WEEK OF JUNE 28, 1982

business insurance®

11th annual agent/broker profiles issue

Reporting weekly for corporate risk, employee benefit and financial executives/$2 a copy; $40 a year

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Broker growth squeezed

Standing in the middle isn't always the best place to be, especially for today's insurance broker.

On one side are insurers cutting rates in the hotly competitive insurance market. On the other side are clients whose businesses are deteriorating in the current recession. The broker can be caught with reduced commissions from falling rates for an identical order or from a smaller order for insurance from a hard-pressed manufacturer—or from both.

The 11th annual *Business Insurance* Agent/Broker Profiles issue looks at how the middlemen who link insurance buyers with their markets are surviving the squeeze.

It is with difficulty. The Top 20 U.S. brokers collectively generated a 14.2% increase in their gross revenues to $2.85 billion (see chart below), the lowest growth rate since *Business Insurance* began chronicling the brokers' performance. The top three Canadian brokers, however, reported a collective 22.2% increase (see chart, page 11).

The brokers fought the drain on revenues from falling commissions on renewal business. They increased sales of risk management services and related financial services, expanded new business development and continued acquiring other brokers. In some severe cases of rate cutting, they negotiated higher fees with clients or higher commissions with insurers.

Reshuffling in the ranks of the Top 20 U.S. brokers is due primarily to acquisitions and divestments, although Emett & Chandler shot up two spots without any acquisitions. A complete analysis of the changing rankings of the Top 20 U.S. brokers begins on page 11. Articles analyzing each of the Top 20 begin on page 14. Reports on the top three Canadian brokers begin on page 92.

This year's special report also includes financial and management information on an additional 195 agents and brokers, up from 174 agents and brokers last year. Also, for the first time, the 80 largest of these agents and brokers are ranked, providing readers with a Top 100 list from those that responded to a *Business Insurance* questionnaire. The alphabetical listing of these brokers, the most comprehensive list of agents and brokers published anywhere, begins on page 70. A geographic index to their home offices begins on page 90.

A report from London on the 10 largest British brokers, beginning on page 94, completes this year's special report on the state of the retail insurance brokerage business. ■

Top 20 U.S. Brokers: 1981 Performance

Company	Ranking 1981	Ranking 1980	Gross revenues (000) 1981	Gross revenues (000) 1980	Gross revenues (000) % chg.	Employees 1981	Employees 1980	Employees % chg.	Rev./Employee 1981	Rev./Employee 1980
Marsh & McLennan	1	1	846,844	677,348	25.0	15,074	12,873[1]	17.1	56,280	53,873[1]
Alexander & Alexander	2	2	458,279	422,660[1]	8.4	7,500	7,500	0	61,104	56,355[1]
Frank B. Hall & Co.	3	3	353,470	312,876	13.0	7,500	6,200	21.0	47,129	49,934[2]
Johnson & Higgins	4	4	320,500[3]	288,800[3]	11.0	5,950[3]	5,450[3]	9.2	53,866[3]	52,991[3]
Fred S. James & Co.	5	5	242,414	205,056	18.2	3,706	3,786[1]	-2.1	65,411	54,162[1]
Corroon & Black	6	6	156,004	154,788[1]	0.8	2,700	2,600[1]	3.8	57,779	59,534[1]
Bayly, Martin & Fay Int'l.	7	7	85,500	79,000	8.2	1,660	1,700	-2.4	51,506	46,471
Rollins Burdick Hunter	8	8	76,838	72,592[1]	5.8	1,317	1,251	5.3	58,343	58,027[1]
E.H. Crump Cos.	9	13	47,778	27,926	71.1	1,025	640	60.2	46,613	43,634
Arthur J. Gallagher & Co.	10	10	42,535	37,535	13.3	897	822	9.1	47,420	45,663
Ryan Insurance Agency Group	11	9	40,330	38,700	4.2	817	822	-0.1	49,364	47,080
Jardine Insurance Brokers Inc.[4]	12	11	33,144	27,323[1]	21.3	661	574[1]	15.2	50,142	47,601[1]
Emett & Chandler	13	15	27,100	21,396	26.7	540	511	5.8	50,185	41,870
Republic Hogg Robinson Inc.[5]	14	14	25,908	23,882	8.5	540	516	4.7	47,978	46,283
Financial Guardian Group	15	16	21,224	19,486	8.9	379	376	0.1	56,001	51,824
Poe & Associates	16	19	19,300	15,300	26.1	510	450	13.3	37,843	34,000
Insurance Management Corp.	17	12	17,000	32,400	-47.5	425	670	-36.6	40,000	48,358
Lawton-Byrne-Bruner	18	20	13,527	12,291	10.1	267	249	7.2	50,663	49,360
John L. Wortham & Son	19	—	13,109	12,232	7.2	233	240	-2.9	56,265	50,967
Cook Int'l Agencies Inc.[6]	20	18	11,946	15,815	-24.5	250[3]	301	-17.0	47,784[3]	52,542
Totals/Averages			2,852,752	2,497,407	14.2	51,951	47,531	9.3	54,912	52,543

[1] Restated. [2] At year-end 1980. [3] BI estimate.
[4] Previously Bache Insurance Services.
[5] Previously Penn General Agencies.
[6] Previously Cook-Treadwell & Harry.

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195 more agents/brokers Page 70

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What makes one broker's world tick better than another's for you?

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WEEK OF JUNE 28, 1982

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update:

British to reimburse Cunard for lost ship

LONDON—The British government "within days" will pay 10 million pounds (approximately $17.2 million) to Cunard Lines Ltd. to replace the Atlantic Conveyor, which was sunk by Argentina last month while it was sailing with the British naval task force near the Falkland Islands.

That amount, however, will only pay

Continued on next page

Illinois is sixth state to pass open comp

By EILEEN NORRIS

SPRINGFIELD, Ill.—Illinois is the sixth state—and the last that had legislation alive—to prohibit workers compensation insurers from agreeing on price.

But insurers still will have access to recommended rates prepared by a workers compensation rating bureau under the competitive rating bill unanimously approved by the Illinois Senate June 18.

Rate competition is expected to save Illinois employers $50 million annually in work comp insurance premiums.

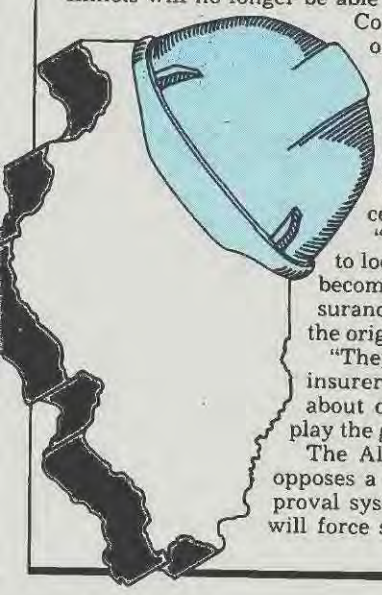
Summer recesses of state legislatures will stall any further movement toward competitive rating, but not for long.

In the fall, Arizona, New York and Maine expect to resume attempts to mandate competition among workers compensation insurers.

Five other states already have passed competitive rating laws, which force insurers to compete on price rather than agree on the same price and file rates en masse through a rating organization.

Oregon and Kentucky's competitive rating laws take effect July 15, with Rhode Island following on Sept. 1. In Michigan and Minnesota, competitive pricing will begin next year.

Also beginning Jan. 1, the 250 workers compensation insurers in Illinois will no longer be able to file set rates through the National Council on Compensation Insurance, the organization that currently represents insurers during rate request hearings.



But insurers will have access to recommended rates prepared by the NCCI under provisions of the Illinois law that was worked out two weeks before the Legislature's summer recess.

"The insurance companies will be able to look at the advisory rates, but they will become meaningless after a while," said Insurance Director Philip R. O'Connor, one of the original backers of S.B. 1496.

"They cannot agree on rates, so even the insurers who have complained the loudest about competitive rating will be forced to play the game," he added.

The Alliance of American Insurers, which opposes a change from the present prior approval system, fears that the rate competition will force small employers and insurers out of

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Delaware refuses to give OK to risk retention group

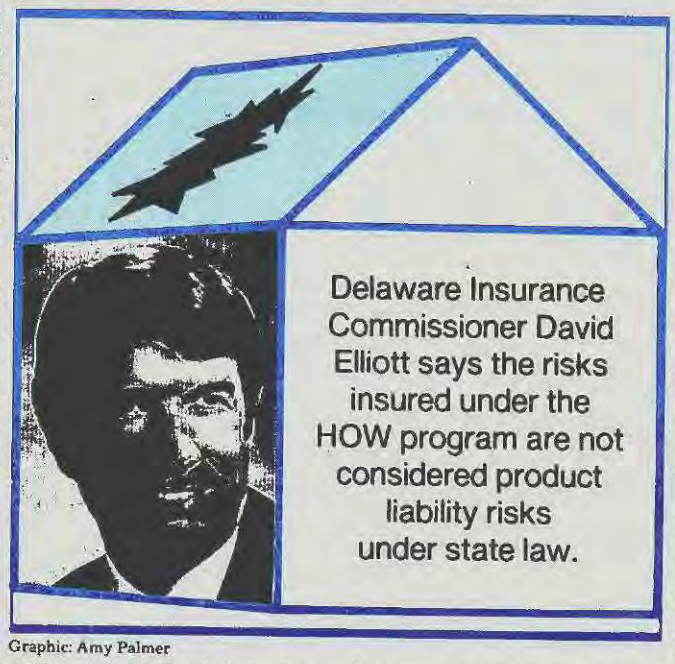
By JERRY GEISEL

DOVER, Del.—A national home builders' association may take Delaware's insurance commissioner to court if he does not certify its risk retention group.

The 11,000-member Home Owners Warranty Corp. says it may take legal action to force Delaware Insurance Commissioner David Elliott to recognize the home builders' new captive insurance company, HOW Insurance Co., as a risk retention group authorized under a landmark 1981 federal law.

"We hope this can be resolved in a friendly way, but we are prepared to go all the way," says Robert Reid, president of the Home Owners Warranty Corp. in Washington, D.C.

While Mr. Elliott says the status of the HOW program is "open to review," he told HOW officials that he considers it "inappropriate" to deal with their filing under the provisions of the Risk Retention Act.



Delaware Insurance Commissioner David Elliott says the risks insured under the HOW program are not considered product liability risks under state law.

Graphic: Amy Palmer

At issue is the definition of a product liability risk and whether a state's definition or the federal definition prevails when there is a difference.

Mr. Elliott says the warranty risks that the HOW insurance would cover are not product liability risks, which are the only exposures a risk retention group can underwrite. He says home builders' exposures for defective products are surety and property exposures under Delaware law.

