallas, Texas 75235; 214-357-6504

	1984	1983
Premium volume	$19,400,000	$20,500,000
Gross revenues	$1,990,000	$2,130,000
Brokerage: Retail	50%	42%
Wholesale	12%	15
Services	30%	34%
Invest. income	7%	9%
Other	1%	0%
Employees	26	35
Offices	4	4

Year founded: 1973.
Brokerage: 85% commission. 15% fee.
Branch offices: Corpus Christi, Lubbock and Houston, Texas.
Subsidiaries: Producers Exchange Insurance Agency Inc., Dallas; Producers Exchange Life Insurance Agency Inc., Dallas; Producers Exchange Management Co. Inc., Dallas.
Parent company: Producers Exchange Cooperative.
Principal officers: Bill M. Morrison, president and chief executive officer; Travis D. Roberts and V.M. Gilmore, vps; George R. Flickinger, regional vp.
Licensed excess/surplus broker in: Texas.

Professional Insurance Associates Inc.

429 Hackensack St., Carlstadt, N.J. 07072; 201-438-7500

	1984	1983
Premium volume	$6,000,000	$5,400,000
Gross revenues	$1,153,936	$961,732
Brokerage: Retail	80%	80%
Personal lines	16%	17%
Invest. income	4%	3%
Employees	21	18
Offices	1	1

Year founded: 1957.
Brokerage: 100% commission.
Subsidiaries: P.I.A. Security Programs Inc., Carlstadt, N.J.
Principal officers: Victor M. Gardella, president; Frank J. Sacco, vp; James V. Gardella, secretary.

R L & G Agency Inc.

P.O. Box 426, Norwich, Conn. 06360; 203-642-7559

	1984	1983
Premium volume	$5,736,000	$4,360,000
Gross revenues	$720,000	$510,000
Brokerage: Retail	91%	90%
Wholesale	5%	7%
Services	1%	0%
Invest. income	3%	2%
Other	0%	1%
Employees	12	11
Offices	2	2

Year founded: 1944.
Brokerage: 97% commission; 3% fee.
Branch offices: Moosup, Conn.
Subsidiaries: Forest Products Agency Co. Inc., Norwich, Conn.
Principal officers: Leslie H. Young, president; Ernest E. Poore, vp; R. Gary Young, secretary/treasurer.
Licensed excess/surplus broker in: Connecticut, Virginia.

Reager-Harris

10400 Linn Station Road, P.O. Box 24008, Louisville, Ky. 40224; 502-425-9444

	1984	1983
Premium volume	$11,500,000	$8,000,000
Gross revenues	$1,919,919	$1,077,502
Brokerage: Retail	72%	69%
Personal lines	20%	25%
Investment income	8%	6%
Employees	43	40
Offices	1	1

Year founded: 1904.
Brokerage: 98% commission; 2% fee.
Principal officers: Richard L. Martin, president; James E. Carrico, John L. English, vps; Larry P. Westmoreland, secretary; Joseph M. Carrico, treasurer.
Licensed excess/surplus broker in: Kentucky.

Rebsamen Insurance

1500 Riverfront Drive, P.O. Box 3198, Little Rock, Ark. 72203; 501-661-4800

	1984	1983
Premium volume	$73,193,982	$65,265,064
Gross revenues	$10,081,616	$8,033,042
Brokerage: Retail	62.1%	74.2%
Wholesale	15.4%	16.8%
Services	11.8%	9.0%
Personal lines	3.5%	0%
Invest. income	7.2%	0%
Employees	144	143
Offices	3	3

Year founded: 1929.
Brokerage: 96% commission; 4% fee.
Branch offices: Fort Smith and Springdale, Ark.
Subsidiaries: Insurisk Insurance Services and Insurisk Excess & Surplus Lines, both in Little Rock, Ark.; Rebsamen Insurance/Louisiana, New Orleans.
Parent company: Rebsamen Cos. Inc.
Principal officers: Charles H. Harper, president; Charles C. Campbell, executive vp; Max F. Campbell, senior vp/treasurer; William L. Grace, Jack L. Garrison, senior vps.
Licensed excess/surplus broker in: Arkansas.

Reed Stenhouse U.S.A.

88 Pine St., New York, N.Y. 10005; 212-483-1204
See profile page 55.

Republic Hogg Robinson Inc.

117 Milk St., Boston, Mass. 02109; 617-542-5200
See profile page 62.

Rhulen Agency Inc.

217 Broadway, Monticello, N.Y. 12701; 914-794-8000

	1984	1983
Premium volume	$80,000,000	$75,000,000
Gross revenues	$16,247,198	$14,014,000
Brokerage: Retail	45%	48%
Wholesale	47%	49%
Reinsurance	3%	0%
Services	1%	0%
Personal lines	2%	3%
Invest. income	2%	0%
Employees	227	235
Offices	8	8

Year founded: 1934.
Brokerage: 99% commission; 1% fee.
Branch offices: Greer, S.C.; New York; Murfreesboro, Tenn.; Levittown, Pa.; Interstate Insurance Agency, Atlanta and Los Angeles; Weisbord Wells Cross & Brown Inc., Liberty, N.Y.; Rhulen Insurance Managers Ltd., Toronto, Canada.
Subsidiaries: Rhulen Life & Pensions Inc., Monticello, N.Y.; Rhulen Special Risks Inc., Monticello, N.Y.; Weisbord Wells Cross & Brown Inc., Liberty, N.Y.; Interstate Insurance Agency, Los Angeles and Atlanta; Rhulen Insurance Managers, Toronto, Canada; Frontier Insurance Co.
Parent company: Frontier Columbus Corp.
Principal officers: Max H. Rhulen, chairman; Walter A. Rhulen, president; Jesse M. Farrow, executive vp; Peter L. Rhulen, secretary.
Licensed excess/surplus broker in: New York.

John M. Riehle & Co. Inc.

111 Fifth Ave., New York, N.Y. 10003; 212-614-3406

	1984	1983
Premium volume	$33,000,000	$35,000,000
Gross revenues	$5,725,000	$6,275,000
Brokerage: Retail	60%	60%
Personal lines	40%	40%
Employees	120	130
Offices	3	2

Year founded: 1896.
Brokerage: 90% commission; 10% fee.
Acquisitions: Harvest & HBJ Insurance Inc., Orlando, Fla., purchased.
Subsidiaries: Knox, Lent & Tucker Inc., White Plains, N.Y.; Gary Wood Associates Inc., New York; Harvest & HBJ Insurance Inc., Orlando, Fla.
Parent company: Harcourt Brace Jovanovich Inc.
Principal officers: Richard Fuhrman, president; William Madison, senior vp; Marc Johnston, vp/treasurer; Gary Wood, president-Gary Wood Associates Inc..
Licensed excess/surplus broker in: New York, Florida.

Roanoake Agency Inc.

1900 E. Golf Road, Suite 740, Schaumburg, Ill. 60915;

	1984	1983
Premium volume	NA	NA
Gross revenues	$8,200,000	$6,200,000
Brokerage: Retail	81%	78%
Wholesale	5%	5%
Services	3%	3%
Personal lines	7%	9%
Invest. income	4%	5%
Employees	154	131
Offices	9	9

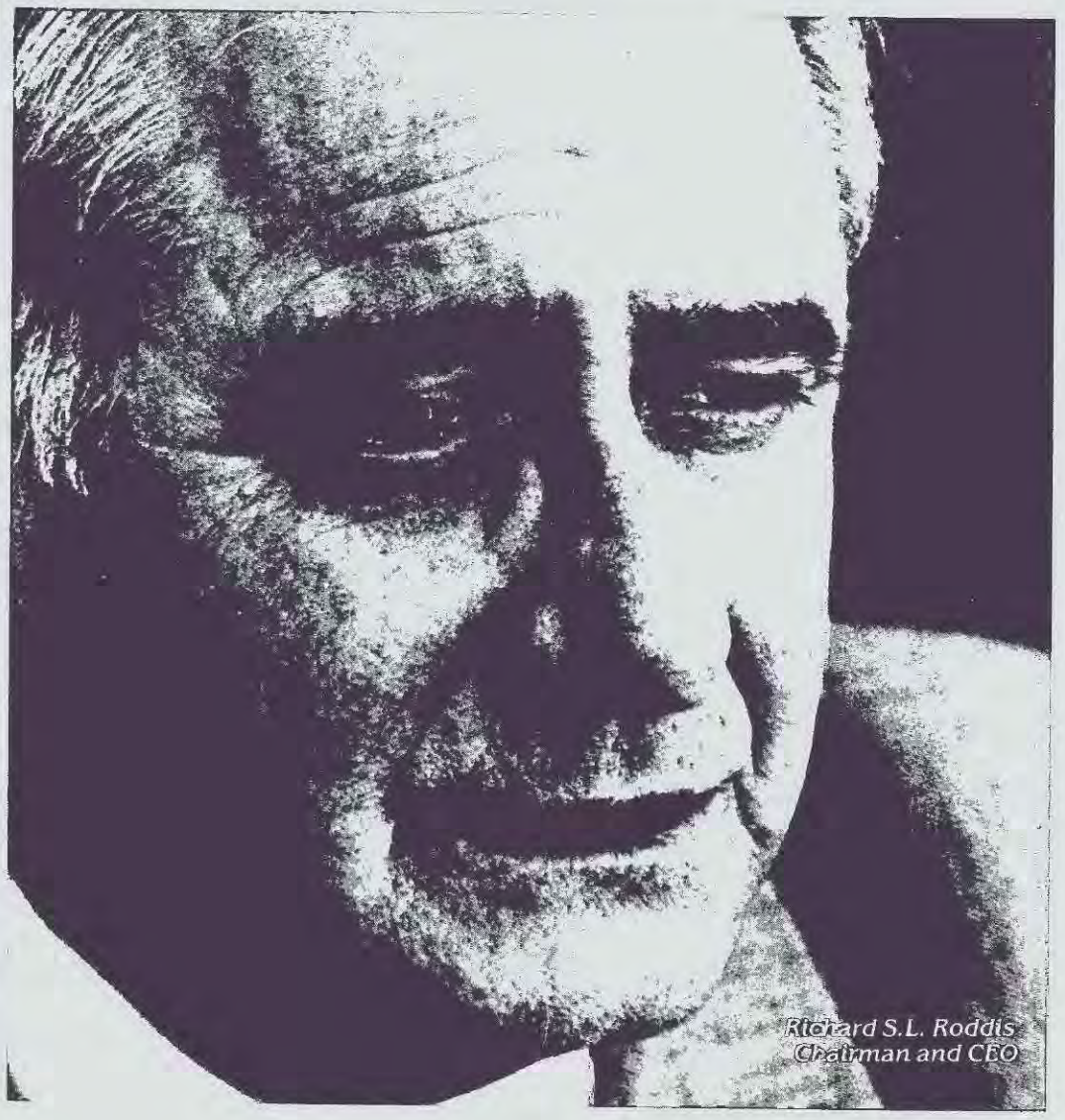
Year founded: 1935.
Brokerage: 97% commission; 3% fee.
Acquisitions: Twinbrook Insurance Agency, Schaumburg, Ill., purchased.
Branch offices: Boston; New York; Towson, Md.; Miami; Houston; Los Angeles; San Francisco; Cleveland.
Subsidiaries: Anauril Cargo Insurance, Los Angeles.
Principal officers: Bruce A. Wilson, chairman/president; Robert P. Froese, vp-operations; Michael L. Host, vp-finance/administration; Gerald M. Lavey, director of marketing.
Licensed excess/surplus broker in: Illinois, Maryland, New York, California, Texas, Florida, Massachusetts, Washington, Oregon, Pennsylvania.

Robertson-Ryan & Associates Inc.

660 E. Mason St., Milwaukee, Wis. 53202; 414-271-3575

	1984	1983
Premium volume	$14,530,920	$12,943,000
Gross revenues	$2,809,082	$2,367,000
Brokerage: Retail	78%	80%
Personal lines	15%	15%
Invest. income	7%	5%
Employees	51	50
Offices	2	2

Year founded: 1960.
Brokerage: 100% commission.
Branch offices: Waukesha, Wis.
Continued on next page



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Continued from preceding page

Principal officers: Jack T. Ryan, chairman; Charles V. Johnson, executive vp/general manager; Lloyd F. Schutte, secretary/treasurer; A.D. Robertson, John S. Borges, vps/directors.

Licensed excess/surplus broker in: Several states.

Robinson-Conner Inc.

1030 State St., Erie, Pa. 16501; 814-452-6881

	1984	1983
Premium volume	$72,000,000	$70,000,000
Gross revenues	$15,205,000	$15,000,000
Brokerage: Retail	85%	70%
Services	15%	10%
Other	—	15%
Employees	305	306
Offices	15	16

Brokerage: 99% commission; 1% fee.

Acquisitions: Ameri-Guard Insurance Inc., Colorado Springs, Colo., pooling; Joseph F. Kenny Jr., Harrisburg, Pa., pooling; Klein & Appel Inc., Louisville, Ky., and O'Neill Insurance Agency, Houtzdale, Pa., both not included in 1984 revenues.

Branch offices: Robinson-Conner Inc., Pittsburgh; Moore & Eshelman, Clearfield, Pa.; Active Insurance Services, Mechanicsburg, Pa.; Insurance Services Corp., Philadelphia; Robinson-Conner of New York Inc., Rochester, N.Y.; Fox, Puckett, Cohen & Associates, Louisville, Ky.; Multi-Services Corp., Lexington, Ky.; Hyde Insurance, Asheville, Raleigh and Greensboro, N.C.; Ellis Tomberlin, Asheville, N.C.; Ed Murray & Sons, Cheyenne, Wyo.; Tolley-Weidman Insurance Agency Inc., Colorado Springs and Denver, Colo.; Workers Compensation Service Co., Cleveland.

Subsidiaries: Workers Compensation Service Co., Cleveland, Cincinnati and Columbus, Ohio; Claims Service Inc., Erie, Pa.; Colorado Notary Assn., Denver.

Principal officers: William B. Conner, president; Daniel P. Kuzio, senior vp; Patrick J. Quirk, treasurer.

Licensed excess/surplus broker in: Pennsylvania.

Robson, Cavignac & Associates

1520 State St., San Diego, Calif. 92101; 619-235-6301

	1984	1983
Premium volume	NA	NA
Gross revenues	$1,800,000	$1,600,000
Brokerage: Retail	95%	94%
Personal lines	5%	6%
Employees	25	24
Offices	1	1

Year founded: 1960.

Brokerage: 100% commission.

Subsidiaries: RCS Life Agency Corp., San Diego.

Principal officers: Jon R. Robson, president; Frank G. Cavignac, Kenneth Bohlander and Richard J. Thompson, vps; James O. Reynolds, president-RCS Life.

Rollins Burdick Hunter Co.

10 S. Riverside Plaza, Chicago, Ill. 60606; 312-454-1400

See profile page 40.

The M.H. Ross Co. Inc.-Insurance Brokers

14156 Magnolia Blvd., Sherman Oaks, Calif. 91423; 818-986-6900

	1984	1983
Premium volume	$14,560,000	$9,186,000
Gross revenues	$2,316,300	$1,659,800
Brokerage: Retail	88.0%	87.2%
Personal lines	9.3%	10.0%
Invest. income	2.7%	2.8%
Employees	43	40
Offices	1	1

Year founded: 1954.

Brokerage: 98.2% commission; 1.8% fee.

Acquisitions: Carl I. Nash, Irvine, Calif.

Principal officers: Murray H. Ross, chairman; Lloyd T. Ross, president; Carl I. Nash, executive vp; Gordon Gutzinger and Connie Grisanti, vps.

S

S & B Insurance Services Co.

34 S. Broadway, White Plains, N.Y. 10601; 914-946-3666

	1984	1983
Premium volume	$20,000,000	$15,000,000
Gross revenues	$2,145,849	$1,387,068
Brokerage: retail	80%	83%
Wholesale	20%	23%
Employees	11	9
Offices	2	2

Year founded: 1975.

Brokerage: 100% commission.

Branch offices: New York.

Principal officers: Joseph W. Swain and C. Stuart Moisen, senior vps.

Sacramento Valley Insurance

1520 River Park Drive, Sacramento, Calif. 95815; 916-920-3400

	1984	1983
Premium volume	$11,000,000	$9,000,000
Gross revenues	$1,730,000	$1,470,000
Brokerage: Retail	84%	83%
Personal lines	13%	14%
Inves. Income	3%	3%
Employees	32	29
Offices	1	1

Year founded: 1932.

Brokerage: 99% commission; 1% fee.

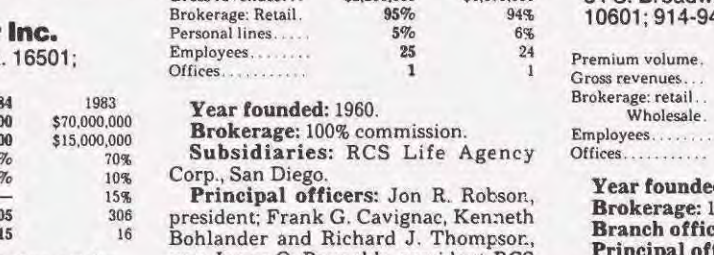
Principal officers: James C. Chenu, president; Thomas D. Hobday, executive vp; Charles J. Sigerseth and David Garese, vps; David Zancanaro, chief financial officer; J. Gary Kerns, secretary.

The Sadler Insurance Agency Inc.

24 Railroad Square, Nashua, N.H. 03060; 603-669-1400

	1984	1983
Premium volume	$9,373,306	$7,715,000
Gross revenues	$1,648,746	$1,400,258
Brokerage: Retail	75%	75%
Personal lines	25%	25%
Employees	30	28
Offices	2	2

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CIG

COX INSURANCE GROUP, INC.
Lloyd's London Correspondent
P.O. Box 27766 / 5170 Commerce Circle
Indianapolis, Indiana 46227 / (317) 887-0030 / Telex 276252

Year founded: 1924.

Brokerage: 100% commission.

Branch offices: Manchester, N.H.

Principal officers: George J.T. Sadler, president; James E. Cleary, executive vp; Robert E. Marcotte, senior vp; Arthur Bruinooge and Kathleen A. Murphy, vps.

Saldana & Associates Inc.

P.O. Box 3549, San Juan, Puerto Rico 00904; 809-721-2600

	1984	1983
Premium volume	$40,000,000	$38,000,000
Gross revenues	$4,300,000	$3,900,000
Brokerage: Retail	94%	94%
Personal lines	3%	3%
Invest. income	3%	3%
Employees	54	54
Offices	2	1

Year founded: 1972.

Brokerage: 100% commission.

Subsidiaries: Trans Island Insurance Service of the V.I. Inc., St. Thomas, V.I.

Principal officers: Jorge Y. Saldana, president; Ralph G. Christiansen Jr., executive vp/director; Eduardo R. Emanuelli, Jose E. Vazquez, M. Mendez and R. Jordan, senior vps/directors.

Licensed excess/surplus broker in: Puerto Rico and U.S. Virgin Islands.

Robert M. Schrayer Co.

230 W. Monroe, Chicago, Ill. 60606; 312-372-7000

	1984	1983
Premium volume	$22,000,000	$20,000,000
Gross revenues	$3,400,000	$2,200,000
Brokerage: Retail	85	90
Services	15	10
Employees	75	50
Offices	2	2

Year founded: 1971.

Brokerage: 85% commission, 15% fee.

Branch offices: Skokie, Ill.

Subsidiaries: RMSCO Management Services, Chicago.

Principal officers: Robert M. Schrayer, president; Karen Vacko, senior vp; Skip Schrayer, Robert Engel, R. Pat Ballis, James Kahnweiler, Barbara Stone, Marvin Jacobs and Jim Bartnick, vps.

Licensed excess/surplus broker in: Illinois.

Schwartz Brothers Insurance Agency Inc.

135 S. LaSalle St., Chicago, Ill. 60603; 312-630-0800

	1984	1983
Premium volume	$37,500,000	$25,100,000
Gross revenues	$5,600,000	$4,490,000
Brokerage: Retail	92%	91%
Personal lines	3%	4%
Inves. Income	5%	5%
Employees	53	45
Offices	1	1

Year founded: 1919

Brokerage: 96% commission; 4% fee.

Subsidiaries: Schwartz Benefits Services Inc., Schwartz Life Agency Inc., Chicago.

Principal officers: Edward H. Schwartz, president; Robert I. Schwartz, executive vp; Raymond L. Miller, treasurer; K. Richard Clark, vp; Mark Nahin, secretary.

Licensed excess/surplus broker in: Illinois.

James A. Scott & Son Inc.

P.O. Box 10489, Lynchburg, Va., 24503; 804-847-0111

	1984	1983
Premium volume	$19,848,000	$16,800,000
Gross revenues	$2,650,000	$2,216,000
Brokerage: Retail	65%	65%
Personal lines	28.7%	29.8%
Inves. Income	6.3%	5.2%
Employees	60	56
Offices	7	7

Year founded: 1866

Brokerage: 100% commission.

Branch offices: Roanoke, Danville, Altavista, Rustburg, Madison Heights and Timberlake, Va.

Subsidiaries: Central Virginia Insurance Consultants Inc., Lynchburg, Va.

Principal officers: Robert Nein, president; J. Clayton Chapman, vp; William McBratney, secretary; Leonard Morris, treasurer.

H.D. Segur Inc.

229 W. Main St., Box 631, Waterbury, Conn. 06702; 203-756-7933

	1984	1983
Premium volume	$8,500,000	$3,400,000
Gross revenues	$1,465,000	$1,463,000
Brokerage: Retail	71%	71%
Wholesale	0.5%	0.5%
Reinsurance	0.5%	0.5%
Personal lines	23%	23%
Invest. income	5%	5%
Employees	28	28
Offices	2	2

Year founded: 1890.

Brokerage: 91% commission; 4% fee.

Subsidiaries: Segur-Fairfield Inc., Westport, Conn.

Principal officers: John F. Burbank, president; James B. Mullen Jr., executive vp; Joseph H. Cunningham, Nicholas Pannullo and Kenneth Knechtel, vps.

Licensed excess/surplus broker in: Connecticut.

Seitlin & Co.

8125 N.W. 53rd St., Suite 200, Miami, Fla. 33166; 305-591-0090

	1984	1983
Premium volume	$18,400,000	$17,000,000
Gross revenues	$3,293,000	$2,910,008
Brokerage: Retail	76%	75%
Personal lines	21%	23%
Invest. income	3%	2%
Employees	70	68.5
Offices	1	1

Year founded: 1945.

Brokerage: 100% commission.

Principal officers: Sam Seitlin, chairman; M. Stephen Jackman, president; R. Louis Seitlin, secretary/treasurer; Daniel L. Harris, Gus Gonzalez, vps.

Shelton Insurance Agency Inc.

1227 Third St., Corpus Christi, Texas 78404; 512-882-5586

	1984	1983
Premium volume	$7,515,912	$6,614,818
Gross revenues	$1,046,400	$1,108,967
Brokerage: Retail	90%	95%
Personal lines	10%	5%
Employees	23	21
Offices	1	1

Year founded: 1941.

Brokerage: 100% commission.

Acquisitions and mergers: J.D. Morgan Co., Corpus Christi, Texas; pooling.

Principal officers: W.J. Shelton, president; Louis E. Wells, vp/secretary/treasurer; John M. Roberts, vp.

J.H. Silversmith Inc.

825 E. Speer Blvd., Denver, Colo. 80218; 303-698-1221

	1984	1983
Premium volume	$15,130,000	$13,000,000
Gross revenues	$2,870,000	$1,700,000
Brokerage: Retail	77%	76%
Wholesale	1%	1%
Personal lines	18%	20%
Invest. inc.	3%	2%
Other	1%	1%
Employees	58	50
Offices	2	2

Year founded: 1946.

Brokerage: 90% commission, 10% fee.

Acquisitions: Roth-Hansen Insurance Services, Denver, included.

Branch offices: Aviation Insurance Management Co., Englewood, Colo.

Principal officers: J.H. Silversmith Jr., president; John K. Munn, executive vp; David K. Hawkes, vp; Irene G. Falbo, secretary; Joyce L. Goodfellow, treasurer.

Licensed excess/surplus broker in: Colorado.

The Simkiss Cos.

76 Rittenhouse Place, Ardmore, Pa. 19003; 215-649-6610

	1984	1983
Premium volume	$15,707,800	$10,923,873
Gross revenues	$2,123,500	$1,698,039
Brokerage: Retail	91%	98%
Services	1%	2%
Personal lines	5%	0%
Invest. income	3%	0%
Employees	34	31
Offices	1	1

Year founded: 1965.

Brokerage: 70% commission; 30% fee.

Subsidiaries: Affiliated companies, The Simkiss Agency Inc., Frankenfield & Co. Inc., Risk Management Systems & Services Inc. and Rittenhouse Associates, Ardmore, Pa.

Principal officers: John A. Simkiss Jr., president; William F. O'Brien, Richard J. Decker, William F. Simkiss, executive vps.

Licensed excess/surplus broker in: Pennsylvania.

The Sklover Organization

400 Post Ave., Westbury, N.Y. 11590; 516-333-6011

	1984	1983
Premium volume	$5,200,000	$4,500,000
Gross revenues	$780,000	$675,000
Brokerage: Retail	80%	80%
Reinsurance	10%	10%
Personal lines	10%	10%
Employees	7	6
Offices	2	2

Year founded: 1964

Continued on facing page

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Brokerage: 90% commission; 10% fee.

Branch offices: New York.

Subsidiaries: The Maramax Agency, Westbury, N.Y.

Principal officers: Richard Sklover, president; Domenic Repetto, vp.

Smith, Bell & Thompson Inc.

102 S. Winooski Ave., Burlington, Vt. 05401; 802-658-4600

	1984	1983
Premium volume	$5,255,404	$4,754,959
Gross revenues	$1,552,547	$1,269,543
Brokerage: Retail	47.8%	51.5%
Wholesale	15.9%	11.6%
Personal lines	15.3%	14%
Invest. income	0.1%	0.3%
Other	20.3%	18.6%
Employees	32	32
Offices	1	1

Year founded: 1948.

Brokerage: 100% commission.

Principal officers: Warren L. Thompson, president; Roger D. Teese, vp; Douglas C. Pierson, secretary.

Licensed excess/surplus broker in: Vermont.

Smith Watson-Parker Inc.

3500 Hollywood Blvd., Hollywood, Fla. 33021; 305-962-2990

	1984	1983
Premium volume	$12,718,510	$10,134,355
Gross revenues	$1,894,678	$1,573,710
Brokerage: Retail	70%	70%
Services	1%	1%
Personal lines	20%	20%
Invest. income	5%	4%
Other	4%	5%
Employees	32	29
Offices	1	1

Year founded: 1934

Brokerage: 99% commission; 1% fee.

Principal officers: Charles W. Watson, president; B.W. Parker, Thomas Cotter and Larry Vaught Sr., vps; Joseph Piechura, general manager.

Licensed excess/surplus broker in: Florida.

South Continental Insurance Agency Inc.

G.P.O. Box 6022 Old San Juan, Puerto Rico 00905; 809-721-7600.

	1984	1983
Premium volume	$25,178,000	$20,910,000
Gross revenues	$6,740,000	$5,522,000
Brokerage: Retail	39%	37%
Wholesale	36%	39%
Personal lines	22%	23%
Invest. income	2%	0%
Other	1%	1%
Employees	101	35
Offices	2	1

Year founded: 1972

Brokerage: 99% commission; 1% fee.

Branch offices: Yauco and Bayamon, Puerto Rico.

Subsidaries: Financiadora Primas, Inc., San Juan, Puerto Rico.

Principal officers: Walter R. Fournier, chairman; Angela W. Shine, president; Jaime Morales, secretary; America Colon, treasurer.

Licensed excess/surplus broker in: Puerto Rico.

DeWitt Stern, Gutmann & Co. Inc.

420 Lexington Avenue, New York, N.Y. 10170; 212-867-3550

	1984	1983
Premium volume	$20,000,000	$17,500,000
Gross revenues	$2,100,000	$1,667,000
Brokerage: Retail	90%	93%
Wholesale	1%	1%
Reinsurance	4%	6%
Personal lines	5%	0%
Employees	38	35
Offices	2	2

Year founded: 1899.

Brokerage: 99% commission; 1% fee.

Subsidiaries: DeWitt Stern of California Inc., Los Angeles

Principal officers: DeWitt Stern, chairman; Jolyon Stern, president; Gilbert Andrus, executive vp; John Gutman, vp.

Licensed excess/surplus broker in: New York.

Sun State Insurance Agencies Inc.

1516 Hillcrest St., Suite 305. Orlando, Fla. 32803; 305-898-3177

	1984	1983
Premium volume	$5,401,688	$4,271,482
Gross revenues	$841,329	$634,814
Brokerage: Retail	76%	32%
Wholesale	1%	6%
Personal lines	22%	58%
Invest. income	1%	0%
Employees	15	12
Offices	4	4

Year founded: 1979.

Brokerage: 100% commission.

Branch offices: Fort Myers, Naples and Tampa, Fla.

Principal officers: James M. Stephenson, president; Frank M. Arnall, vp.

Licensed excess/surplus broker in: Florida.

t

Thilman & Filippini

150 N. Wacker Drive, Suite 2600, Chicago, Ill. 60606; 312-726-4800

	1984	1983
Premium volume	$15,000,000	$14,000,000
Gross revenues	$2,034,000	$1,825,000
Brokerage: Retail	65%	65%
Wholesale	5%	5%
Services	5%	5%
Personal lines	20%	20%
Invest. income	4%	4%
Other	1%	1%
Employees	45	43
Offices	2	2

Year founded: 1929.

Brokerage: 95% commission; 5% fee.

Branch offices: Evanston, Ill.

Principal officers: Thomas W. Filippini, E. Thomas Thilman, Sam H. McGoun and James B. Thilman, partners.

Licensed excess/surplus broker in: Illinois.

C.J. Thomas Co.

1601 Olive, St. Louis, Mo. 63103; 314-231-1717

	1984	1983
Premium volume	$15,006,000	$13,568,000
Gross revenues	$2,278,000	$2,039,000
Brokerage: Retail	87%	88%
Services	5%	4%
Personal lines	6%	6%
Invest. income	2%	2%
Employees	65	63
Offices	1	1

Year founded: 1975.

Brokerage: 95% commission; 5% fee.

Principal officers: John C. Miller, Charles H. Wittenberg, John J. Young, Gerald Grigour, Thomas L. Whitby, partners.

Licensed excess/surplus broker in: Missouri and Illinois.

Tomenson Inc.

P.O. Box 439, Toronto-Dominion Centre, Toronto, Ontario, Canada M5K 1M3; 416-361-6984.

	1984	1983
Premium volume	$188,683,000	$208,967,000
Gross revenues	$34,428,000	$38,109,000
Brokerage: Retail	67%	64%
Services	12%	16%
Personal lines	14%	13%
Invest. income	7%	7%
Employees	600	670
Offices	15	15

Year founded: 1927.

Brokerage: 91% commission; 9% fee.

Acquisitions: On March 25, 1985, Tomenson Inc. became a wholly-owned subsidiary of Fred S. James & Co. Inc.

Branch offices: Halifax, Montreal, Ottawa, Hamilton, Sudbury, London, Saskatoon, Calgary, Edmonton, Vancouver, Prince George, Kamloops, Canada; Denver, Colo.; and Hamilton, Bermuda.

Subsidiaries: Tomenson Saunders Whitehead Inc. & Lionel E. Lalonge et Associes Inc., Montreal; Westmount Insurance Co. Ltd., Hamilton, Bermuda; and Walsh Moore, Garrett-Bromfield, Denver.

Parent company: Fred S. James & Co. Inc.

Principal officers: Kenneth M. Elliott, president/chief executive officer; John J. Beechinor, executive vp-Tomenson Associates; Barry Lorenzetti, regional vp-Eastern region; Harold B. Bennett, regional vp-Central region; Ronald J. Maitland, regional vp-Midwest region; Kenneth R. Dean, regional vp-West Coast region; Norman D. Howat, treasurer.

Licensed excess/surplus broker in: Colorado.

u

U.S. Shelter Insurance Agencies

1 Shelter Center, Greenville, S.C. 29601; 803-239-1401

	1984	1983
Premium volume	$26,000,000	$23,000,000
Gross revenues	$3,350,000	$3,000,000
Brokerage: Retail	76%	76%
Wholesale	1%	1%
Personal lines	20%	20%
Invest. income	3%	3%
Employees	68	64
Offices	9	9

Year founded: 1974.

Brokerage: 100% commission.

Subsidiaries: Home Builders Coverage Corp., Greenville and Charleston, S.C.; Sullivan Co. of North Carolina Inc., Sylva, Robbinsville, Andrews, Hayesville and Murphy, N.C.; Bultman-Sullivan Agency, Columbia, S.C.; Edens-Turbeville Agency Inc., Columbia, S.C.; Sullivan Company Inc., Greenville, S.C.; Smithy-Braedon Co., Washington, D.C.

Parent company: U.S. Shelter Corp.

Principal officers: Joseph F. Sullivan, president; George C. Bell, executive vp; Alex Edwards, senior vp; Robert H. Heile, vp-controller; and H. Milton Keen, vp.

Licensed excess/surplus broker in: South Carolina.

Ulrich Voorhees Warner Associates

100 Davidson Ave., P.O. Box 228, Somerset, N.J. 08873; 201-469-3000

	1984	1983
Premium volume	$24,300,000	$22,000,000
Gross revenues	$3,325,000	$2,963,000
Brokerage: Retail	64%	66%
Services	6%	10%
Personal lines	9%	7%
Invest. income	4%	3%
Other	17%	14%
Employees	41	38
Offices	1	1

Year founded: 1972.

Brokerage: 90% commission; 10% fee.

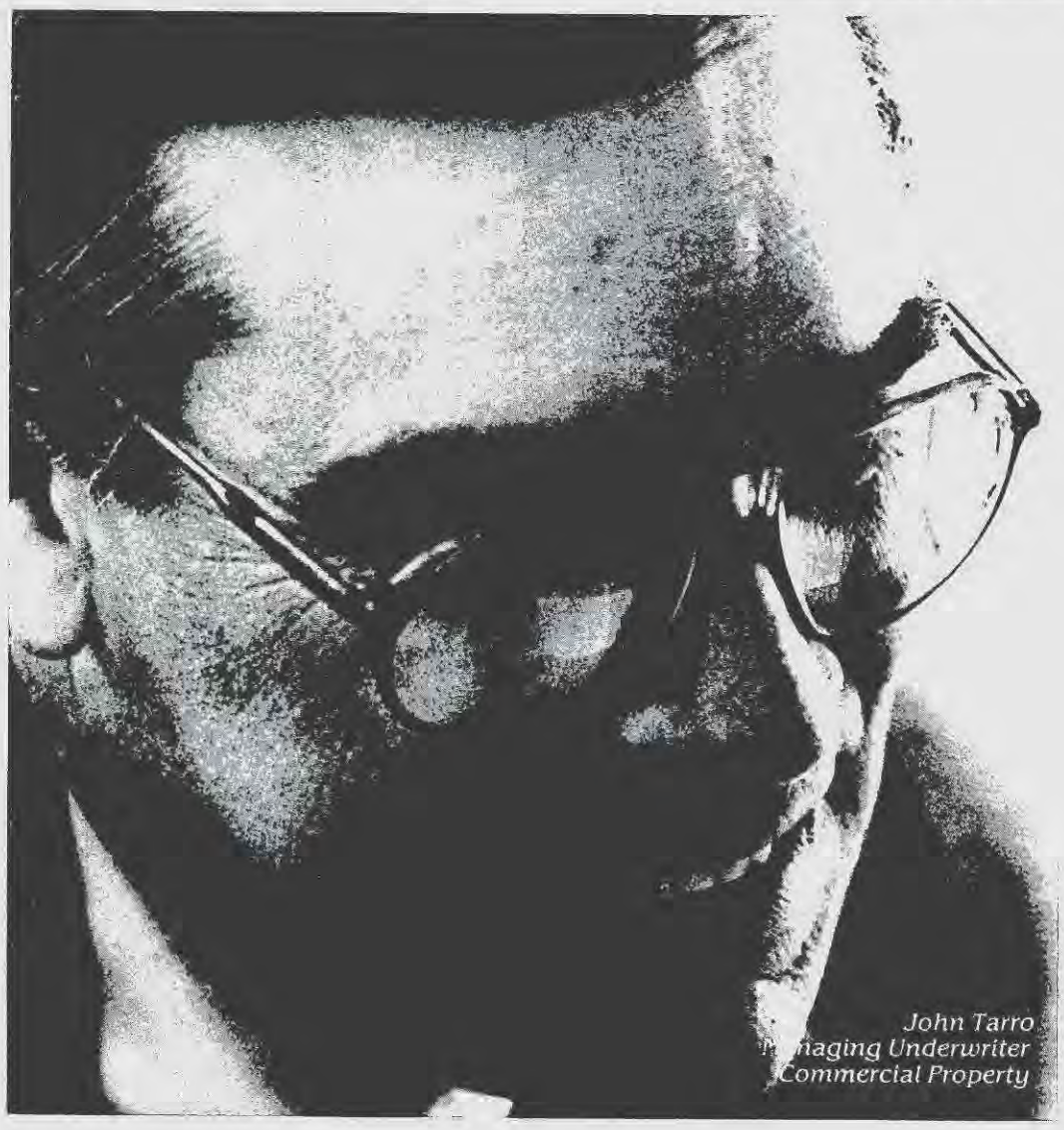
Subsidiaries: U.V.W. Financial Services, Somerset, N.J.

Principal officers: John N. Voorhees III, president; Stephen A. Warner, executive vp; T. Wade Byrum, vp-employee benefits; Michael Godfrey, vp-commercial division; Allen Preville, vp-sales; Adrienne Soricelli, vp-claims/loss control.

Licensed excess/surplus broker in: New Jersey.

Continued on next page

1 WHAT MAJOR LIFE INSURANCE COMPANY NOW HAS NEARLY 48,000 BROKERS?



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Unigard Security Insurance Company

Unigard Financial Center
1215 4th Avenue Seattle, WA 98161
(206) 292-1234
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Continued from preceding page

V

Van Beurden, Wigh & Associates Insurance Services Inc.

1615 Draper St., Kingsburg, Calif. 93631; 209-897-2975

	1984	1983
Premium volume	$20,267,000	$15,646,000
Gross revenues	$2,400,000	$2,112,000
Brokerage: Retail	85%	88%
Wholesale	10%	7%
Personal lines	3%	3%
Invest. income	2%	2%
Employees	42	40
Offices	4	4

Year founded: 1934.
Brokerage: 100% commission.
Branch offices: Van Beurden, Wigh & Associates Inc., Kingsburg, Calif.; Bonaire Assurance Services of Thousand Oaks, Calif.; Bonaire Assurance Services of Modesto Inc. Ceres, Calif.; Growers Crop Insurance Services, Woodland, Calif.
Parent company: Van Beurden, Wigh & Associates Insurance Services Inc.
Principal officers: William J. Van Beurden, president; Mark F. Matthews, vp/secretary; J. Robert Lankford, chief financial officer; Steven C. Wigh, vp.
Licensed excess/surplus broker in: California.

Truman Van Dyke Co.

6290 Sunset Blvd., Suite 1800, Hollywood, Calif. 90028; 213-462-3300

	1984	1983
Premium volume	$4,116,670	$4,403,835
Gross revenues	$603,935	$649,530
Brokerage: Retail	94%	97%
Wholesale	4%	1%
Personal lines	2%	2%
Employees	13	16
Offices	1	1

Year founded: 1953.
Brokerage: 98% commission; 2% fee.
Principal officers: Truman Van Dyke Jr., president; Rose Van Dyke, chairman.
Licensed excess/surplus broker in: California.

Variable Protection Administrators Inc.

7123 Pearl Road, Cleveland, Ohio 44130; 216-888-8585

	1984	1983
Premium volume	$60,000,000	$53,000,000
Gross revenues	$5,555,000	$4,955,000
Brokerage: Retail	86%	86%
Wholesale	2%	2%
Reinsurance	1%	1%
Services	11%	11%
Employees	92	90
Offices	1	1

Year founded: 1968.
Brokerage: 100% commission.
Subsidiaries: Variable Protection Administrators Dental Plan Corp.
Principal officers: David T. Manley, president; Andrew Barnak, general counsel; Timothy Eisenmann, vp-operations; Norman Louie, treasurer; Marvin Settle, vp-underwriting; Anthony Manley, vp-claims.

W

I.R. Weinbraub & Co. Inc.

10 Fairview Ave., Westwood, N.J. 07675; 201-666-4900

	1984	1983
Premium volume	$12,000,000	$10,000,000
Gross revenues	$1,185,000	$1,050,000
Brokerage: Retail	93%	92%
Personal Lines	5%	5%
Invest. Income	2%	3%
Employees	27	30
Offices	1	2

Year founded: 1975.
Brokerage: 90% commission; 10% fee.
Principal officers: Mark B. Weinraub, president; Frank DePalma, executive vp; Michael S. Greenberg, secretary.
Licensed excess/surplus broker in: New Jersey and New York.

Wharton/Lyon & Lyon

101 S. Livingston Ave., Livingston, N.J. 07039; 201-992-5775

	1984	1983
Premium volume	$21,750,000	$15,739,241
Gross revenues	$3,631,000	$2,639,820
Brokerage: Retail	74%	74%
Personal Lines	22%	22%
Invest. Income	4%	4%
Employees	52	46
Offices	1	1

Year founded: 1912.
Brokerage: 95% commission; 5% fee.
Acquisitions: Alvin S. Trenk Associates.
Principal officers: Albert L. Klein, chairman/chief executive officer; Thomas H. Rowe, president.

W.K.P. Wilson & Son Inc.

51 St. Joseph St., Mobile, Ala. 36652; 205-433-0441

	1984	1983
Premium volume	$50,000,000	$30,000,000
Gross revenues	$5,000,000	$3,400,000
Brokerage: Retail	80%	83%
Personal Lines	14%	12%
Invest. Income	6%	5%
Employees	95	86
Offices	1	1

Year founded: 1898.
Brokerage: 98% commission; 2% fee.
Principal officers: B.R. Wilson Jr., chairman; Clifton C. Inge, president; J. Schley Rutherford, James M. Paulk, Walter E. Roney Jr., senior vps.
Licensed excess/surplus broker in: Alabama.

Winn & Co. Insurance Brokers

P.O. Box 220, Hollister, Calif., 95003; 408-637-9241

	1984	1983
Premium volume	$20,000,000	$16,000,000
Gross revenues	$2,500,000	$1,900,000
Brokerage: Retail	88%	89%
Personal lines	5%	5%
Invest. Income	7%	6%
Employees	38	31
Offices	1	1

Year founded: 1910.
Brokerage: 95% commission; 5% fee.
Principal officers: John R. Winn, president; Sandra Rose, vp; J. Weller, treasurer.

Wisenberg Insurance Agency

4828 Loop Central Dr., 9th Floor, Houston, Texas 77081; 713-666-5200

	1984	1983
Premium volume	$26,500,000	$22,950,000
Gross revenues	$4,350,000	$3,575,000
Brokerage: Retail	83%	83%
Personal Lines	15%	15%
Invest. Income	2%	2%
Employees	60	67
Offices	2	1

Year founded: 1934.
Brokerage: 98% commission; 2% fee.
Acquisitions: Joe McRaith Insurance and Blackburn-Pirkle, both in Houston, purchased.
Branch offices: Blackburn Pirkle Insurance Agency, Houston.
Principal officers: Irving Pozmantier, president; Joe Williams, executive vp; Jay Williams, Clif Wistner, Jeff Pozmantier, vps.
Licensed excess/surplus broker in: Texas.

Hirsch Wolf & Co. Inc.

1505 Coney Island Ave., Brooklyn, N.Y., 11230; 718-252-2800

	1984	1983
Premium volume	$12,000,000	$10,000,000
Gross revenues	$1,500,000	$1,200,000
Brokerage: Retail	94%	94%
Services	1%	1%
Personal lines:	3%	3%
Invest. Income:	2%	2%
Employees	25	21
Offices	2	2

Year founded: 1958.
Brokerage: 98% commission; 2% fee.
Branch offices: New York.
Subsidiaries: Transworld Intermediaries Inc., New York.
Principal officers: Hirsch Wolf; Raquel Wolf.

Thomas E. Wood Inc.

1500 Carew Tower, Cincinnati, Ohio 45202; 513-852-6300

	1984	1983
Premium volume	$30,000,000	$26,000,000
Gross revenues	$5,000,000	$4,500,000
Brokerage: Retail	70%	74%
Personal Lines	23%	20%
Invest. Income	7%	6%
Employees	120	95
Offices	4	3

Year founded: 1902.
Brokerage: 99% commission; 1% fee.
Acquisitions and mergers: Perkins & Geoghegan Inc., Cincinnati and Perkins & Geoghegan of Kentucky, Dayton, Ky., purchased; Brunsman, Curry & Shepard, Cincinnati, not reported.
Branch offices: Edgewood and Dayton Ky., and Harrison, Ohio.
Subsidiaries: Wood Underwriters Agency Inc., Edgewood, Ky.; Perkins & Geoghegan Inc., Cincinnati; Perkins & Geoghegan of Kentucky, Dayton, Ky.
Principal officers: Thomas J. Klinedinst, president; Thomas J. Klinedinst Jr., executive vp; Paul R. Swanson, vp/secretary; Marjorie A. Dunn, vp/treasurer; Jack M. Abbott, vp.
Licensed excess/surplus broker in: All states.

The Woodsmall Cos.

Five Crown Center, Kansas City, Mo. 64108; 816-421-7788

	1984	1983
Premium volume	$21,500,000	$19,000,000
Gross revenues	$3,351,000	$2,353,000
Brokerage: Retail	78%	82%
Reinsurance	2%	1%
Services	13%	7%
Personal Lines	3%	4%
Invest. Income	2%	1%
Other	2%	5%
Employees	54	43
Offices	1	1

Year founded: 1974.
Brokerage: 100% commission.
Subsidiaries: Energy Assurance Inc., Kansas City, Mo.
Principal officers: W.O. Woodsmall, chairman; Peter L. Woodsmall, president; Thomas E. Klug, J. Michael Brewer, Joseph V. Gerlack, senior vps.
Licensed excess/surplus broker in: Missouri and Kansas.

Woodstock Associates

217 W. Judd St., Woodstock, Ill., 60098; 815-338-7400

	1984*	1983*
Premium volume	$5,000,000	NA
Brokerage: Retail	90%	NA
Other	10%	NA
Employees	9	NA
Offices	1	NA

*New company.

Year founded: 1984.
Brokerage: 80% commission; 20% fee.
Principal officers: R.V. Tejcek, president; Richard Milucky, vp-benefits planning; B. Banker, vp-commercial.

Worgess Agency Inc.

55 N. McCamly, Battle Creek, Mich., 49016; 616-965-3221

	1984	1983
Premium volume	$5,500,000	$4,475,000
Gross revenues	$932,000	$732,000
Brokerage: Retail	56%	58%
Personal lines:	44%	42%
Employees	19	17
Offices	3	2

Year founded: 1962.
Brokerage: 100% commission.
Acquisitions and mergers: Reichow Mull Agency, Homer, Mich.; pooled.
Branch offices: Worgess Agency of Marshall, Marshall, Mich.; Reichow Mull Agency, Homer, Mich.
Principal officers: Donald R. Worgess, president; Douglas G. Worgess, vp; Robert D. Worgess, treasurer; Richard Worgess, assistant treasurer; Lorraine Traut, secretary.

John L. Wortham & Son

2727 Allen Parkway, Houston, Texas, 77019; 713-526-3366

	1984	1983
Premium volume	$129,775,000	$107,752,000
Gross revenues	$17,016,000	$14,241,000
Brokerage: Retail	93%	93%
Personal lines	7%	7%
Employees	244	225
Offices	1	1

Year founded: 1915.
Brokerage: 100% commission.
Subsidiaries: John L. Wortham & Son Inc.; John L. Wortham & Scn Investments Inc.; Services for Risk Handling; all of Houston.
Principal officers: Allen H. Carruth, chairman; Fred C. Burns, managing partner; Joseph G. Cutler, John W. Hervey, Robert H. Moffat, partners.
Licensed excess/surplus broker in: Texas.

Wright & Co.

1400 Eye St., NW, Suite 1100, Washington, D.C. 20005; 202-289-0200

	1984	1983
Premium volume	$9,460,000	$8,600,000
Gross revenues	$1,852,000	$1,684,000
Brokerage: Retail	80%	81%
Services	4%	4%
Personal Lines	8%	8%
Invest. Income	7%	6%
Other	1%	1%
Employees	27	27
Offices	2	2

Year founded: 1965.
Brokerage: 96% commission; 4% fee.
Branch offices: Wright & Co., Washington, D.C.; Wright & Co. (Insurance Brokers) Ltd., Grand Cayman, B.W.I.
Principal officers: Frank L. Wright, chairman/chief executive officer; Robert J. Miller, senior vp/chief operating officer; Betty R. Wright, vp/treasurer; Lionel C. Epstein, secretary.
Licensed excess/surplus broker in: District of Columbia.

Leslie Wright & Rolfe Ltd.

P.O. Box 11102, 1055 W. Georgia St., Vancouver, B.C., V6E 4G2 604-682-4211

	1984	1983
Premium volume	$18,000,000	$16,000,000
Gross revenues	$3,650,000	$3,230,000
Brokerage: Retail	80%	80%
Wholesale	3%	3%
Services	3%	4%
Personal lines:	6%	6%
Invest. Income:	3%	2%
Other	5%	5%
Employees	75	84
Offices	4	4

Year founded: 1900.
Brokerage: 97% commission; 3% fee.
Branch offices: Calgary, Alberta; Victoria, B.C.; Kamloops, B.C.
Principal officers: B.L.J. Rolfe, president; M.H. Rolfe, H.W.R. Harrison, A.E. LeNoble, executive vps.

Y

Young & Perry Insurance

245 U.S. 22 W., Bridgewater, N.J. 08807; 210-526-1900

	1984	1983
Premium volume	$5,190,000	$4,890,000
Gross revenues	$921,000	$843,000
Brokerage: Retail	58%	52%
Services	3%	0%
Personal lines	38%	47%
Invest. income	1%	1%
Employees	23	22
Offices	3	3

Year founded: 1909.
Brokerage: 98% commission; 2% fee.
Branch offices: North Plainfield and Lebanon, N.J.
Principal officers: Willard R. Young, president; Lee G. Perry, George W. Pohle, Willis A. Kennedy, vps. ■

2 WHAT MAJOR LIFE INSURANCE COMPANY HAD $1.36 BILLION OF SUBSTANDARD RISK SALES LAST YEAR?

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~~May 13~~	~~May 1~~
~~May 20~~	~~May 8~~
~~May 27~~	~~May 14~~
~~Jun 3~~	~~May 21~~
~~Jun 10~~	~~May 29~~
~~Jun 17~~	~~Jun 5~~
~~Jun 24~~	~~Jun 11~~
Jul 1	~~Jun 19~~
Jul 8	Jun 25
Jul 15	Jul 3
Jul 22	Jul 9
Jul 29	Jul 17
Aug 5	Jul 24
Aug 12	Jul 30
Aug 19	Aug 7
Aug 26	Aug 13
Sep 2	Aug 20
Sep 9	Aug 28
Sep 16	Sep 4
Sep 23	Sep 11
Sep 30	Sep 17
Oct 7	Sep 25
Oct 14	Oct 2
Oct 21	Oct 8
Oct 28	Oct 16
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Nov 25	Nov 13
Dec 2	Nov 19

business insurance

New York: (212)210-0133
Chicago: (312)649-5275
Los Angeles: (213)651-3710

U.S. agents and brokers listed according to state

Alabama

Birmingham
Corroon & Black of Alabama Inc.
Frank B. Hall & Co. Inc.
Garner, Meshad, Wood Agency Inc. (The Armistead Group Inc.)
Hamilton & Shackelford Inc. (Hilb, Rogal & Hamilton Co.)
Johnson & Higgins of Alabama Inc.
Marsh & McLennan Cos. Inc.
McGriff, Seibels & Williams Inc.
Molton, Allen & Williams Corp.
Rollins Burdick Hunter of Alabama Inc.
Florence
The Crump Co. (Alabama)
McGriff, Seibels & Williams Inc.
Huntsville
Molton, Allen & Williams Corp.
Mobile
Hilb, Rogal & Hamilton Co. of Mobile
Arthur J. Gallagher & Co.
Fred S James & Co. Inc.
McGriff, Seibels & Williams Inc.
Molton, Allen & Williams Corp.
Pickett, Adams & Burkholder Insurance Inc.
W.K.P. Wilson & Son Inc.
Montgomery
Frank B. Hall & Co. Inc.

Alaska

Anchorage
Alexander & Alexander Services Inc.
Bayly, Martin & Fay International Inc.
Corroon & Black of Alaska Inc.
Hansen & Rowland of Alaska Inc. (The Crump Cos.)
Frank B. Hall & Co. Inc.
Marsh & McLennan Cos. Inc.
Reed Stenhouse Cos. Ltd.
Rollins Burdick Hunter of Alaska Inc.
Eagle River
Bayly, Martin & Fay International Inc.
Fairbanks
Corroon & Black of Alaska Inc.
Frank B. Hall & Co. Inc.
Rollins Burdick Hunter of Alaska Inc.

Arizona

Flagstaff
Lasher-Cowie-Turner
Olliver/Pilcher Insurance Inc.
Glendale
Olliver/Pilcher Insurance Inc.
Holbrook
Crump/Kindler & Laucci
Lake Havasu City
Bourne-Leavitt (The Leavitt Group)
Mesa
Massey-Leavitt (The Leavitt Group)
Page
Lasher-Cowie-Turner
Parker
LaPaz-Leavitt (The Leavitt Group)
Phoenix
Bayly, Martin & Fay International Inc.
Beal & Associates Insurance Counselors Inc.
Butler-Leavitt (The Leavitt Group)
Corroon & Black of Arizona Inc.
Dawn-Leavitt (The Leavitt Group)
Emett & Chandler
Financial Guardian Inc.
Frank B. Hall & Co. Inc.
Fred S. James & Co. Inc.
Johnson & Higgins of Arizona Inc.
Crump/Kindler & Laucci
Kirke-Van Orsdel Insurance Services Inc.
Lasher-Cowie Agency Inc.
Lawrence Agency Corp.
Marsh & McLennan Cos. Inc.
Minard-Leavitt (The Leavitt Group)
Olliver/Pilcher Insurance Inc.
Republic Hogg Robinson Inc.
Rollins Burdick Hunter of Arizona Inc.
Prescott
Olliver/Pilcher Insurance Inc.
Riviera
Riviera-Leavitt (The Leavitt Group)
Scottsdale
Arthur J. Gallagher & Co.
Tucson
Bayly, Martin & Fay International Inc.
Corroon & Black of Arizona Inc.
Frank B. Hall & Co. Inc.
Fred S. James & Co. Inc.
Lasher-Cowie Agency Inc.
Yuma
Olliver-Pilcher Insurance Inc.

Arkansas

Conway
Atkins Insurance Corp.
Eureka Springs
BHC of Eureka Springs (Brown-Hiller-Clark & Associates)
Fort Smith
Brown-Hiller-Clark & Associates
Rebsamen Insurance/Fort Smith
Hot Springs
Atkins Insurance Corp.
Little Rock
Atkins Insurance Corp.
The Crump Co. (Arkansas)
Frank B. Hall & Co. Inc.
Fred S. James & Co. Inc.
Rebsamen Insurance
North Little Rock
Arthur J. Gallagher & Co.
Springdale
Rebsamen Insurance/Springdale

California

Aladanta
Frank B. Hall & Co. Inc.
Arcata
Jardine Insurance Brokers Inc.
Bakersfield
Andreini & Co.
Frank B. Hall & Co. Inc.
Marsh & McLennan Cos. Inc.
Berkeley
Fred S. James & Co. Inc.
Beverly Hills
Alexander & Alexander Services Inc.
Walter Kaye Associates Inc.
Brea
Frank B. Hall & Co. Inc.
Burbank
Eastman & Co. Insurance Brokers
Frank B. Hall & Co. Inc.
Carmel
Brown-Spaulding & Associates Inc.
Ceres
Bonaire Assurance Services of Modesto Inc. (Van Beurden, Wigh & Association Insurance Services Inc.)
Chico
Frank B. Hall & Co. Inc.
Keenan & Associates
Citrus Heights
ISU/Valley Oaks Insurance
Coalinga
Andreini & Co.
Costa Mesa
Frank B. Hall & Co. Inc.
Johnson & Higgins of California
Kelter-Thorner Inc. of Southern California
Culver City
MDM Insurance Associates Inc.
Davis
Fred S. James & Co. Inc.
Escondido
Robert F. Driver Co. Inc.
Osterloh & Durham Insurance Brokers of North America Inc.
Eureka
Frank B. Hall & Co. Inc.
Foster City
James Econn & Co.
Fresno
Andreini & Co.
Bayly, Martin & Fay International Inc.
Calco Insurance
Arthur J. Gallagher & Co.
Frank B. Hall & Co. Inc.
Keenan & Associates
Fullerton
Mason-McDuffie Insurance Service Inc.
Glendale
Calco Insurance
Hollister
Winn & Co. Insurance Brokers
Hollywood
Truman Van Dyke Co.
Indian Wells
Beck/Wm. Schwartz Inc. of California
Irvine
Anderson & Anderson Insurance Brokers Inc.
Association Administrators & Consultants Inc.
Fred S. James & Co. Inc.
Kingsburg
Van Beurden, Wigh & Associates Insurance Services Inc
La Jolla
Robert F. Driver & Co. Inc.
Lompoc
Robert Lilly Insurance (ISU/Montgomery Fansler & Carlson)
Long Beach
Crump/Kindler & Laucci
Frank B. Hall & Co. Inc.

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- ☐ Accident Coverage For Group Activities
- ☐ Dance/Exercise/Fitness Schools
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- ☐ Self-Funding Programs For Employee Health Benefits
- ☐ Surety Bonds For Small Contractors
- ☐ Excess & Surplus Coverages
- ☐ Equine Related Coverages
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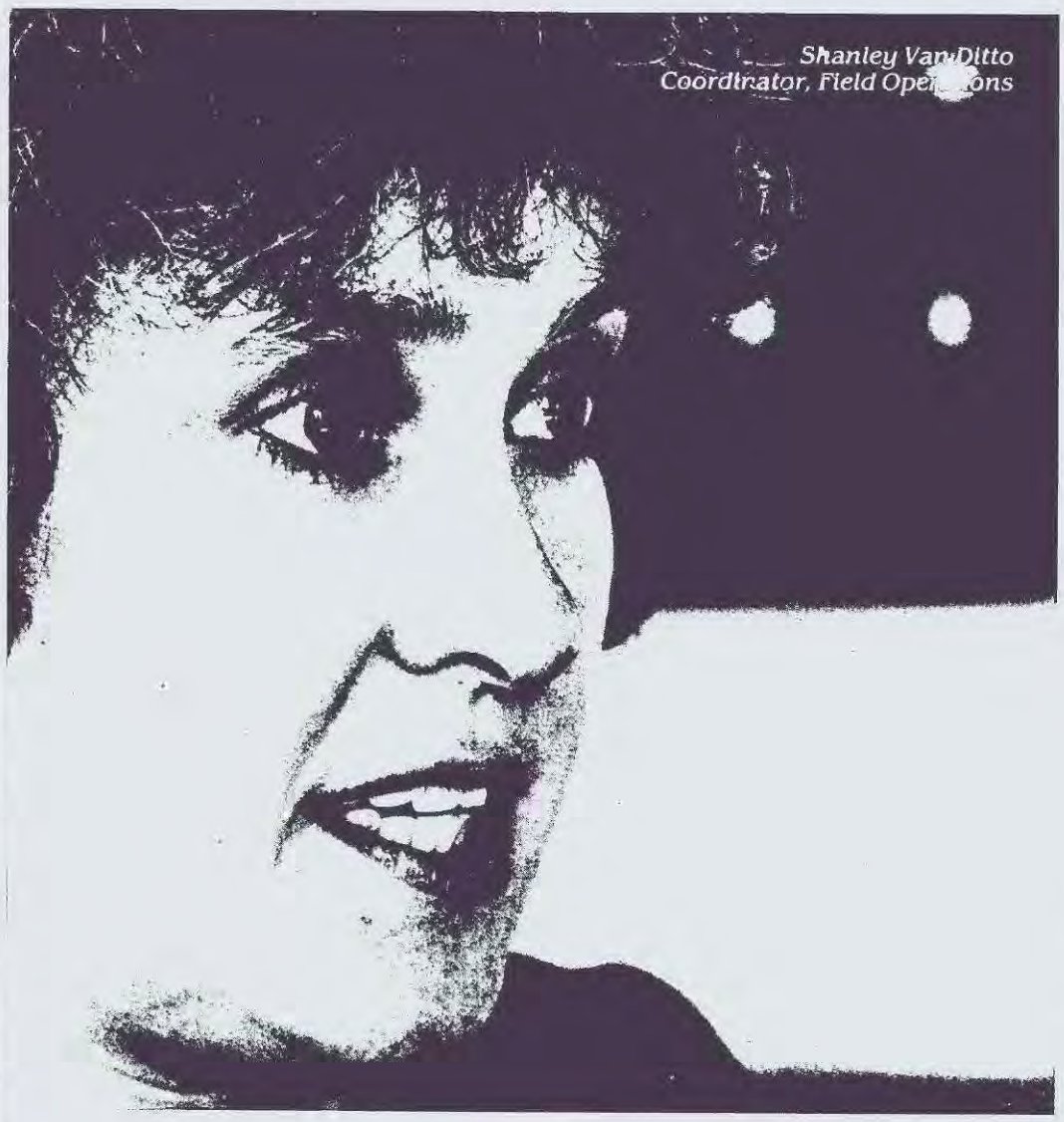
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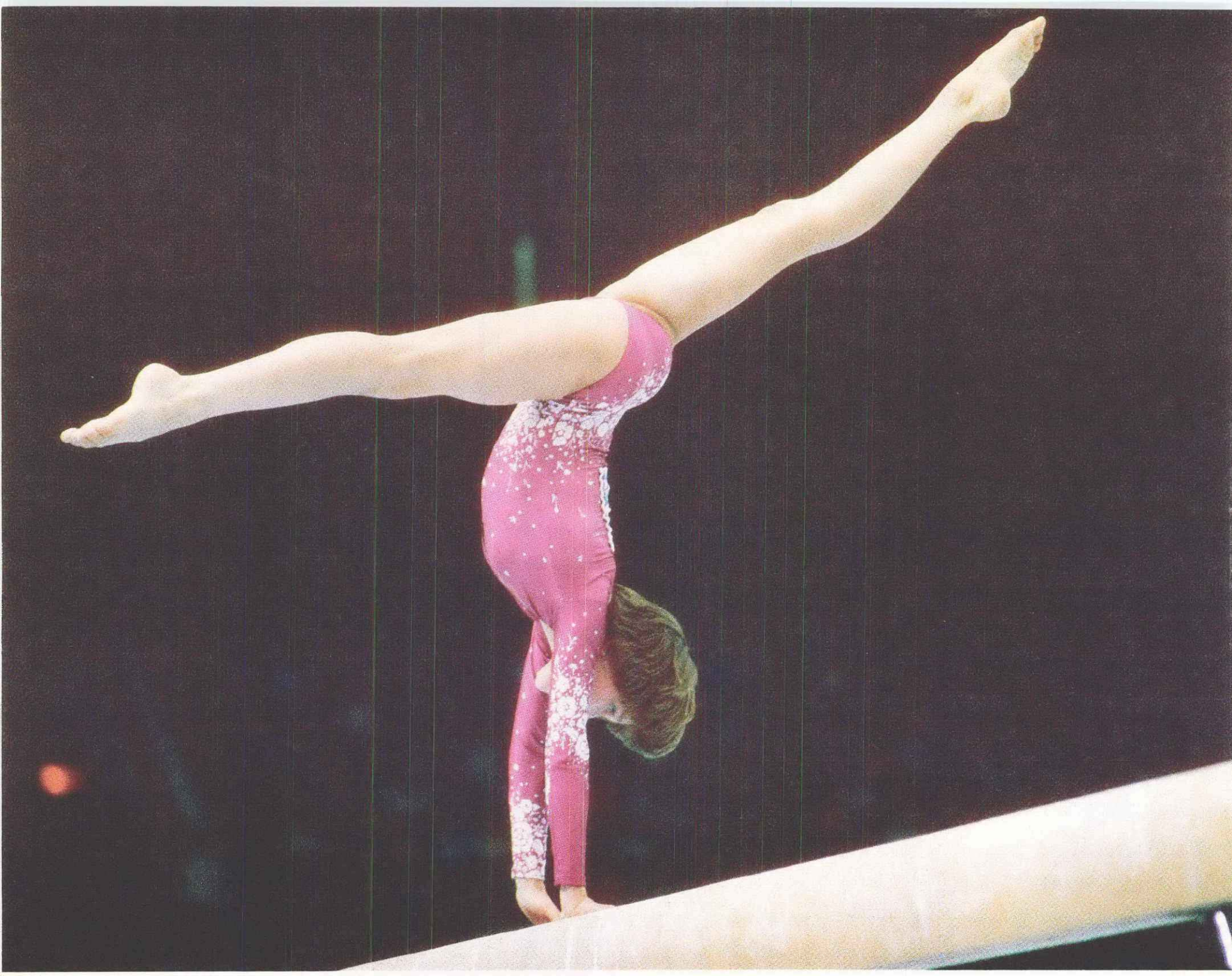


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Los Angeles
ABI Management Inc.
Alexander & Alexander Services Inc.
Bayly, Martin & Fay International Inc.
James Econn & Co.
Emett & Chandler
Arthur J. Gallagher & Co.
Frank B. Hall & Co. Inc.
ISU/Wellington Insurance Services
Interstate Insurance Agency (Rhulen Agency Inc.)
Fred S. James & Co. Inc.
Jardine Insurance Brokers Inc.
Johnson & Higgins of California
Sander A. Kessler & Associates Inc.
Marsh & McLennan Cos. Inc.
Reed Stenhouse Cos. Ltd.
Republic Hogg Robinson Inc.
Roanoke Agency Inc.
Rollins Burdick Hunter of Southern California Inc.
DeWitt Stern of California Inc.