Among other things, the HOW insurance program guarantees warranties provided by home builders for defects occurring during the first two years after a new house is sold and insures against major structural defects that may occur between three and 10 years after a new house is sold.

Mr. Elliott says the two-year warranty guaranty is surety coverage and the the eight-year structural defect policy is property insurance under Delaware statutes.

But HOW's Mr. Reid said the warranty coverage is within the Risk Retention Act's definition of product liability and the federal definition pre-empts any state definition.

And he has mustered up impressive support for the association's position.

HOW has the suppott of Sen. Robert Kasten, R-Wis., the sponsor of the Risk Retention Act, and it has obtained a favorable legal opinion from Washington attorney Victor Schwartz, who helped write the risk retention legislation while he served as a federal official.

Mr. Schwartz says HOW qualifies as a risk retention group and Delaware's attempt to limit its operation violates federal law.

In his analysis, Mr. Schwartz noted that the definition of product liability risk is much broader under the Risk Retention Act than under many states' laws.

For example, the act says that product liability includes property damage arising out of the manufacture,

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Dalkon Shield class action overturned

By STEVE SHERWOOD

SAN FRANCISCO, Calif.—A federal judge erred in certifying that all punitive damage claims against Dalkon Shield manufacturer A.H. Robins Co. Inc. be handled as a nationwide class action, the 9th U.S. Court of Appeals says.

The appellate decision could dash the company's hope of defining in one trial what its liability will be for punitive damages for alleged injuries caused by the intrauterine device.

"We're, of course, disappointed," says a spokesman for the Richmond, Va., pharmaceutical company.

"We feel punitive damage claims should be determined in one proceeding. Our lawyers are now exploring options, including a motion for rehearing or possibly an appeal to the U.S. Supreme Court," he adds.

Had U.S. District Court Judge Spencer Williams' class-action certification been upheld, there would have been one trial to determine whether A.H. Robins is liable for punitive damages in about 1,600 lawsuits filed nationwide by women who say the IUD caused injuries ranging from pelvic infections to complete hysterectomies.

"If we were found liable, it is my understanding that one amount would have been set and anyone with punitive damages would have drawn from that amount," the spokesman says.

The appellate court also reversed Judge Williams' decision to handle all federal lawsuits filed in California as a class action to determine compensatory damages against Robins (*BI*, Dec. 28, 1981).

Plaintiffs' attorneys had challenged both class actions. A.H. Robins opposed only the statewide certification for compensatory.

In June 1981, on his own motion, Judge Williams certified the two classes, saying there was "a potential for the constructive bankruptcy of A.H. Robins that raises the unconscionable possibility that large numbers of plaintiffs who aren't first in line at the courthouse door will be deprived of a practical means of redress."

He cited the company's total estimated assets of $280 million, balanced against compensatory damage claims of $500 million and punitive claims of $2.3 billion that had been filed at the time of the certification.

But the appellate court ruled a class action was not necessary to protect plaintiffs' rights to seek payment of damages. It said Judge Williams erred by:

- Certifying the nationwide class on his own motion without giving out-of-state plaintiffs an opportunity to participate in prior briefings and hearings.
- Not establishing with sufficient evidence Robins' actual assets, insurance coverage, settlement experience and continuing exposures.
- Not establishing as a fact that Robins' assets were too limited to permit conventional litigation.

Further, the appellate court rejected the class because questions of law and fact could vary in individual cases due to the different injuries claimed by plaintiffs, different representations made to each woman by Robins and the different defenses available to Robins in various states.

Through the end of March, about 4,400 claims resulting from Dalkon Shield use had been settled, the Robins spokesman says. "In doing so, the company's insurer, Aetna Casualty & Surety Co., had paid out $106 million, including legal fees."

A.H. Robins began self-insuring its Dalkon Shield product liability risks as of March 2, 1978, the spokesman says. But it has sued Aetna over whether policies running from March 1968 to February 1978 cover claims filed after that period (*BI*, Feb. 22).

"The basic question is whether cases should be assigned on the basis of when the device was inserted or when the alleged injury manifested itself," the spokeman says.

The clerk's office for the Circuit Court of Richmond, Va., where the case was filed, says the suit has not yet come to trial.

The Robins spokesman also says that the $10 million Aetna product liability policy in place from March 1977 to February 1978 was exhausted during the first quarter of 1982, after paying 106 claims assigned to that period.

There were about 2,800 claims or suits still

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update:

British to pay for lost ship

Continued from previous page
half the cost of replacing the ship, sources say.

The government also will soon begin to reimburse other shipowners whose vessels were part of the fleet. The government will pay the standard charter rate for each vessel, a Department of Trade spokesman said. It also will reimburse the owners for loss of profits for up to six months after the ships were requisitioned.

A special tribunal will settle any disputes that arise over claims between the government and the shipowners, the spokesman said.

A Cunard spokesman also said the company has not yet claimed on its 6 million-pound "loss-of-profit-against-requisitioning" policy it took out on the liner Queen Elizabeth 2, adding that the company was waiting to see how much compensation it receives from the government.

Minnesota's Markman resigns

ST. PAUL, Minn.—Assistant Insurance Commissioner Thomas L. O'Malley is temporarily serving as commissioner, following the June 11 resignation of Michael D. Markman.

Mr. Markman left the post so that he could look for a job within the industry he regulated without the appearance of a conflict of interest, his office said.

Mr. Markman was appointed insurance commissioner in 1979 by Gov. Albert H. Quie, who is not running for re-election. Mr. O'Malley will serve until the new governor fills the position.

In Wisconsin, Gov. Lee Dreyfus has appointed Ann Jansen Haney as the state's new insurance commissioner, effective Aug. 1. Ms. Haney, 33, currently state secretary of regulation and licensing and a member of the Wisconsin Hospital Rate Review Committee, replaces Susan Mitchell, who resigned.

Meanwhile, Maryland Insurance Commissioner Edward Birrane last week said he would resign from his $48,000-a-year job, effective Sept. 7, to take a job in the insurance industry.

A spokeswoman for Mr. Birrane would not specify which company he will join. A successor has not yet been named.

Tampon warnings mandated

WASHINGTON—The Food and Drug Administration last week said all tampon packages will be required by Dec. 20 to warn women that tampon use may cause toxic shock syndrome.

The warning must detail the steps a woman can take to reduce the risk of toxic shock syndrome, such as alternating the use of tampons and sanitary napkins during a menstrual period.

The statement also must explain the warning signs of toxic shock syndrome and that the risk of contracting the disease can be avoided by not using tampons.

Lead exposure plans delayed

WASHINGTON—The Occupational Safety and Health Administration last week gave lead smelters and battery manufacturers more time to draft detailed plans on how they will reduce worker exposure to lead.

OSHA said the firms now have until Aug. 30 to submit plans showing what engineering controls they plan to implement to reduce worker exposure to a maximum of 50 micrograms of lead per cubic meter of air over an eight-hour period. The plans had been due on June 29.

K mart covered for fire

TROY, Mich.—K mart Corp. officials are assessing damages and making plans to rebuild following a June 21 fire that destroyed most of its 1.1 million-square-foot distribution center in Morrisville, Pa.

Company officials said K mart is insured for up to $113 million in damages to the warehouse, equipment and merchandise through Protection Mutual Insurance Co., a member of the Factory Mutual System. Preliminary damage estimates exceed $100 million, said a Protection Mutual spokesman.

The warehouse, which employed more than 300 people, was insured for $70 million, merchandise was insured for $38 million and equipment for $5 million.

Protection Mutual wrote only property, not business interruption, insurance for K mart, says the insurer's spokesman. It was not confirmed if K mart had purchased business interruption coverage with another underwriter.

Industry sources say Protection Mutual retained $25 million of the risk and reinsured the rest.

The cause of the blaze, which started at around 12:30 p.m., has not been determined.

Some employees will be temporarily laid off, and others will be transferred to other distribution centers in the East. Medical and dental benefits will be extended to laid-off employees, a company official said.

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Bill would stop FTC probes of health care price fixing

By KATHRYN J. McINTYRE

CHICAGO—The Federal Trade Commission is in danger of losing its authority to stop doctors and dentists from price fixing and other anti-competitive practices.

Legislation pending on the Senate floor, S. 2499, would exempt professionals, including doctors and dentists, from FTC regulation.

If such an exemption had previously existed, the FTC could not have investigated doctor domination of Blue Cross/Blue Shield boards, said Thomas J. Campbell, director of the FTC's Bureau of Competition.

The 1979 FTC report on doctor domination of BC/BS plans was "very helpful" in reducing this domination, Mr. Campbell said during an interview with *Business Insurance*.

"The problem is not entirely solved," he added.

Doctor domination of medical plans puts control over prices in the hands of the providers, the FTC has stated.

A prohibition on regulating professionals also would have stopped the FTC from negotiating a recent consent agreement with the Texas Dental Assn. in which the dentists agreed not to obstruct insurers' efforts to scrutinize their work before paying for it.

The association, the FTC said, had campaigned with its 5,500 dentists not to provide X-rays to insurers that wanted to review work before payment.

In addition, the dental association pressured insurers to sign an agreement that any disputes over prices or reimbursements would be resolved by a consultant or review board selected by the association, the FTC said.

Doctors and dentists, Mr. Campbell observed, are "a very large part of the economy and a very large part of the inflation rate, and where the consumers are ignorant."

While FTC authority over doctors and dentists is in jeopardy—experts say there is a 50-50 chance the exemption will pass—the commission's authority over unfair methods of competition among insurance companies is intact and adequate, Mr. Campbell said.

The FTC has authority to regulate insurers in matters that aren't related to the "business of insurance" and regulated by state insurance departments under the McCarran-Ferguson Act, Mr. Campbell explains.

Coalitions of insurers negotiating hospital rates might attract FTC attention and insurance company mergers certainly will be reviewed, Mr. Campbell said. As a result, the FTC asks when studying a matter involving insurers: "Is it the business of insurance?" If it is, and it is regulated by the state, the FTC leaves regulation to the states. If it is not, the FTC may exert its authority.

The particular motives of a coalition of insurers

Continued on page 99

Rules allowing NYIE to write surplus risks expected soon

By JAMES LAWSON

NEW YORK—You still can't place a surplus lines risk with the New York Insurance Exchange, four months after the exchange was given legal authority to directly underwrite U.S. surplus lines risks.

A delay in the formation of new rules governing the placement of surplus lines business from outside New York has kept the doors of the New York Insurance Exchange closed to new surplus lines business.

Currently, the only direct business the exchange can accept are foreign risks and New York-based risks rejected by the state's Free Trade Zone.

A few pieces of surplus lines business slipped into the exchange immediately after the enabling legislation was passed, but the flow was soon halted pending development of new rules.