Modesto
Frank B. Hall & Co. Inc.

Newport Beach
Bayly, Martin & Fay International Inc.
Robert F. Driver & Co. Inc.
James Econn & Co.
Arthur J. Gallagher & Co.
Marsh & McLennan Cos. Inc.

North Hollywood
ISU/United California Insurance Agency

Oakland
Bayly, Martin & Fay International Inc.
Frank B. Hall & Co. Inc.
ISU/Bottari, Holland & Sweetman
Fred S. James & Co. Inc.

Orange
Calco Insurance
Emett & Chandler

Orange County
Alexander & Alexander Services Inc.

Oxnard
Beck, Brown & Duire (Andreini & Co.)
Frank B. Hall & Co. Inc.

Palm Springs
Frank B. Hall & Co. Inc.

Palo Alto
Alexander & Alexander Services Inc.
Rollins Burdick Hunter Administration Inc.
Rollins Burdick Hunter of Northern California Inc.
ISU/Thoits Insurance
Crump/Kindler & Laucci Insurance Brokers

Pasadena
Rollins Burdick Hunter of Southern California Inc.
Corroon & Black (California)

Pleasant Hill
Bone, Robertson & McBride Inc.
Mason-McDuffie Insurance Service Inc.

Redwood City
Kelter-Thorner Inc. of Northern California

Riverside
Johnson & Higgins of California
Keenan & Associates
Rollins Burdick Hunter of Southern California Inc.

Sacramento
Corroon & Black-James Burpo Insurance Inc.
Arthur J. Gallagher & Co.
Frank B. Hall & Co. Inc.
Fred S. James & Co. Inc.
Keenan & Associates
Mason-McDuffie Insurance Service Inc.
Rollins Burdick Hunter of Northern California Inc.
Sacramento Valley Insurance

Salinas
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San Bernardino
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Marsh & McLennan Cos. Inc.

San Diego
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Corroon & Black
Robert F. Driver Co. Inc.
Frank B. Hall & Co. Inc.
Fred S. James & Co. Inc.
Johnson & Higgins of California
Keenan & Associates
Crump/Kindler & Laucci Insurance Brokers
Marsh & McLennan Cos. Inc.
RKC & Co. (Corroon & Black Corp.)
Robson, Cavignac & Associates

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Alexander & Alexander Services Inc.
Association Administrators & Consultants Inc.
Bayly, Martin & Fay International Inc.
Calco Insurance
Corroon & Black (California)
Curtis Day & Co.
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Johnson & Higgins of California
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Reed Stenhouse Cos. Ltd.
Roanoke Agency Inc.
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Rollins Burdick Hunter of Northern California Inc.

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Keenan & Associates
Marsh & McLennan Cos. Inc.

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San Luis Obispo
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Jardine Insurance Brokers Inc.

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Frank B. Hall & Co. Inc.

Santa Rosa
ISU/Ellingson & Jones Insurance Services
Jardine Insurance Brokers Inc.

Solvang
Santa Ynez Valley Insurance (ISU/Montgomery Fansler & Carlson)

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Belton & Co.

Stockton
Frank B. Hall & Co. Inc.
Rollins Burdick Hunter of Northern California Inc.

Sunnyvale
Frank B. Hall & Co. Inc.

Thousand Oaks
Bonaire Assurance Services of Thousand Oaks (Van Beurden, Wigh & Associates)
Keenan & Associates

Torrance
Cal-Surance Group
Keenan & Associates

Tustin
Fred S. James & Co. Inc.

Van Nuys
Osterloh & Durham Insurance Brokers of N.A. Inc.

Ventura
Frank B. Hall & Co. Inc.
Willis & Griffith (ISU/Montgomery Fansler & Carlson)

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Frank B. Hall & Co. Inc.

Walnut Creek
California Group Services (Rollins Burdick Hunter Co.)
Frank B. Hall & Co. Inc.

Woodland Hills
Growers Crop Insurance Services (Van Beurden, Wigh & Associates)
Frank B. Hall & Co. Inc.
ISU/Patrick C. Ross Associates

Colorado

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Bayly, Martin & Fay International Inc.

Colorado Springs
ISU/Primac Insurance
Tolley-Weidman Agency Inc. (Robinson-Conner Inc.)

Cortez
ISU/Primac Insurance

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Alexander & Alexander Services Inc.
Bayly, Martin & Fay International Inc.
Crump/Warren & Sommer Inc.
Financial Guardian Inc.
Arthur J. Gallagher & Co.
Frank B. Hall & Co. Inc.
Fred S. James & Co. Inc.
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Lockton Insurance Agency of Colorado Inc.
Marsh & McLennan Cos. Inc.
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Reed Stenhouse Cos. Ltd.
Rollins Burdick Hunter of Colorado Inc.
J.H. Silversmith Inc.
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Englewood
Aviation Insurance Management Co. (J.H. Silversmith Inc.)
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Montrose
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Sterling
ISU/Dowis Agency Inc.

Pueblo
ISU/Primac Insurance

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Bridgeport
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Danbury
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Walter Kaye Associates Inc.

Franklin
RL&G Agency Inc.

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Frank B. Hall & Co. Inc.
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Boccaccio & Susanin Inc.
Frank B. Hall & Co. Inc.
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Marsh & McLennan Cos. Inc.

Manchester
Insurance Management Center (Hilb, Rogal & Hamilton Co.)

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Moosup
RL&G Agency Inc.

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Joseph Held & Co. Inc.

New Haven
Frank B. Hall & Co. Inc.

Nowalk
Pierson & Smith Inc.

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Pierson & Smith Inc.
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Marsh & McLennan Cos. Inc.

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West Hartford
Arthur J. Gallagher & Co.

Westport
Alexander & Alexander Services Inc.
Segur-Fairfield Inc. (H.D. Segur Inc.)

Windsor
Frank B. Hall & Co. Inc.

Delaware

Wilmington
Johnson & Higgins of Delaware Inc.

District of Columbia

Alexander & Alexander Services Inc.
Corroon & Black Inc. of Washington, D.C.
Corroon & Black Inspace Inc.
Frank B. Hall & Co. Inc.
Fred S. James & Co. Inc.
Johnson & Higgins of Washington, D.C. Inc.
Marsh & McLennan Cos. Inc.
Reed Stenhouse Cos. Ltd.
Smith-Braedon Co. (U.S. Shelter Insurance Agency)
Wright & Co.

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Frank B. Hall & Co. Inc.

Boynton Beach
James/Hawkins & Associates (Brown & Brown Inc.)

Cape Coral
Associated Insurance Services

Clearwater
Arthur J. Gallagher & Co.
Lawrence Agency Inc.

Coconut Creek
James & Johansing Inc. (Brown & Brown Inc.)

Coral Gables
Frank B. Hall & Co. Inc.
Marsh & McLennan Cos. Inc.

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Brown & Brown Inc.

Delray Beach
Brown & Brown Inc.
James/Hawkins & Associates (Brown & Brown Inc.)

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ABI Management Inc.
Frank Crystal & Co. Inc. (Florida)
Lawrence Agency Corp.
Fred S. James & Co. Inc.
Murray, Martin & Olson Inc. (The Loomis Cos. Ltd.)
Reed Stenhouse Cos. Ltd.
Rollins Burdick Hunter of Florida Inc.

Fort Myers
Associated Insurance Services
Crump/Mann-Webb Insurance Inc.
Arthur J. Gallagher & Co.
IMC of South Florida (Hilb, Rogal & Hamilton Co.)
Poe & Associates Inc.
Sun State Insurance Agencies Inc.

Fort Walton Beach
Arthur J. Gallagher & Co.

Hollywood
Joseph Held Co. Inc.
Smith Watson Parker

Jacksonville
Bayly, Martin & Fay International Inc.
Frank B. Hall & Co. Inc.
Marsh & McLennan Cos. Inc.
Poe & Associates Inc.
Cecil W. Powell & Co.

Lakeland
Alexander & Alexander Services Inc.
Poe & Associates Inc.

Maitland
Frank B. Hall & Co. Inc.

Melbourne
Crump/Spencer Edens Agency Inc.

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Alexander & Alexander Services Inc.
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Poe & Associates Inc.
Roanoke Agency Inc.
Seitlin & Co.

Miami Shores
Frank B. Hall & Co. Inc.

Naples
Crump Cos./BIA
Sun State Insurance Agencies Inc.

North Fort Myers
Associates Insurance Services

North Palm Beach
Bayly, Martin & Fay International Inc.

Ocala
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Orlando
Brown & Brown Inc. (2)
Frank B. Hall & Co. Inc.
Harvest & HBJ Insurance Inc. (John M. Riehle Inc.)
Herndon, Iles & Scott (Hilb, Rogal & Hamilton Co.)
McGriff, Seibels & Williams Inc.
Poe & Associates Inc.
Sun State Insurance Agencies Inc.
United Self-Insured Services

Palm Beach
Marsh & McLennan Cos. Inc.

Pensacola
McGriff, Seibles & Williams Inc.

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Associated Insurance Services
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Sarasota
United Self-Insured Services
Stuart
Meadowbrook Inc.
Tallahassee
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Brown & Brown Inc.
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IMC of Tampa Bay (Hilb, Rogal & Hamilton Co.)
Marsh & McLennan Cos. Inc.
Poe & Associates Inc.
Sun State Insurance Agencies Inc.
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Crump/Spencer Edens Agency Inc.
Venice
Poe & Associates Inc.
Vero Beach
Joseph Held & Co. Inc.
West Palm Beach
Arthur J. Gallagher & Co.
Fred S. James & Co. Inc.
James/Hawkins & Associates (Brown & Brown Inc.)
Winter Haven
Poe & Associates Inc.
Winter Park
Arthur J. Gallagher & Co.

Georgia

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Marion A. Allen of Atlanta
Bayly, Martin & Fay International Inc.
John D. Carswell Co. (Carswell Insurance Group Inc.)
E.H. Crump of Georgia Inc.
Arthur J. Gallagher & Co.
Frank B. Hall & Co. Inc.
Interstate Insurance Agency (Rhulen Agency Inc.)
Fred S. James & Co. Inc.
Johnson & Higgins of Georgia Inc.
Leide Associates (Hilb, Rogal & Hamilton Co.)
Marsh & McLennan Cos. Inc.
James P. Poole & Co. (Poe & Associates Inc.)
Rollins Burdick Hunter of Georgia Inc.
Wood & Co. (McGriff, Seibels & Williams Inc.)
Augusta
Bayly, Martin & Fay International Inc.
Baxley
Marion A. Allen Inc. of Baxley
Fort Valley
ISU/Marion A. Allen Inc.
Gainsville
Marion A. Allen of Gainsville
Macon
Allen & Lambert Inc. (Marion A. Allen Inc.)
Frank B. Hall & Co. Inc.
Marietta
Merritt & McKenzie Inc.
Norcross
ISU/Manning, Malcolm & Kelly Inc.
Rosewell
Allen & Furr Inc. (Marion A. Allen Inc.)
Frank B. Hall & Co. Inc.
Savannah
Carswell Insurance Group Inc.
Vidalia
Marion A. Allen of Vidalia
John D. Carswell Co. (Carswell Insurance Group Inc.)

Hawaii

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Corroon & Black-King & Neel
Frank B. Hall & Co. Inc.
Jardine Insurance Service Hawaii Inc.
Johnson & Higgins of Hawaii Inc.
Marsh & McLennan Cos. Inc.
Reed Stenhouse Cos. Ltd.
Rollins Burdick Hunter of Hawaii Inc.
Maui
Alexander & Alexander Services Inc.

Idaho

Boise
Alexander & Alexander Services Inc.
Fred S. James & Co. Inc.
Marsh & McLennan Cos. Inc.
Coeur d'Alene
Fred S. James & Co. Inc.
Idaho Falls
Fred A. Moreton & Co.
Soda Springs
Bayly, Martin & Fay International Inc.

Illinois

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Chicago
ABI Management Inc.
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Alper Agency Inc.
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Bartlett Agency Inc.
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Emett & Chandler
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Fred S. James & Co. Inc.
Johnson & Higgins of Illinois Inc.
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Mack & Parker Inc.
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Julius Moll & Son Inc.
Near North Insurance Agency Inc.
Reed Stenhouse Cos. Ltd.
Rollins Burdick Hunter Co.
Rollins Burdick Hunter International Inc.
Rollins Burdick Hunter of Illinois Inc.
Robert M. Schrayer Co.
Schwartz Brothers Insurance Agency Inc.
Thilman & Filippini
Des Plaines
Bayly, Martin & Fay International Inc.
Downers Grove
Arthur J. Gallagher & Co.
Elgin
Frank B. Hall & Co. Inc.
Elmhurst
Davis-Grosse Inc.
ISU/Euclid Insurance Agencies Inc.
Evanston
Alexander & Alexander Services Inc.
Thilman & Filippini
Glen Ellyn
Arthur J. Gallagher & Co.
Hinsdale
Morency Weible & Sapa Inc.
Lombard
Frank B. Hall & Co. Inc.
Moline
Bartlett Agency Inc.
Oak Brook
Boockford & Co.
Financial Guardian Inc.
Financial Insurance Service Inc.
Marsh & McLennan Cos. Inc.
Peoria
Arthur J. Gallagher & Co.
Frank B. Hall & Co. Inc.
Rockford
Arthur J. Gallagher & Co.
Rollins Burdick Hunter of Illinois Inc.
Rolling Meadows
Arthur J. Gallagher & Co.
Schaumburg
Industrial Insurance Agency Inc.
Roanoke Agency Inc.
Skokie
Baumann & Ozzie Agency
Robert M. Schrayer Co.
Troy
Frank B. Hall & Co. Inc.
Woodstock
Woodstock Associates

Indiana

Elkhart
ISU/Midwest Commerce Insurance
Insurance & Risk Management
Evansville
Arthur J. Gallagher & Co.
Fort Wayne
Insurance & Risk Management
Goshen
ISU/Midwest Commerce Insurance
Greenwood
Lawrence Agency Corp.
Indianapolis
Alexander & Alexander Services Inc.
Arthur J. Gallagher & Co.
Insurance & Risk Management
ISU/Herke Insurance Center Inc.
Marsh & McLennan Cos. Inc.
Rollins Burdick Hunter of Indiana Inc.
Lafayette
MBAH Insurance
Marion
Beauchamp & McSpadden
Muncie
Insurance & Risk Management
North Manchester
Beauchamp & McSpadden
South Bend
Bath Van Mele & Associates
Arthur J. Gallagher & Co.
Bruner Cassady Neeser Agency Inc.
Rollins Burdick Hunter of Indiana Inc.
Wabash
Beauchamp & McSpadden
Warsaw
Beauchamp & McSpadden Strayer Insurance

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Council Bluffs
The Redland Group Inc.
Davenport
Bartlett Agency Inc.
Des Moines
Alexander & Alexander Services Inc.
Frank B. Hall & Co. Inc.
Holmes, Murphy & Associates Inc.
Kirke-Van Orsdel Insurance Services Inc.
Marsh & McLennan Cos. Inc.
Dubuque
Arthur J. Gallagher & Co.

Kansas

Atchison
Financial Guardian Inc.
Fairway
Haas & Wilkerson Inc.
Johnson City
Frank B. Hall & Co. Inc.
Kansas City
Frank B. Hall & Co. Inc.
Mission Woods
Emett & Chandler
Overland Park
Frank B. Hall & Co. Inc.
Prairie Village
The Lockton Insurance Agency Inc.
Topeka
Insurance Management Associates Inc.
Marsh & McLennan Cos. Inc.
Wichita
Bayly, Martin & Fay International Inc.
Financial Guardian Inc.
Insurance Management Associates Inc.
Marsh & McLennan Cos. Inc.
Rollins Burdick Hunter of Kansas Inc.

Kentucky

Covington
Atlantic Underwriters Agency (Rollins Burdick Hunter Co.)
Dayton
Perkins & Geoghegan of Kentucky (Thomas E. Wood Inc.)
Edgewood
Wood Underwriters (Thomas E. Wood Inc.)
Lexington
McDonough Caperton Kentucky
Multi-Services Corp. (Robinson-Conner Inc.)
Louisville
Alexander & Alexander Services Inc.
Fox, Puckett, Cohen & Associates (Robinson-Conner Inc.)
Frank B. Hall & Co. Inc.
Harris & Co.
Johnson & Higgins of Kentucky Inc.
Lawrence Agency Corp.
Marsh & McLennan Cos. Inc.
Reager-Harris
Middlesboro
The Crump Co. (Kentucky)

Louisiana

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Alexander & Alexander Services Inc.
Arthur J. Gallagher & Co.
Baton Rouge
Alexander & Alexander Services Inc.
The Crump Co. (Louisiana)
Arthur J. Gallagher & Co.
Frank B. Hall & Co. Inc.
Houma
Bayly, Martin & Fay International Inc.
Lafayette
Bayly, Martin & Fay International Inc.
Lake Charles
Bayly, Martin & Fay International Inc.
Metairie
Bayly, Martin & Fay International Inc.
Morgan City
Bayly, Martin & Fay International Inc.
New Orleans
Alexander & Alexander Services Inc.
Corroon & Black of Louisiana Inc.
Giesler-Simmons Corp. (The Armistead Group Inc.)
Frank B. Hall & Co. Inc.
Johnson & Higgins of Louisiana Inc.
Marsh & McLennan Cos. Inc.
North American Insurance Agency Inc.
Shreveport
Alexander & Alexander Services Inc.

Maine

Bangor
ISU/Fenderson Insurance
Calais
ISU/Fenderson Insurance
Eastport
ISU/Fenderson Insurance
Houlton
Fred S. James & Co. Inc.
Mars Hill
Fred S. James & Co. Inc.
Portland
Fred S. James & Co. Inc.
Arthur J. Gallagher & Co.
Johnson & Higgins of Maine Inc.
Rockland
Fred S. James & Co. Inc.
Rumford
Marsh & McLennan Cos. Inc.

Maryland

Annapolis
Murray, Martin & Olson Inc. (The Loomis Cos. Ltd.)
Baltimore
Alexander & Alexander Services Inc.
Bayly, Martin & Fay International Inc.
Fred S. James & Co. Inc.
Marsh & McLennan Cos. Inc.
Gaitersburg
Arthur J. Gallagher & Co.
Landover
Perpetual Insurance Services Inc.
Silver Springs
Crump National Accounts
Timonium
Frank B. Hall & Co. Inc.
Towson
Roanoke Agency Inc.

Massachusetts

Boston
Alexander & Alexander Services Inc.
Bayly, Martin & Fay International Inc.
Corroon & Black of Massachusetts Inc.
Frank B. Hall & Co. Inc.
Fred S. James & Co. Inc.
Jardine Insurance Brokers Inc.
Johnson & Higgins of Massachusetts Inc.
Lawrence Agency Corp.
Mahoney & Wright Insurance Agenices
Marsh & McLennan Cos. Inc.
Meadowbrook Inc.
Reed Stenhouse Cos. Ltd.
Republic Hogg Robinson Inc.
Roanoke Agency Inc.
Rollins Burdick Hunter of Massachusetts Inc.
Cambridge
ISU/Hastings-Tapley Insurance
Danvers
ISU/Hastings-Tapley Insurance
Essex
ISU/Hastings-Tapley Insurance
Gloucester
ISU/Hastings-Tapley Insurance
Holyoke
Frank B. Hall & Co. Inc.
Ipswich
ISU/Hastings-Tapley Insurance
Lynn
Admiral Lynnford-Shmishkiss Insurance Agency Inc.
Medford
ISU/Hastings-Tapley Insurance
Needham
Alexander & Alexander Services Inc.
New Bedford
Fred S. James & Co. Inc.
Newburyport
Alexander & Alexander Services Inc.
Newton
MacIntyre, Fay & Thayer Insurance Agency Inc.
North Reading
ISU/Hastings-Tapley Insurance
Reading
ISU/Hastings-Tapley Insurance
Saugus
ISU/Hastings-Tapley Insurance
Springfield
Frank B. Hall & Co. Inc.
Palmer Goodell Insurance Agency Inc.
Topsfield
ISU/Hastings-Tapley Insurance
Watertown
ISU/Hastings-Tapley Insurance
Wellesley
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West Springfield
Arthur J. Gallagher & Co.
Woburn
ISU/Hastings-Tapley Insurance
Worcester
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Insurance Marketing Agencies Inc.

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Detroit
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Johnson & Higgins (Michigan)
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Rollins Burdick Hunter of Michigan Inc.
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Farmington Hills
Bayly, Martin & Fay International Inc.
Grand Rapids
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Frank B. Hall & Co. Inc.
ISU/Grand Rapids Holland Insurance Agency Inc.
ISU/Crosby & Henry Inc.
Marsh & McLennan Cos. Inc.
Meadowbrook Inc.
Rollins Burdick Hunter of Michigan Inc.
Holland
ISU/Grand Rapids Holland Insurance Agency Inc.
Homer
Reichow Mull Agency (Worgess Agency Inc.)
Jackson
Jackson Insurance Agency (Hilb, Rogal & Hamilton Co.)
Lansing
Frank B. Hall & Co. Inc.
Livonia
Alexander & Alexander Services Inc.
Marshall
Worgess Agency of Marshall
Saginaw
Republic Hogg Robinson Inc.
Southfield
Arthur J. Gallagher & Co.
Kelter-Thorner Inc.
Marsh & McLennan Cos. Inc.
Meadowbrook Inc.
Republic Hogg Robinson Inc.
Troy
ABI Management Inc.
Financial Guardian Inc.

Minnesota

Albert Lea
First Insurance Albert Lea (FBS Insurance)
Alexandria
First Insurance Alexandria (FBS Insurance)
Austin
First Insurance Austin (FBS Insurance)
Bloomington
First Insurance Valley View (FBS Insurance)
Blue Earth
First Insurance Blue Earth (FBS Insurance)
Cloquet
First Insurance Cloquet (FBS Insurance)
East Grand Forks
First Insurance East Grand Forks (FBS Insurance)
Fairmont
First Insurance Fairmont (FBS Insurance)
Hibbing
First Insurance Hibbing (FBS Insurance)
Ivanhoe
First Insurance Ivanhoe (FBS Insurance)
Lakefield
First Insurance Lakefield (FBS Insurance)
Litchfield
First Insurance Litchfield (FBS Insurance)
Little Falls
First Insurance Little Falls (FBS Insurance)
Luverne
First Insurance Luverne (FBS Insurance)
Mankato
First Insurance Mankato (FBS Insurance)
Minneapolis
ABI Management Inc.
Alexander & Alexander Services Inc.
Bayly, Martin & Fay International Inc.
Corroon & Black of Minnesota Inc.
FBS Insurance
Arthur J. Gallagher & Co.
Frank B. Hall & Co. Inc.
Fred S. James & Co. Inc.
Johnson & Higgins Inc.
Marsh & McLennan Cos. Inc.
Reed Stenhouse Cos. Ltd.
Northfield
First Insurance Northfield (FBS Insurance)
Paynesville
First Insurance Paynesville (FBS Insurance)
Pipestone
First Insurance Pipestone (FBS Insurance)
St. Louis Park
Brandow Howard Kohler & Rosenbloom Inc.
Sauk Centre
First Insurance Sauk Centre (FBS Insurance)
Spring Valley
First Insurance Spring Valley (FBS Insurance)
St. Paul
Alexander & Alexander Services Inc.
Marsh & McLennan Cos. Inc.
Virginia
First Insurance Virginia (FBS Insurance)
Waseca
First Insurance Waseca (FBS Insurance)
Wheaton
First Insurance Wheaton (FBS Insurance)
Willmar
First Insurance Willmar (FBS Insurance)

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Continued from facing page

Windom
First Insurance Windom (FBS Insurance)
Winona
Arthur J. Gallagher & Co.
Worthington
First Insurance Worthington (FBS Insurance)

Mississippi

Jackson
Crump/Spencer Murphree Inc.

Missouri

Clayton
Frank B. Hall & Co. Inc.
Independence
North American Racing Insurance Inc.
Jefferson City
Alexander & Alexander Services Inc.
Kansas City
ABI Management Inc.
Alexander & Alexander Services Inc.
Bayly, Martin & Fay International Inc.
Financial Guardian Inc.
Arthur J. Gallagher & Co.
Frank B. Hall & Co. Inc.
Fred S. James & Co. Inc.
Marsh & McLennan Cos. Inc.
Reed Stenhouse Cos. Ltd.
The Woodsmall Cos.
St. Louis
Alexander & Alexander Services Inc.
Bayly, Martin & Fay International Inc.
Corroon & Black of St. Louis Inc.
The Daniel & Henry Co.
Financial Guardian Inc.
Arthur J. Gallagher & Co.
Haas-Wilkerson-Wohlberg Inc.
Frank B. Hall & Co. Inc.
Fred S. James & Co. Inc.
Johnson & Higgins of Missouri Inc.
Lawton-Byrne-Bruner Insurance Agency
Lockton Insurance Agency of St. Louis Inc.
Marsh & McLennan Cos. Inc.
Reed Stenhouse Cos. Ltd.
Rollins Burdick Hunter of Missouri Inc.
C.J. Thomas Co.

Montana

Billings
FBS Insurance Hoiness LaBar
Rollins Burdick Hunter of Montana Inc.
Butte
FBS Insurance Bartels Agency
Forsyth
FBS Insurance Forsyth
Fort Benton
FBS Insurance Fort Benton
Great Falls
Frank B. Hall & Co. Inc.
Missoula
Fred S. James & Co. Inc.

Nebraska

Kearney
Bayly, Martin & Fay International Inc.
Lincoln
Alexander & Alexander Services Inc.
Bayly, Martin & Fay International Inc.
Omaha
Alexander & Alexander Services Inc.
Bayly, Martin & Fay International Inc.
Engler & Jones Inc.
Frank B. Hall & Co. Inc.
Insurance Agents Inc. (The Redland Group Inc.)
Fred S. James & Co. Inc.
Mammel/Schropp/Swartzbaugh/Engler & Jones Inc.
Marsh & McLennan Cos. Inc.
Rollins Burdick Hunter of Nebraska Inc.

Nevada

Las Vegas
BHW-Leavitt
Bayly, Martin & Fay International Inc.
Cahill/Griffith-Leavitt
Clark-Leavitt
Fleet-Leavitt
Frank B. Hall & Co. Inc.
Fred S. James & Co. Inc.
Leavitt Insurance Agency
Marsh & McLennan Cos. Inc.
Parus-Leavitt
Summerfield-Leavitt
Wegener-Leavitt
Overton
Long-Leavitt
Reno
Bayly, Martin & Fay International Inc.
Corroon & Black of Nevada Inc.
Frank B. Hall & Co. Inc.
Fred S. James & Co. Inc.

New Hampshire

Bedford
Arthur J. Gallagher & Co.
Manchester
Frank B. Hall & Co. Inc.
Fred S. James & Co. Inc.
Kendall Insurance Inc.
Sadler/Marcotte (The Sadler Insurance Agency Inc.)
Nashua
The Sadler Insurance Agency Inc.
Rochester
Kendall Insurance Inc.

New Jersey

Bloomfield
Alexander & Alexander Services Inc.
Bridgewater
Young & Perry Insurance
Carlstadt
Professional Insurance Associates Inc.
Cedar Knolls
CPI Insurance Group
Cherry Hill
Arthur J. Gallagher & Co.
Frank B. Hall & Co. Inc.
Edison
Reed Stenhouse Cos. Ltd.
Fairlawn
Alexander & Alexander Services Inc.
Florham Park
FAI Insurance Counseling
Fords
Kelter-Thorner Inc. of New Jersey
Freehold
NIA Ltd./National Insurance Associates
Guttenberg
NIA/National Insurance Associates
Hasbrouck Heights
Alpha Aviation Insurance Agency Inc.
Lebanon
Young & Perry Insurance
Livingston
Frank B. Hall & Co. Inc.
M.J. Lieberman & Co.
Wharton/Lyon & Lyon
Long Valley
NIA Ltd./National Insurance Associates
Millburn
Rollins Burdick Hunter of New Jersey Inc.
Morristown
Frank B. Hall & Co. Inc.
Marsh & McLennan Cos. Inc.
Mt. Laurel
Cape Insurance Center Inc.
New Brunswick
O'Connell & Salisbury (Poe & Associates Inc.)
New Vernon
Bayly, Martin & Fay International Inc.
Newark
NIA Ltd./National Insurance Associates
North Plainfield
NIA Ltd./National Insurance Associates
Young & Perry Insurance
North Wildwood
Cape Insurance Center Inc.
Paramus
Frank B. Hall & Co. Inc.
NIA Ltd./National Insurance Associates
Parsippany
Corroon & Black of New Jersey
Jardine Insurance Brokers Inc.
Johnson & Higgins of New Jersey Inc.
Perth Amboy
ISU/Boynton Brothers & Co.
Roseland
Marsh & McLennan Cos. Inc.
Short Hills
Fred S. James & Co. Inc.
Somerset
Ulrich Voorhees Warner Associates
Teaneck
C. Loftberg Inc.
Nelson Charlmers Inc.
Tenafly
Popkin Lebson Bergstein Inc.
Trenton
Joseph Held & Co. Inc.
Ventnor
Bayly, Martin & Fay International Inc.
Westwood
I.R. Weinraub & Co. Inc.

New Mexico

Albuquerque
Alexander & Alexander Services Inc.
Corroon & Black of New Mexico Inc.
Arthur J. Gallagher & Co.
Fred S. James & Co. Inc.
Marsh & McLennan Cos. Inc.