Several brokers who thought they would be actively involved in the placement of surplus lines business shortly after the signing of the enabling legislation have found themselves impatiently sitting on the sidelines.

Numerous revisions and differences between underwriting syndicate members, brokers and claims officials have caused the delay in finalizing the rules.

The new rules could be finalized within a week to 10 days, NYIE officials say. But the first business placed under the new rules may not be accepted until August or September.

Even then, the NYIE won't be able to accept business from all states. Currently the NYIE has been approved or has met underwriting requirements in 14 jurisdictions: Alaska, the District of Columbia, Hawaii, Indiana, Kansas, Mississippi, Nebraska, Oregon, South Dakota, Vermont, Virginia, Washington, West Virginia and in Wisconsin.

Approvals from other states are likely to come later, says Peter Bickford, the NYIE's general counsel and secretary.

"I would hope they would be ready to write direct business in September, and certainly be ready to go by

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E/S questionnaires due

Notice to all excess/surplus insurers, brokers, managing general agents and underwriting managers: The deadline to return your questionnaire to be included in the *Business Insurance* annual excess/surplus lines issue has been extended to July 12. If you have not received a questionnaire, call Sallie Drury at 312-649-5398.

Lloyd's enters 'era of change': Green

By STACY SHAPIRO

LONDON—Lloyd's of London is embarking upon an "era of immense change," says Chairman Peter Green.

And the Lloyd's self-regulation bill, which is expected to be approved next month, will usher in the new era, he adds.

He told Lloyd's members that the bill will not hinder the operation of the marketplace, as many opponents have predicted.

"There are those who fear it may result in a mess of inflexible rules and regulations that could choke the market's freedom and speed of action and stifle its individuality and initiative," Mr. Green said.

However, the Lloyd's committee "is determined to ensure that while we will have a better self-disciplined market, we will remain a flexible, responsive, innovative and competitive market of impeccable security," he explained.

Although the bill is still pending in the House of Lords, Mr. Green said 21 groups are already studying suggestions to be presented to the 27-member Council of Lloyd's that would be formed if the bill passes.

For example, the current Committee of Lloyd's is reviewing how premiums can be collected and claims can be paid at a faster pace, Mr Green said.

Other working parties are studying:

- How to improve procedures for controlling premium limits imposed on syndicates and for detecting underwriters who exceed those limits.

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errors & omissions

- Nicholas A. Creatore, senior vp of American Home Assurance Co., clarified his comments on difference-in-conditions coverage made at an Inland Marine Underwriters Assn. meeting and reported May 31. He says DIC coverage serves as a "wrap-around" of an insured's fire and extended coverages to provide "all-risk" protection and excludes fire and extended coverages but includes earthquake, flood and collapse as standard coverage.

- Even eight years after a product is sold, 10% of liability claims involving it have not been filed, according to Richard E. Sherman, regional director of casualty, actuarial and risk management consulting at Coopers & Lybrand in San Francisco. A story in the June 14 issue quoted him as saying that only 10% are filed within eight years.

- Ronald H. Dunbar of Ryder System Inc. has been promoted to senior vp of human resources and administration. Mr. Dunbar was formerly vp of personnel and administration. His promotion was incorrectly stated in the June 7 issue.

Insurers must rely on policy language to pay Keene claims

By STEPHEN TARNOFF

WASHINGTON—Keene Corp.'s insurers must rely on the language of their policies to determine who owes what for asbestos claims.

The deciding factor in apportioning liability among the insurers will be the "other insurance" clauses in each insurers' policy.

That ground rule is mandated in a June 21 order by U.S. District Court Judge June L. Green, who has the task of implementing the District of Columbia Court of Appeals' decision last October in Keene Corp. vs. INA.

The appellate decision considerably broadened coverage for companies sued for asbestos claims, holding liable all insurers on an asbestos risk from the time of exposure through manifestation of the disease.

Keene's primary insurers had questioned whether they would have any other options for apportioning costs besides relying on the "other insurance" clauses, as implied in the appellate court decision. Judge Green removed any doubt.

"Other insurance" clauses contained in insurance policies govern how each insurer must respond to a loss when more than one insurance policy is applicable. They can call for a contribution by equal shares or a contribution by limits.

Judge Green, however, did not address how the particular "other insurance" clauses in individual Keene policies apply. The question now is whether the insurers will amicably agree on an interpretation tc allocate costs or possibly take the issue back to court.

INA's "other insurance clause," for example, states that "When both this insurance and other insurance apply to the loss on the same basis, whether primary, excess or contingent, INA shall not be liable under this policy for a greater portion of the loss than stated in the applicable contribution provision."

The INA contribution provision allows for contribution by equal shares, which calls for each insurer to pay an equal share of the loss to its policy limits. As each insurer's limit is exhausted, the remaining insurers pay equal shares of the loss until the loss is paid or all the limits are exhausted.

But, the INA policy says, "If any of such other insurance does not provide for contribution by equal shares," INA will apply the contribution by limits formula. That formula calls for pro rata apportionment, allocating to each insurer the portion of loss equal to the proportion of its limits to all applicable limits.

Judge Green's decision on allocation of costs applies to all closed, pending and future Keene cases

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Stop-gap Florida law trims malpractice rate increase

By JERRY GEISEL

MIAMI—South Florida doctors, who walked away from operating tables after they were sickened by the prospect of a whopping medical malpractice insurance rate hike, are operating again following last week's approval of stop-gap legislation that will hold down rate increases.

Non-emergency surgery was halted at some Miami-area hospitals as doctors protested enormous rate hikes in the state-chartered Patient's Compensation Fund, the only source of unlimited malpractice insurance coverage for awards exceeding $100,000 against Florida hospitals and doctors.

Under rate hikes that were supposed to take effect July 1, a Miami anesthesiologist would have paid a $19,800 premium for unlimited coverage in excess of $100,000, up from $4,300.

In addition, hospitals in Dade and Broward counties would have seen malpractice rates climb to $701 per bed, up from $350. Malpractice rates for hospitals in other Florida counties also would have climbed, though not by as much.

But under legislation signed last week by Gov. Bob Graham, doctors and hospital now can choose policies with lower limits from the state fund to cut costs.

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Who's to blame?

Insurers should offer new liability policy, M&M's Clements says

By LEN STRAZEWSKI

KEYSTONE, Colo.—Catastrophe liability underwriting and loss adjustment is an "unworkable mess," says the president of Marsh & McLennan Inc.

The problem is an archaic comprehensive general liability policy and fragmented packaging of coverage that is "dangerously inadequate" to the liability insurance needs of large corporations, Robert Clements told the National Assn. of Insurance Brokers' annual meeting last week.

"The comprehensive general liability product we now use is essentially unchanged from the policy we bought for clients 25 years ago," he noted. "It is frustrating and aggravating."



Mr. Clements

Interpreting the language of the outmoded policy incurs enormous costs for brokers, insurers and policyholders, as claims payment and coverage applicability moves from insurers' underwriting and claims departments into the courts.

The larger the policy limits, the more insurers participate. And the more insurers on the policy, the more lawyers are called in to debate the coverage as insurers resist paying their portion of the claim and refuse to follow the form used by the previous insurers, he said.

"Each insurer hires its own lawyer and the only beneficiaries of the policy are the lawyers on all sides. This creates an unworkable mess for the client," he explained.

Mr. Clements called for the NAIB to work with the insurance underwriting industry to design a new comprehensive general liability form that clarifies and simplifies coverage and clearly defines the responsibilities of the insurers on different layers of the policy.

Following policy forms for excess insurers should continue coverage throughout participation, not create room for legal debate, he suggested.

Mr. Clements also called for the NAIB to help prepare and propose new accounting and tax standards for insurance brokers, especially those relating to the costs of servicing liability risks and adjusting large losses.

The method brokers must now use to account for revenues and pay income taxes does not reflect the continuing costs of service to policyholders, he said.

Unlike insurers, which are allowed to reserve funds against future losses, brokers must pay tax on the entire income from a policy sale during the year that policy goes into effect, as though their responsibility for servicing the client ends at that point. Any activity relating to the purchase of the

Continued on page 100

Brokers must share some responsibility: Merrett's Jackson

KEYSTONE, Colo.—Don't just blame underwriters for claims problems and unstable premium rates, a leading Lloyd's of London underwriter says.

Brokers and reinsurance intermediaries are compounding the problems generated by market competition, he suggests.

Reacting to complaints levied by Robert Clements, president of Marsh & McLennan Inc., Robin A.G. Jackson, director of Merrett Syndicates Ltd., said brokers do not adequately review the security of the insurers on layered liability coverages or pay enough attention to reinsurers.



Mr. Jackson

"There's no need to debate who is to blame for the market we are now in and the problems it is causing—we, the underwriters, are," he told the National Assn. of Insurance Brokers meeting last week.

"It is incredible that in 1982 we are seeing the worst market cycle ever. It is a testimony to bad management of underwriting agencies, rank, unprofessional underwriting and a general cynicism among underwriters who believe that they do not need to make an underwriting profit," he said.

Underwriters should call a stop to rate slashing and pursuit of market share, Mr. Jackson added, but they need support from brokers.

"We are not the only ones to take the blame. We know that there are lots of risks being placed with crappy insurers because brokers have no backbone and are pursuing low price over security. In a $100 million or $200 million liability package, there's plenty of insurers involved that shouldn't be.

"Brokers should be asking themselves: Do the insurers really know what they are getting? And will they complain about payment when they get a claim?"

Reinsurance is also a problem, Mr. Jackson said, and many reinsurers may be unwilling or unable to pay on the agreements that support large liability policies.

Many reinsurance intermediaries are running dangerously close to professional malpractice, he added.

"In many cases, reinsurance brokers are placing reinsurance with companies that don't know what they've got and who often cannot pay if claims come in," Mr. Jackson charged. "I've seen this situation on our own catastrophe reinsurance program.

"Recently, I went on a witch-hunt within my own firm and reviewed the cover notes of our own reinsurance. I spotted at least half a dozen reinsurers whose commitment to us accounted for up to

Continued on page 100

Cincinnati worksites must label toxic substances

By STEVE TARAVELLA

CINCINNATI—The Cincinnati Chamber of Commerce is opposing a new city ordinance requiring industry to label toxic substances in the workplace and warn employees of the hazards they face.

The "Right to Know" ordinance, passed by the City Council June 3, was designed to provide safer working conditions for employees, but industry sources believe it could be too costly to implement.