New York

Albany
Alexander & Alexander Services Inc.
Austin & Co. Inc.
Arthur J. Gallagher & Co.
ISU/Security Group Inc.
Lawrence Agency Corp.
Marsh & McLennan Cos. Inc.
Amityville
American Professional Agency Inc.
Ardsley
Frank B. Hall & Co. Inc.
Bay Shore
Richard A. McGuire Associates Inc.
Binghamton
Couper-Ackerman-Sampson Inc.
Briarcliff Manor
Frank B. Hall & Co. Inc.
Brooklyn
Hirsch Wolf & Co. Inc.
Buffalo
Alexander & Alexander Services Inc.
S.H. Gow & Co. Inc.
Fred S. James & Co. Inc.
Lawrence Agency Corp.
Marsh & McLennan Cos. Inc.
Cedarhurst
Jardine Insurance Brokers Inc.
Chappaqua
Foa & Son Corp.
Chestertown
Stevenson Agency (Austin & Co. Inc.)
Clifton Park
Lawrence Agency Corp.
Cortland
Lawrence Agency Corp.
Endwell
Brink-Stabler Agency (Couper-Ackerman-Sampson Inc.)
Farmingdale
Robert E. Bill Associates Inc.
Fresh Meadows
Frank B. Hall & Co. Inc.
Garden City
Robert E. Bill Associates Inc.
Arthur J. Gallagher & Co.
Frank B. Hall & Co. Inc.
ISU/O'Shea Associates Inc.
Glens Falls
Lawrence Agency Corp.
Harrison
Frank B. Hall & Co. Inc.
Hauppauge
ISU/Gundermann & Gundermann Inc.
Hawthorne
Frank B. Hall & Co. Inc.
Huntington
ISU/Gundermann & Gundermann Inc.
Jericho
Frank B. Hall & Co. Inc.
Lake Success
Blumencranz, Klepper & Wilkins Ltd.
Latham
Lawrence Agency Corp.
Liberty
Weisbord Wells Cross & Brown Inc. (The Rhulen Agency Inc.)
Liverpool
Arthur J. Gallagher & Co.
Long Island
Alexander & Alexander Services Inc.
Melville
Frank B. Hall & Co. Inc.
Mitchell Field
Foa & Son Corp.
Monticello
Rhulen Agency Inc.
Nanuet
Don Liebert Inc.
NIA Ltd./National Insurance Associates
New York
Alexander & Alexander Services Inc.
B.R.I. Coverage Corp.
Bayly, Martin & Fay International Inc.
Corroon & Black Co. of New York Inc.
Corroon & Black Corp.
Emett & Chandler
Frank Crystal & Co. Inc.
Financial Guardian Inc.
Foa & Son Corp.
Frenkel & Co.
Arthur J. Gallagher & Co.
Frank B. Hall & Co. Inc.
Joseph Held & Co. Inc.
Fred S. James & Co. Inc.
Jardine Insurance Brokers Inc.
Johnson & Higgins
Walter Kaye Associates Inc.
Lawrence Agency Corp.
Marsh & McLennan Cos. Inc.
Meadowbrook Inc.
H&R Phillips Inc.
Reed Stenhouse Cos. Ltd.
Republic Hogg Robinson Inc.
Rhulen Agency Inc.
John M. Riehle Inc.
Roanoke Agency Inc.
Rollins Burdick Hunter of New York Inc.
Rollins Wrightson Co. (Rollins Burdick Hunter Co.)
S&B Insurance Services Co.
The Sklover Organization
DeWitt Stern, Gutmann & Co. Inc.
Hirsch Wolf & Co. Inc.
Ogdensburg
Arthur J. Gallagher & Co.
Plainsfield
Marsh & McLennan Cos. Inc.
Poughkeepsie
Marshall & Sterling Inc.
Rochester
Alexander & Alexander Services Inc.
Arthur J. Gallagher & Co.
S.H. Gow & Co. Inc.
Fred S. James & Co. Inc.
Lawrence Agency Corp.
Marsh & McLennan Cos. Inc.
Robinson-Conner of New York Inc.
Schenectady
Jardine Insurance Brokers Inc.
Lawrence Agency Corp.
Seaford
National Coverage Corp.
Smithtown
ISU/The Schaefer Agency Inc.
Syracuse
Alexander & Alexander Services Inc.
S.H. Gow & Co. Inc.
Frank B. Hall & Co. Inc.
Jardine Insurance Brokers Inc.
Lawrence Agency Corp.
Marsh & McLennan Cos. Inc.
Tarrytown
Frank B. Hall & Co. Inc.
Troy
Lawrence Agency Corp.
Uniondale
Rollins Burdick Hunter of New York Inc.
Utica
Alexander & Alexander Services Inc.
Wappingers Falls
Marshall & Sterling Inc.
Westbury
Alliance Brokerage Corp.
The Sklover Organization
White Plains
Arthur J. Gallagher & Co.
Frank B. Hall & Co. Inc.
Knox, Lent & Tucker Inc. (John M. Riehle Inc.)
Marsh & McLennan Cos. Inc.
S&B Insurance Services Co.
Whitney Point
Lawrence Agency Corp.

North Carolina

Andrews
Sullivan Co. (U.S. Shelter Insurance Agencies)
Asheville
Alexander & Alexander Services Inc.
Hyde Insurance (Robinson-Conner Inc.)
Ellis-Tomberlin (Robinson-Conner Inc.)
Burlington
Republic Hogg Robinson Inc.
Charlotte
Alexander & Alexander Services Inc.
Corroon & Black of the Carolinas Inc.
Frank B. Hall & Co. Inc.
Johnson & Higgins Carolinas Inc.
Lameth-Pitt-Crump Inc. (The Crump Cos. Inc.)
Marsh & McLennan Cos. Inc.
Poe & Associates of North Carolina/South Carolina
Goldsboro
Underwood-Dawson (Hilb, Rogal & Hamilton Co.)
Greensboro
Alexander & Alexander Services Inc.
Hyde Insurance (Robinson-Conner Inc.)
Hayesville
Sullivan Co. (U.S. Shelter Insurance Agencies)
Murphy
Sullivan Co. (U.S. Shelter Insurance Agencies)
Raleigh
Hyde Insurance (Robinson-Conner Inc.)
Fred S. James & Co. Inc.
Marsh & McLennan Cos. Inc.
Robbinsville
Sullivan Co. (U.S. Shelter Insurance Agencies)
Salisbury
Alexander & Alexander Services Inc.
Sylva
Sullivan Co. (U.S. Shelter Insurance Agencies)
Wilkesboro
Poe & Associates of North Carolina/South Carolina
Winston-Salem
Alexander & Alexander Services Inc.

North Dakota

Cando
First Insurance Cando (FBS Insurance)
Cavalier
First Insurance Cavalier (FBS Insurance)
Cooperstown
First Insurance Cooperstown (FBS Insurance)
Jamestown
First Insurance Jamestown (FBS Insurance)
Langdon
First Insurance Langdon (FBS Insurance)
Lidgerwood
First Insurance Lidgerwood (FBS Insurance)
Minot
First Insurance Minot (FBS Insurance)
Park River
First Insurance Park River (FBS Insurance)
Rolla
First Insurance Rolla (FBS Insurance)
Valley City
First Insurance Valley City (FBS Insurance)
Wahpeton
First Insurance Wahpeton (FBS Insurance)

Ohio

Akron
Frank B. Hall & Co. Inc.
Marsh & McLennan Cos. Inc.
Beachwood
Republic Hogg Robinson Inc.
Cincinnati
Alexander & Alexander Services Inc.
Walter P. Dolle Inc.
Arthur J. Gallagher & Co.
Johnson & Higgins of Ohio Inc.
Marsh & McLennan Cos. Inc.
Thomas E. Wood Inc.
Cleveland
ABI Management Inc.
Alexander & Alexander Services Inc.
Arthur A. Gallagher & Co.
Frank B. Hall & Co. Inc.
Johnson & Higgins of Ohio Inc.
Kelter-Thorner Insurance Agency Inc. (Ohio)
Marsh & McLennan Cos. Inc.
McDonough Caperton Cleveland
Roanoke Agency Inc.

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1 THE PRUDENTIAL.
2 THE PRUDENTIAL.
3 THE PRUDENTIAL.

Why is the biggest career-oriented insurance company in the country such a good brokerage company? Let us count the ways:

First, The Prudential has the widest range of competitive, up-to-date life products of any insurance company. Including a variable, universal, variable universal, current interest and many other permanent and term products.

Second, we're one of the most aggressive companies in the business when it comes to substandard risks. And our $20 million retention limit speeds up issue because it eliminates the need for reinsurance on many of your larger and even your medium sized cases.

Third, we offer competitive commissions and a liberal Expense Reimbursement Allowance.

Fourth, all products are backed by the resources of The Prudential– one of the nation's largest financial institutions. Chances are, one of the Rock's 30 brokerage offices is just a stone's throw away. See the list below or call your local Prudential Ordinary Agency. And find out why a career-oriented company has such a Rock-solid presence in the brokerage field.

The Prudential
Brokerage Services

Alexandria, VA (703) 671-3626
Arlington Hgts., IL (312) 981-8004
Atlanta, GA (404) 261-6766
Baltimore, MD (301) 792-9415
Boston, MA (617) 482-3686
Chicago, IL (312) 861-4360
Claremont, CA (714) 621-3983
Dallas/Ft. Worth, TX (214) 437-4282
Denver, CO (303) 758-5169
Detroit, MI 800-572-7473
Fresno, CA (209) 222-3021
Houston, TX (713) 680-1300
Indianapolis, IN (317) 844-4650
Long Island, NY 800-537-2414
Los Angeles, CA (213) 855-1616
Minneapolis, MN (612) 349-2185
New York, NY (212) 279-9100
No. & Central NJ (201) 321-1144
Orange Cty., CA (714) 731-2000
Philadelphia, PA (215) 563-6010
Phoenix, AZ (602) 266-1500
Raleigh, NC (919) 781-0060
San Francisco, CA (415) 543-8625
San Jose, CA (408) 241-6141
Seattle, WA (206) 285-3151
Spokane, WA (509) 326-5722
Southern NJ (609) 987-1058
Syracuse, NY (315) 425-1151
Washington, DC (301) 656-2505
Westchester Cty., NY (914) 698-2841

Continued from preceding page

Rollins Burdick Hunter Agency of Ohio Inc.
Variable Protection Administrators Inc.

Columbus
Alexander & Alexander Services Inc.
Corroon & Black of Ohio Inc.
Arthur J. Gallagher & Co.
Frank B. Hall & Co. Inc.
Marsh & McLennan Cos. Inc.
McElroy-Minister Co.

Dayton
Meuche, Hickman & Snow (Hilb, Rogal & Hamilton Co.)

Harrison
Thomas E. Wood Inc.

Independence
Frank B. Hall & Co. Inc.

Niles
Lawrence Agency Corp.

Rocky River
McGowan & Co. Inc.

Toledo
Arthur J. Gallagher & Co.
Fred S. James & Co. Inc.
Marsh & McLennan Cos. Inc.

Youngstown
Arthur J. Gallagher & Co.
Frank B. Hall & Co. Inc.

Oklahoma

Edmond
North American Insurance Agency Inc.

El Reno
Fred S. James & Co. Inc.

Oklahoma City
Alexander & Alexander Services Inc.
Frank B. Hall & Co. Inc.
Fred S. James & Co. Inc.
North American Insurance Agency Inc.
Marsh & McLennan Cos. Inc.
Rollins Burdick Hunter of Oklahoma Inc.

Tulsa
Alexander & Alexander Services Inc.
Bayly, Martin & Fay International Inc.
Frank B. Hall & Co. Inc.
Fred S. James & Co. Inc.
Johnson & Higgins of Oklahoma Inc.
Marsh & McLennan Cos. Inc.
North American Insurance Agency Inc.

Oregon

Eugene
Corroon & Black of Oregon Inc.
Frank B. Hall & Co. Inc.
Marsh & McLennan Cos. Inc.
Rollins Burdick Hunter of Oregon Inc.

Medford
Frank B. Hall & Co. Inc.
Fred S. James & Co. Inc.

Portland
ABI Management Inc.
Alexander & Alexander Services Inc.
Corroon & Black of Oregon Inc.
Arthur J. Gallagher & Co.
Frank B. Hall & Co. Inc.
Hansen & Rowland Inc. of Oregon (The Crump Cos.)
Fred S. James & Co. Inc.
Johnson & Higgins of Oregon Inc.
Marsh & McLennan Cos. Inc.
Rollins Burdick Hunter of Oregon Inc.

Salem
Fred S. James & Co. Inc.

Pennsylvania

Allentown
Arthur J. Gallagher & Co.

Ardmore
The Simkiss Cos.

Bethlehem
Fred S. James & Co. Inc.

Carlisle
McDowell Insurance Inc.

Chambersburg
McDowell Insurance Inc.

Clearfield
Moore & Eshelman (Robinson-Conner Inc.)

Erdenheim
Clair Insurance Agency Inc.

Erie
Arthur J. Gallagher & Co.
Marsh & McLennan Cos. Inc.
Robinson-Conner Inc.

Greencastle
McDowell Insurance Inc.

Greensburg
Arthur J. Gallagher & Co.

Harrisburg
Alexander & Alexander Services Inc.
Arthur J. Gallagher & Co.
Insurance Inc. (The Loomis Cos. Ltd.)
Fred S. James & Co. Inc.
Lawrence Agency Corp.
Marsh & McLennan Cos. Inc.

Hershey
Rollins Burdick Hunter of Pennsylvania Inc.

Jenkintown
Marsh & McLennan Cos. Inc.

Lancaster
Loomis Insurance Agency Corp.

Leavittown
The Rhulen Agency Inc.

Mechanicsburg
Active Insurance Services (Robinson-Conner Inc.)

Media
Paul Hertel & Co. Inc.

Mercersburg
McDowell Insurance Inc.

Newtown
Johnson, Kendall & Johnson Inc.

Philadelphia
Alexander & Alexander Services Inc.
Bayly, Martin & Fay International Inc.
Booth, Potter, Seal & Co. Inc. (Rollins Burdick Hunter Co.)
The Graham Co. Inc.
Haas & Wilkerson Inc.
Frank B. Hall & Co. Inc.
Paul Hertel & Co. Inc.
The Hirshorn Co.
Insurance Services Corp. (Robinson-Conner Inc.)
Fred S. James & Co. Inc.
Johnson & Higgins of Pennsylvania Inc.
H.K. Knight & Co.
Marsh & McLennan Cos. Inc.
Reed Stenhouse Cos. Ltd.
Rollins Burdick Hunter of Pennsylvania Inc.

Pittsburgh
Alexander & Alexander Services Inc.
Babb Inc.
Frank B. Hall & Co. Inc.
Bigler-Ketchum Inc.
Fred S. James & Co. Inc.
Johnson & Higgins of Pennsylvania Inc.
Marsh & McLennan Cos. Inc.
McDonough Caperton Pittsburgh
Reed Stenhouse Cos. Ltd.
Robinson-Conner Inc.
Rogal Co. (Hilb, Rogal &Hamilton Co.)

Reading
Insurance Inc. (The Loomis Cos. Ltd.)
The Loomis Cos. Ltd.
Loomis Insurance Agency Corp.
Skaist, Knoblauch & Hyman Inc. (The Loomis Cos. Ltd.)

Roxborough
Paul Hertel & Co. Inc.

Rydal
Palley Simon Associates

Scranton
Arthur J. Gallagher & Co.

Wayne
Babb Inc.
McCrea & Gallen Inc.

Wilkes-Barre
Frank B. Hall & Co. Inc.

Williamsport
Fred S. James & Co. Inc.

Wynnewood
Republic Hogg Robinson Inc.

Wyomissing
Fred S. James & Co. Inc.

Rhode Island

Cranston
Arthur J. Gallagher & Co.

Providence
Frank B. Hall & Co. Inc.

South Carolina

Charleston
Marsh & McLennan Cos. Inc.
Sullivan Co. Inc. (U.S. Shelter Insurance Group)

Columbia
Alexander & Alexander Services Inc.
Corroon & Black of the Carolinas Inc.
Fred S. James & Co. Inc.
Marsh & McLennan Cos. Inc.
U.S. Shelter Insurance Group

Florence
Poe & Associates of North Carolina/South Carolina

Greenville
Corroon & Black of the Carolinas Inc.
Arthur J. Gallagher & Co.
Marsh & McLennan Cos. Inc.
U.S. Shelter Insurance Group

Greer
Rhulen Agency Inc.

Hilton Head Island
Carswell of Carolina (Carswell Insurance Group)

Myrtle Beach
Frank B. Hall & Co. Inc.

South Dakota

Clark
First Insurance Clark (FBS Insurance)

Corsica
First Insurance Corsica (FBS Insurance)

Gettysburg
First Insurance Gettysburg (FBS Insurance)

Highmore
First Insurance Highmore (FBS Insurance)

Hot Springs
First Insurance Hot Springs (FBS Insurance)

Lemmon
First Insurance Lemmon (FBS Insurance)

Madison
First Insurance Madison (FBS Insurance)

Miller
First Insurance Miller (FBS Insurance)

Platte
First Insurance Platte (FBS Insurance)

Presho
First Insurance Presho (FBS Insurance)

Redfield
First Insurance Redfield (FBS Insurance)

Vermillion
First Insurance Vermillion (FBS Insurance)

Wessington Springs
First Insurance Wessington Springs (FBS Insurance)

Tennessee

Chattanooga
Alexander & Alexander Services Inc.
Corroon & Black of Chattanooga Inc.

Hendersonville
Greenwich American Underwriters Inc. (The Armistead Group Inc.)

Kingsport
The Crump Co. (East Tennessee)

Knoxville
Marion A. Allen Inc. of Tennessee
Broadus-Anderson & Associates Inc. (The Armistead Group Inc.)
Corroon & Black/Flenniken Insurance
The Crump Co. (East Tennessee)
Marsh & McLennan Cos. Inc.

Memphis
Corroon & Black of Memphis Inc.
The Crump Cos. Inc.
E.H. Crump & Co.
Marsh & McLennan Cos. Inc.

Murfreesboro
Rhulen Agency Inc.

Nashville
Alexander & Alexander Services Inc.
The Armistead Group Inc.
Corroon & Black of Nashville Inc.
The Crump Co. (Nashville)
Arthur J. Gallagher & Co.
Fred S. James & Co. Inc.
Johnson & Higgins of Tennessee Inc.
Marsh & McLennan Cos. Inc.
Polk & Sullivan Inc. (The Armistead Group Inc.)

New Tazewell
The Crump Co. (East Tennessee)

Texas

Abilene
Alexander & Alexander Services Inc.

Amarillo
Marsh & McLennan Cos. Inc.

Brownsville
Alexander & Alexander Services Inc.

Corpus Christi
Alexander & Alexander Services Inc.
Arthur J. Gallagher & Co.
Marsh & McLennan Cos. Inc.
Producers Exchange Inc.
Shelton Insurance Agency Inc.

Dallas
ABI Management Inc.
Alexander & Alexander Services Inc.
Bayly, Martin & Fay International Inc.
Corroon & Black/Ellis Crotty Powers
Crump Insurance Services Inc.
Arthur J. Gallagher & Co.
Frank B. Hall & Co. Inc.
Fred S. James & Co. Inc.
Johnson & Higgins of Texas Inc.
North American Insurance Agency Inc.
Marsh & McLennan Cos. Inc.
Arthur L. Owen Co. Inc.
Producers Exchange Inc.
Reed Stenhouse Cos. Ltd.
Rollins Burdick Hunter of Texas Inc.

El Paso
Emmett & Chandler
ISU/Rogers & Belding Insurance Agency Inc.
Republic Hogg Robinson Inc.

Fort Worth
Alexander & Alexander Services Inc.
L.T. Barton Insurance
Marsh & McLennan Cos. Inc.

Houston
Alexander & Alexander Services Inc.
Bayly, Martin & Fay International Inc.
Beck/Wm. Schwartz Inc.
Blackburn-Pirkle Insurance Agency (Wisenberg Insurance Agency)
Bynum Insurance Inc.
Corroon & Black of Texas Inc.
Crump-Strange Agency Inc.
Frank Crystal & Co. Inc. (Texas)
Emett & Chandler
Financial Guardian Inc.
Frank B. Hall & Co. Inc.
ISU/T.D. Howe & Associates Inc.
Fred S. James & Co. Inc.
Jardine Insurance Brokers (Texas) Inc.
Johnson & Higgins of Texas Inc.
Marsh & McLennan Cos. Inc.
Producers Exchange Inc.
Reed Stenhouse Cos. Ltd.
Roanoke Agency Inc.
Rollins Burdick Hunter of Texas Inc.
Wisenberg Insurance Agency
John L. Wortham & Son

Irving
Republic Hogg Robinson Inc.

Lubbock
Producers Exchange Insurance Agency Inc.
Republic Hogg Robinson Inc.

Midland
Alexander & Alexander Services Inc.

Pampa
Marsh & McLennan Cos. Inc.

San Antonio
Alexander & Alexander Services Inc.
Arthur J. Gallagher & Co.
Frank B. Hall & Co. Inc.
Harding-Conley-Drawet-Tinch Insurance Agency Inc.
Marsh & McLennan Cos. Inc.
Rollins Burdick Hunter of Texas Inc.

Weslaco
Alexander & Alexander Services Inc.

Utah

Brigham City
Leavitt Group of Brigham City

Cedar City
Dixie Leavitt Agency
The Leavitt Group

Coalville
Blonquist-Leavitt (The Leavitt Group)

Delta
Manis-Leavitt (The Leavitt Group)

Heber City
Leavitt Group of Heber City

Hurricane
Bringhurst-Leavitt (The Leavitt Group)

Kanab
Barton-Leavitt (The Leavitt Group)

Logan
Bayly, Martin & Fay International Inc.

Nephi
Stowell-Leavitt (The Leavitt Group)

Ogden
Fred S. James & Co. Inc.

Orem
Bowen-Leavitt (The Leavitt Group)
Wilkinson/Bowen-Leavitt (The Leavitt Group)

Provo
Taylor/Bowen-Leavitt (The Leavitt Group)

Richfield
Okerlund-Leavitt (The Leavitt Group)

Roosevelt
Leavitt Group of Unitah Basin

St. George
Leavitt Group of St. George

Salina
Briggs-Leavitt (The Leavitt Group)

Salt Lake City
Alexander & Alexander Services Inc.
Armistead-Leavitt
Bayly, Martin & Fay International Inc.
Corroon & Black (Utah)
Frank B. Hall & Co. Inc.
Fred S. James & Co. Inc.
Kendall Insurance Inc.
Marsh & McLennan Cos. Inc.
Fred A. Moreton & Co.
Savage-Leavitt
Turner, Leavitt & Co. (The Leavitt Group)

Spanish Fork
Leavitt Group of Spanish Fork

Vermont

Burlington
Arthur J. Gallagher & Co.
Hackett, Valine & MacDonald Inc.
Marsh & McLennan Cos. Inc.
Smith, Bell & Thompson Inc.

Brattleboro
Kinney, Pike/Brattleboro

Essex Junction
Kinney, Pike/Essex Junction

Hartford
Kinney, Pike/Hartford

Poultney
Kinney, Pike/Poultney

Rutland
Frank B. Hall & Co. Inc.
Kinney, Pike, Bell & Conner Inc.

Sunbury
Marsh & McLennan Cos. Inc.

Virginia

Abingdon
McDonough Caperton Virginia

Alexandria
Bayly, Martin & Fay International Inc.

Altavista
James A. Scott & Son Inc.

Big Stone Gap
McDonough Caperton Virginia

Blacksburg
Frank B. Hall & Co. Inc.

Charlottesville
Frank B. Hall & Co. Inc.
IMC of Charlottesville (Hilb, Rogal & Hamilton Co.)
Minor-Alexander Insurance Agency (Hilb, Rogal & Hamilton Co.)

Chesapeake
IMC of Tidewater (Hilb, Rogal & Hamilton Co.)

Danville
James A. Scott & Son Inc.

Galax
Frank B. Hall & Co. Inc.

Hampton
Harrison & Lear Insurance (Henderson & Phillips)

Lynchburg
James A. Scott & Son Inc.

Madison
James A. Scott & Son Inc.

Marion
Frank B. Hall & Co. Inc.

Newport News
Ballou & Palmer (Henderson & Phillips Inc.)

Norfolk
Henderson & Phillips Inc.
Marsh & McLennan Cos. Inc.

Portsmouth
Commercial Insurance Agency (Henderson & Phillips)

Richmond
Alexander & Alexander Services Inc.
Arthur J. Gallagher & Co.
Frank B. Hall & Co. Inc.
Hilb, Rogal & Hamilton Co.

Continued on facing page

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Continued from facing page

Johnson & Higgins of Virginia Inc.
Marsh & McLennan Cos. Inc.
Mutual Insurers Inc. (Hilb, Rogal & Hamilton Co.)

Roanoke
Frank B. Hall & Co. Inc.
James A. Scott & Son Inc.

Rustburg
James A. Scott & Son Inc.

Timberlake
James A. Scott & Son Inc.

Vienna
Alexander & Alexander Services Inc.

Virginia Beach
Pembroke Insurance Agency Inc.

Washington

Bellevue
Arthur J. Gallagher & Co.
Labow, Haynes Co. Inc. (The Crump Cos. Inc.)

Bremerton
Frank B. Hall & Co. Inc.

Kennewick
Frank B. Hall & Co. Inc.

Seattle
Alexander & Alexander Services Inc.
Bayly, Martin & Fay International Inc.
Corroon & Black Inc.
Frank B. Hall & Co. Inc.
Fred S. James & Co. Inc.
Johnson & Higgins of Washington Inc.
Marsh & McLennan Cos. Inc.
Reed Stenhouse Cos. Ltd.
Rollins Burdick Hunter of Washington Inc.

Spokane
American Agrisurance Co. (The Redland Group Inc.)
Frank B. Hall & Co. Inc.
Fred S. James & Co. Inc.
ISU/Moloney & O'Neill Inc.
Jardine Insurance Brokers Inc.
Marsh & McLennan Cos. Inc.
May-Davis Inc.

Tacoma
Hansen & Rowland (The Crump Cos. Inc.)

Vancouver
Frank B. Hall & Co. Inc.

Wenatchee
R.S. Meenach Agency (The Crump Cos. Inc.)

Yakima
Frank B. Hall & Co. Inc.
Fred S. James & Co. Inc.

West Virginia

Beckley
McDonough Caperton Beckley

Charleston
Johnson & Higgins of West Virginia Inc.
McDonough Caperton Charleston
McDonough Caperton Insurance Group

Fairmont
McDonough Caperton Fairmont

Parkersburg
McDonough Caperton Parkersburg

Wheeling
Arthur J. Gallagher & Co.
McDonough Caperton Wheeling

Wisconsin

Appleton
Laub Group Inc.
Marsh & McLennan Cos. Inc.

Black River Falls
ISU/Klein Insurance Group Inc.

Green Bay
Alexander & Alexander Services Inc.

LaCrosse
ISU/Klein Insurance Group Inc.

Madison
Arthur J. Gallagher & Co.
Laub Group Inc.
Marsh & McLennan Cos. Inc.
Rollins Burdick Hunter of Wisconsin Inc.

Milwaukee
Alexander & Alexander Services Inc.
Corroon & Black of Wisconsin Inc.
FitzGerald, Clayton, Noyes & Kasten Inc.
Arthur J. Gallagher & Co.
Frank B. Hall & Co. Inc.
Fred S. James & Co. Inc.
Laub Group Inc.
Marsh & McLennan Cos. Inc.
Robertson-Ryan & Associates Inc.
Rollins Burdick Hunter of Wisconsin Inc.

Osseo
ISU/Klein Insurance Group Inc.

Racine
Laub Group Inc.

Superior
Arthur J. Gallagher & Co.

Waukesha
Robertson-Ryan & Associates Inc.

Wausau
Laub Group Inc.

Wyoming

Casper
Marsh & McLennan Cos. Inc.

Cheyenne
Emett & Chandler
Frank B. Hall & Co. Inc.
Ed Murray & Sons (Robinson-Conner Inc.)

Worland
First Insurance Wyoming-Hoiness LaBar (FBS Insurance)

Puerto Rico

Bayamon
South Continental Insurance Agency

San Juan
Alexander & Alexander Services Inc.
Fred S. James & Co. Inc.
Marsh & McLennan Cos. Inc.
Saldana & Associates Inc.
South Continental Insurance Agency Inc.

Yauco
South Continental Insurance Agency

U.S. Virgin Islands

St. Croix
Antilles Insurance Inc. (Alliance Brokerage Corp.)
Marshall & Sterling Inc.

St. Thomas
Antilles Insurance Inc. (Alliance Brokerage Corp.) ■

datebook

JULY 8. Tax Reform Implications for Employee Benefit Plans program in Boston, sponsored by the International Foundation of Employee Benefit Plans; $140 for members; $165 for non-members. Also **July 9** in Chicago, **July 10** in Minneapolis and **July 11** in San Francisco. Registrar, IFEBP, P.O. Box 69, Brookfield, Wis. 53008-0069.

JULY 11. Cost Containment and Health Claims Management System seminar in Miami, sponsored by Resource Information Management Systems Inc.; free. Also **July 18** in Dallas. Ellen Lockwald, RIMSI, 2015 Spring Road, #220, Oak Brook, Ill. 60521; 312-789-0230.

JULY 11-12. 1985 National Advanced Workers Compensation seminar in Cape Cod, Mass., sponsored by the Workers' Compensation Monthly; $195. Registrar, Workers' Compensation Monthly, P.O. Box 590, Falmouth, Mass. 02541; 617-540-1606.

JULY 14-19. The Ninth Annual National Symposium on Workers' Compensation at the University of Maine at Orono, organized by J. Howard Bunn Jr., vp of workers compensation for the National Assn. of Independent Insurers in Des Plaines, Ill., and Robert B. Collyer, former deputy secretary of labor; $450. Symposium Coordinator, Lori Angelo, 1721 Pine St., Philadelphia, Pa. 19103; 215-735-0205.

JULY 14-26. The Executive Program series in Harriman, N.Y., sponsored by The College of Insurance; $1,732.50 for college sponsors, $1,995 for others. Russel Fershleiser, The College of Insurance, One Insurance Plaza-101 Murray St., New York, N.Y. 10007; 212-962-4111.

JULY 15-19. Occupational Respiratory Protection course in Los Angeles, sponsored by the University of Southern California; $750. Registrar, Office of Extension and In-Service Programs, Institute of Safety and Systems Management, University of Southern California, Los Angeles, Calif. 90089; 213-743-6523/6524.

JULY 16. Preparedness for Chemical Emergencies conference in Chicago, sponsored by Illinois State Chamber of Commerce; $90 for members; $135 for non-members. Carol Jensen, ISCC, 20 N. Wacker Dr., Chicago, Ill. 60606; 312-372-7373.

JULY 16-18. Petroleum/Chemical Fire School in Marinette, Wis., sponsored by Ansul Fire Protection Co.; $650. Also **Aug. 20-22, Sept. 10-12 and Oct. 1-3**, all in Marinette. Sara Lambrecht, Ansul Fire Protection, 1 Stanton St., Marinette, Wis. 54143.

JULY 17. Health Care Cost Containment conference in Chicago, sponsored by Illinois State Chamber of Commerce; $90 for members; $135 for non-members. Carol Jensen, ISCC, 20 N. Wacker Dr., Chicago, Ill. 60606; 312-372-7373.

JULY 17. Plan Design conference in Chicago, sponsored by the Illinois State Chamber of Commerce; $90 for members; $135 for non-members. Registrar, ISCC, Center for Business Management, 20 N. Wacker Dr., Chicago, Ill. 60606; 312-372-7373.

JULY 21-27. National Wellness conference in Stevens Point, Wis., sponsored by the University of Wisconsin—Stevens Point; $325 for the week; $75 per day; members of the National Wellness Assn. receive $15 discount on full registration; organizations with three or more attendants receive special discounts. Registrar, National Wellness Conference, South Hall, UWSP, South Point, Wis. 54481; 715-346-2172/2572.

JULY 22-23. Asset/Liability Management: Profitability and Risk in a Time of Change conference in Boston, sponsored by Peat Marwick and Darling & Associates; $675. Registrar, Executive Education Department, 810 Seventh Ave., 28th Floor, New York, N.Y. 10019; 1-800-762-3932.

JULY 22-26. Sampling and Evaluating Airborne Asbestos Dust course in Los Angeles, sponsored by the University of Southern California; $675. Registrar, Office of Extension and In-Service Programs, Institute of Safety and Systems Management, University of Southern California, Los Angeles, Calif. 90089-0021; 213-743-6523/6524.

JULY 25-26. Introduction to Qualified Pension and Profit-Sharing Plans seminar in New York, sponsored by the Practising Law Institute; $390. Registrar, PLI, Department 105-ZH, 810 Seventh Ave., New York, N.Y. 10019; 212-765-5700, Ext. 286.

JULY 29-31. Industrial Hygiene Sampling Strategies course in Los Angeles, sponsored by the University of Southern California; $425. Registrar, Office of Extension and In-Service Programs, Institute of Safety and Systems Management, University of Southern California, Los Angeles, Calif. 90089-0021; 213-743-6523/6524.

JULY 30-AUG. 1. Utilities Fire School in Marinette, Wis., sponsored by Ansul Fire Protection; $650. Also, **Aug. 27-29** in Marinette. Sara Lambrecht, Ansul Fire Protection, 1 Stanton St., Marinette, Wis. 54143.

AUG. 1-2. Ergonomics course in Los Angeles, sponsored by the University of Southern California; $375. Registrar, Office of Extension and In-Service Programs, Institute of Safety and Systems Management, University of Southern California, Los Angeles, Calif. 90089-0021; 213-743-6523/6524.

AUG. 4-6. Business Insurance Employee Benefits Communications conference in New York, sponsored by *Business Insurance*; $575. Registrar, *Business Insurance Communications Services Department, Business Insurance*, 220 E. 42nd St., New York, N.Y. 10017; 212-210-0137.

AUG. 4-9. The Basic Course in Reinsurance in Princeton, N.J., sponsored by The College of Insurance; $825 for college sponsors, $950 for others. Laura McKeon, The College of Insurance, One Insurance Plaza-101 Murray St., New York, N.Y. 10007; 212-962-4111.

AUG. 5-7. Recognition of Accident Potential in the Workplace Due to Human Factors course in Los Angeles, sponsored by the University of Southern California; $425. Registrar, Office of Extension and In-Service Programs, Institute of Safety and Systems Management, University of Southern California, Los Angeles, Calif. 90089-0021; 213-743-6523/6524.

AUG. 5-7. Fundamentals of Employee Benefits conference in New York, sponsored by the American Management Assn.s; $695 for members; $800 for non-members. Karen Marquardt AMA, 135 W. 50th St., New York, N.Y. 10020; 212-586-8100.

AUG. 6-8. Industrial Fire School in Marinette, Wis., sponsored by Ansul Fire Protection; $650. Also **Sept. 17-19 and Oct. 7-9**, all in Marinette. Sara Lambrecht, Ansul Fire Protection, 1 Stanton St., Marinette, Wis. 54143.

AUG. 8-9. Legal Aspects of Occupational Safety and Health program in Los Angeles, sponsored by the University of Southern California; $375. Registrar, Office of Extension and In-Service Programs, Institute of Safety and Systems Management, University of Southern California, Los Angeles, Calif. 90089-0021; 213-743-6523/6524

AUG. 11-14. 1985 Communications Institute program in Monterey, Calif., sponsored by the International Foundation of Employee Benefit Plans; $420 for members; $495 for non-members. Registrar, IFEBP, 18700 W. Bluemound Road, P.C. Box 69, Brookfield, Wis. 53005-0069; 414-786-6700.

AUG. 12. Plan Administration conference in Chicago, sponsored by the Illinois State Chamber of Commerece; $90 for members; $135 for non-members. Registrar, ISSC, Center for Business Management, 20 N. Wacker Dr., Chicago, Ill. 60606; 312-372-7373.

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The Datebook is compiled from notices of meetings and coures sent to Business Insurance. Notices should be sent at least eight weeks in advance to Datebook, Business Insurance, 740 N. Rush St., Chicago, Ill. 60611. Business Insurance reserves the right to select meetings of most interest to its readers and cannot guarantee that notices will be printed.

Two Top 100 brokers omitted from alphabetical listing

The following brokers were omitted from the alphabetical listof agents and brokers in this issue.

Meeker Sharkey Financial Group Inc.

21 Commerce Dr., Cranford, N.J. 07016; 201-272-8100

	1984	1983
Premium volume	$35,000,000	$34,000,000
Gross revenues	$7,260,000	$5,800,000
Brokerage: retail	70%	70%
Services	13%	13%
Personal lines	15%	15%
Invest. income	1%	1%
Other	1%	1%
Employees	165	130
Offices	6	5

Year founded: 1864.
Brokerage: 90% commission; 10% fee.
Acquisitions: American Pension Corp., Cranford, N.J., pooled.
Subsidiaries: Meeker Sharkey Associates, Kohler-MacBean Agency and Actuarial Consultants, Cranford, N.J.; J. DiLeo Associates, Piscataway, N.J.; T.C. Moffatt & Co., Sea Girt, N.J., MacKinnon & Co., Wayne, N.J.
Principal officers: Thomas J. Sharkey, chairman; Ray Vaughn, William Redmond and Brian Leddy, presidents of subsidiaries; James Martin, vice chairman.

The Redland Group Inc.

35 N. Main Place, Council Bluffs, Iowa 51501; 712-325-1010

	1984	1983
Premium volume	$46,077,657	$33,790,906
Gross revenues	$13,023,965	$8,437,854
Brokerage: retail	17%	21%
Wholesale	13%	10%
Reinsurance	63%	63%
Invest. income	5%	4%
Other	2%	2%
Employees	158	118
Offices	3	3

Year founded: 1976.
Brokerage: 95% commission; 5% fee.
Branch offices: Insurance Agents Inc., Omaha, Neb.; American Agrisurance Co., Spokane, Wash.
Subsidiaries: American Agrisurance Co. and Redland Insurance Co., Council Bluffs, Iowa.
Principal officers: H.H. Nelson, chairman; John P. Nelson, president; Richard C. Gibson, Gary L. Hurley and Omer C. Trout, vps.
Licensed excess/surplus broker in: Nebraska and Iowa.



U.K., Canadian brokers among world's top

Sedgwick Group P.L.C.

Sedgwick House, The Sedgwick Centre, London E1 8DX England; 01-377-3456

The pending merger of the largest Lloyd's of London broker Sedgwick Group P.L.C. with the fifth-largest U.S. broker Fred S. James & Co. Inc. will create an international brokerage of mammoth proportions.

The Sedgwick-James partnership will create the third-largest broker in the world, after Marsh & McLennan Cos. Inc. and Alexander & Alexander Services Inc., which itself will merge with Canadian broker Reed Stenhouse Cos. Ltd. this summer. Segdwick currently is the sixth-largest broker in the world.

Together, the Sedgwick and James group will have combined 1984 revenues of $578.7 million.

The merger also will give Sedgwick the U.S. brokerage connection for which it has been looking for the last seven years. During that time, Sedgwick tried more than once to merge with or buy out A&A, but without success.

And, the merger will help Sedgwick build profits and expertise, in the wake of the move by several executives in its North American division to Alexander Howden Group P.L.C.

"Our main strategy is to establish Sedgwick as one of the top three brokers in any country in the world," said Sedgwick Chairman Carel Mosselmans.

On June 27, shareholders of Sedgwick will vote on the proposed merger with James at a special meeting being called by Sedgwick.

"We hope they will be as enthusiastic as we are," Mr. Mosselmans said.

If, as expected, the shareholders approve the terms of the merger, then Sedgwick only has to wait for U.S. and British government authorities to approve the transaction. Mr. Mosselmans expects the merger to be finalized "as soon as possible," well before the Sept. 30 deadline.

The Sedgwick-James merger was announced in late March, after negotiations with James and James' parent company San Francisco-based Transamerica Corp. (*BI*, April 8). Negotiations began with James after Richard M. Page left the chairmanship of Howden and moved to James as its chairman and chief executive officer (*BI*, April 8).

Under the terms of the merger, Transamerica will transfer 100% of James shares—including Lloyd's broker Wigham Poland Holdings P.L.C. and newly acquired Canadian broker Tomenson Inc.—for 73.6 million new common Sedgwick shares and 68.4 million shares of a new class of restricted voting stock.

The transaction, which is valued at 533 million pounds ($640 million) will give Transamerica a 39% equity interest in Sedgwick.

Under the agreement, Transamerica cannot buy any more Sedgwick stock for five years, to head off any takeover attempt. Some London observers think it would be to Transamerica's advantage to acquire all of Sedgwick after the restriction is lifted, but Mr. Mosselmans disagrees.

"Independence is fundamental to the success of our business," he said. "They (Transamerica) value that."

After the merger, Fred S. James will retain its name and its autonomy, said Mr. Mosselmans.

John F. Sullivan Co., the successful reinsurance subsidiary of James—ranked second among reinsurers intermediaries by *Business Insurance*—will also keep its autonomy "for the moment", he said.

Sedgwick also will continue to maintain business relations with other U.S. brokers besides James.

"Clients are better served by using the best marketing arm that is available," Mr. Mosselmans said. "But where James is best, we will use them."

And, Sedgwick will leave its North American companies—MacLean Oddy & Associates, a Dallas-based wholesaler; Sedgwick Group Services Inc, a New York-based consultant; and Southern Marine & Aviation Underwriters, which provides insurance services to aviation, oil and gas industry clients—separate from James' operations in the United States.

However, Sedgwick will not leave Lloyd's broker Wigham Poland alone. Wigham Poland will be merged with Sedgwick "under one umbrella," Mr. Mosselmans said. Wigham Poland employees probably also will move into the two buildings Sedgwick now owns in London.

Sedgwick officials expect the merger to go smoothly. After all, Sedgwick has merged with London brokers four times since 1963, noted J.N. Duncan, group deputy chairman at Sedgwick.

"You could say Sedgwick is a veteran of mergers," Mr. Duncan said.

In addition to what James will bring to Sedgwick in the merger, Sedgwick will provide James with the international and marketing skills for which Sedgwick has become famous, particularly in the oil and energy and reinsurance fields.

"Currently we are an international company meeting the needs of our clients globally," Mr. Mosselmans said. "In the difficult market today, our broking skill and expertise will prove beneficial to the growth of our business."

When measured in pounds, Sedgwick experienced a healthy 19.3% growth in revenue for 1984. However, the poor performance of the pound against the dollar hurt its results when figured in U.S. dollars: The exchange rate was $1.45 to the pound on Dec. 31, 1983, and $1.16 to the pound a year later.

Sedgwick's revenues grew to 247.2 million pounds ($286.8 million at 1984 year-end rates) in 1984 from 207.1 million pounds ($300.3 million at year-end rates) in 1983. Operating profits, figured in pounds, also grew steadily by 7% to 85.5 million pounds from 80.1 million pounds. But, in dollar terms, they fell to $99.2 million at 1984 rates from $116.1 million at 1983 rates.

And, Sedgwick's 1984 results were hurt by exceptional costs of 7.2 million pounds ($8.4 million), lowering pretax profits for 1984 2%, to 78.3 million pounds ($90.8 million).

The charge was "incurred in resolving matters arising from the unsatisfactory underwriting outcome of certain business handled in earlier years by group companies," Mr. Mosselmans told shareholders. He would not go into detail.

Sedgwick's insurance and reinsurance brokers handled 3.1 billion pounds ($3.6 billion) in gross premiums in 1984.

Sedgwick employs 6,320 people at its 163 offices in 59 countries.

Sedgwick is now headquartered in two adjacent buildings in London: Sedgwick House and the new 80.4 million pound Sedgwick Centre, which was just opened this month.

Sedgwick's reinsurance brokerage unit, E.W. Payne Cos. Ltd., is headquartered at Sedgwick House, and the rest of Sedgwick—including its corporate executives—have moved to Sedgwick Centre.

London sources report that several key North American executives have left Sedgwick—taking business with them—since Dennis Mahoney, managing director of Sedgwick's property division, left to join Howden as deputy chairman early last year. However, Sedgwick now has a "very fine team" in its North American subsidiary Price Forbes Ltd., headed by chairman Ken Carter, Mr. Mosselmans said.

Mr. Duncan added, "When we are a large firm, people are headhunted for their training and quality. This presents opportunity for other people to improve their careers."

Slightly more than 3% of Sedgwick's revenues are produced by underwriting agencies, including three Lloyd's underwriting management agencies and insurance company River Thames Insurance Co. Ltd. The Lloyd's agencies contributed 4 million pounds ($4.6 million) in profit in 1984. However, Sedgwick is selling its agencies to comply with the Lloyd's Act of 1982. Already, Sedgwick has sold Edwards & Payne (Underwriting) Agenices Ltd. to Sturge Holdings P.L.C.—one of the largest agencies at Lloyd's—for 4 million pounds. And, Sedgwick recently sold Three Quays Underwriting Management Ltd. to Cater Allen Holdings P.L.C. for 2.4 milion pounds.

Sedgwick also soon will sell Sedgwick Forbes (Lloyd's Underwriting Agents) Ltd., said Mr. Mosselmans, though Sedgwick will continue to run a Lloyd's members' agency.

—By Stacy Shapiro

Reed Stenhouse Cos. Ltd.

P.O. Box 250 Toronto-Dominion Centre, Toronto, Ontario, Canada M5K 1J6; 416-868-5500

Although hurt somewhat by fluctuations in exchange rates, Reed Stenhouse Cos. Ltd. will be a robust bride when it weds Alexander & Alexander Services Inc.

The world's seventh-largest brokerage had an increase of 5.7% in gross revenues in 1984, based on Canadian currency, to $336 million from $317.9 million. But, in U.S. dollars, revenues actually decreased slightly to $255.3 million U.S. from $258 million.

That was because on Sept. 30, 1983, the close of Reed Stenhouse's fiscal year, the exchange rate was $1 Canadian to $0.8116 U.S. But, on Sept. 30, 1984, the rate was $1 Canadian to $0.7598 U.S.

Reed Stenhouse President and Chief Executive Officer William M. Wilson notes the market hardening that began in the United States last summer did not reach Canada until December.

But, Reed Stenhouse officials expect that by the time of the merger with A&A in midsummer, the market hardening will improve its bottom line.

Mr. Wilson says that under the A&A merger agreement, the Canadian broker will function as one of three major operating units of A&A.

The other two are Alexander & Alexander Inc., A&A's domestic brokerage unit, and Alexander Howden, its London subsidiary (see A&A profile, page 14).

Mr. Wilson will retain his position and title at Reed Stenhouse.

Reed Stenhouse operates more than 180 offices in 33 countries.

During 1984, about 34.8% of its revenues were generated by its Canadian operating region, 20.9% by the United States, 21.7% by the United Kingdom and Ireland, 11.3% by Australia, New Zealand and Southeast Asia, and the rest by other areas.

Operating profits from Canadian operations fell to $15.7 million Canadian in 1984 from $17.1 million Canadian in 1983.

In U.S. dollars, this was a 14.4% drop, to $11.9 million in 1984 from $13.9 million.

The U.S. operations generated a loss of $2.9 million U.S., vs. a loss of about $1 million in 1983.

Last year, Reed Stenhouse completed consolidation of its ownership by buying out Stenhouse Holdings Ltd., which owned 48.9% of the company's Canadian shares.

In addition to Mr. Wilson, corporate officers include W. Douglas H. Gardiner, chairman of the board; John B. Devine, chairman and managing director of Reed Stenhouse & Partners Ltd., a U.K. subsidiary; David C. French, chairman and chief executive officer of Reed Stenhouse Inc., its U.S. operation; and Cedric G.E. Gyles, chairman and chief executive officer of Reed Stenhouse Ltd. in Canada.

—By Judy Greenwald

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Largest foreign brokers profiled

Profiles of the foreign-based brokerages that are listed in *Business Insurance*'s ranking of the world's 20 largest brokers begin on this page. For a list of the 20 largest world brokers, see page 3.

BI ranks the world's largest brokerages according to gross revenues. Revenues of brokerages whose business is conducted primarily in non-U.S. currencies are converted into U.S dollars based on the exchange rate at the end of the broker's fiscal year.

Profiles of the U.S brokers included among the Top 20 appear on preceding pages. They are:

- Marsh & McLennan Cos. Inc., whose profile appears on page 10.
- Alexander & Alexander Services Inc., whose profile appears on page 14.
- Johnson & Higgins, whose profile appears on page 22.
- Frank B. Hall & Co. Inc., whose profile appears on page 27.
- Fred S. James & Co., whose profile appears on page 32.
- Corroon & Black Corp., whose profile appears on page 37.
- Rollins Burdick Hunter Co., whose profile appears on page 40.
- Bayly, Martin & Fay International Inc., whose profile appears on page 45.
- The Crump Cos. Inc., whose profile appears on page 49.
- Arthur J. Gallagher & Co., whose profile appears on page 53.

In addition, three of the foreign-based brokers that are among the Top 20 world brokers have U.S. affiliates that have been profiled by *BI*: Reed Stenhouse Holdings Inc., a unit of Canada's Reed Stenhouse Cos. Ltd., is profiled on page 55. Jardine Insurance Brokers Inc., an affiliate of London-based Jardine Insurance Brokers Ltd., is profiled on page 58. And, Republic Hogg Robinson, which is partly owned by Lloyd's of London broker Hogg Robinson Group P.L.C., is profiled on page 62.

Willis Faber P.L.C.

10 Trinity Square, London EC3P 3AX England; 01-488-8111.

Lloyd's of London broker Willis Faber P.L.C. remains the second-largest Lloyd's broker and the ninth-largest broker worldwide with 1984 revenues of 153.3 million pounds ($177.8 million based on year-end 1984 exchange rates).

Revenues were up 22.3% from 125.3 pounds ($181.6 million) in 1983. However, because of the the higher U.S. exchange rate ($1.45), revenues dropped in dollar terms.

The group's premium volume grew 23% to 2.1 billion pounds ($2.4 billion based on year-end 1984 exchange rates) from 1.8 billion pounds ($2.6 billion). Because of the U.S. dollar's strength, the volume remained fairly stable.

Pretax profits for Willis Faber grew steadily by 23% to 47 million pounds ($54.5 million based on year-end 1984 exchange rates) for 1984 from 38.3 million pounds ($55.5 million based on year-end 1983 exchange rates) in 1983, a similar percentage increase to that seen from 1982 to 1983.

In 1984, Willis Faber did most of its brokerage business in the United Kingdom. Based on the address of the client, 34.8% of its net retained commissions and fees on brokerage business was from the United Kingdom; 20.1% was from North America; 17.2% was from Europe; 16.7%, was from Asia; and 11.2% was from elsewhere.

Willis Faber maintains its reciprocal business and various partnerships with U.S. broker Johnson & Higgins. Willis Faber is also one of the keystones for J&H's UNISON, a worldwide chain of independent brokers servicing multinational corporations.

"We are not cluttered up with diversification," said Willis Faber Chairman David Palmer. "We are a pure insurance broker, not deep into underwriting, not heavy on the acquisition trail. And, we have a unique relationship with Johnson & Higgins which is over 100 years old."

Willis Faber's only serious problems in 1984 seems to have come from some of its underwriting subsidiaries, which only contribute 8% to Willis Faber's revenues.

One of the most significant trouble spots is Lloyd's of London underwriting agency Spicer & White (Underwriting Agencies) Ltd., which became a wholly owned subsidiary of Willis Faber in 1982 when Willis Faber bought parent company Carter, Wilkes & Fane (Holding) Ltd.

The 243 members of Spicer & White must pay more than half the 18 million pounds in losses for syndicate 895 from 1980-1982 to meet Lloyd's solvency deadline, which was extended to July 31 from May 31. Syndicate 895 is being run off.

Members have paid a portion of the losses, and Willis Faber has set up an interest-free loan to members to cover the payment of the remaining 10.54 million pounds. But, in exchange for the loan, members must agree not to sue Spicer & White or any other parties involved for five years. The package is unique in the Lloyd's market; members have until July 2 to accept it (*BI*, June 10).

In addition, Willis Faber has reduced the amount of underwriting Willis Faber (Underwriting Management) Ltd. does for the insurance companies it manages, including Sovereign Marine & General Insurance Co. Ltd.

The agency has specifically cut back on underwriting London market excess-of-loss reinsurance accounts.

Willis Faber's brokering arm—Willis Faber & Dumas Ltd.—even felt the pinch this year when it made a goodwill payment of 2.8 million pounds to underwriters managed by Willis Faber.

The goodwill payment is treated as an extraordinary charge on Willis Faber's 1984 results.

"In light of close and friendly broking relations with the associates of insurance companies we manage, (Willis Faber & Dumas) has felt it appropriate to make a goodwill payment on behalf of those associates to mitigate the deterioration of the managed companies' results," Mr. Palmer told shareholders.

Aside from belonging tc UNISON, Willis Faber and Johnson & Higgins have six joint ventures in Australia, New Zealand, Canada and the United States.

Mr. Palmer concludes to shareholders, "I make no apology for repeating verbatim the policy statement I made a year ago. Our view is straightforward. We do not believe that the interests of our shareholders, clients or employees are best served by aiming to become a conglomerate offering a comprehensive range of services as a financial supermarket. . . .Our basic strategy is unaltered. We are not seeking major acquisitions, although we remain alert to opportunities and special situations. Nor do we seek to diversify, although here again we are ready to consider possibilities if they are of demonstrable benefit to our primary activities. We prefer to concentrate our efforts on organic growth."

—By Stacy Shapiro

Hogg Robinson Group P.L.C.

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Hogg Robinson Group P.L.C. may soon own 100% of U.S. broker Republic Hogg Robinson.

The Lloyd's of London broker already owns 50% of RHR, but talks are under way with the parent company of Republic Steel Corp. of Cleveland, LTV Corp., to buy the remaining 50% of RHR from Republic Steel.

Hogg Chief Executive Christopher Price would not disclose details of the talks with LTV.

But, he did tell *Business Insurance*, "Hogg Robinson is committed to our investment in RHR. . . .We believe we should have management control."

Meanwhile, merger talks conducted between Hogg—the 11th-largest broker worldwide—and Lloyd's broker C.E. Heath P.L.C.—the 12th largest—failed last month. Hogg and Heath could not agree to the undisclosed terms of the merger, said Hogg Director Julian Radcliffe.

"We could not agree on the name," Mr. Radcliffe said jokingly.

Reports also say that Hogg reconsidered merging with Heath because half of Heath's profits are derived from underwriting, including that by Lloyd's underwriting agencies which must be sold by July 1987 under the Lloyd's Act of 1982.

"We looked at all the factors of the companies, and sometimes it's difficult to put together (the divisions)," said Mr. Radcliffe.

"Everybody's a bit disappointed, but we think we are in pretty good shape and we will carry on doing what we are doing," Mr. Radcliffe said.

Hogg Robinson reports its annual accounts for the year ending March 31, 1985. However, Hogg does not normally report its figures to its shareholders until July.

However, according to *Business Insurance* estimates, Hogg Robinsons' gross revenues increased 18% to around 90 million pounds from 76.4 million pounds at the same time in 1984.

Hogg Robinson faired better on the exchange rate than other brokers who ended their years on Dec. 31. On March 31, 1985, the U.S. exchange rate was $1.24 to the pound compared with $1.16 at year-end 1984.

So, on the dollar, Hogg still slightly increased its revenues to $111.6 million from $110.3 million.

About 51% of Hogg's revenues come from brokerage, 44% from travel and the remainder from other interests, including Hogg Robinson's Lloyd's of London underwriting agency Janson Green Ltd. Hogg must sell the agency by July 1987 to comply with the Lloyd's Act of 1982.

Hogg Robinson employs 3,372 people, in 50 main offices and 78 branch offices. In addition, it has 193 travel offices in Britain.

There has been a minor shake-up on Hogg Robinsons's board in the last 18 months since Chairman Morris Abbott retired and Albert Wheway took his place.

In addition to Mr. Abbott, several other board members have left, including former Deputy Chairman John Hogg, who retired earlier this year; Board Director P. E. Paulson, who left to run another company; and Board Director G.R. Capel-Cure, who left recently because of the change in the "strategy and structure" of the group, said Mr. Price.

The revamped board now includes Mr. Wheway, Mr. Price, A.R. Alers-Hanky as finance director and Mr. Radcliffe, director for research and development.

And, under a reorganization, insurance brokering is conducted by one company instead of many companies. The new company is called Hogg Robinson & Gardner Mountain Ltd.

"This is intended to coordinate our broking business, cross-fertilize products, strengthen our negotiating position with underwriters and improve our service to clients," said Mr. Price.

The group is also developing specialist activities in benefit consulting, financial planning and credit and political risk, Mr. Wheway told shareholders.

And, the group is thinking about developing new products, Mr. Radcliffe told *Business Insurance*.

For example, Hogg Robinson's travel agency—which produces 44% of the group's total revenues—has established Hogg Robinson as a household name in Britain, said Mr. Radcliffe. "We can use that to mass-market credit and financial (insurance) services. . .unlike any other Lloyd's broker," said Mr. Radcliffe. Brian Perry, who has headed Hogg's personal finance division, is now chairman of Hogg Robinson (Travel) Ltd.

—By Stacy Shapiro

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C.E. Heath P.L.C.

Cuthbert Heath House, 150 Minories, London EC3M 1NR, England; 01-488-248815

Lloyd's of London broker C.E. Heath P.L.C. will not merge with Hogg Robinson Group P.L.C, as it had planned to do earlier this year.

But, according to figures for the year ending March 31, 1985, Heath is moving along successfully on its own.

On March 31, Heath posted the highest percentage increase in operating profits of any Lloyd's broker. Operating profits rose 38% to 32.6 million pounds ($40.4 million at the March 31 exchange rate of $1.24 to the pound) from 23.6 million pounds at March 31, 1984 ($34 million at March 31, 1984, exchange rate of $1.44 to the pound).

This marks the first time Heath has topped 30 million pounds in operating profit in the company's history.

Also, even after taxation and an exceptional item, Heath's attributable earnings rose 67% to 19.2 million pounds ($23.8 million) from 11.5 million pounds ($16.6 million).

And, revenues in sterling terms grew 26% to 83.9 million pounds from 66.4 million pounds, although in dollars they only increased to $104 million from $95.6 million.

The secret to Heath's success, says Chairman Derek Newton, is to remember that "no man is an island and no broker is an island in an insurance market as a whole."

He added that Heath is benefiting from the current hardening of the insurance market.

"Last quarter was better than the third quarter, and so on. There are hardening rates on all fronts, except maybe the marine cargo market," Mr. Newton said. "And if rates are higher so is (brokers') commission."

"Business is coming back to London in handfuls," adds Nigel Chamberlain, joint managing director of C.E. Heath (International) Ltd.

Not all went well at Heath, however, in 1984-85, according to the annual results.

Once again, the group posted an exceptional item of 2.5 million pounds ($3.1 million) for trading activities in the late 1970s involving Heath and its French subsidiary Groupe Sprinkes S.A.

Altogether, Heath paid 7 million pounds in relation to these activities last year and this year (*BI*, June 25, 1984).

"For sound commercial reasons which I am sure you will understand, I am unable to add anything further on this subject," Mr. Newton explained in a written statement.

More than half of Heath's operating profits—16.9 million pounds—come from its underwriting operations, which include Lloyd's underwriting agencies that must be sold by July 1987 in accordance with the Lloyd's Act of 1982, in addition to Pinnacle Reinsurance Co. in Bermuda, which writes financial reinsurance transactions, and Groupe Sprinkes.

About 44% of Heath's operating profits—14.2 million pounds—are derived from brokering.

Recently, Peter Dawson resigned as Heath's joint deputy chairman to head Pinnacle, where he had worked previously.

"We were finding it difficult to find the expertise we needed to beef up the company. . . .This coincided with (Mr. Dawson's) personal aspirations," said Mr. Newton.

He said he is disappointed that Mr. Dawson decided to leave his post as a joint deputy chairman, but he added, "We are satisfied that he is remaining with us."

Heath has a strong link with U.S. retail brokers, particularly Rollins Burdick Hunter Co. in Chicago.

Heath's U.S. association has a historical basis. Many years ago, underwriter Cuthbert Heath, who developed C.E. Heath, traveled to the United States to find business for his Lloyd's underwriting syndicates.

"He'd be turning in his grave now if he knew we were selling the underwriting agency (which attracted that business)," said Mr. Newton.

—By Stacy Shapiro

Minet Holdings P.L.C.

100 Leman St., London E1 8HG England; 01-481-0707

The grave problems at Lloyd's of London syndicates managed by Richard Beckett Underwriting Agencies Ltd. dominate the activities of Beckett's parent company, Lloyd's broker Minet Holdings P.L.C.

And, the potential financial impact on Minet cost the London-based brokerage firm, the 13th largest in the world, a 9.3 million pound charge in 1984 ($10.8 million at the year-end exchange rate of $1.16).

The charge, which was only partially offset by a 483,000 pound credit for a provision for another liability no longer required, consumed 75% of Minet's aftertax group earnings of 11.8 million pounds ($13.7 million at the year-end exchange rate).

The 1984 charge is in addition to charges of 5.7 million pounds in 1983 and 1.1 million pounds in 1982 related to a scandal involving the Beckett agency when it was known as PCW Underwriting Agencies Ltd.

Lloyd's members belonging to the non-marine syndicates managed by Richard Beckett must pay a total of 62 million pounds in losses by July 31 to meet Lloyd's solvency requirements.

But, many of the syndicate members either cannot or will not pay the losses to meet Lloyd's solvency requirement.

They claim they will not pay until they are sure they are trading losses rather than losses caused by fraud, defalcation and negligence (*BI*, June 3).

And, some syndicate members are threatening to sue Beckett and Minet over the losses.

Minet had already announced that it will run off the Beckett syndicates by the end of the year.

In addition, the Council of Lloyd's now has stepped in to protect the interests of the Lloyd's members by setting up a rescue agency to take over the Beckett operation.

Beckett Managing Director Graham White will be on the new board that is going to be appointed by Lloyd's to run Beckett.

The losses stem from underwriting that took place when Beckett was still called PCW Underwriting Agencies Ltd., Mr. White has said.

PCW's main underwriters included Peter Cameron-Webb and Peter Dixon, former chairman of the PCW agency.

Six men formerly at the PCW agency, along with former Minet Chairman John Wallrock, have been the target of an investigation by a Lloyd's disciplinary committee in connection with the alleged misappropriation of millions of dollars of syndicate funds and placement of these funds in offshore reinsurance arrangements for the benefit of PCW executives.

The disciplinary committee has recommended that Mr. Dixon be expelled from Lloyd's and fined 1 million pounds. Mr. Dixon still has the right to appeal.

Last year, PCW members accepted an offer by Minet and Alexander & Alexander Services Inc. of 38.17 million pounds to cover losses from the PCW scandal.

In return for accepting the money, members had to agree not to sue Minet, A&A or Beckett. The offer was accepted by 99% of the members.

Lloyd's members are now contesting last year's offer, saying they were given insufficient information.

Minet believes that it has no responsibility for what the company's 1984 annual report refers to as the "PCW affair."

"The company has received firm legal advice that it has no liability for the PCW affair, nor the underwriting losses now faced by members of the syndicates," Minet Chairman Ray Pettitt told shareholders in the report.

However, Minet set aside an 8.3 million pound reserve ($9.6 million) as a "prudent assessment of the costs that may be incurred in the run-down and of maintaining of the Group's position," says the annual report.

The reserves will also cover legal costs.

In addition, Minet took a 1 million pound charge ($1.2 million) to reflect its continued financial and administrative support of the agency.

Minet's basic business of broking insurance, however, fared well in 1984.

Minet's gross revenues in pounds increased 23% to 88.5 million pounds in 1984 from 71.9 million pounds in 1983.

But, in dollars, its revenues fell to $102.7 million in 1984 from $104.3 million in 1983 because of the year-end 1983 strength of the dollar against the pound: The exchange rate at year-end 1984 was $1.16 to the pound, compared with a rate at year-end 1983 of $1.45 to the pound.

Minet's net insurance brokerage revenues grew 25% in pounds to nearly 70 million pounds in 1984, compared with $55.9 million pounds in 1983.

Minet's worldwide retail operations are under the control of Minet Insurance Brokers Holding Ltd., with the exception of Minet International Professional Indemnity Ltd., which had been established to service professional liability business.

Mr. Pettitt, who would not grant an interview to *Business Insurance*, told shareholders in his annual statement that Minet is "well placed to provide professional expertise, service and support" to its clients in the face of a tightening insurance marketplace.

"With approximately 50% of our employees working overseas, we are in a strong position to address the new situation by gathering intelligence on what is happening in each overseas market and, from our London base, we are well placed to receive and redirect business to the international markets," he added in the statement.

Minet reports that its largest share of revenues from brokering and agency services comes from the United States: 33%.

Other sources of revenue include: Africa, 20%; United Kingdom, 19%; Australia and the Far East, 17% and Europe and the Middle East, 11%.

—By Stacy Shapiro

Jardine Insurance Brokers Ltd.

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There have been several changes at Jardine Insurance Brokers over the past year.

First, the group, which was based at parent company Jardine Matheson Holdings Ltd.'s headquarters in Hong Kong for the last two years, is now back in London.

Secondly, John Barton has replaced Nick Samuelson as chief executive. Mr. Barton was formerly chief financial officer of JIB.

JIB has never explained Mr. Samuelson's departure and *Business Insurance* was unable to reach Mr. Samuelson in London.

Says Mr. Barton, "I do not know what happened. I was not here when Mr. Samuelson left. I was on a trip around the world."

Several brokers also have left JIB in London, including a team of reinsurance brokers from Jardine Thompson Graham Ltd. that has moved to Lloyd's broker Bain Dawes Ltd.

Also, the direction of JIB has changed slightly, said Mr. Barton.

For a time, JIB had been "size driven", he said.

When JIB bought San Francisco-based Bache Insurance Services Ltd. in 1981 and turned it into Jardine Insurance Brokers Inc., "we were very small and we needed volume," Mr. Barton explained. "We have now got that volume."

JIB now wants to associate its names with quality, said Mr. Barton.

"The group objective is to associate quality and professionalism with the name," he said.

JIB will only grow by acquisition if it can complement the present structure of the company, or through internal sources, he said.

In the United States and Britain Jardine will build on its strengths in marine and international trade business.

To that end, last year JIB opened an office in Houston, a strong marine and oil industry center.

"Eventually, we would like to grow statewide and grow on the strengths as we see them," said Mr. Barton.

JIB is also building in Australia, where a plan to give state governments control over workers compensation insurance is threatening the lifeblood of Australian brokers.