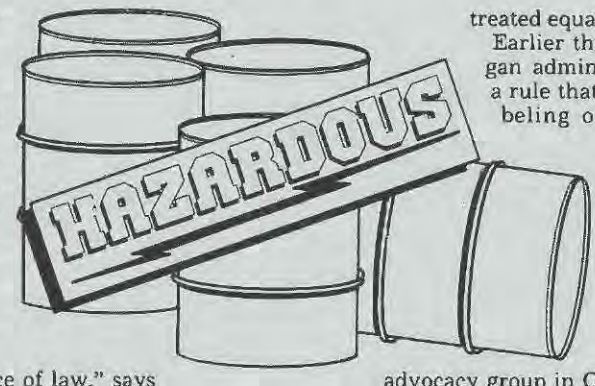
They also say such regulation should be made on the federal level.

While no exact figures are available, it could cost individual companies $50,000 to $1.5 million to comply with the Cincinnati ordinance, says Marcus Trice of the chamber's government affairs branch.

City Councilman Thomas B. Brush proposed the ordinance in July 1981 after a Howard University study revealed that Cincinnati is one of four U.S. cities with alarmingly high cancer death rates.

The others are Baltimore, New Orleans and Washington, D.C.

Hamilton County, in which Cincinnati is located, ranked among the top 2% nationally for deaths due to cancer of the bladder and liver, which are most often linked to exposure to chemicals.



"It's a poor piece of law," says Mr. Trice. "The regulation of chemicals ought to be done on the federal level. That's not up to the city or town."

Greg L. Rowe, the chamber's manager of government and community affairs, says the ordinance is much more moderate than orignally proposed, but adds that the chamber still would have rather waited for a federal law.

"Then each city in the country would be treated equally," he says.

Earlier this spring, the Reagan administration proposed a rule that would require labeling of hazardous substances in the workplace but would allow the employer to decide the form of the labeling. Hearings on the proposal are planned.

But a citizens' advocacy group in Cincinnati supports the need for a local law.

"It's important to do this locally," says C. Brewster Rhoads, Cincinnati director of the Ohio Public Interest Campaign, a non-profit social action agency that supported the ordinance. "This addresses the unique concerns of Cincinnati."

Such a regulation, he says, should be designed at the local level where city needs are more familiar to lawmakers.

Cincinnati needs the ordinance, he says, "so that proper precautions can be taken to protect employees."

"The real question here is 'Who controls the workplace?'" Mr. Rhoads says.

But Mr. Rowe says 2,800 businesses that are chamber members supported the group's opposition to the labeling law.

"They questioned whether it's necessary, whether it's a good law," he says. "A lot of companies, such as Monsanto, have long had similar (in-house) policies."

The ordinance, an amendment to the city's fire code, requires the labeling of containers, one gallon or larger, used to hold any of the 400 most-toxic chemicals listed by the Occupational Safety and Health Administration. It also mandates that certain safety data be made available to employees upon request.

The labels would provide the name of the substance, the risks accompanying exposure to it, its potential flammability, symptoms of exposure at hazardous levels, procedures in case of leaks or spills and the name and address of the chemical's manufacturer.

Continued on page 103

CertainTeed adds benefits while cutting costs

CertainTeed Corp. a major building materials manufacturer based in Valley Forge, Pa., is adding more benefits to its health plan, while attempting to put a lid on rising costs.

Many of the new benefits are intended to offer CertainTeed's 3 500 salaried employees incentives to reduce their hospital stays and seek outpatient care and second surgical opinions.

The new benefits include:

- A home health care plan.
- Hospice care.
- Ambulatory surgical care.
- Second surgical opinions.
- A revised co-payment schedule.

In addition, CertainTeed has revised deductibles and increased the major medical lifetime limit to $500,000 from $250,000.

benefit beat

The changes, according to Edward J. Barnes, CertainTeed's benefit manager, could save the company as much as $600,000 annually.

"We're making changes to get better use of the money we were spending," he explains. "We're taking whatever steps we can to curb the rapidly rising cost of health care."

While employees now must pay higher deductibles, the company, in many cases, is paying slightly more of workers' total health care bills, company officials say.

Under the medical plan, CertainTeed will pay 80% of the first $1,000 after employees pay a $125 annual individual or a $375 annual per-family deductible. The plan pays all expenses exceeding $1,000.

An employee, for example, with $10,000 in covered hospital/surgical expenses, would have $9,575 of his bill paid by the plan.

Under the old plan which paid 100% of the first $5,000, 80% of the next $5,000 and 100% of all expenses exceeding $10,000, the employee would only have $9,000 of the medical bill paid.

Employees, under the old health plan, paid only a $100 individual or a $300 family annual deductible for major medical coverage.

The home health program provides 100% coverage, after the health plan's deductible is met, for the services of registered nurses, home health aides, physical therapists and for medications.

The plan pays for up to a maximum of 52 visits per year.

The hospice care program pays 100% up to a maximum $9,000 for physicians' visits, nursing care, drugs and medication and family counseling.

Bereavement counseling is reimbursed up to $200 per family.

The ambulatory surgical care program pays 100% of charges for employees who have minor outpatient surgeries. No deductible is required for this benefit.

The second surgical opinion program will pay 100% of the cost of a second or third opinion. The company will only pay 50% of certain non-emergency surgical charges if the employee does not seek an opinion or the surgery is not recommended on a second or third opinion.

Employees seeking second surgical opinions will have their surgical charges fully covered.

Operations for which a second opinion is required include non-emergency appendectomies, gall bladder surgery, hernia repairs, hysterectomies, tonsillectomies and prostate gland operations.

All of CertainTeed health benefits are underwritten by Prudential Insurance Co. of America.

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Group coverage

Nearly all medium-sized and large employers now provide group health insurance plans to their employees, according to a new survey.

Some 97% of workers at companies with at least 100 employees are covered by group health insurance plans, with 71% of workers covered by plans where the employer pays 100% of the premium.

These findings are reported in a new U.S. Bureau of Labor Statistics survey, "Employee Benefits in Medium and Large Firms, 1981." The survey, which will become available to the public in the fall, examined benefit trends at 1,500 companies in 1981. Most of the surveyed firms employed between 100 and 250 workers.

Key findings include:

- Paid sick-leave plans covered 65% of all workers. Some 92% of white-collar workers were covered by paid sick leave plans, compared with 41% of production workers.
- Nearly all of the workers employed by the surveyed companies were covered by group life insurance plans, with the employer paying the entire cost for 81% of the employees.
- Just 22% of workers were covered by vision care programs, but 61% of employees participated in employer-provided dental insurance plans.

In the pension area, 84% of employees were covered by a private pension plan, with the employer usually paying the full cost.

Forty-four percent of the plan participants at surveyed firms could retire with full benefits at 65. Another 29% could retire between 60 and 64, often with a requirement of 10 to 15 years of service, while 6% could retire between 55 and 59, usually after 20 or 30 years of service.

However, 14% of workers were employed at firms that allowed retirement at any age once a worker had put in 30 years of service under so-called "30-and-out" plans.

More than half of the workers were employed at firms that do not count years of service after 65 in computing an employee's final pension benefit.

Abortion benefits

Workers employed by the state of Pennsylvania are losing benefits that pay for most abortions.

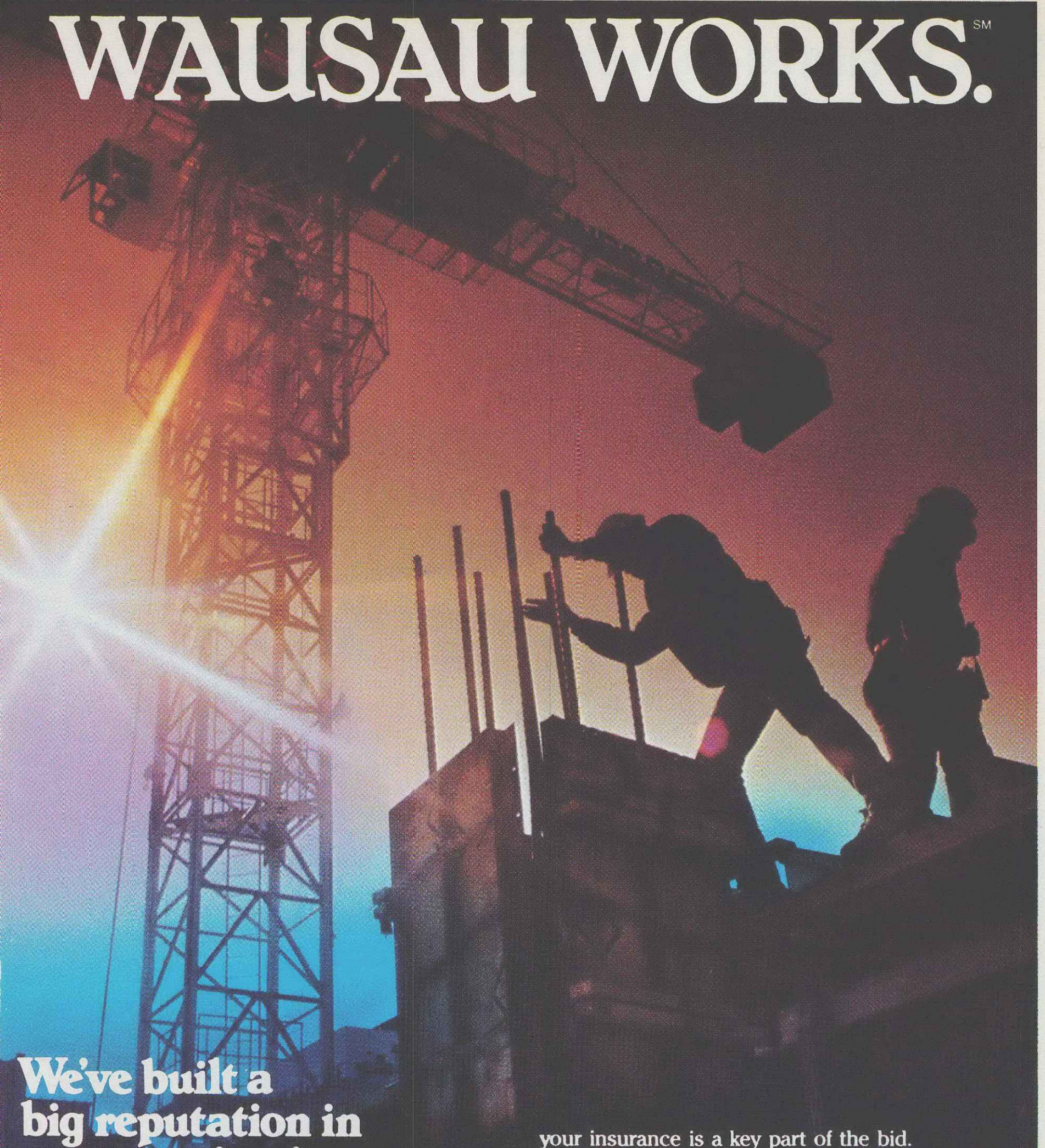
Gov. Dick Thornburgh has signed legislation, S.B. 439, that bars health insurance plans covering the state's 111,000 employees and their dependents from covering all abortions, except those needed to save the life of the mother or to terminate pregnancies caused by rape or incest.