By the end of the year, two important Australian states—Victoria and New South Wales—may pass laws to place workers compensation risks under a state-run plan, taking business away from commercial insurers.

At least one-quarter to one-third of Australian brokers' business comes from commercial workers compensation, sources say.

To protect its position, JIB merged last year with Australian broker Australian Insurance Brokers PTY, said Mr. Barton.

"Looking at Australia in particular, our competitors will suffer. There will be a radical effect on insurance broking that will weaken our competitors," said Mr. Barton. "And, it will allow us the strength to move into (other) commercial broking."

Jardine also has set up an agency in Japan with leading Japanese company C. Itoh & Co. Ltd. called Jardine Insurance Agency Ltd.

"This local representation will give us direct participation in the world's second-largest insurance market," said Mr. Barton in a recent report. "The total premium volume is over $62 billion per annum, made up of $18.5 billion non-life and $44 billion life. In total, this represents 13.4% of world demand."

Amidst this change, Jardine's gross revenues worldwide were up slightly in 1984 despite the strength of the dollar against foreign currencies.

Gross revenues in 1984 totaled $98.9 million, comprised of $87.5 million in operating revenues and investment income of $11.4 million.

Jardine Insurance Brokers Inc. in the United States contributed 39% of the total.

In 1983, gross revenues were $98.7 million with the U.S. operations contributing 35% of revenues.

Premium volume worldwide for 1984 is estimated at 1 billion to 1.3 billion pounds ($1.16 billion to $1.5 billion, based on year-end 1984 exchange rates).

Jardine now employs 2,300 people in 73 offices around the world.

Brokerage accounts for about 89% of all of JIB's revenues.

Aside from corporate headquarters, JIB has three brokering groups based in London. They are U.K. retail brokers Jardine Glanvill (U.K.) Ltd., wholesale broker Jardine Glanvill Ltd. and reinsurance broker Jardine Thompson Graham Ltd.

In London, Jardine is strong in marine insurance and aviation reinsurance, and wants to increase its strength in credit and political risk coverages, said Mr. Barton.

"Our objective is to build on our strengths, particularly in London, which will be paramount to any broker. . .One sees more business coming back to London now, though the problem is getting it placed. But if you are not a quality broker, you will find it difficult," he said.

—By Stacy Shapiro

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Stewart Wrightson Holdings P.L.C.

1 Camomile St., London EC3A & HJ, England; 01-623-7511

Stewart Wrightson Holdings P.L.C. is benefiting from the higher rates being charged for specialty liability coverages.

These include directors and officers, environmental impairment liability and financial institution liability coverages, Chairman David Rowland told *Business Insurance*.

Increased rates in these fields coupled with the increased demand for these products has helped boost Stewart Wrightson brokerage revenues 17% in 1984 to 66.1 million pounds ($76.7 million at year-end 1984 exchange rates), Mr. Rowland said.

"Our brokerage income is linked to the value of insurable assets, potential liabilities and premium levels," he said.

"Toward the end of 1984, therefore, our income began to reflect the change in the market and our brokerage revenue rose more rapidly," he told shareholders.

However, this holiday may not last too long if capacity shrinks too much, said Mr. Rowland.

"We can be heroes to June 30 and then not be for the rest of the years," he said. "It all depends on if the coverages are renewable and if there is the capacity." Last year, Stewart Wrightson's gross revenues stayed relatively stagnant, increasing about 5% to 75.6 million pounds from 72.5 million pounds in 1983. But, in dollar terms, because of the difference in year-end exchange rates between 1983 and 1984, revenues fell to $88.6 million in 1984 from $105.1 million in 1983.

And, Stewart Wrightson dropped from the 12th-largest world broker based on 1983 revenues to the 15th largest.

Revenues were affected by Stewart Wrightson's sale of its nonrelated insurance companies in 1983. Those companies were included in 1983 figures but not the 1984 figures, said Tony Keys, group development director and chairman of Stewart Wrightson Insurance Agencies Ltd.

But, he added, "Revenues are not a good measure for size. You could halve your revenues and still double your profit."

Operating profit increased 28.8% to 13.83 million pounds ($16 million) from 10.74 million ($15.6 million) in 1983. This includes the first full year for reinsurance broker Golding Stewart Wrightson, purchased as Golding Collins from Arbuthnot Insurance Service in 1983 (*BI*, June 25).

Last year, Stewart Wrightson placed about 1.2 billion pounds ($1.4 billion) in premiums. It has 2,521 employees in 60 offices around the world.

Stewart Wrightson offers a range of services to its clients through its international network, including its London headquarters and its wholly-owned U.S. subsidiary, excess/surplus lines broker Stewart Smith Holdings Inc. Stewart Smith contributes 27.3% of all of Stewart Wrightson's brokerage revenues.

"We are a collection of tightly knit specialist units whose skill is to market business," said Mr. Keys.

"We are the leading aviation insurance broker in the world (based in London). We are in the top echelon for banks and financial institutions and construction. And, we have a special position in North America, with Stewart Smith to cover liabilities as a wholesale broker," he said.

"And, we have a substantial British retail account," Mr. Rowland said. "We are the third- or fourth-largest here."

In the six years since Mr. Rowland has been chairman, Stewart Wrightson has been pulling out of unrelated areas of business, including shipping, and focusing on being an international broker.

The group also recently sold its Lloyd's underwriting management company, Pulbrook Underwriting Management, to managing agent Merrett Holdings P.L.C. for 1 million pounds ($1.16 million).

And, a major shareholder—Mercury Shareholders, the parent company of investment bank S.G. Warburg & Co.—sold its 29.3% share of Stewart Wrightson. The shares have been picked up by a wide range of financial institutions, Mr. Rowland said.

Warburg's could have sold its shares to another company that wanted a major stake in Stewart Wrightson, but instead chose to sell the stock to several companies, Mr. Rowland pointed out, adding, "Four marks to Warburg's for doing what they did."

Stewart Wrightson itself is always interested in acquisitions, but it is opposed to any mergers among major brokers to create mega-brokers, Mr. Rowland and Mr. Keys agreed.

The mergers of other brokers, though, present a great opportunity for Stewart Wrightson to pick up quality people who want to leave the merging companies.

"We welcome the merger activity because we consider it a great opportunity for us," said Mr. Rowland. "My dream is to see Marsh & McLennan, Sedgwick and A&A all get into bed together and we pick up the pieces."

Each year since 1978, Mr. Rowland and Mr. Keys have visited each of the group's offices in Britain to tell Stewart Wrightson employees about the company's results.

One of the two officials also will visit Stewart Smith employees in September to explain the company's results.

"I very passionately believe that if you work together, you must know what the business is about," Mr. Rowland said.

One question Mr. Rowland asked himself on behalf of employees was why he is one of the highest-paid people in Britain, earning 122,000 pounds ($141,520) in 1984.

He explained that directors' salaries are based on salary plus earnings per share so when earning per share increase so does his salary.

"We should move the company into direct performance remuneration," he added.

—By Stacy Shapiro

Sodarcan Ltd.

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Sodarcan Inc. is strengthening its commitment to providing brokerage services in Canada while it de-emphasizes its role in underwriting.

The 19th-largest brokerage worldwide, Montreal-based Sodarcan bailed out of aviation underwriting last year and cut back its involvement in professional liability underwriting. Its focus now is on increasing the growth of its brokerage business.

Gross revenues rose slightly in 1984 to $67.8 million Canadian ($52 million U.S. based on 1984 year-end conversion rate of 76.8 cents) from $67.3 million ($51.1 million U.S. based on 1983 year-end conversion rate of 76 cents) in 1983. Net income jumped 10% to just more than $2 million ($1.5 million U.S.) last year from $1.8 million ($1.4 million U.S.) in 1983, representing earnings per share in 1984 of $1.42 ($1.09 U.S.). Earnings per share in 1983 were $1.34 ($1.02 U.S.).

The slight gain in revenues comes after 1983's rise of 3.1% from $65.3 million Canadian in 1982.

Last year, the insurance and reinsurance brokerage sectors and the actuarial and consultant unit of Sodarcan performed well enough to offset heavy losses by Gestas Inc., the aviation and professional liability underwriting manager that is part of the brokerage's reinsurance and insurance management division.

Gestas was hurt by adverse market conditions that put the worldwide aviation market in a slump, explained Pierre Chouinard, executive vp of Sodarcan. And the decision to withdraw from aviation underwriting follows Sodarcan's plan for growth, he said.

"Our goal is to emphasize brokerage services," Mr. Chouinard said. "We feel that is most appropriate for the next three to five years."

Sodarcan has also cut back on the amount of professional liability underwriting Gestas will handle.

The Vancouver office of Gestas was closed, but Mr. Chouinard feels corrective measures should help strengthen Gestas' presence in its remaining offices in Montreal and Toronto.

As part of its plan to de-emphasize underwriting, Sodarcan sold Westpar Managers Ltd., which underwrote surety coverage in Western Canada, to Laurentian Pacific Insurance Co. in Vancouver.

"It was an excellent operation, very profitable," said Sodarcan President Robert Parizeau. "But surety underwriting, in the long run, has to be done by an insurer, not an underwriting agency. It's a change of goal."

Another member of the reinsurance and insurance management group, D.M.L. Underwriters Ltd. in Montreal, was reorganized at the beginning of this year. The former wholesale brokerage, which specialized in personal lines and small commercial risks for about 50 clients in Ontario, is now an "internal wholesaler," says Mr. Chouinard.

"It is dedicated to our retail branches," Mr. Chouinard explained. D.M.L. is structured to handle only business originating from the insurance brokerage group's 35 offices.

Despite dismal underwriting results, management is satisfied with the performance of subsidiary National Reinsurance Co. of Canada, also a member of the reinsurance and insurance management division. National Re showed a profit for the first time in all four of its areas of business: life, accident and sickness, Canadian and international business.

Still, National Re's overall net profit was $1.8 million ($1.4 million U.S.) last year, 8% less than 1983. The company's results translated into $1.3 million ($1 million U.S.) of profit for Sodarcan last year.

Mr. Parizeau pointed out that growth from sectors other than the reinsurance and insurance management group was strong.

"We are replacing some income that was (lost) from underwriting with brokerage," he said. "If we exclude our underwriting activity...our total growth would be about 11%—which, mind you, in 1984 is not bad."

Mr. Chouinard admits, "We have been hurt." But, compared with the blows some U.S. brokers have taken lately, he adds, "it is a minor injury."

The Canadian insurance market had experienced a soft cycle until "very near the end of the year," said Mr. Chouinard. "You could almost say it was Nov. 13," he said, snapping his fingers.

"It is ridiculous, but you could see it turn. Suddenly, we had all these markets and then bang, they were gone."

In Canada, the hardening of the market is most evident for errors and omissions, pollution liability, excess of loss, catastrophe, financial institution and crime coverages.

"Commercial property (coverage) is still available," he said. "Yes, there are increased rates, but not like in the states. It is more like 10%, 15%, 20%."

The insurance brokerage unit is led by the Dale-Parizeau Group, a recent consolidation of the retail brokerages Dale & Co. Ltd. and Gerard Parizeau Ltd.

The group serves more than 150,000 clients from 35 branch offices and generates around $230 million Canadian ($176.6 million

Continued on next page

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Sodarcan

Continued from previous page
U.S.) in annual premiums.

Sodarcan's insurance brokerage arm handles an even mix of business from clients of varying sizes.

While there is increasing momentum in Canada toward diversification among financial institutions, Mr. Chouinard said Sodarcan will remain in its field of expertise.

"Our decision is to stay in the field of insurance. We will not expand into the field of banking or real estate broking.

"Our goal is fairly simple: to grow substantially as a direct brokerage and direct employee benefits firm in Canada."

The direct insurance brokerage and employee benefits operations of Sodarcan are devoted to Canadian operations for the next three to five years, said Mr. Chouinard. There are no plans to expand into the United States.

But the reinsurance brokerage group is looking to spread across the United States. Sodarcan is already represented in New York by Intermediaries of America Inc., created 10 years ago.

"No doubt, within the next two or three years we are going to expand" Intermediaries of America into other U.S. cities, Mr. Parizeau said. The expansion could come first in Chicago or San Francisco, he indicated.

In the United States, Sodarcan targets small to medium-sized reinsurance accounts

The reinsurance brokerage group last year sold its majority interest in Belgian subsidiary S.A. Charles Brin, reinforcing its focus on North America.

The consultant and specialized services group, made up of six companies that provide actuarial and consulting services, saw income rise about 12% last year.

Net profits fell slightly because of investments in software products and internal expansion, especially in Toronto subsidiary J.B.M. Murray Ltd.

The group has a staff of 75 in offices in Toronto, Montreal and Quebec. Hebert, Le Houillier Inc. ir. Montreal and Quebec also provides services to professional associations. Mathema Inc., the data processing arm of the specialized services group, offers data processing services to Sodarcan's member companies. One-third of its business comes from outside clients.

As a Canadian broker, Sodarcan is watching the debate in the United States over the new claims-made commercial general liability form proposed by Insurance Services Office. But it isn't overly concerned about the outcome.

"The debate is in the U.S.," said Mr. Chouinard. "What we will do is follow."

He pointed out that professional liability risks in Canada have been written on a claims-made basis since the early 1970s.

Sodarcan is currently in the process of centralizing its Montreal companies into a new location.

The move into Maison Sodarcan should be completed sometime this year.

In addition to Mr. Chouinard and Mr. Parizeau, managers of Sodarcan include Gerard Parizeau, honorary president; Louis G. Grenier, vp of human resources and administration; Gilles P. Grenier, vp of finance; Jean Lapierrre, vp of planning; Harry Richardson, vp of data systems; Louis Ducharme, vp of special projects; Jacques Monette, secretary and general counsel and Gilbert Desaulniers, treasurer.

—By Michael Bradford

Bain Dawes P.L.C.

15 Minories, London EC3N 1NJ England; 01-481-3232

The year 1984 will go down as a "milestone" for Lloyd's of London broker Bain Dawes P.L.C., Chairman Robin Warrender has told shareholders.

It was the year Bain Dawes hired Simon Arnold, former deputy chairman of Minet Holdings P.L.C., as its deputy chairman and chief executive, replacing retiring Brian Marsh.

"Both our clients and the insurance market have reacted favorably to the fresh impetus Mr. Arnold is bringing to the development of the group," according to Mr. Warrender.

"It's given me a new lease on life," said Mr. Arnold, who had been with Minet for 32 years.

It was the year, too, that Bain Dawes decided to expand as a medium-sized broker, following the decision by Bain Dawes parent Inchcape P.L.C. not to sell the brokerage.

"The strategy is to strengthen our position as a medium-sized broker with a reputation for excellence in as many fields as possible and to attract business from all sources in spite of the corporate links which have recently taken place between international and U.K. brokers," Mr. Warrender said.

Bain Dawes will focus on expanding its expertise as a midsized broker, rather than on acquiring or being acquired by other brokerages, Mr. Warrender said.

To that end, in 1984 and so far in 1985, Bain Dawes has strengthened its North American insurance and reinsurance division with the appointment of John Sawkins, Nigel Fenner-Fowes and John McNamara.

"Traditionally, Bain Dawes hasn't had a large North American portfolio of business," Mr. Arnold said.

"We hope to build that up. If you are a really good broker, American broking correspondents are more than happy to deal with you (in London). Business transcends corporate relationships."

Recently, Bain Dawes also strengthened its reinsurance division by hiring a team of London market excess-of-loss reinsurance brokers from Lloyd's broker Jardine Thompson Graham Ltd.

In 1984, Bain Dawes also continued to acquire more clients in Britain, including British Telecom P.L.C. and Unigate, Mr. Warrender said.

And, last year Bain Dawes sold its 27% interest in Canadian broker Tomenson Inc. for 3.25 million pounds ($3.8 million at year-end exchange rates), realizing a profit of 836,000 pounds ($969,760). Tomenson Inc. is now wholly owned by Fred S. James & Co. Inc.

Bain Dawes also sold a 50% investment with Middle East businessmen in Bain Dawes (Middle East) Ltd. for 25,000 pounds ($29,000).

Like other British brokers, Bain Dawes saw an increase in revenues measured in pounds, but a decrease in revenues measured in U.S. dollars. This was because of the poor performance of the pound against the dollar: At year-end 1983, the exchange rate was $1.45 to the pound, but it was $1.16 to the pound a year later.

Measured in pounds, 1984 revenues rose 7.7% to 39.1 million pounds from 36.3 million pounds in 1983. But, measured in dollars, revenues fell to $45.4 million in 1984 from $52.6 million in 1983.

And, Bain Dawes dropped from the 19th largest world broker to the 20th largest.

In 1984 Bain Dawes showed a 27% drop in pretax profits to 3.8 million pounds ($4.4 million at year-end 1984 exchange rates) from 5.2 million pounds ($7.5 million at 1983 year-end rates). This was mainly due to continuing deterioration in Bain Dawes' Australian operation that started in 1983, said Mr. Warrender.

This year, Bain Dawes Australia could lose one-third of its business, like other Australian brokers, because workers compensation may become state-controlled in Victoria and New South Wales by the end of the year, said Mr. Warrender.

About 86% of Bain Dawes revenues comes from brokering and about 4% from underwriting.

Bain Dawes is also in the process of selling its Lloyd's underwriting management agency to comply with Lloyd's Act of 1982, said Mr. Warrender, who is a member of the Lloyd's Council. He would not give details, but he said it probably would not be a management buyout.

—By Stacy Shapiro

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Edward Kelley named president of Reinsurance Co. of America

Edward T. Kelley has been named president of Reinsurance Co. of America in Chicago, a unit of Cameron General Corp.

Mr. Kelley joined the company in 1984 and most recently served as executive vp.

Other reinsurer changes:

Dr. Rudolph Technik has been elected chairman of the board of the Cologne Reinsurance Co. of America in Stamford, Conn., the U.S. subsidiary of Cologne Reinsurance Co.

Dr. Technik, executive director of Cologne Re's board, succeeds **Dr. Gottfried Berger**, president of Cologne Life Reinsurance Co., who will remain a a director.

Dr. Technik supervises the North-West and the Europe-North marketing departments in Cologne, which includes branch offices in Bogota, Madrid, Mexico and Stockholm; and is responsible for subsidiaries in Bermuda and London. He is chairman of these branches and subsidiaries.

Claude Y. Pacquin appointed vp at General Reassurance Corp., the life, reinsurance subsidiary of General Reinsurance Corp. in Stamford, Conn.

Albert J. DeVon Jr. named executive vp in charge of sales and service at Mutual Reinsurance Bureau, based in Cherry Valley, Ill. Mr. DeVon most recently served as vp and account executive for MRB's Great Lakes region.

Clifford English Jr. named executive vp at Intere Intermediaries Inc. in New York. Mr. English will continue as head of the firm's New York branch office, where he has been serving as a senior vp. Also at Intere, Vp **Daniel R. Collelo** named senior vp in the Special Services Bureau. And, at Intere's Chicago branch, Vp **Brian S. Keegan** named senior vp; and **Ronald J. Davies** and **Geoffrey F. Storey** named vps.

Jack M. Stoke named senior vp at Delaney Intermediaries Inc. in New York. He is in charge of servicing the company's treaty business and identifying and negotiating new reinsurance accounts. Before joining Delaney, Mr. Stoke was senior vp and director of treaty reinsurance at Ormand Reinsurance Group.

Thomas G. Devine named vp of the casualty facultative department at Constitution Reinsurance Corp. in New York. Mr. Devine, who joined Constitution Re in 1979, most recently was assistant vp.

John H. Cassedy named vice chairman of Willcox Inc., the reinsurance brokerage subsidiary of New York-based Johnson & Higgins and London-based Willis Faber. Mr. Cassedy, who continues as chief operating officer, will be succeeded as president by **Willis T. King Jr.** Mr. King, who joined Willcox in 1984, also will assume the title of chief executive officer. And, **Kenneth A. Hecken**, a director of Johnson & Higgins and former chief executive officer of Willcox, will continue as chairman. Mr. Cassedy, who joined J&H in 1957, retains the chairmanship of Shipowners Claims Bureau, a J&H subsidiary. Also at Willcox, **Thomas E. Hancock** and **John F. Langen** named senior vps, and **Lawrence M. Cantwell**, **Roy G. Krings** and **John N. Reinman** named vps.

comings & goings: industry

Other suppliers

Ronald Nichols named president and chief operating officer of Countrywide Services Corp., a subsidiary of Wisconsin-based Wausau Insurance Cos. that provides product liability investigative services on a fee-for-service basis. Mr. Nichols, who joined Countrywide Services in 1977, most recently served as senior vp.

Richard S. Van Cleave III joins accountant Ernst & Whinney as principal and director of risk management consulting services. He most recently was president and chief executive officer of Greenwich Financial Group Inc.

Murray D. Rudd joins CRM Risk Managers in Brookfield, Wis., as senior risk analyst and marketing specialist. Mr. Rudd previously was with The Hartford Steam Boiler Inspection & Insurance Co. in Milwaukee.

John E. Barger named senior vp of Crump Benefit Consultants, a unit of The Crump Cos. Inc. in Memphis, Tenn.

Ronald J. Schenck named senior vp and chief operating officer of HealthPoint Corp., a subsidiary of Provident Life & Accident, in Chattanooga, Tenn. Mr. Schenck, who joined Provident in 1983, most recently served as vp-group claim.

Agents/brokers

Robert J. Miller named chief operating officer and senior vp at Wright & Co. in Washington, D.C. Mr. Miller most recently served as chief operating officer of the Sid Murray Co. in Corpus Christi, Texas.

Insurers

Timothy C. Smith named vp of Industrial Underwriters Inc. in San Francisco, a unit of Industrial Indemnity Co. of San Francisco. Mr. Smith, who joined Industrial Indemnity in 1981, most recently served as assistant vp and has executive responsibility for Insurance Management Services, a division of Industrial Underwriters. ■

Murder verdicts

Continued from page 1B

protect themselves from the ruthless and callous deception carried out by their employers," Mr. Daley said.

In issuing the murder verdicts, Circuit Court Judge Ronald J.P. Banks said conditions at the Film Recovery plant were unsafe, safety equipment was insufficient, workers were not properly warned of the hazards and dangers of working with cyanide and the defendants were "totally knowledgeable in the dangers that are associated with the use of cyanide."

Mr. Golab's death "was not accidental but in fact murder," the judge continued.

"I also find that to state that a corporation cannot be convicted of a crime because it has no mind and it cannot therefore have a mental state in order to infer knowledge on a corporation is totally erroneous," the judge said.

"It is my belief that the mind and mental state of a corporation is the mind and mental state of the directors, officers and high managerial personnel because they act on behalf of the corporation for both the benefit of the corporation and for themselves; and if the corporation's officers, directors and high managerial personnel act within the scope of their corporate responsibilities and employment for their benefit and for the benefit of the profits of the corporation, the corporation must be held liable for what occurred in the workplace," Judge Banks said.

"I see this development of criminal prosecution as the newest club of those who do not understand the workers compensation system," said Eric Oxfeld, manager of health care and employee benefits of the U.S. Chamber of Commerce in Washington, who believes these kinds of cases "will grow tremendously."

Mr. Oxfeld was one of dozens of workers compensation and legal experts interviewed by *Business Insurance* before and during the eight-week Film Recovery Systems trial for their reaction to the criminal prosecution of corporate officials for work-related accidents or deaths.

"I see this kind of case as a threat to the workers compensation system, and in fact the whole business community," Mr. Oxfeld said.

"What individual will want the responsibility of a business if they face this?" he asked.

"Most employers bend over backward to provide safe workplaces, but accidents happen," he added.

"You can't insure against criminal liability....That's what can shut down the business community; that's what's at stake," Mr. Oxfeld said.

Chicago attorney Daniel Socha, whose firm of Rooks, Pitts and Foust represents segments of the asbestos industry, said a number of his clients are alarmed about the precedent this case may set.

"Most employers feel they already have a number of areas where they are subject to criminal penalties, in addition to civil penalties," Mr. Socha said, citing environmental laws and safety hazard laws.

"They cannot insure, they cannot pass off the cost to an insurance company, for criminal charges," he said.

Their alarm is a "subtle thing," he added. "It's fear of the unknown...a perception on their part," he said.

Criminal liability for negligent employers is a new concept without much research behind it, but it is here to stay, according to Merton E. Marks, an Arizona attorney who specializes in workers compensation and employers' liability litigation.

"The problem I have is using the criminal laws...to achieve a social objective. The question is, once you start using the criminal laws to achieve social objectives, where is the line drawn?" Mr. Marks explained.

But, he admits, "the pendulum has swung toward protecting (the public). I don't see this case snowballing, but continuing."

"I would not rule out altogether more of these cases...but what we're dealing with is a fuzzy area," said former Illinois congressman John N. Erlenborn, who now is a partner in the Washington office of the law firm of Seyfarth, Shaw, Fairweather and Geraldson.

"Those employers with these hazards better find out about the hazards and document what they do," he advised (see story, page 106).

"We're seeing criminal prosecution for two reasons," noted Franklin Mirer, director of health and safety for the United Auto Workers in Detroit.

First, he pointed to the increased knowledge and concern about workplace health and safety among the general public and the subsequent interest of local authorities, like state's attorney's offices.

"Second, is the general concern of the country for the lack of enforcement by the Occupational Safety and Health Administration under President Reagan," Mr. Mirer said.

Others also referred to "insufficient" regulatory practices as the reason behind the push for criminal prosecution for workplace injuries.

"OSHA has just the mildest, mildest deterrents in the world," said George Cohen, a Washington attorney who represents several labor unions.

He believes it is much more meaningful to send such cases to the criminal courts.

With a cutback in OSHA enforcement, a build-up in other areas could be anticipated, said Professor John F. Burton Jr., a labor relations scholar at Cornell University in Ithaca, N.Y.

"Some sensed we backed away from vigorous enforcement (with the Reagan administration)," Professor Burton said. People are surprised that safety violations like those uncovered in the Film Recovery case could get by OSHA, he added.

The Occupational Safety and Health Administration had fined Film Recovery previously and the state Environmental Protection Agency had cited it for a permit violation.

OSHA officials say the agency is more active now than it has been since the agency was created in 1970.

"There's no truth to the statements that we're not doing anything. Last year there were more inspections than any year since 1976; more than 70,000," said Jack McDavitt, special assistant for public affairs for OSHA.

Law enforcement agents have complained about how "it takes forever" to get something through OSHA channels, but Mr. McDavitt pointed out that "everything we do is subject to appeal. We weren't set up as a dictatorship."

He firmly believes that OSHA is acting as a deterrent to workplace safety violations and said statistics show that workplace injuries have steadily decreased since OSHA was formed.

Under the Reagan administration, OSHA deliberately has moved away from an adversarial role and the result is that fewer citations are being appealed, Mr. McDavitt said.

"We have had budget cuts and staff cuts, but it hasn't affected enforcement," he said.

Frank Strasheim, a regional administrator for OSHA in Region Five, which includes Cook County, admitted OSHA never will be able to conduct inspections at every worksite, but he compared that perceived deficiency to local police officers who are unable to stop every motorist for speeding or reckless driving.

He also noted that health violations are extremely difficult to prove.

"We're dealing with things you can't smell, you can't see. We're going on just what the workers tell us," Mr. Strasheim said.

"This agency has criminal provisions it can use, but it's extremely rare when the U.S. attorney thinks we have evidence for a criminal indictment," he said.

It is the difficulty of proving intentional misconduct on the part of an employer that may slow the tide of criminal prosecutions for workplace injuries.

"I don't think we are seeing a trend yet, but I think definitely we will be seeing more and more of these cases filed," said Jack Yelverton, executive director for the National District Attorneys Assn., a 7,000-member group based in Alexandria, Va.

However, it is difficult to prosecute these cases, he noted, because it is necessary to prove "intentional gross conduct" on the part of the employer.

"The scenario in which a criminal action can be successful goes beyond an employer that just doesn't care," said Chicago attorney Michael Rusin, who represents employers in workers compensation cases.

"It has to be intentional," he said. Therefore, criminal actions for workplace safety violations "will be a rare situation."

"There's no way to avoid being sued, but it will be difficult to prove (intentional tort)," he added.

John W. Martin Jr., an associate general counsel with Ford Motor Co. in Dearborn, Mich., pointed out that people expected an increase in criminal charges against corporations and their officers after the Pinto case, but that never happened.

"Instances of egregious conduct are quite rare," Mr. Martin said.

Several of those interviewed, however, wholeheartedly support the filing of criminal charges against corporate officials when their flagrant acts lead to the death or injury of workers.

Their support was evident despite their concern that the use of criminal charges might be misused and the "exclusive remedy" doctrine of state workers compensation laws would continue to be eroded.

John Lewis, a workers compensation attorney based in Miami, is a staunch supporter of the exclusive remedy doctrine and has seen how legislation and court decisions have whittled away that standard.

However, Mr. Lewis said it doesn't bother him if the workers compensation system is breached when an employer's conduct is as bad as that alleged in the Film Recovery case.

"If the conduct meets the legal standards of homicide...intent or absolute disregard...then employers should be prosecuted," Mr. Lewis said.

"For the more egregious violations, exclusive remedy doesn't hold," said Sam Roth, associate manger of employee relations for the U.S. Chamber of Commerce.

"People should not be allowed to hide behind exclusive remedy when their acts constitute criminal charges," noted J.T. Noblin, executive director of the International Assn. of Industrial Accident Boards and Commissions in Jackson, Miss.

"In cases where officers of a corporation are willfully negligent, then I think criminal charges are appropriate," said S. Zack Mansdorf, president of an occupational health consulting firm that bears his name in Akron, Ohio.

"In those kinds of cases where there is criminal neglect, these corporate leaders should be treated like common criminals," agrees Robert Gibson, president of the Illinois State AFL-CIO in Chicago.

He said his union and others have called conferences to discuss the new state and federal right-to-know laws and the apparent lack of compliance by employers.

"Nobody's complying with them. Even our own people are unaware of their rights" Mr. Gibson said.

A committee of the American Bar Assn. also is tentatively planning to discuss the criminal liability of employers at a national institute on workers compenstion next spring.

"There's a serious concern because this goes well beyond civil justice," said Donald T. DeCarlo, vp and general counsel with the National Council on Compensation Insurance in New York, a workers compensation research and ratemaking organization.

Mr. DeCarlo also is senior vice chairman of the ABA's workers compensation and employers liability law committee. ■

Judge stresses officials knew worksite unsafe

By CAROL CAIN

In issuing his guilty verdicts in the Film Recovery Systems Inc. case, Circuit Court Judge Ronald J.P. Banks stressed the unsafe conditions in the plant and the management's knowledge of them.

"There was an insufficient amount of safety equipment present on the premises. There were no safety instructions given to the workers. The workers were not properly warned of the hazards and dangers of working with cyanide," he said.

"The warning signs were totally inadequate. The warning signs were written in Spanish and English. The warning signs stated the words 'poison' or 'veneno,' meaning poison in Spanish.

"The problem with that is that there were more than Spanish and American workers working in this plant. Aside from the Spanish and American workers there was Stefan Golab, plus other Polish workers," Judge Banks said.

Mr. Golab, a 61-year-old Polish immigrant, had worked at Film Recovery Systems for 2½ years before his death.

The evidence showed that Stefan Golab did not speak English, could not read or write English or Spanish, so the signs "had no benefit to that man at all," Judge Banks said.

In the early 1980s, Film Recovery Systems was one of the country's largest extractors of silver from discarded X-ray and photographic film. The firm extracted silver from the film in an open-vat, cyanide bath process.

During the trial, witnesses testified that Mr. Golab was working at one of the vats Feb. 10, 1983, when he staggered from the tank into an employee lunchroom, shaking violently and foaming from the mouth. He then collapsed and died a short time later.

Prosecutors called some 40 witnesses to prove that Mr. Golab inhaled a lethal dose of cyanide fumes and subsequently died.

Defense attorneys said Mr. Golab simply died of a heart attack unrelated to his work at the plant.

But, Cook County Medical Examiner Dr. Robert Stein testified that when he performed the autopsy on Mr. Golab, a smell of bitter almonds—the odor associated with cyanide—spread through the examining room after an incision was made in the body.

Some of the other prosecution witnesses—many of whom were former employees and, like Mr. Golab, were illegal aliens—testified that they complained frequently of the fumes in the plant, of vomiting on a daily basis and other physical ailments.

Judge Banks said that although there was no evidence to prove the amount of cyanide present in the air at the plant, testimony from police officers convinced him that there were cyanide fumes on the premises.

"The testimony of the police investigators is the most important because, although we do not know the actual amount of hydrogen cyanide gas in the air on...the date of the death of (Mr.) Golab, the police officers testified as to the air quality on the date in question," Judge Banks said.

"They were the investigating officers after the incident had occurred, and their symptoms were classical symptoms, which according to the Material Safety Date Sheet, would occur if exposed to hydrogen cyanide gas at high levels. These symptoms were nausea, burning throat, burning eyes, difficult breathing, plus others," the judge said.

Employees were not informed about the dangers of working with cyanide, Judge Banks said.

"I also find the defendants were totally knowledgeable in the dangers which are associated with the use of cyanide," the judge said, citing testimony by the defendants.

For instance, Steven O'Neil, president of Film Recovery, testified that he was aware of all the hazards connected with cyanide and knew hydrogen cyanide gas was present and that it could be fatal if inhaled, the judge said.

He also said Charles Kirschbaum, plant manager, saw workers vomiting and had been given the Material Safety Data Sheet, information provided by manufacturers describing symptoms of dangerous exposure to the chemical.

And Daniel Rodriguez, assistant plant manager, "knew the workers got sick at the plant. He testified to that. He could read the label, and he read it many times," Judge Banks said.

"I find that the conditions present in the workplace which caused sickness and injury to workers was reckless conduct. I also find that the death of Stefan Golab was not accidental but in fact murder," Judge Banks said.

"I also find that the defendants created the conditions present in the plant by their acts of omission and commission," he said.

The Illinois statute on murder reads: "A person who kills an individual wthout lawful justification commits murder if, in performing the acts which cause the death, knows that such acts create a strong probability of death or great bodily harm to the individual or another."

Employers urged to ensure workplace safety

By CAROL CAIN

Although three Chicago-area corporate officials will be sentenced later this month for murder in the work-related death of an employee, the vast majority of American corporations have nothing to fear, legal experts say.

Still, to be on the safe side, many legal experts and consultants are advising employers to take steps to minimize the possibility of being escorted out of a criminal courtroom in handcuffs.

"Most employers which I am familiar with need to have no fear of criminal sanctions," said Joseph E. Hadley, a Washington attorney who often represents employers in cases involving citations by the federal Occupational Safety & Health Administration.

"The vast majority of corporate America has nothing to fear vis-a-vis OSHA. . . .But, those engaging in conduct about which they have doubt ought to clean up their act," he warned.

Mr. Hadley was responding to the guilty verdicts returned by a Cook County Circuit Court judge earlier this month against three Chicago area corporate officials and the now-defunct company for which they worked (see story, page 1).

The officials were indicted by a grand jury on murder charges after an employee at the plant collapsed and died, allegedly from exposure to cyanide gas.

Former employees who testified at the trial told of unsafe working conditions and of a lack of information about the materials in the plant.

The guilty verdicts "will send the word out: 'Corporate officials, you better make sure you know what's going on in the workplace,'" said James C. Murray Jr., a Chicago attorney.

"An employer should be fully aware of what chemicals and compounds are utilized in the course of business and make every effort to determine what the risks and hazards are," emphasized Eugene Pavalon, another Chicago attorney. He is representing 52 former employees of Chicago Magnet Wire Corp. in civil lawsuits against the company, in which the employees allege unsafe working conditions.

(Criminal charges of aggravated battery, conspiracy and reckless conduct also are pending against five top officers of Chicago Magnet Wire. That trial, also in Cook County, could begin as early as this fall. (*BI*, Oct. 1, 1984).

Mr. Pavalon noted the increased use of toxic substances in the workplace since the 1960s. Since then, "There has been a greater exposure to these chemicals, coupled with an increase medical knowledge of their effects," he said.

"A lot of companies that were using these didn't appreciate the hazards," Mr. Pavalon said. He explained that during the late 1960s and 1970s, employers were very competitive and cost-conscious, and "it was natural to use the cheapest (methods) to minimize the cost."

"But people forget that to put in a little bit of money up front is a lot less costly in the long run," said Gerald Coletta, president of Risk Control Services, a management consulting firm in Tiburon, Calif.

"There seems to be the tendency of American business to focus short-term on the bottom line, whereas in approaching these risks, the focus should be long-range," he said.

He advised employers to shift the focus of corporate decision-making to the long-term and to educate both management and employees about any possible workplace risks from hazardous substances. He suggested that risk management techniques could be used effectively to help shift this focus.

Education and information also are at the top of a list of suggestions from Chicago attorney Daniel Socha.

"Are (employers) doing enough to inform the employee? I think that's the one area that's quite important now," Mr. Socha said referring to recently enacted state and federal disclosure statutes, commonly known as "right-to-know" laws.

These laws require employers to inform their employees about possible toxic substances in the workplace and to train them to deal with the hazards.

Mr. Socha pointed to the explosion of toxic tort litigation relating to asbestos exposure and he said that one of the important underlying issues in the asbestos cases is whether the employees were informed about the potential hazard.

"If an employer recognizes this underlying principle, it will go a long way to disarm this type of risk," Mr. Socha said.

Holding weekly safety meetings with employees, hiring outside safety consultants and maintaining a continuous review of any new information published about chemicals also "will go a long way to minimize risks," he said.

Mr. Socha suggested that employers:

- Identify the hazards in their own workplace.
- Train the managerial staff to communicate these hazards to the employees.
- Develop a safety program.
- Implement the safety program and enforce it.

Mr. Socha noted that, in the Cook County case in which the officials were convicted, the employees were mostly Polish and Mexican illegal aliens who did not speak or read English.

"An employer should not deceive himself," Mr. Socha said. If an employer knows that some employees will have difficulty understanding English, some other way of communicating information about potential hazards should be found, he emphasized.

He also suggested that holding safety meetings with employees, rather than sending out newsletters that usually go unread, is one way to ensure better communication.

And recordkeeping is an important aspect of safety meetings and a safety program, Mr. Socha said.

Employees should sign in at each safety meeting, and records should be kept of those who attended, of the agenda and of what was discussed, he said.

"Document all aspects of the safety process," Mr. Socha said. He added that, although such documentation may seem like nit-picking, this is the kind of evidence an employer can use if he or she ever is brought to trial.

"A lot will depend on management's attitude toward conveying information to employees," said Lorrie Wiedrich, senior occupational health consultant with Kemper Group in Long Grove, Ill.

Ms. Weidrich has observed that, in the past, managers often were reluctant to convey information about potential workplace hazards to employees, believing it would make the company look bad or put it in a vulnerable position.

"But those days are gone forever," she said, referring to the new right-to-know standards.

"There's no set pattern of how employers should convey this information," she said, noting that many of the right-to-know laws are not very specific about requirements for letting workers know about possible workplace hazards.

At a minimum, an employer should post notices of the various hazardous materials being used in the workplace and indicate the company department from which workers may obtain more information on the substances, she said.

But, the law also requires employers to document what hazardous materials it uses and when exposure levels may exceed OSHA guidelines.

Compliance with these rules will cost employers time and money, but the government and private agencies are developing materials, including videotapes, to aid in informing employees.

"It's a cost of doing business; if it's not done, then an employer's at fault," said S. Zack Mansdorf, president of S. Zack Mansdorf Associates, an occupational health consulting firm in Akron, Ohio.

However, many employers may not have to "put out a massive outlay of money" for some services, like safety audits, said Dr. Howard M. Sandler, president of Sandler Occupational Medicine Associates in Gaithersburg, Md.

Dr. Sandler pointed to consulting services offered by OSHA and insurers that often are available at no cost.

The services of outside consultants also are comparatively inexpensive, Dr. Sandler said.

"But employers have to take seriously any recommended changes," notes John F. Burton Jr., a professor of labor relations at Cornell University in Ithaca, N.Y.

"Employers must respond when they get a citation" from OSHA or state agencies, he said.

Dr. Sandler also advises employers to review their operations and safety programs at least annually. And, he suggested a more-frequent review when a new process or material is being used.

Mr. Socha agrees, adding that it is important that the safety program be reviewed, either by experts within the company or by outside consultants.

"If a new process or new materials are used, ask for an outside source to evaluate," he urged. "If an employer is acting reasonably, and doing the best to minimize risk, it will not be exposed to that criminal sanction."

Dr. Sandler emphasized that much of the responsibility for workers' safety will fall to top management.

"A lot of Fortune 500 companies have lousy safety and health programs because there is no direction, no commitment from top management," Dr. Sandler said.

Risk managers need to start talking with other managers in their own companies about safety programs, said Tom Reilly, president of the American Society of Safety Engineers in Park Ridge, Ill.

"Risk managers need to make sure that the programs are given the proper impetus," he said.

"There is no magic formula. . . .The only advice for employers is to exercise responsibility," said Warren G. Brockmeier, vp for risk management services with the Wyatt Co. in Chicago.

And, Chicago attorney Michael Rusin advises: "The best defense is complying not only with the letter of the right-to-know law, but the intent." ■

More criminal prosecutions on tap

While the Film Recovery Systems Inc. case represents the first time prosecutors have won a guilty verdict on criminal charges stemming from workplace safety and health violations, it won't be their last effort.

The Cook County state's attorney's office in Chicago, which prosecuted the Film Recovery case, also is preparing a similar case against five corporate officers of Chicago Magnet Wire Corp., an Elk Grove Village, Ill.,-based subsidiary of North American Philips Corp. in New York.

Those officers were indicted by the Cook County grand jury last September and are charged with more than 400 counts of aggravated battery, conspiracy and reckless conduct. That case may go to trial as early as this fall (*BI*, Oct. 1, Oct. 15, 1984).

The state's attorney's office also has been asked by the Cook County medical examiner to investigate the death of two brothers who died from silicosis after working at the now-defunct Illinois Brick Co.

In issuing the death certificates for the brothers, the medical examiner cited homicide as the cause of death (*BI*, July 16, 1984).

Other similar workplace situations also have been referred to the Cook County state's attorney's office, as well as to local prosecutors in other parts of the country. Sources say criminal charges may be lodged against corporate officers in cases currently being developed in New York and California, but the sources could not give details about those cases.

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Nurse-midwives lose malpractice cover

Almost 1,300 licensed nurse-midwives across the country may be without malpractice insurance as early as July 6 if they cannot find replacement coverage for their current policies.

Mutual Fire Marine & Inland Insurance Co. in Philadelphia, which insures the nurse-midwives through a plan sponsored by the American College of Nurse Midwives, has said it will not renew the malpractice insurance, which covers nearly 1,300 of the trade association's 2,550 members.

According to Richard Guilfoyle, Mutual Fire Marine's president and chief executive officer, the master insurance policy is being canceled because the insurer cannot find reinsurance coverage; the program currently is 80% reinsured.

According to Karen Ehrnman, government relations coordinator for the American College of Nurse Midwives in Washington, the Mutual Fire Marine policy was secured in July 1984 after The Home Insurance Co. dropped the malpractice coverage it wrote for the college in July 1983.

She said The Home told the college it would not renew its insurance because it was getting out of the professional liability market.

The policy issued by Mutual Fire Marine provides $1 million in annual malpractice liability coverage to each nurse-midwife who obtains a certificate of insurance from the college. There are no deductibles on the coverage.

To obtain a certificate of insurance, a nurse-midwife pays a portion of the policy's premium, which totals $550,000 for all the nurse-midwives covered.

The contribution required by each nurse-midwife depends on the midwife's practice, according to Laura Gisolfi Gilbert, in-house counsel for the college.

Students pay $80 a year, nurse-midwives who do not assist at deliveries pay $125 a year, nurse-midwives who assist at up to 100 deliveries a year pay $800 and nurses who assist at more than 100 deliveries a year pay $1,100, Ms. Gilbert said.

The outstanding certificates will expire between July 6 and the end of the year—one year after they became effective, Ms. Gilbert said.

So far, 271 of the covered nurse-midwives have received notifications of cancellation effective July 6. An additional 180 will expire by the end of August, and the balance will expire by the end of the year, Ms. Gilbert said.

The college has retained San Francisco-based broker Glenn, Nyhan & Associates Inc. to help find replacement coverage. ■

Product liability

Continued from page 2

& Forster, says pharmaceutical companies might face millions of no-fault claims from those who developed adverse reactions to prescription drugs.

These victims might seek compensation from the drug manufacturer for medical expenses that fell within the deductible of his or her medical coverage.

The Risk & Insurance Management Society, which supports the Kasten bill, says it would have to reconsider its support if a no-fault compensation provision were added to the bill.

"This would expand liability, not contract it," said Jon Harkavy, RIMS' director of governmental affairs. Mr. Harkavy says "weak" product liability cases would end up in a no-fault system, while the stronger cases still would be litigated.

"I don't see where this two-tiered compensation system would do (employers) a lot of good," Mr. Harkavy said.

If employers can't resolve their differences on a no-fault compensation plan, federal product liability legislation is "as good as dead," according to one insurance industry lobbyist.

Congress won't move ahead if the supporters of federal product liability reform aren't united, the lobbyist added.

But, Victor Schwartz, counsel for The Product Liability Alliance, a Washington business coalition lobbying for the Kasten bill, says employers can work out their differences.

"If businesses work together. . .you are going to get a federal product liability law," Mr. Schwartz said.

And, Mr. Schwartz adds, if insurers have been able to provide coverage under the no-fault work comp system, they might be able to develop ways to provide coverage for a no-fault product liability compensation system.

The controversy over whether a no-fault compensation system should be tacked onto federal product liability legislation has been brewing for several months.

Sen. Chris Dodd, D-Conn., first raised the issue when he suggested that the Kasten bill be amended to make it easier for accident victims to receive payment in cases where it is difficult to prove whether the manufacturer or consumer is at fault (*BI*, April 1).

Sen. Dodd recommended that an injured person be given a choice of legal remedies to recover damages from a product manufacturer.

According to a proposal drafted by Sen. Dodd, which has been proposed as an amendment to the Kasten bill, an injured person could still sue the product manufacturer in court.

Or, the victim could file a claim against a manufacturer to recover out-of-pocket economic losses, like medical bills not covered by health insurance or lost wages that exceed state-mandated workers compensation benefits.

Such claims, according to the Dodd proposal, would be allowed even if the accident victim could not identify the specific manufacturer of the product that caused the injury.

In such a case, a consumer could file a claim against any manufacturer that made the type of product at the time of injury.

Once a manufacturer received a claim, it would have 75 days to decide whether to pay it.

If the manufacturer agreed that some compensation was called for but was to dispute the amount of economic loss, either party could request arbitration.

However, if the manufacturer rejected the claim outright, the victim could then take a company to court.

If the case went to trial, the victim would not have to meet traditional legal tests—such as identifying the specific product manufacturer—to recover damages.

And, if the court ruled the manufacturer should not have denied the claim, the company would have to pay damages for the victim's economic losses, interest charges and attorneys' fees.

By contrast, the Kasten bill does not deal with compensation issues.

Instead, it sets new rules that would pre-empt existing state laws limiting manufacturers' exposure to product liability suits.

For example, the Kasten bill would bar product liability suits in cases where a person was injured by a capital goods product—like a printing press—that was more than 25 years old.

The measure also would eliminate strict liability in cases where the injury was alleged to have been caused through product design.

Under strict liability, a plaintiff only has to prove that an injury was caused by a product defect; it is not necessary to prove that the manufacturer knew the product was defective.

'This (no-fault system) would expand liability, not contract it. . . . I don't see where this two-tiered compensation system would do (employers) a lot of good,' said Jon Harkavy, RIMS' director of governmental affairs.

But, Sen. Kasten's bill has "missed the mark" because it wouldn't provide the "innocent" victim with any compensation, Sen. Dodd said.

During the next several months, employers and Commerce Committee staff are expected to draft their own compensation provision as an amendment to the Kasten bill —one acceptable to manufacturers and insurers—in an effort to get the bill moving again.

However, no one can predict whether such an effort can succeed. And, there is no doubt that drafting the amendment will take months.

In fact, congressional consideration of federal product liability legislation has moved slowly.

The issue has been under discussion since 1981. The Commerce Committee during two previous sessions was able to pass the Kasten bill.

However, the full Senate and House have yet to consider any federal product liability legislation.

During this time, Sen. Kasten, the chief Senate proponent of a federal product liability law, "has become an old man," Sen. Danforth said in jest.

Sen. Kasten blamed part of the delay on lobbying by trial lawyers. Noting that the American Bar Assn. is opposed to comprehensive federal product liability legislation, Sen. Kasten asked Ernest Sevier, past chairman of the ABA's section on tort and insurance practice: "How long can you remain blind to the problems of the legal system?"

But, Mr. Sevier said the ABA for several years has studied whether a federal product liability legislation is needed and concluded that "you don't throw out 200 years of law developed at the state level."

Sen. Danforth said he wants the trial lawyers to become part of the negotiations to add a victim compensation provision to the Kasten bill.

But, "I'm not holding my breath" that it will happen, he said. ■

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Some claim handling tips are included in IRI's 12-page PEPlan brochure. See pages 7 and 8 for "Selecting Your Claims Coordinator," "Preparing Your Claim," and "Working with the Claims Adjuster." For a complimentary copy of the PEPlan brochure, contact Mrs. P. A. Sasso, Industrial Risk Insurers, 85 Woodland Street, Hartford, CT 06102 area code (203) 525-2601. A little planning now could help expedite a payment later.

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Financial:
Chief financial officers and vice-presidents of finance 2,168
Secretaries, treasurers, controllers and other financial personnel 7,167

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 8,206

Sub-total 22,627
Associations 1,081
Government, unions and educational systems 944

Commercial Consumers Sub-total 24,652
Insurance agents and brokers 9,524
Insurance companies 5,867
Financial institutions 556
Actuaries, attorneys, adjusters, appraisers and consultants 3,265
Others allied to the field, ... 1,143

TOTAL 45,007

* Source: Business/Occupational breakdown of qualified circulation, Nov. 5, 1984 issue, as submitted to BPA for Dec. 1984, BPA Publisher's Statement.

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Steelworkers suit

Continued from page 2

condition that he not be identified, said that Prudential should pay the claims because it was the insurer of the benefits plans, which covered about 20,000 union members, including 8,000 active employees, 2,000 laid-off employees and 10,000 retirees.

The lawyer added that Prudential had identified itself as "the insurer" in various instances, and was referred to as such in employee benefits handbooks.

But, Prudential maintains that it acted only as a third-party administrator, not a direct insurer, of the benefits plans.

Under the plan, Wheeling-Pittsburgh placed funds periodically in a special account that Prudential used to pay claims, perhaps under a minimum premium plan. But, no one involved precisely defined the type of contract involved.

According to Hubert Barnes, in-house associate counsel for Prudential, funds placed by Wheeling-Pittsburgh in the special claims-payment account prior to April 16 are frozen by court order. The insurer, therefore, cannot pay claims filed before April 16, he said.

Mr. Barnes said Prudential is paying claims filed after April 16 because the bankruptcy judge released funds to pay post-bankruptcy expenses, including benefits claims, he said.

"We are sympathetic to the individuals that are caught in this bind," said Mr. Barnes.

"But, for us to pay claims, we need a Wheeling-Pittsburgh bank account."

Mr. Barnes added that Prudential has asked the court to release funds for claims filed before April 16, but has not yet received an answer to its petition.

In a related matter, Blue Cross of Western Pennsylvania and Pennsylvania Blue Shield have asked the court to force Wheeling-Pittsburgh to decide whether it wants to continue its contracts with Blue Cross and Blue Shield and, if so, to pay the back premiums it owes.

Blue Cross and Blue Shield insure the hospitalization and major medical insurance for 2,500 union employees and 3,300 union retirees at Wheeling-Pittsburgh's Monessen and Allenport, Pa., plants.

According to Gary Truitt, corporate legal counsel for Blue Cross of Western Pennsylvania, Wheeling-Pittsburgh owes Blue Cross and Blue Shield $207,157 in premiums for active employee coverage from April 1 to April 16 and $472,831 in premiums for retiree coverage from March 1 to April 16.

However, Mr. Truitt, speaking on behalf of both Blue Cross and Blue Shield, said the Blues are continuing to pay claims with $1.35 million in reserves accumulated through premiums payments Wheeling-Pittsburgh made in 1984. He added that Wheeling-Pittsburgh is up-to-date on its premium payments after April 16.

"It's an ongoing situation that we're trying to handle as best as possible," Mr. Truitt said. ■

Storm damage estimate is $79.8 million

NEW YORK—Wind, hail, tornadoes and flooding caused a total of $79.8 million in insured property damage in parts of 10 states May 10-14, according to the Property Claim Service division of American Insurance Services Group Inc.

Hardest-hit was Kansas, with about $40.1 million in damage.

Insured losses were estimated at $17 million in Texas and $7.7 million in Illinois.

The estimated property damage in other states was: Oklahoma, $6 million; Missouri, $4 million; Nebraska, $1.5 million; Iowa, Minnesota and South Dakota, $1 million each; and North Dakota, $500,000.

These estimates do not include damage under the National Flood Insurance Program.

The storm was assigned Catastrophe Number 67 by the Insurance Services Office. ■

Radioactive waste cleanup rules under consideration by the NRC

By ROBERT A. FINLAYSON

WASHINGTON—The Nuclear Regulatory Commission is considering requiring certain businesses that handle, manufacture, store or dispose of radioactive materials to demonstrate that they have the financial resources to pay for cleanup of accidental releases of those materials.

The NRC is concerned that some businesses it licenses to handle radioactive materials may not have the financial means to clean up an accidental release or spill of these materials, it said in a notice published June 7 in the Federal Register.

Under NRC regulations pursuant to the Price-Anderson Act, only owners and operators of nuclear power plants and plutonium processors are required to have insurance that would cover cleanup costs in case of an accidental release of radioactive materials. There is no such requirement for the vast majority of businesses licensed to handle radioactive compounds, the commission pointed out.

Businesses that would be covered by the new regulations include radiopharmaceutical manufacturers, industrial radiographers, gas chromatography, and those licensed to use radioactive materials for medical diagnosis and therapy purposes.

Other businesses that would be affected by the regulations include companies licensed to operate uranium mills, uranium hexafluoride production and nuclear fuel fabrication facilities, as well as those engaged in certain low-level radioactive waste storage and disposal activities.

The NRC acknowledged that it knows little about the financial condition of these businesses or about the cost of cleaning up releases of radioactive materials. However, it maintained the NRC staff "does not believe it is prudent for the commission to wait until an event occurs which requires expensive cleanup to consider the development of a regulation."

Basically, the rules would require certain businesses licensed to handle radioactive materials to demonstrate, through insurance or other means, the ability to promptly pay for on-site and off-site cleanup of accidentally released materials. In addition to cleanup, the rules would also require environmental restoration.

The NRC said that for the purposes of discussion, it is considering a baseline of $2 million as the required maximum amount of financial responsibility for businesses covered by the regulations. The $2 million figure was chosen "because it is in the range of known cleanup costs for NRC licensees," the NRC said.

The rules are not intended to provide compensation for third-party liability, and certain types of NRC licensees would be excluded. Falling under this exclusion would be transporters of radioactive materials, which are covered by the financial responsibility requirements of the Motor Carrier Act; and state and federal government licensees and other self-insured public authorities.

Among the financial assurance mechanisms that could be used to meet the requirement are:

- A standard general liability insurance policy.
- An environmental impairment liability insurance policy.
- Conventional property insurance.
- Nuclear liability and property insurance other than that provided by two insurance pools operating under the Price-Anderson Act.
- Cash or negotiable securities held by a third party, such as a trust or an escrow account.
- A financial strength test.
- A surety or performance bond.
- A corporate guarantee from a parent company.

Generally, the NRC said it believes most businesses it has licensed to handle radioactive materials already have some financial resources or insurance coverage for on-site and off-site cleanup "as a prudent business practice."

However, the commission said, if a licensee did not have adequate financial resources, an accident involving a release of radioactive materials could have both short- and long-term adverse public health and safety consequences.

"Moveover, from an equity viewpoint," the NRC continued, "the commission believes it appropriate that the licensee, and not the public, should assume financial responsibility for prompt cleanup of accidental releases caused by licensee activities."

The NRC says it will eventually consider the issue of financial responsibility for a small number of businesses "who have the potential to be involved in the significantly more costly cleanups."

A spokesman for the commission said that the agency has not yet determined what type of business would fall into this category.

The NRC is asking for public comment on the issue of financial responsibility requirements for companies that handle radioactive materials. Comments should be sent before Oct. 7 to the Secretary of the Commission, U.S. Nuclear Regulatory Commission, Washington, D.C. 20656. ■

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Mission lawsuit

Continued from page 1B
but they are appealed infrequently, as grounds for appeal are limited.

The arbitration process often takes months, after which the arbitrators usually deliberate for 30-60 days, depending on the complexity of the case, before making a decision, explains Jonathan F. Bank, Mission's Los Angeles attorney with Buchalter, Nemer, Fields, Chrystie & Younger.

"I believe an arbitration panel composed of insurance and reinsurance people will see the claims that have been made for what they are. People schooled in the insurance business will know when someone is trying to sneak one by them," says Mission's New York attorney Mr. Brandes.

Ohio Re and the other five reinsurers currently plan to arbitrate their contracts with Pacific and Mission Insurance Co. separately, but the proceedings could be consolidated.

Four of the reinsurers had only management contracts with Pacific; one had both a management contract with Pacific and a reinsurance contract with Mission; and one had only a reinsurance contract with Mission.

Those with only management agreements are Abeille-Paix Reassurances in Paris; Hamburg International Reinsurance Co. in Hamburg, West Germany; Hassneh Insurance Co. of Israel Ltd. in Tel Aviv; and Seguros America S.A. in Mexico City.

Walton Insurance Ltd. of Hamilton, Bermuda, only had a reinsurance agreement with Mission.

Ohio Re had both a management contract with Pacific and a reinsurance arrangement with Mission Insurance Co.; it, therefore, will take part in two arbitration procedures.

A seventh plaintiff, Caja Reaseguradora de Chile, will be removed from the suit in an amended complaint, according to papers filed June 17 by the plaintiffs' New York attorneys.

Mission has contended since Caja's name first appeared in a March 15 complaint that the Chilean company is not participating in the litigation, and that the plaintiffs' attorney —Kroll, Pomerantz & Cameron—was making unauthorized representations in the reinsurer's name.

It has not yet been determined when the arbitration proceedings will begin, but the process is at least several months away, according to Mr. Bank.

"Mission and PRMC are quite anxious to resolve the matter as quickly as possible," Mr. Bank says. The companies have already named their arbitration representatives.

William J. Gilmartin, senior vp of CNA Insurance Cos. in charge of reinsurance and a director of CNA Reinsurance of London Ltd., is Pacific's arbitrator in arbitrating management disputes with Ohio Re, Hamburg and Hassneh. Paul B. Ingrey, president of F&G Re, a Morristown, N.J., subsidiary of USF&G Corp., is Mission's arbitrator in reinsurance disputes with Ohio Re and Walton. And Richard S. Bakka, senior vp at American Mutual Reinsurance Co. in Chicago, is Pacific's arbitrator in management disputes with Abeille-Paix and Seguros America.

The plaintiffs have about two weeks to name their arbitrators. The reinsurers' attorney said last week the companies were in the process of selecting their representatives.

The only allegation in the Ohio Re action that the New York court is not expected to put on hold pending arbitration is that which says Mission Insurance Group, as parent of both Pacific and MIC, is responsible for the activities of its subsidiaries.

Mission will litigate that claim, attempting to show that MIG cannot be held liable for the debts of its subsidiary. MIG claims Pacific operated as an entirely separate corporate entity with an unusual degree of autonomy.

Litigation of this issue, known as "the alter ego" claim, will only address the relationship between MIG and its subsidiary companies and is not expected to consider specific charges of mismanagement.

Meanwhile, Pacific has temporarily agreed not to draw down on $9.7 million in letters of credit issued to it by four of the named companies in the Ohio Re suit. The LOCs were provided as security for the companies' future obligations to Pacific.

Walton, Abeille-Paix, Hamburg and Hassneh sued March 8 for a preliminary injunction to block Pacific's access to LOCs they obtained from four banks: Chase Manhattan Bank, Bankers Trust Co., Citibank and Bank Hapoalim Ltd.

Chase Manhattan issued an LOC of $2.5 million to Pacific on behalf of Walton. Bankers Trust issued to Pacific an LOC of $2.7 million for Abeille-Paix. Citibank issued an LOC for $2.2 million on behalf of Hamburg International. And Bank Hapoalim issued Pacific an LOC of $2.4 million for Hassneh.

Pacific's pool began in July 1970 and closed its doors in June 1984, with a combined loss ratio of 197.3% for its last six months of operation. About 30 reinsurers participated in it each year, but the members changed often.

The pool relied heavily on non-U.S. capacity, but MIG units, principally Mission, always bore the most risk.

In its last full year of operation, the pool had capacity of $1.2 million, 42% less than it had the previous year, but MIG companies assumed 36% of the pool's risks in that year compared with only 20% the year before, revealed papers MIG filed April 30 in New York seeking summary judgment of a similar suit filed by Federated Reinsurance Corp., also a pool participant.

The arbitration order issued last week does not affect the Fed Re case, which is still pending against Pacific and MIG and makes many of the same allegations made in the Ohio Re suit. Pacific has not yet petitioned for arbitration of the Fed Re claims.

Fed Re, based in Piscataway, N.J., had only a management contract with Pacific, so it does not name Mission in its suit, which was filed Feb. 19. ■

Delta Re's sale

Continued from page 1B
wick and Conning & Co., reflected "substantial improvement" in 1981 and 1982 underwriting results, according to the complaint.

Delta didn't discover the allegedly concealed material until Mr. Norton—who remained president of Elkhorn and became an ARM employee after the sale—resigned last September and the company examined the contents of his desk, Delta claims.

National Distillers filed an answer denying all of Delta's allegations, and its own version of the events leading up to the sale differs from Delta Holding's in several respects.

In its third-party complaint, filed June 7, National Distillers says that it approached ARM and Mr. Reiss about a possible sale of Elkhorn in early 1983, after it had decided to withdraw from the open-market reinsurance business that Elkhorn had conducted.

An agreement in principle for Elkhorn's sale, signed in June, 1983, included provisions allowing Delta to adjust the $18 million acquisition price to reflect changes in the value of securities held by Elkhorn or in the value of Elkhorn's loss reserves, according to National Distillers' complaint.

Before the Delta Re deal was closed, National Distillers advised ARM of the first Tillinghast report recommending the use of a new method for checking reserve adequacy, and told ARM that it was using the method to confirm that established loss reserves were "adequate within a reasonable range."

National Distillers offered to make the Tillinghast report available to ARM, but ARM declined to review it, the complaint says.

The complaint doesn't mention the second Tillinghast report that allegedly revealed reserve inadequacies on three reinsurance treaties, nor does it mention Mr. Norton's alleged reserve calculations and reports to Mr. Joslin.

ARM was also advised before the sale that Peat Marwick and Conning had found a $3.5 million reserve deficiency on Elkhorn's June 30, 1983, balance sheet, but ARM declined to request a reduction in the purchase price to offset the deficiency, the National Distillers' complaint says.

Conning concluded that Elkhorn's reserves ranged from a $3.5 million deficit to a $2 million redundancy, and advised the company that no reserve adjustment was necessary, according to a source familiar with the audits who asked not to be named.

National Distillers' complaint says that Conning concluded that reserve levels were adequate but that Conning advised Delta that long-term development may differ from its estimates.

Elkhorn was formed in 1985 at the suggestion of ARM and Mr. Reiss, and National Distillers hired ARM to manage the insurer, according to the complaint.

ARM also handled underwriting and claims management for Delta.

ARM, which conducted its own review of Elkhorn and oversaw the Peat Marwick and Conning audits, owed Delta shareholders a duty not to allow "its own interests to conflict" with Delta's, and was negligent in advising Delta that Elkhorn's loss reserves were adequate and in failing to discover the true condition of Elkhorn despite having access to "sufficient information" on the company, the complaint charges.

National Distillers also charges that Mr. Reiss was similarly negligent.

In a section of the complaint accusing Peat Marwick of negligence in performing its audit, National Distillers also claims that the accountant was told during its review of Elkhorn that Price Waterhouse & Co. had done "limited testing" of Elkhorn's reserves as part of an audit of National Distillers, and that Price Waterhouse was available to discuss the results of the testing.

Peat Marwick never approached Price Waterhouse and never asked to review the other accountant's worksheets, the National Distillers' complaint alleges.

National Distillers seeks a court order forcing ARM, Mr. Reiss and Peat Marwick to indemnify it if it is found liable to Delta Holdings for losses related to the Elkhorn deal.

None of the three defendants named in the third-party complaint has filed an answer yet.

However, Leonard P. Novello, associate general counsel for Peat Marwick, said that the complaint "appears to be nothing more than an attempt by National Distillers to blame somebody else for their problems."