In addition, the legislation, which goes into effect Dec. 9, also requires commercial insurers that now offer abortion coverage in health insurance policies to also provide an alternate policy that doesn't include abortion benefits.

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Made any benefit changes? Write James Lawson, Associate Editor Business Insurance, 220 E. 42nd St. New York, N.Y. 10017; 212-210-0143.

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Ban federal pensions for felons: Porter

By JERRY GEISEL

washington

WASHINGTON—Congressmen convicted of felonies shouldn't receive federal pensions provided by taxpayers, says Rep. John Porter.

And he has introduced legislation, H.R. 6432, to prevent it.

"The specter of any member of Congress convicted in an Abscam scandal, or of any felony, receiving a substantial federal pension is an affront to the citizens of this nation," Rep. Porter, R-Ill., said.

"The taxpayers' moneys should not be used for the continued support of convicted public officials."

Under Rep. Porter's bill, pension benefits would be terminated upon conviction and restored only if the conviction is reversed or if the congressman is pardoned. Contributions made to the federal pension system by a convicted congressman would be returned to him.

Rep. Porter's move was triggered by reports that former Sen. Harrison Williams of New Jersey, who was convicted in the Abscam bribery scandal and later resigned under congressional pressure, would receive a $45,000 pension.

The pension, which is more than three times the average $13,000 pension received by federal workers, is based on his 28 years of service as a member of Congress.

Close loophole?

Rep. Mario Biaggi, D-N.Y., wants to close—at least temporarily—the loophole in the Social Security Act that allows non-profit organizations, like hospitals and local and state governments, to withdraw from the Social Security program.

Under Mr. Biaggi's bill, H.R. 6356, these groups would be barred from opting out of Social Security until Jan. 1, 1988.

The five-year freeze would begin on Jan. 1, 1983.

The secretary of Health and Human Services would be required to recommend to Congress by Jan. 1, 1987, whether the freeze should be continued beyond 1988.

Mr. Biaggi, along with several other members of Congress, fears that the Social Security system's financial base will deteriorate even more if large numbers of non-profit organizations continue to withdraw from the program.

Some 302 non-profit hospitals have notified the government that they may opt out of Social Security in 1983, up from the 63 hospitals that have filed notices that they may withdraw this year.

Under the Social Security Act, non-profit employers, known as 501(c)(3) organizations, can withdraw from Social Security two years after they notify the Internal Revenue Service of their intentions.

Private employers cannot withdraw from Social Security.

More IRA incentives

Rep. Henson Moore, R-La., wants to give workers more incentives to set up Individual Retirement Accounts.

Under current law, an individual can make a tax-deductible contribution of up to $2,000 a year to an IRA. The money invested and earning interest in the IRA is shielded from taxes until the money is withdrawn, usually when the individual retires.

Under Mr. Moore's bill, interest on additional contributions would be deferred until retirement.

Under his proposal, an individual could contribute an additional $2,000 a year into the IRA, plus another $8,000 in contributions over the account holder's lifetime. These contributions would not be tax-deductible, but the interest would be tax-deferred.

Non-deductible IRA contributions could add $7 billion to $8 billion to the nation's pool of investment capital, Rep. Moore estimates.

Mr. Moore hopes if Congress passes his bill—which has an effective date of Oct. 1, 1982—workers will transfer their earnings from All-Savers certificates to IRAs. The All-Savers program allows an individual to receive up to $1,000 in interest tax-free from special certificates sold by banks and savings and loan associations.

The All-Savers program, which began Oct. 1, 1981 to provide more funds to ailing savings and loan associations, is to end next year.

Chamber support

The U.S. Chamber of Commerce says it now will support federal product liability reform at both the state and federal levels.

The chamber, which has about 240,000 members, previously only endorsed tort reform at the state level.

"There is a perception that there are many avenues for achieving product liability reform," a chamber spokesman said. "We don't want to close any avenues," he said, explaining why the business group now backs federal tort reform action, too. ■

Dividends paid to 37 hospitals

OAK BROOK, Ill.—Thirty-seven Illinois hospitals have reduced their workers compensation costs by pooling their risks in the Illinois Compensation Trust, according to Chairman Donald Wasson.

The hospitals will share $128,000 in investment income that the trust earned in its first operating year, says Mr. Wasson, who is president of Victory Memorial Hospital in Waukegan.

Of those hospitals, 12 that compiled perfect loss records over the past year will receive dividends amounting to 20.93% of their contribution to the pool for the year ending Jan. 31, 1981.

"These 37 hospitals obviously have become very sensitive to our approach that stresses claims management and loss prevention, and, as a result, are now reaping the rewards," Mr. Wasson says.

Additional dividends may be awarded to hospitals in March 1983 when the first accounting year is closed out, he says.

Sixty-four Illinois hospitals are now members of Illinois Compensation Trust, he adds.

Mr. Wasson says that preliminary statistics for the trust's second year of operation indicate that its loss ratio has been substantially reduced. ■



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editorial opinions

Keep doctors under FTC care

EFFORTS TO CONTROL the price of medical and dental care will be dealt a stifling blow if doctors and dentists are exempted from Federal Trade Commission regulation.

A proposal pending in the Senate to exempt professionals from FTC regulation would prohibit the FTC from continuing its successful work in fighting anti-competitive practices among doctors and dentists.

Investigations of doctor dominance of Blue Cross/Blue Shield boards, which has contributed to increased consumer representation on these boards, would be outlawed. The providers of health care would be free to grab back control of medical plans and, in turn, control of the rates the plans will pay.

Consent agreements with medical and professional societies to stop anti-competitive policies—such as the one reached with Texas dentists most recently— would be outlawed. Dentists, for example, would be allowed to band together in agreement not to share patient records for preauthorization of treatment.

How long do you think it would take doctors and dentists to institute non-competitive price policies if the FTC wasn't looking over their shoulders?

The FTC can't lobby in Congress against this professional exemption. You, who are paying ever-increasing health care bills, have to tell your senators that you want these professionals subject to the FTC's regulatory control to protect your consumer interests.

Use premium taxes to regulate solvency

EVERBODY IS WORRIED about insurers' ability to pay losses but few seem to be doing anything about assessing the financial health of insurers.

State insurance departments, whose primary function should be to monitor insurer solvency, say they don't have the money, as we reported last week.

We have a suggestion for the National Assn. of Insurance Commissioners, which has appointed a task force subgroup to investigate alternative funding for solvency regulation by insurance departments.

You should propose that state insurance departments get first shot at the funds generated by insurance premium taxes. Corporations and individual consumers pay the tax on the insurance they buy and the money should be used to protect their interests.

If any money remains after the department honestly assesses what it needs to keep a keen eye on insurers' financial stability, send it to the state's general coffers.

This idea has been proposed before and we realize it could take a while to sell. In the meantime, insurance departments at least should start sharing information on the solvency monitoring they now do. It would increase the effectiveness of the work by getting the word out to other states, many of which aren't doing anything now, and it could reduce duplication of efforts. We were shocked that the NAIC survey of insurance departments showed this is not common practice.

If the price of a lengthy long-distance phone call is not within the budget, certainly the cost of stationery, a secretary's time and a 20-cent stamp should be.

letters

Underwriting oversimplified

To the editor: I believe Spencer J. Traver, in "Traver tells insurers what he wants" (*BI*, May 31), oversimplifies the underwriting process. He feels many underwriting decisions, especially those that concern pricing, are not based on scientific facts.

Underwriting ability and expertise in analyzing different risks and exposures are important in premium determination. The analysis begins with an insurer's experience in a general class of business, available Insurance Services Office-type data and a specific risk's loss history.

Often, there is a lack of credible past loss information for the underwriter to use in making a decision. This is common in small businesses that lack the resources of manpower and information gathering that BFGoodrich maintains

Without credible information, the risk must be approached assuming the industry norm. This can mean higher premiums for companies whose losses are better-than-average but are unable to document it.

Premium can be broken into two parts. Expense premium includes the out-of-pocket cost servicing the account and general corporate expenses. Risk premium consists of anticipated losses based on past history and the unknown loss including catastrophic loss, which is the real payment for risk assumption. Ignoring cash-flow underwriting, the ability of the insurer to judge both indicates the ultimate underwriting profit.

Property insurers strive for a book of business with an approximate 50% split between losses and expenses in relation to premium. Since BFGoodrich had risk averaging losses of 22 cents per $1,000 of value, the quoted rate of 45 cents appears in line.

Mr. Traver should consider some form of risk retention if the loss data is credible. Otherwise, he pays "cost-plus" as these losses are grossed up to the 50% permissible loss ratio. The premium savings would help defray risk management expenses and reduce the insurer's expense ratio from needless claim paying.

William K. Austin
Regional property underwriter
Wausau Insurance Cos.
Belmont, Mass.

■ *BF Goodrich does retain portions of its own risks (BI, April 19).*

Work comp benefits

To the editor: The small story "Injured workers get comp benefits later" (*BI*, June 14) indicates that injured workers are receiving benefits an average of 19 days after disability, a full day later than a year earlier. That statistic in itself is deceiving because it includes claims where investigation of compensability delays payments for quite a period of time, but that affects very few claims.

A more revealing statistic is that 68.2% of employees receive their checks within 14 days, which the state considers "on time." That statistic only dropped from 69% from the year earlier.

In addition, if you remove the category of public employees, whose salaries generally continue and then are adjusted after receiving compensation payments and therefore suffer no wage difficulties, the number of employees paid in 19 days or less increases several percentage points.

Greg Vach
Regional director
Workers compensation department
Ralston Purina Co.
San Diego, Calif.

Connecticut flooding

To the editor: We believe the June 14 article, "Many have no cover for Connecticut flood," contains an error.

In that article, the statement is made, "Industrial Risk Insurers wrote the primary layer of the coverage..." in reference to a difference-in-conditions policy covering flood damage to Pratt-Read Corp.'s facility in Ivoryton, Conn.

To set the record straight, we wish to advise that IRI insures Pratt-Read for fire and extended coverage perils only. The difference-in-conditions policy that included flood coverge is provided by another insurer.

K.G. Richardson
Manager-communications
Industrial Risk Insurers
Hartford, Conn.

■ *The statement on the primary layer of coverage was not made in reference to the difference-in-conditions policy.*

Communications only

To the editor: We wish to correct a misleading statement that appeared in your story on Borden's revised benefit plans (*BI*, June 7).

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Our coast-to-coast communication services cover (in addition to benefits) compensation, employee relations, health care cost containment, productivity campaigns, safety, orientation, labor relations, etc.—any subjects that management must communicate to employees.