Mr. Novello added that Peat Marwick auditors were never advised of the two Tillinghast reports on Elkhorn, and that they were never offered results of the Price Waterhouse review of the insurer's reserves. ■

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updates

Nevada work comp bill vetoed

Continued from page 2
Industrial Insurance System—the state-operated insurer that is the sole provider of workers compensation insurance in the state.

But on June 14, Gov. Bryan vetoed the bill, just as he had done two years ago to a similar proposal (*BI*, June 13, 1983; May 30, 1983).

He said, "I don't think changes will benefit Nevada's economy...and are not in the best interest of Nevada's employers or Nevada's working men and women. I think the best way is through the current non-profit system or self-insurance." Nevada employers have been able to self-insure their work comp programs since 1980.

The earliest the Legislature will be able to override the veto is at its next session in January 1987.

Mazzella indictment dropped

PHILADELPHIA—A federal judge has dismissed the mail and wire fraud indictment of Louis Mazzella, a former New York insurance agent who was accused of diverting $2.4 million in reinsurance premiums (*BI*, May 6).

U.S. District Judge James McGirr Kelly dismissed the indictment June 11 after the U.S. attorney for the Eastern District of Pennsylvania filed a motion requesting dismissal.

The U.S. attorney's motion did not explain why dismissal was being sought, but it said that the charges against Mr. Mazzella "will be reconstituted and the government expects charges to be refiled."

Robert E. Welsh Jr., assistant U.S. attorney handling the case, could not be reached for comment.

Mr. Mazzella, who pleaded not guilty to the April 22 indictment, was accused of diverting premiums owed to Colonial Assurance Co. of Elkins Park, Pa., from American Centennial Insurance Co. Colonial, which Mr. Mazzella owned, is being liquidated by the Pennsylvania Insurance Department.

J&H to take over Ancon runoff

HAMILTON, Bermuda—Johnson & Higgins' Bermuda office will take over Aug. 1 the runoff of Ancon Insurance Co.'s non-related reinsurance business.

Ancon, Exxon Corp.'s Bermuda-based captive insurer, announced last October that it would not accept or renew non-related business (*BI*, Oct. 8, 1984). Ancon had written about $58 million in net premiums on unrelated business since 1978.

Three Ancon staff members will join J&H as part of the transfer.

J&H is Bermuda's largest insurance company manager, with about 140 companies. The Ancon business will be handled by J&H's new runoff department, formed in April to handle Cambridge Reinsurance Ltd.—the first runoff taken over by J&H's Bermuda office.

Bhopal talks break off again

NEW YORK—Negotiations between Union Carbide Corp. and the Indian government over compensation for victims of the poisonous gas leak at Union Carbide's chemical plant in Bhopal, India, resumed last week—and broke off again.

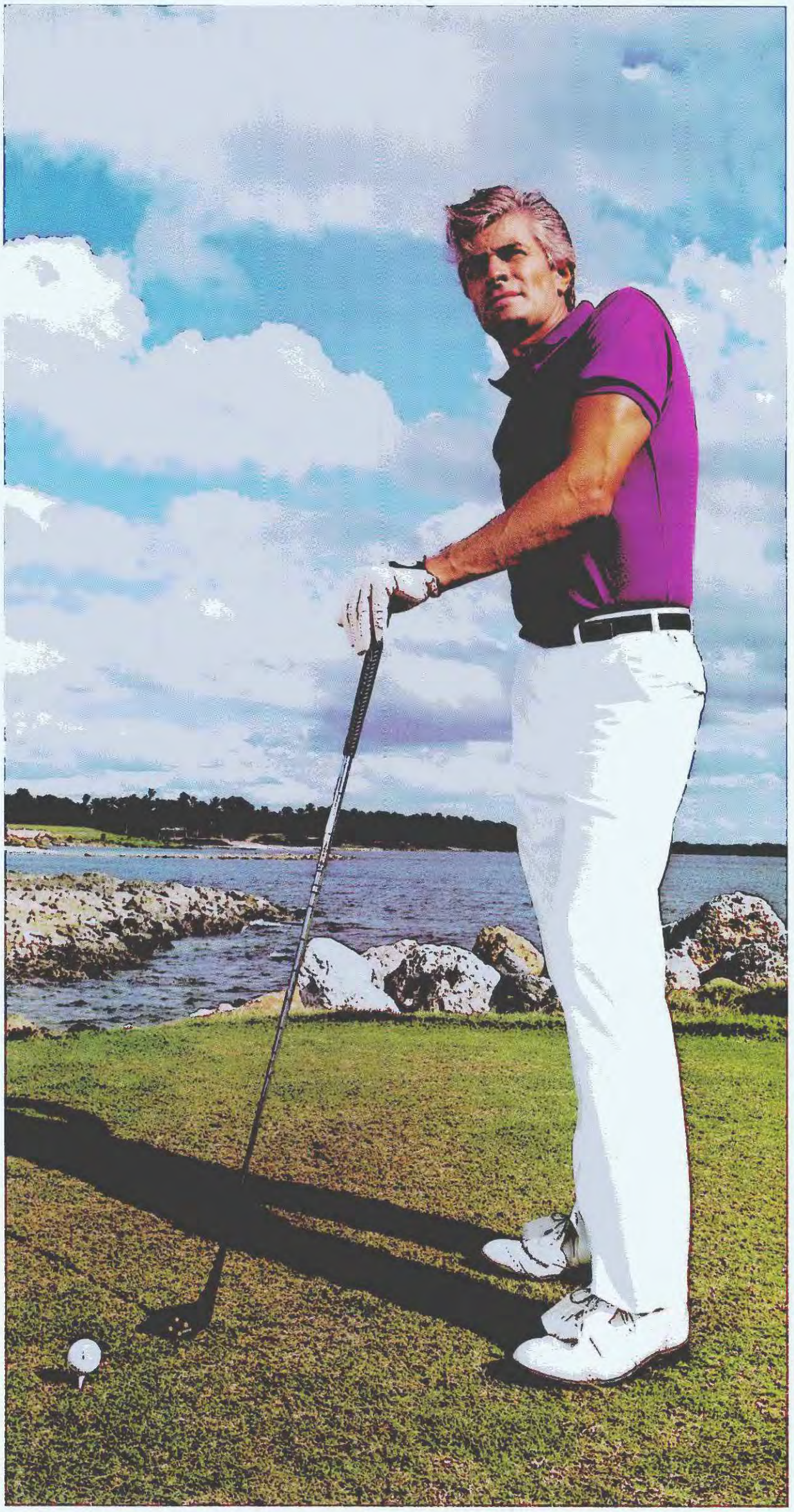
Asoke Sen, a representative of the Indian government, said Union Carbide had made an offer of $100 million in aid to victims.

Union Carbide, based in Danbury, Conn., would not confirm or deny the amount of the offer, but said it "ranks with or exceeds all applicable standards, both in India and the United States."

A Union Carbide spokesman said that if the $100 million figure were accurate, it would be enough to "pay heirs of each decedent the equivalent of more than 100 years of annual income." About 2,000 people were killed in the Dec. 3, 1984 disaster.

In addition, the spokesman said, such a settlement could provide for the estimated 150,000 injured.

The spokesman said he did not know when talks would resume.



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Continued from page 46

"We could be in a position where we have an ISO claims-made form on Jan. 1, where the umbrella wouldn't follow it," Mr. Alcorn says.

BMF is undertaking "a massive education job" right now to familiarize its own employees with the intricacies of the new forms, he adds.

"I'm extremely concerned about our liability as brokers," he says, noting that brokers fear the new policy forms will spur a wave of errors and omissions claims by clients who may claim the terms of the new coverage were not explained properly.

Along with the move to Fort Worth, BMF has made several other organizational moves in the past year.

BMF opened a new subsidiary last year, Program Managers Insurance Service Inc., to design new insurance programs for trade groups. Based in Walnut Creek, Calif., the subsidiary most recently brewed up a program for the automobile liability and physical damage exposures of a nationwide association of beer distributors.

BMF currently mass markets about 40 insurance programs to trade groups in various fields, including restaurants, nursing homes, day care centers, hotels and motels, churches, automobile dealerships and pest control operations.

BMF has offices in 50 U.S. cities, three of which have been opened this year.

The company's Anchorage, Alaska, office opened a satellite branch in Eagle River, Alaska. Its Lincoln, Neb., office opened a production office in Omaha.

And the broker put itself on the map in Minneapolis by acquiring most of a Reed Stenhouse Cos. Ltd. office, after Reed Stenhouse employees decided they did not want to become part of Alexander & Alexander Services Inc., which plans to acquire Reed Stenhouse (*BI*, April 22).

BMF also has four offices abroad: in Paris; London and Ruislip, England; and Hamilton, Bermuda.

BMF sold brokerage offices last year in Cincinnati and Detroit, the latter of which was "a very troubled operation," according to Mr. Alcorn. That office was sold to several senior employees working there, and the Cincinnati location was sold to the office's manager.

These three divested operations generated gross revenues of approximately $3.3 million in 1983.

Relinquishing these operations resulted in a modest reduction in BMF's employee base last year. The number of employees was down 5%, to 1,333 from 1,398 in 1983. About 29 people now make up BMF's corporate staff and about 10 comprise its Fort Worth brokerage office, most of whom were hired locally.

Risk & Benefit Management Systems sold its Boise, Idaho, self-insurance services division, Diversified Risk Management Services, to Fred S. James & Co.

BMF originally acquired this business when Diversified put both its self-insurance and pure brokerage operations on the block five years ago; James bought the brokerage business at that time.

American National General Agencies Inc., BMF's wholesale marketing subsidiary, closed offices in Salt Lake City, Seattle and Portland last year after losing several underwriting markets. This resulted in a small drop in BMF's wholesale brokerage intake, to 5% from 6% of total gross revenues.

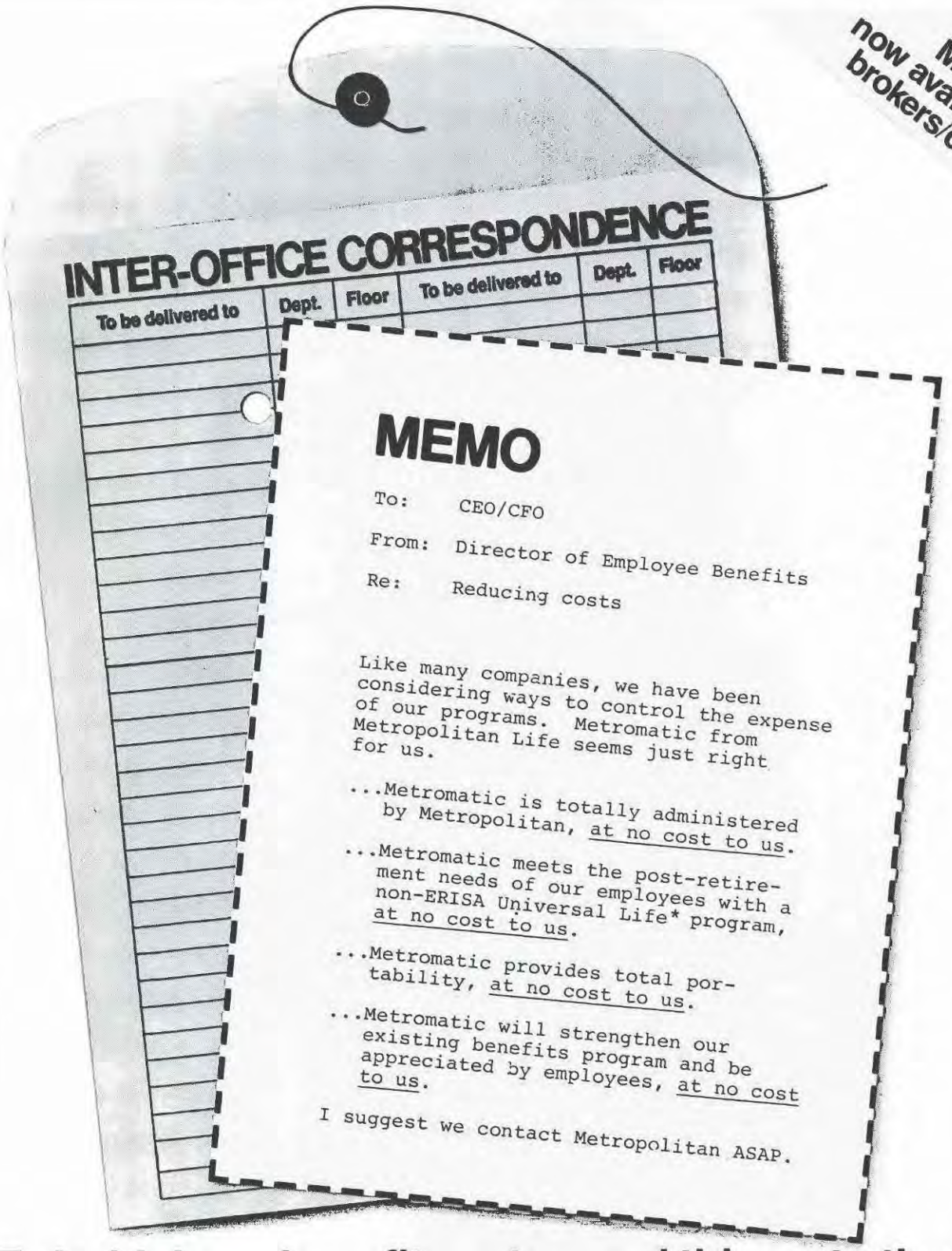
ANGA has offices in Los Angeles, San Francisco, Denver, St. Louis, Kansas City and Phoenix.

Reinco Intermediaries, BMF's reinsurance brokerage unit, has offices in Paris, London, New York, Los Angeles, and Hamilton, Bermuda. Structured settlement brokers Cranwill Associates Inc. operates offices in New York and Chicago.

Besides Mr. Tate, Mr. Mizell and Mr. Alcorn, other BMF officers include Paul Weitz, executive vp-Eastern operations, and William A. Baxter, executive vp-production and aviation.

—By Steve Taravella

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AC&S decision

Continued from page 2

1963 to 1981 under CGL policies issued by Aetna.

On the issue of when "bodily injury" occurs in asbestos cases to trigger coverage, Travelers argues that the exposure theory should be applied. Under this theory, insurers are required to respond only if they are on the risk during the time a claimant inhales asbestos.

Aetna espouses the manifestation theory, which says coverage is triggered when an asbestos disease is manifested in the victim, often many years after exposure.

But, AC&S argued for the broader triple-trigger theory.

In November 1983, U.S. District Court Judge E. Mac Troutman agreed with AC&S's arguments that the triple-trigger theory applied and that the insurers did have an unlimited duty to defend.

In its decision upholding the district court's application of the triple-trigger theory, the court of appeals relied on *Vale Chemical Co. vs. Hartford Accident and Indemnity Co.*, a Pennsylvania appellate court decision in litigation involving the anti-miscarriage drug DES (*BI*, May 20), as well as two other decisions that applied the triple-trigger theory of coverage.

The federal court of appeals noted that it was required to predict how the Pennsylvania Supreme Court would rule on the issue.

"Because of the unique character of the problem created by the policy language in the context of diseases with long latency periods, there is insufficient data to convince us that the Supreme Court of Pennsylvania would disagree with Vale," the court said.

"Indeed, as we have said, the other Pennsylvania courts that have addressed this issue support the Vale approach. Therefore, we believe that Vale authoritatively states the present law of Pennsylvania."

"We hold that exposure, exposure-in-residence and manifestation all constitute 'bodily injury' within the meaning of the policies," the court added.

However, the court limited the amount of defense coverage available to AC&S.

The district court in Philadelphia had interpreted the language in AC&S's pre-1968 policies as requiring insurers to defend AC&S indefinitely, without respect to policy limits.

"The District Court was in error in this regard," the court of appeals said. "If at the outset of a particular action, it is properly established that the insurer cannot possibly be liable for indemnification because policy limits have been exhausted, then the policy language does not impose a duty to defend that action under Pennsylvania law.

"We emphasize that we do no more than reverse the District Court's judgment granting AC&S's motion for partial summary judgment insofar as it declares that the duty to defend is not linked to policy limits," the court added.

"This appeal does not require us to consider, for instance, whether or under what circumstances an insurer may terminate its defense of a claim in 'mid-course'.

As a result, the decision apparently does not address whether insurers must continue to defend pending cases when their coverage runs out.

In addition to the trigger of coverage and duty-to-defend issues, the court in the AC&S decision also ruled that:

- With the application of the triple-trigger theory, insurers could not prorate their share of losses for the bodily injury that occurs during the policy period. Instead, they are to respond in full to AC&S's legal liability and defense costs, as the district court had ordered.
- Indemnification of AC&S could be subject to the "other insurance" clauses in the various policies.
- AC&S may not designate certain policies for defense and other policies for indemnification. This overturned the district court directive that said AC&S could make such choices.

Last week, an attorney for the firm that represents Travelers in the litigation characterized the decision as a "big win," because of the limitation on defense coverage.

"It is extraordinarily significant," said Barry R. Ostrager of the New York firm of Simpson, Thatcher & Bartlett. "It takes away an enormous cloud that has been plaguing us for a long time."

Mr. Ostrager said that the application of the triple-trigger theory would not be particularly significant to Travelers because limits on the primary policies it wrote for AC&S were low.

The big problem has always been the issue of defense costs, which dwarfs the indemnity issue, Mr. Ostrager said.

"Aetna is obviously pleased on the decision on the unlimited duty to defend," said James E. Rocap III, an attorney for the insurer with the Washington firm of Miller, Cassidy, Larroca & Lewin.

However, James Hipolit, AC&S' general counsel, says the decision is a victory for AC&S. "It gives us the benefit of coverage we always felt we had purchased," he said. "We see it as a clear win for us."

However, Mr. Hipolit said, he was disappointed with the court's decision on the insurers' duty to defend.

He said it was uncertain what in fact the impact of that decision would be on AC&S, but that "even without that (coverage) we feel we are well insured for asbestos-related claims."

For AC&S and Aetna, this court decision, will be superceded by their participation in the Wellington agreement. Travelers did not join the Wellington asbestos claims facility, but it and AC&S recently entered an interim agreement under which Travelers has paid AC&S $3.9 million in defense and indemnification costs. ■

DES coverage dispute sent to Indiana Supreme Court

By STEPHEN TARNOFF

WASHINGTON—The same federal appellate court that first applied the triple-trigger theory of insurer liability in asbestos cases has refused to apply the theory to a DES case.

Instead, in *Eli Lilly & Co., vs. Home Insurance Co.*, the U.S. Court of Appeals for the District of Columbia last week sent the case to the Indiana Supreme Court to determine how that state's law should apply to the coverage dispute.

After the Indiana court rules on this point, the federal appellate court will decide the case.

In 1981, the U.S. Court of Appeals for the District of Columbia was the first court to apply the triple-trigger theory of coverage to an asbestos case in the landmark *Keene Corp. vs. Insurance Co. of North America* decision. Under the triple-trigger theory, all insurers on a risk from the time of exposure to a harmful substance through manifestation of a related disease—including the latency period between exposure and manifestation—are liable for defense and indemnification costs.

In the DES case, the court of appeals refused to affirm a decision by the U.S. District Court for the District of Columbia that the Keene theory should apply to cases involving the anti-miscarriage drug diethylstilbestrol (*BI*, April 30, 1984).

Lilly sued its insurers in March 1982 in the District of Columbia to take advantage of the Keene decision.

The suit named more than 60 insurers and Lloyd's of London underwriters that provided excess and umbrella liability insurance to the drug maker from 1947 through 1976 (*BI*, March 22, 1982). During the 29 years of coverage, Lilly was covered by approximately 242 policies.

At issue was when bodily injury, sickness or disease caused by DES occurred under the provisions of the liability policies purchased by Lilly.

Some insurers contended injury occurred at exposure, or when the DES was ingested by the expectant mother. Others said coverage was not triggered until the daughters of the women who took DES discovered that they had cancer or were otherwise injured.

Lilly, however, argued that injury occurred at exposure and manifestation and during the latency period in between.

Attorneys for Eli Lilly estimate that, under the manifestation theory, Lilly would have no coverage for at least one-third of the claims arising from manufacture and sale of DES, the court said.

In its decision, the court of appeals agreed with the District Court that Indiana law was applicable in this case.

But unlike the District Court, the court of appeals said it was not certain how the Indiana high court would decide a coverage interpretation issue.

According to the court of appeals, the District Court held that:

- Under Indiana law, extrinsic evidence should not be considered in interpreting this type of insurance provision;
- Since extrinsic evidence should not be considered, there is no genuine issue of material fact;
- Under Indiana's principle of construing ambiguities in favor of the insured, the Indiana courts would adopt a multiple-trigger analysis for DES-related illnesses.

"Our review of Indiana law leaves us uncertain as to the validity of these holdings," the court of appeals said.

It pointed out that Indiana courts have differed on most of these issues and that they are not settled.

However, in his dissent, Judge Edward Allen Tamm, said: "Certifying these issues to the Indiana Supreme Court is needlessly time-consuming.

"In my view, the district court correctly found that *Keene Corp. vs. Insurance Co. of North America* controls the resolution of this dispute."

A spokesman for Eli Lilly said, "This is a procedural matter by which the court of appeals asks the Indiana Supreme Court for its interpretation of Indiana law. We expect that the decision of the federal district court will ultimately be upheld by the court of appeals."

An attorney for Aetna Casualty & Surety Co., one of the insurers that appealed the district court's decision, said the court of appeals' decision "recognized state law is paramount and is a significant clarification of case law in this area."

Lilly manufactured and sold DES between 1947 and 1976. It and other drug manufacturers have been subject to numerous personal injury suits brought by daughters of women who ingested the drug during pregnancy.

DES has been linked to vaginal and cervical cancer and other diseases in the daughters of women who took it. About 350 DES suits are currently pending against Lilly.

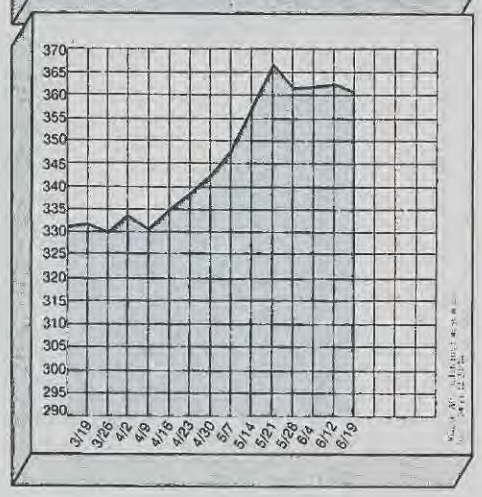
BI Industry Stock Report

June 18, 1985 — 6/12/85 thru 6/18/85

		Price	% Chg.	P/E	$ Div.	% Yld.	High	Low	Vol.(000)
Brokers									
Alexander & Alexander Svcs	NYSE	30.00	1.3	0.0	1.00	3.3	30.25	29.38	545.8
Baldwin & Lyons Inc	OTC	63.00	-1.6	11.4	0.80	1.3	67.50	63.00	0.4
Corroon & Black Corp	NYSE	45.00	-3.7	0.0	1.00	2.2	46.38	45.00	42.8
Crump E H Cos Inc	OTC	32.88	1.2	24.7	0.44	1.3	33.00*	32.25	48.7
Emett & Chandler Cos Inc	OTC	24.25	2.1	115.5	0.00	0.0	24.25*	24.00	26.0
Gallagher Arthur J & Co	OTC	44.00	-0.8	26.3	0.28	0.6	44.75	44.00	25.3
Hall Frank B & Co Inc	NYSE	27.88	0.9	0.0	1.00	3.6	27.88	26.88	264.1
Marsh & Mclennan Cos Inc	NYSE	71.00	-0.7	19.7	2.40	3.4	71.00	69.50	186.2
Poe & Assoc Inc	OTC	8.00	0.0	0.0	0.00	0.0	8.00	8.00	0.3
Reed Stenhouse Cos Ltd	OTC	21.75	3.6	28.2	0.60	2.8	21.88	21.25	117.5
AGENTS/BROKERS	AVERAGE			44.4		2.0			
Conglomerates & Holding Cos.									
American Express(Fireman's Fd)	NYSE	46.50	-0.5	15.9	1.28	2.8	47.25	45.63	4,091.6
Anderson Clayton(Ranger/PanAm)	NYSE	37.25	-4.5	32.1	1.32	3.5	39.00	37.25	214.1
Armco Inc	NYSE	8.50	3.0	0.0	0.00	0.0	8.75	8.13	533.0
Berkley W R Corp	OTC	14.88	-4.0	0.0	0.32	2.2	15.50	14.88	71.7
CIGNA Corp	NYSE	56.75	2.0	810.7	2.60	4.6	57.00	55.00	702.4
City Investing Co. (Home Ins.)	NYSE	35.25	0.4	5.5	0.00	0.0	35.25	35.25	300.8
CNA Finl Corp (CNA)	NYSE	52.88	0.2	20.3	0.00	0.0	52.88	51.50	70.7
General Re Corp	NYSE	82.75	0.8	54.4	1.56	1.9	82.75	81.25	466.8
ITT (Hartford Group)	NYSE	30.75	-3.1	9.6	1.00	3.3	32.00	30.63	2,082.6
Optimum Hldg Corp	OTC	0.50	0.0	0.0	0.00	0.0	0.50	0.50	0.4
Sears Roebuck & Co. (Allstate)	NYSE	38.00	0.7	9.5	1.76	4.6	38.13	37.13	3,206.3
Teledyne Inc (Argonaut)	NYSE	256.13	1.2	5.5	0.00	0.0	256.13	247.88	139.1
Transamerica Corp (Occidental & Fred S. James)	NYSE	31.75	2.4	15.6	1.64	5.2	31.75*	30.88	438.6
CONGLOMERATES/HOLDING COS.	AVERAGE			11.3		1.7			
Insurers									
Aetna Life & Cas Co	NYSE	45.88	1.7	23.3	2.64	5.8	45.88	44.63	1,067.7
American General Corp	NYSE	36.38	3.8	11.2	1.00	2.9	36.38	33.25	677.0
Amern Heritage Life Invt Co	NYSE	34.00	0.0	10.1	1.20	3.5	34.13	34.00	1.0
American Indty Finl Corp	OTC	20.25	0.0	0.0	1.12	5.5	20.50	20.25	13.0
American Intl Group Inc	NYSE	83.63	1.7	24.7	0.44	0.5	83.63	81.75	514.4
Aneco Reins Ltd	OTC	1.50	0.0	0.0	0.00	0.0	1.50	1.50	19.0
Avemco Corp	NYSE	28.63	-0.4	13.3	0.60	2.1	28.88	28.63	3.1
Business Mens Assurn Co Amer	OTC	27.50	-0.9	7.6	1.04	3.8	27.88	27.50	83.3
Chubb Corp	NYSE	70.00	-3.8	17.6	2.20	3.1	71.75	70.00	90.7
Combined Intl Corp	NYSE	47.50	-3.6	9.3	2.16	4.5	48.00	47.38	321.2
Continental Corp	NYSE	43.00	-2.0	21.9	2.60	6.0	43.38	43.00	527.5
Crown Life Ins Co	OTC	146.00	0.7	8.8	5.00	3.4	146.00*	143.00	0.9
Durham Corp	OTC	38.25	-3.2	7.4	1.28	3.3	39.50	38.25	11.1
Farmers Group Inc	OTC	61.50	0.2	10.8	1.76	2.9	61.50	60.88	242.1
Fremont Gen Corp	OTC	25.38	-4.2	0.0	0.48	1.9	25.75	25.25	216.6
Great West Life Assurn Co	OTC	376.00	0.0	9.7	14.00	3.7	376.00	376.00	0.7
Hanover Ins Co	OTC	42.75	-0.6	72.5	0.56	1.3	43.25	42.75	192.8
Hartford Steam Boiler Inspctn	OTC	46.50	-1.1	40.1	1.50	3.2	47.00	46.50	22.7
Kans City Life Ins	OTC	24.75	-1.6	25.6	0.32	1.3	75.00*	24.75*	12.4
Kemper Corp	OTC	57.13	1.1	24.6	1.80	3.2	57.13	56.00	114.4
Liberty Corp S C	NYSE	30.38	-2.8	14.2	0.72	2.4	31.25	30.38	13.3
Lincoln Natl Corp Ind	NYSE	42.88	-0.9	11.3	1.84	4.3	43.38	42.88	311.0
Mission Ins Group Inc	NYSE	7.13	-6.6	0.0	0.00	0.0	7.38	7.13	50.2
Monumental Corp	OTC	31.25	-1.6	23.0	1.30	4.2	31.50	31.25	21.4
Nobel Ins Ltd	OTC	10.50	5.0	13.8	0.33	3.1	10.50	10.00	63.8
Northwestern Natl Life Ins	OTC	28.38	5.1	6.8	0.80	2.8	28.38	26.63*	472.0
Ohio Cas Corp	OTC	60.00	-0.6	22.2	2.80	4.7	60.00	59.75	76.8
Old Rep Intl Corp	OTC	35.25	-0.7	8.5	0.74	2.1	35.25	34.50	293.2
Orion Cap Corp	NYSE	26.00	-0.5	0.0	0.76	2.9	26.13	25.38	143.2
Protective Corp	OTC	19.75	2.6	6.7	0.66	3.3	20.00	19.50	233.0
Provident Life & Acc Ins Co	OTC	23.00	-1.1	6.2	0.88	3.8	23.00	22.63	482.0
St Paul Cos Inc	OTC	70.63	0.9	0.0	3.00	4.2	70.63*	69.63	971.0
SAFECO Corp	OTC	41.25	-1.8	14.7	1.60	3.9	41.25	41.00	364.9
Sri Corp	OTC	18.50	-1.3	88.1	0.68	3.7	18.75	18.25	465.7
Seibels Bruce Group Inc	OTC	19.25	-9.4	0.0	0.80	4.2	20.25	19.25	19.3
Statesman Group Inc	OTC	4.88	0.0	0.0	0.15	3.1	4.88	4.75	33.0
Tokio Marine & Fire Ins Co	OTC	192.00	4.6	33.2	0.00	0.0	192.00*	181.50	7.4
Torchmark Corp	NYSE	45.50	-3.2	10.1	1.00	2.2	46.75	45.50	181.7
Travelers Corp	NYSE	45.63	-1.9	11.0	2.04	4.5	46.25	45.63	1,110.3
United Fire & Cas Co	OTC	22.00	0.0	0.0	0.80	3.6	22.00	22.00	0.0
United States Fid & Gty Co	NYSE	36.88	-0.3	39.7	2.20	6.0	37.88	36.50	410.0
Ustife Corp	NYSE	36.13	1.0	8.2	1.04	2.9	36.13	35.50	414.9
Washington Natl Corp	NYSE	23.50	-2.6	6.9	1.08	4.6	24.25	23.00	71.3
Zenith Natl Ins Corp	OTC	16.13	-0.8	0.0	0.68	4.2	16.25	15.75	54.0
INSURANCE COMPANIES	AVERAGE			17.1		3.2			

System design: Altman Information Systems

BI Insurance Index



The *Business Insurance* index of insurance industry stocks fell slightly, closing at 360.3 on June 19, down 1.3 points from 361.6 on June 12. A total of 19 stocks were up, 29 were down, and 10 were unchanged. The biggest gains were by Northwestern National Life Insurance, up 5.1%; Nobel Insurance Ltd., up 5%; Tokio Marine & Fire Insurance Co., up 4.6%; American General Corp., up 3.8%; and Reed Stenhouse Cos. Ltd., up 3.6%. The largest losses were by Mission Insurance Group Inc., down 6.6%; Fremont General Corp., down 4.2%; W.R. Berkley Corp., down 4%; Chubb Corp., down 3.8%; and Corroon & Black Corp., down 3.7%. The *BI* index fell 0.4% for the trading period; the New York Stock Exchange composite also fell 0.4%.

Smile.

It's the year of the stag.

You see a lot of long faces in the commercial lines market these days.

But not at the company with the stag.

For The Hartford and its producers, the hard market's not a calamity. It's an opportunity —a chance to write good business at a time when other companies aren't willing to. Or able to.

Not that we're going to write just any risk at any price. We never have. That's why our premium-to-surplus ratio and loss reserves are among the strongest in the industry. We intend to keep it that way.

What's more, we've had a consistent approach to underwriting throughout the soft market on the classes of business we want to write. And we still have no surprises up our sleeve.

So it's not surprising we can give our agents just what they need: a stable, predictable market for all commercial lines. With realistic, fair rates based on actual exposures.

And that's something to smile about.



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THIS YEAR IS OUR 175TH ANNIVERSARY