John E. Kerney
President
The Emcom Group Inc.
Newtown, Pa.

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With A&A, you'll have access to expert environmental scientists who do detailed on-site risk assessments. And we'll integrate insurance coverage with an ongoing pollution loss control program. That's important. Especially now, when businesses must comply with new, more stringent EPA regulations and protect themselves against environmental liabilities, particularly those resulting from gradual and non-sudden pollution.

Only by working from the client's point of view can we be sure a company gets the most comprehensive, cost-efficient programs possible.

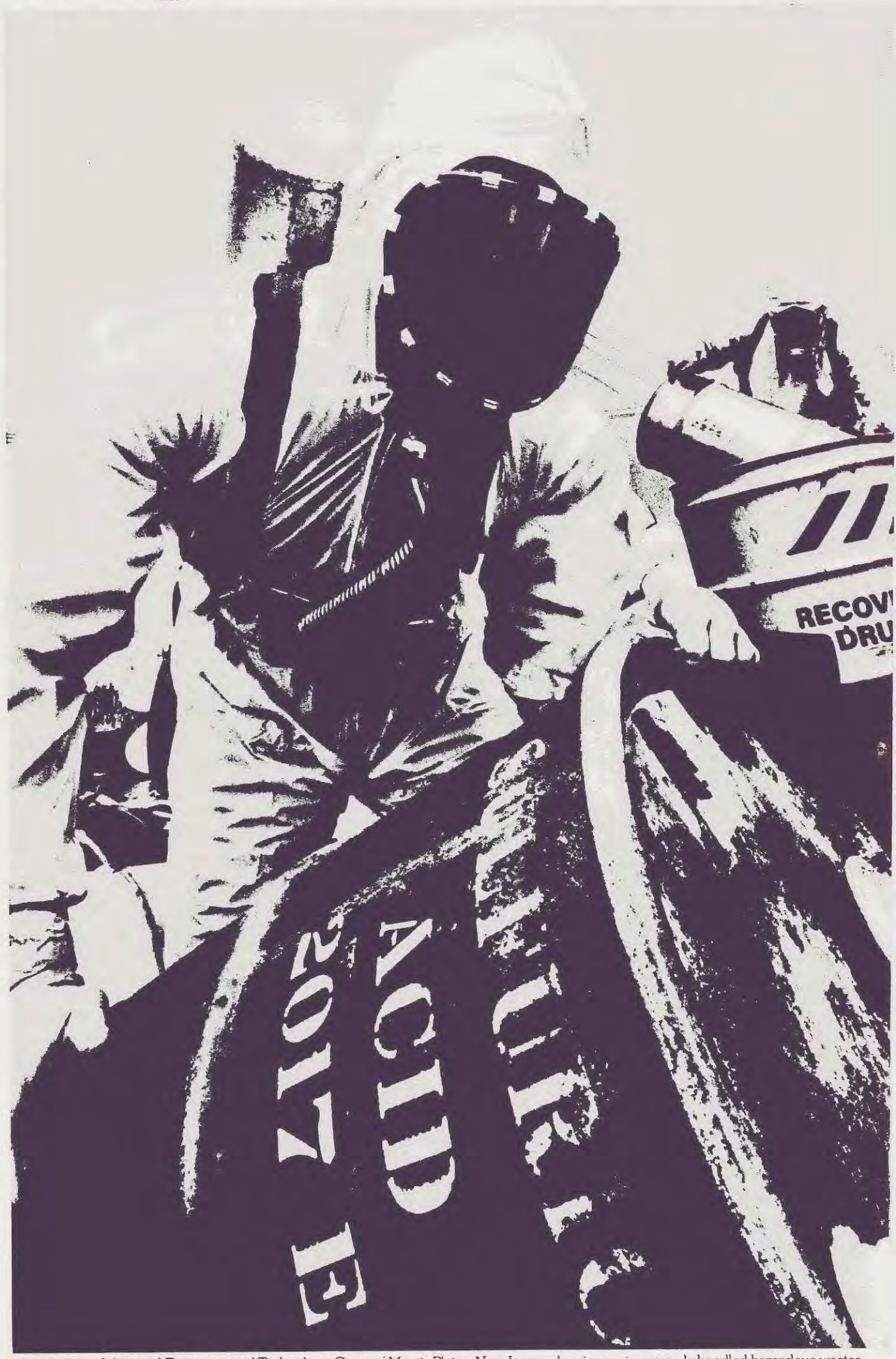
Full pollution liability coverage

This insider's vantage point enables us to be in the vanguard, formulating contracts that go beyond hazardous waste coverage to full pollution liability protection.

Because we anticipated such coverage would burgeon in importance, our 88 U.S. offices have environmental insurance coordinators with ready access to our corporate expertise. We maintain strong contacts in Washington to stay up-to-the-minute in this rapidly evolving field. And help insurers develop pollution coverages to assure you of adequate capacity and competitive terms.

We are ready to look at any business—medium or large—in any industry and help create a total compliance program.

We think a big reason A&A has become one of the largest and most trusted insurance brokers worldwide is that we work the same way with every client. From the client's point of view. And in our business, that's the acid test.



Experts from Advanced Environmental Technology Corp. of Morris Plains, New Jersey, cleaning up improperly handled hazardous wastes.

Alexander & Alexander

From the client's point of view.

Top 20 brokers report slowest growth since '71

It was two steps forward and one step back for most of the Top 20 U.S. brokers in 1981.

Diversification into more risk management and financial services, more acquisitions and dogged new business development produced revenue gains, but commissions kept falling on existing business as insurance premiums fell an average of 20%.

In severe cases of insurer rate cutting, brokers negotiated higher fees with clients to offset their falling commissions or they negotiated higher commissions with insurers.

All their efforts, however, produced only a 14.2% increase to $2.85 billion in combined gross revenues for the Top 20 U.S. brokers, the lowest increase since *Business Insurance* began chronicling the brokers' results in 1971. The lowest previous increase was 15.6% in 1974 while the biggest was 27.3% in 1977.

Likewise, the per-company average revenue increase in 1981, 12.6%, did not match the 1980 figure of 13.9% or previous averages.

Business Insurance annually ranks the 20 largest U.S. brokers based on public reports, information supplied by the brokers and interviews with industry leaders. For the first time this year, *BI* also is ranking the next 80 largest U.S. agents and brokers among those who responded to this year's questionnaire requesting financial information.

Clearly, times were tough for all agents and brokers in 1980. The big swings in revenue growth and realignment of the rankings in the Top 20 are attributable to big acquisitions or divestments—except for Emett & Chandler.

E.H. Crump Cos. Inc. of Memphis, Tenn., grew 71.1% in 1981 to $47.8 million in gross revenues, mostly on the strength of acquisitions. As a result, it cracked the Top 10 for the first time, zooming up four positions and settling in the ninth spot, creating the first shake-up in the rankings compared with last year.

The purchase of two West Coast brokerages from Reliance Insurance Co. of Philadelphia—Crump's largest shareholder—supplied most of the broker's growth, but Crump made other acquisitions as well.

Poe & Associates leaped three spots to 16th on the Top 20 list after making several key acquisitions during 1981 and chalking up a 26.1% increase in revenues to $19.3 million from $15.3 million in 1980.

Divestments knocked down both Insurance Management Corp. and Cook International Agencies, previously Cook-Treadwell & Harry.

Insurance Management Corp., which was sold by Financial Services Corp. to three IMC principals last month, reported a gross revenue decline of 47.5% to $17 million from $32.4 million in 1980 if three IMC subsidiaries that were retained by its former parent are not included. The decline knocked IMC down five places to 17th on this year's list from No. 12.

Cook International Agencies Inc. dipped two notches to the No. 20 spot, after reporting a 24.5% decrease in gross revenues to $11.9 million, according to documents filed with the Securities & Exchange Commission. Although company officials decline to comment on last year's performance, the fall in revenues appeared to be due primarily to the sale of several agencies.

Only Emett & Chandler beat the market odds in 1981 without acquisitions. Crediting the success of a strategic plan, the broker posted a gross revenues gain of 26.7% to $27.1 million from $21.4 million. The broker jumped to No. 13 in the rankings from 15th place.

Arthur J. Gallagher & Co., without acquisitions, edged out a higher-ranking broker last year, Ryan Insurance Agency Group, but held on only to its 10th position because of Crump's fast growth. Gallagher & Co. increased its revenues 13.3% to $42.5 million.

Only two of the eight largest brokers, whose rankings remained static in 1981, reported revenue growth that surpassed the increases reported in 1980.

Fourth-ranked Johnson & Higgins' gross revenues grew 11% last year to $320.5 million, according to *BI* estimates, topping 1980's estimated 10.2% growth rate. Privately held J&H does not release its financial results.

Fred S. James & Co. Inc. also reported a banner

Continued on next page

Canadian brokers' gains exceed the U.S. Top 20's

The three largest Canadian brokers together grew faster in 1981 than the collective Top 20 U.S. brokers.

The Canadians' combined 1981 gross revenues of $368.8 million in Canadian currency (about $312 million U.S.) were 22.2% higher than in 1980, compared with the 14.2% increase among the Top 20 U.S. brokers.

Reed Stenhouse Cos. Ltd., propelled by the purchase of New York-based Schiff Terhune International Inc., remained by far the largest of the Canadian brokers. Reed Stenhouse's purchase of Schiff, which ranked 17th on the *Business Insurance* Top 20 for 1980 results, gave the Canadian giant a major U.S. presence that it has desired for so long.

Reed Stenhouse's gross revenues grew 19.1% to $269.7 million (about $228.1 million U.S.).

Sodarcan Inc., the Montreal-based insurance holding company, now places second in the *BI* ranking of Canadian brokers. Although Tomenson Saunders Whitehead Ltd.'s pure brokerage revenues are higher, Sodarcan is the larger company if its reinsurance and other insurance-related activities are considered, as they are in this year's *Business Insurance* rankings.

Sodarcan posted gross revenues of $55.9 million ($47.3 million U.S.) in 1981, a healthy 39.9% increase, although the company said that its brokerage operations grew at only a 17% clip.

Sodarcan also is looking at the U.S. market and company officials say Sodarcan may move into the United States within a year or two.

The third-largest Canadian brokerage company, Tomenson Saunders Whitehead, has two U.S. offices and is looking to buy medium-sized brokers in major U.S. cities to expand its U.S. network.

TSW, based in Toronto, posted a 21.4% revenue increase in 1981 to $43.3 million ($36.6 million U.S.), a good rise after only a 7.9% revenue increase in 1980.

If the Canadian brokers were ranked in the *BI* Top 20, Reed Stenhouse would place sixth, after its revenues were converted to U.S. dollars. Reed Stenhouse would place between Fred S. James & Co. Inc. and Corroon & Black Corp.

Sodarcan would place 11th in the ranking, between E.H. Crump Cos. Inc. and Arthur J. Gallagher & Co., while Tomenson Saunders Whitehead would rank 14th, behind Ryan Insurance Agency Group but ahead of Jardine Insurance Brokers Inc.

Stories on each of the three largest Canadian brokers begin on page 92.

Canadian brokers

Company	Ranking 1981	Ranking 1980	Gross revenues (000) 1981 Can. $	1981 U.S. $*	1980 Can. $	1980 U.S. $*	% chg.
Reed Stenhouse Cos. Ltd.	1	1	269,658	228,131	226,360	191,501	19.1
Sodarcan Inc.	2	2	55,894	47,286	39,944	33,793	39.9
Tomenson Saunders Whitehead Ltd.	3	3	43,281	36,615	35,637	30,149	21.4
Totals/averages			368,833	312,032	301,941	255,443	22.2

* Conversion rate at year-end 1981: 0.846.

The next top 80 brokers

Rank	Company	Gross Revenues
21	B.R.I. Coverage Corp.	10,200,000
22	Rhulen Agency Inc.	9,789,000
23	The Frankel Co.	7,336,000
24	John M. Riehle & Co. Inc.	7,200,000
25	McGriff & Seibels Inc.	6,975,248
26	Rebsamen Insurance	6,905,453
27	Olliver/Pilcher Insurance	6,160,205
28	North American Insurance Agency Inc.	5,500,000
29	Keenan & Associates	5,164,000
30	Cal-Surance Group	5,141,000
31	Robert F. Driver Co. Inc.	5,047,530
32	Frank Crystal & Co. Inc.	4,745,000
33	Kendall Insurance Inc.	4,625,000
34	Alliance Brokerage Corp.	4,300,000
35	The Daniel & Henry Co.	4,200,000
36	The McElroy-Minister Co.	3,803,000
37	Walter P. Dolle Inc.	3,615,000
38	Anderson & Anderson Insurance Brokers	3,600,000
39	Hastings-Tapley Insurance Agency Inc.	3,427,000
40	Insurance Agents Inc.	3,426,472
41	Insurance Management Associates	3,414,625
42	Fred A. Moreton & Co.	3,400,000
43	A.W. Lawrence & Co. Inc.	3,389,263
44	Associated Agencies Inc.	3,143,000
45	Mack & Parker Inc.	3,139,337
46	Hatch-Leonard/Markin-Shaw Inc.	3,100,000
47	Haas & Wilkerson Inc.	3,058,385
48	NIA Ltd. National Insurance Associates	2,914,000
49	Seitlin & Co.	2,864,000
50	Mahoney & Wright Insurance Agencies	2,750,000
51	Ulrich Voorhees Warner Associates	2,695,000
52	ADMAR Insurance Marketing Inc.	2,400,000
	Richard N. Goldman & Co.	2,400,000
	Lockton Insurance Agency Inc.	2,400,000
55	Montgomery & Montgomery Inc.	2,342,392
56	National Coverage Corp.	2,196,567
57	Root & Boyd Inc.	2,175,000
58	South Continental Insurance Agency Inc.	2,100,000
59	Kinney, Pike, Bell & Conner Inc.	1,962,224
60	ISU/Wellington Agencies Inc.	1,882,000
61	Lamb Little & Co.	1,863,000
62	Wharton/Lyon & Lyon	1,841,238
63	E.T. Clauss & Co. Inc.	1,807,086
64	Boynton Brothers & Co.	1,800,000
65	Financial Insurance Service Inc.	1,792,300
66	American Coverage Corp.	1,780,000
67	Foa & Son Corp.	1,700,000
68	Woodsmall, Frick & Innis Inc.	1,650,710
69	Triangle Insurance Inc.	1,600,000
70	C.P.I. Inc.	1,590,000
71	Associated Insurance Managers Inc.	1,587,491
72	Wright & Co.	1,582,000
73	Osterloh & Durham Insurance Brokers of N. A.	1,576,579
74	Clair Insurance Agency Inc.	1,568,515
75	Archie Slawsby Agency Inc.	1,565,540
76	Robson, Cavignac & Associates	1,565,000
77	Irving Weber Associates Inc.	1,530,000
78	Sacramento Valley Insurance	1,525,000
79	Van Beurden, Wigh & Associates	1,513,000
80	McDowell Insurance Inc.	1,506,050
81	DeWitt, Stern, Gutmann & Co. Inc.	1,502,000
82	Maxson-Mahoney-Turner Inc.	1,500,000
	Smith Watson Parker Insurance	1,500,000
84	Hackett, Naline & MacDonald Inc.	1,496,270
85	Robertson-Ryan & Associates Inc.	1,486,886
86	Levinson Bros. Inc.	1,481,415
87	Cecil W. Powell & Co.	1,460,000
88	Insurance Marketing Agencies Inc.	1,450,000
89	Jay & Renfro	1,430,000
90	Producers Exchange Inc.	1,400,000
91	Ligon, Gump & Ligon Inc.	1,399,130
92	Frenkel & Co. Inc.	1,344,000
93	Beal Associates Insurance Counselors	1,340,000
94	Johnson-Rast & Hays Insurance Inc.	1,321,000
95	Boockford & Co.	1,314,000
96	The Simkiss Agency Inc.	1,310,000
97	H&R Phillips Inc.	1,250,000
98	Athens Insurance Co.	1,231,506
99	Merritt & McKenzie Inc.	1,211,138
100	Popkin Lebson Bergstein Inc.	1,205,563

Brokers report slowest growth since '71

Continued from previous page
year, with revenues increasing 18.2% in 1981 to $242.4 million. In 1980, fifth-place James' revenues grew at a 16.3% clip.

Although it did not equal the 27.7% revenue increase it reported in 1980, Marsh & McLennan Cos. Inc., the No. 1 broker on the *BI* Top 20, reported a healthy 25% increase in 1981, clearly surpassing its goal of a 10% inflation-adjusted growth rate.

A full year of revenues contributed by the Bowring subsidiaries contributed to the growth.

Frank. B. Hall & Co. Inc. did not match its 1980 revenue growth of 15.7%, but it managed to increase revenues by 13% last year to $353.5 million and remain in third place.

Corroon & Black Corp., the sixth-largest U.S. broker, was hurt the worst by market conditions. It only managed a slim 0.8% revenue increase to just more than $156 million, compared with the 5% increase it reported in 1980.

C&B blamed the tight economy and the competitive insurance market for the slow year.

The other large brokers that reported decreased revenue growth in 1981 included Alexander & Alexander Services Inc., which posted a 8.4% increase to $458.3 million, down from a 10.1% increase in 1980; Bayly Martin & Fay International Inc., which posted an 8.2% increase to $85.5 million, down from 21.5% in 1980; and Rollins Burdick Hunter Co., which reported a 5.8% increase to $76.8 million, down from 7.6%.

Although the eight largest brokers retained their positions, the remainder of the Top 20 looked as if it has been shuffled by a Las Vegas blackjack dealer.

One broker is missing altogether. Schiff Tenhune International Inc., which ranked 17th last year, was purchased by Reed Stenhouse Cos. Ltd., which continued to be the largest Canadian-based broker.

John L. Wortham & Son, a privately held brokerage with a sole office in Houston, entered the Top 20 for the first time, filling the No. 19 spot with $13.1 million in revenues. It credits the recession-proof Houston economy for its good showing.

Some of the Top 20 acquired new names as well as new rankings.

Bache Insurance Services, which was No. 11 in 1980, was purchased by Hong Kong-based Jardine Matheson & Co. Ltd. Renamed Jardine Insurance Brokers Inc., it slipped one position, despite revenue growth of 21.3% to $33.1 million.

Likewise, Penn General Agencies, the 14th-largest broker in last year's survey, was acquired by a joint venture of British broker Hogg Robinson and Republic Steel Corp. and renamed Republic Hogg Robinson. That brokerage, however, was able to hold its 14th position in the Top 20 with a revenue gain of 8.5% to $25.9 million.

The other members of the Top 20 that changed positions during 1981 are:

- Ryan Insurance Agency Group, which fell to 11th, posting only a slim 4.2% increase in revenues to $40.3 million. Ryan jumped into the Top 10 to the ninth spot in 1980 on the heels of its acquisition of James S. Kemper Agency.
- Financial Guardian Group, which jumped one notch to 15th, on a revenue increase of 8.9% to $21.2 million.
- Lawton-Byrne-Bruner, which leaped two positions to No. 18. with 1981 revenues of $13.5 million, a 10.1% rise. The St. Louis brokerage cracked the Top 20 for the first time in 1980.

The Top 20 brokers not only posted smaller overall revenue gains in 1981, but also were not as likely to hire new employees. Together, the 20 brokers reported only a 9.3% increase in head count in 1981, down from a 28.6% increase the previous year.

Six of the 20 largest brokers reported a decline in the number of people the employed. The largest decrease—36.6%—was at Insurance Management Corp., taking into account the personnel retained by the company's former parent after IMC was sold to its new owners.

The other large decline in number of employees occurred at Cook International Agencies, according to *Business Insurance* estimates, presumably from the sale of several agencies.

Other brokerages that made small cutbacks in manpower include James, Bayly, Martin & Fay, Ryan and John L. Wortham.

Five brokers reported that they increased their staff by more than 10% last year.

Crump, Frank B. Hall and Poe & Associates all increased their staffs through acquisitions. Rapidly growing Crump's increase was, by far, the largest at 60.2%. Hall expanded its staff by 21% last year while Poe reported a 13.3% gain. Jardine also experienced a large gain in employees, with head count increasing 15.2%.

Marsh & McLennan, which has restated its employee figures to exclude employees of companies in which it has equity holdings and does not report revenues, shows a 17.1% increase in staff.

With more of the brokerages keeping the size of their staffs at least moderately in check, revenues per employee increased for the Top 20 as a group and at each brokerage except for four: Hall, Corroon & Black, IMC and Cook International. The average revenue per employee grew to $54,912 in 1981 from $52,543 in 1980.

The comparison at Hall, however, is against its year-end 1980 figure since the company restated its revenues to reflect acquisitions but not its number of employees.

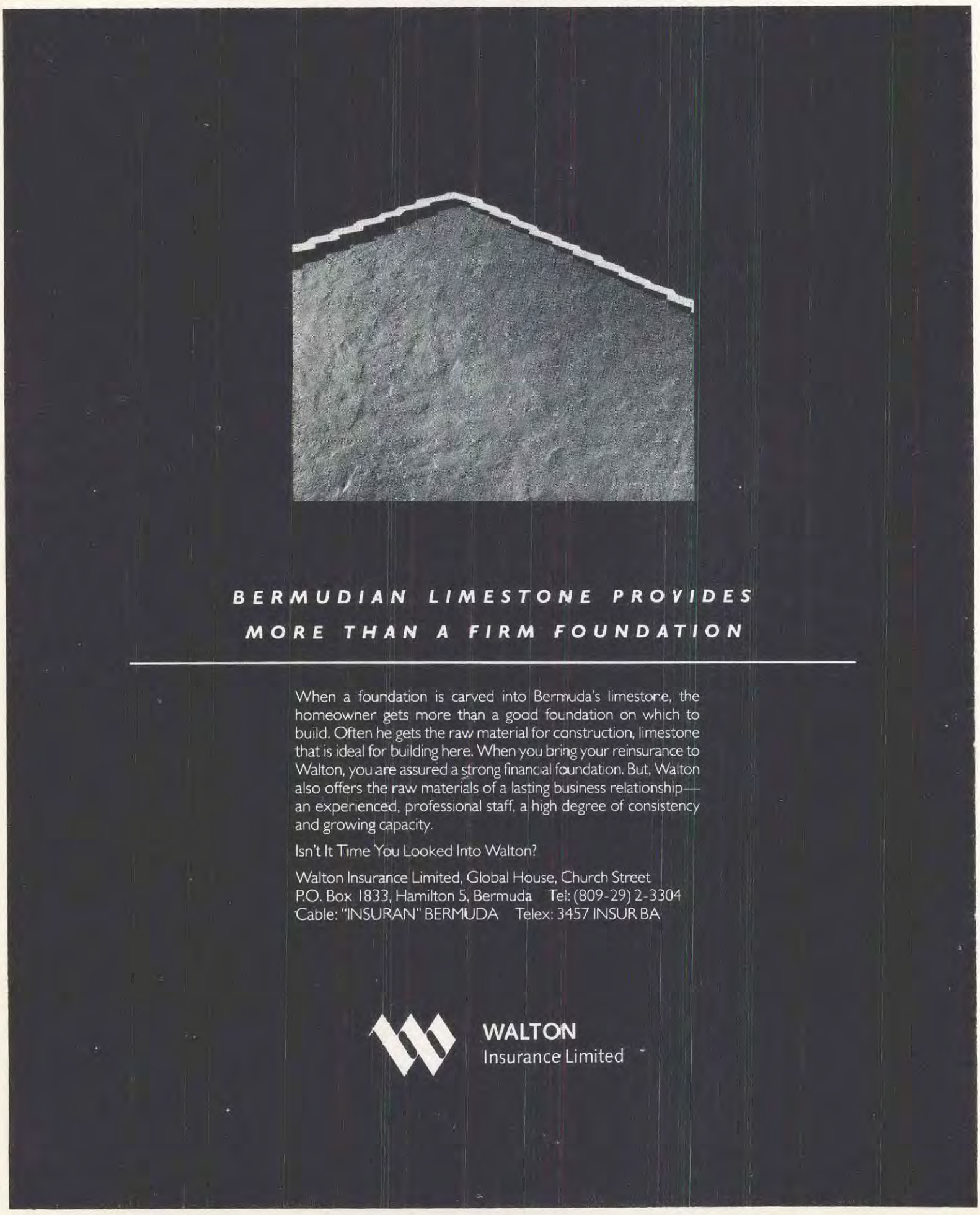
The most efficient of the brokers according to this yardstick is James, which combined its 18.2% revenue gain and its 2.1% decrease in number of employees to boost its per-employee revenue to $65,411, a gain of more than $1,000 per employee.

A&A also combined its revenue increase with no change in staff size to crack the $60,000 mark, finishing the year with $61,104 in revenues per employee.

Last year's most efficient broker according to this statistic, Corroon & Black, slipped to fourth place, behind Rollins Burdick Hunter.

Poe & Associates continued to be the least efficient broker, according to this measure, with per-employee revenues of $37,843. But this was an increase from the 1980 figure of $34,000 per employee.

Individual profiles on each of the Top 20 brokers begin on Page 14. ■



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The Top 20

M&M becoming more than an insurance broker

Marsh & McLennan Cos. Inc.
1221 Ave. of the Americas, New York, N.Y. 10020; 212-997-2000

	1981	1980
Premium vol	$9,600,000,000	$8,200,000,000
Gross rev	$846,844,000	$677,348,000
Employees	15,074	12,873
Rev./employees	$56,280	$53,873
Offices	483	521

Bigger and more complex every year, Marsh & McLennan Cos. Inc. could be evolving toward more diversified services: stock brokerage, accounting, real estate sales. Or it could buy a handful of insurance companies and accept the risks it has always brokered.

But it won't, says President L. Patton Kline.

"We continue to see ourselves in the broadest sense as insurance brokers," he explains. "We do not see ourselves becoming an overall financial services firm. We are not interested in buying insurance companies.

"Unlike many of our competitors, we do not see any essential synergy or tie-in advantage to trying to be all things to all people. I see an incredible opportunity remaining in insurance services and absolutely no reason to 'converge' with insurers."

What the management of M&M Cos. Inc. also sees is a rapidly growing organization that is becoming increasingly difficult to manage, motivate and mold into a worldwide service firm reminiscent of the Big Eight accounting firms or international computer companies.

Despite Mr. Kline's protests to the contrary, Marsh & McLennan Cos. Inc. has become much more than an insurance brokerage, bargaining with insurers for low prices.

It is a triumvirate of insurance-related service groups dominated by, but not limited to, its brokerage subsidiary, Marsh & McLennan Inc. It also includes massive reinsurance, consulting and financial service companies.

Marsh & McLennan, which has held its position as "the world's largest insurance brokerage" for all 11 years *Business Insurance* has ranked such companies, reported record gross revenues of $846.8 million in 1981, up 25% from $677.3 million in 1980.

The company clearly met the goal it announced last year of 10% revenue growth per year, adjusted for inflation.

Net income, the main measure of profitability for publicly owned companies, also grew. M&M's net income increased 19.2% to $120 million in 1981 from $100.7 million.

M&M added 424 employees to bring total staff to 15,074 in 483 offices worldwide. The total number of employees reported by M&M does not include employees of nonconsolidated subsidiaries since the revenue of these subsidiaries are not reflected in M&M Cos.' revenue total, the company points out.

The number of offices shrank from 521 in 1980 as M&M merged overseas units with C.T. Bowring Ltd., a 1980 acquisition.

In 1981, the company reported insurance premium volume of $9.6 billion, up 17% from $8.2 billion in 1980.

For the first quarter of 1982, however, the fast-track pace did not continue as the company reported operating revenues of $237.7 million, up only 8.7% from the same period in 1981. Net income grew only 2.5% to $34.8 million.

Insurance services, a combination of all brokerage and risk management services including reinsurance, provided 78% of the company's total operating revenue, about $658 million, up 27.5% from about $516 million in 1980.

Employee benefit services, primarily through benefit consultant William M. Mercer Inc., generated about 17% of total revenues, or about $143 million, up 16% over 1980's $123 million.

Investment management revenues totaled $46 million, or 5.4% of total revenue, up 18% over $38 million in 1980.

M&M Inc., however, was involved in some controversies in 1981. As broker for both Hyatt Corp. and Hallmark Cards Inc., it continues to be involved in the litigation surrounding insurance coverage for the collapse of two skywalks in the Kansas City Hyatt Regency Hotel last July.

Questions have been raised over whose line of insurance should respond first to the claims and named insureds on Hyatt's and Hallmark's policies. Hyatt operates the hotel and Hallmark's subsidiary, Crown Center Redevelopment Corp., owns it (*BI*, Dec. 14, 1981).

M&M also lost Johns-Manville Corp. as a client. J-M, the large asbestos manufacturer and a client since 1944, sued the brokerage for $700 million over alleged improper conduct when putting together an insurance package (*BI*, Jan.18). The suit is still pending.

According to the M&M 1981 annual report, about 70% of its total business comes from about 1,500 large corporations across the world while 20% comes from about 100,000 smaller companies. The remainder of business comes from more than 1 million individual clients.

Compared with other insurance brokerages, the financial quantities are huge and mind-boggling. Perhaps that explains M&M Cos.' 1982 reorganization into three distinct profit areas and its attempt to broaden internal accountability to 300 managing directors and administrators in various divisions of the company.

"What we need to do, what we have tried to do, is organize the

Continued on facing page



Howard H. Ward, President, Commercial Union Insurance Companies
Richard P. Stitt, President, CU Personal Lines
William T. Buntrock, President, CU Commercial Lines

The CU Difference... providing the tools needed to ensure agency growth.

Commercial Union Insurance Companies



Mr. Kline

Continued from facing page

company for growth," Mr. Kline told *Business Insurance* as he explained M&M's internal redesign. "We are now in essentially three businesses: retail brokerage is about 60%, reinsurance 20% and employee benefits 20%."

The three divisions are:

- Marsh & McLennan Inc., which oversees all retail brokerage business (including the retail business generated by C.T.Bowring Ltd. in Great Britain), risk management, claims and loss prevention services and some facultative reinsurance.
- Consulting and financial services, which include the recently repackaged William M. Mercer Inc., Marsh & McLennan Asset Management Co. and a new division called M&M Group Associates.
- Reinsurance activities, which are split between Guy Carpenter & Co. Inc., the nation's largest reinsurance brokerage, and C.T. Bowring's treaty reinsurance brokerage.

Although each operating company within each group has its own administration and bureaucracy, the corporate parent also has introduced a new breed of executive, who may or may not be an administrator: the managing director.

Borrowed from British companies that usually award the title to officer managers, M&M has used the name to give distinction to valuable staff members who share accountability for the company's work at all levels—from administration to client contact.

Essentially, the managing director designation is a way of placing technical specialists and top salespersons in leadership roles equal to administrators, office managers and company organizers.

"What we want to do is identify everyone in the company who makes a valuable contribution to the end product, not just those who oversee the end product," says Mr. Kline. This would include "account executives who are personally responsible for large amounts of revenue and large clients, technical experts who help analyze needs and design programs and administrators who oversee day-to-day operations."

Although some critics might say the design is like having too many cooks in the kitchen, M&M's president believes that many leaders make much accountability.

The person who talks to the client has no boss upstairs to pass the buck to, he says.

"Instead of a handful, I have 300 people who are responsible for our overall operations," he says.

Robert Clements, president of Marsh & McLennan Inc., the corporation's largest operating subsidiary, says the managing director concept is a way to mold his far-flung organization, now in 274 cities, into the worldwide unit proposed and designed last year.

Like the parent corporation, M&M Inc. faces no easy task in coping with growth.

Although the exodus of C.T. Bowring executives stopped within a few weeks of the milestone merger with M&M Cos. in 1980, the distances and differences in business styles on the two staffs leave a gap that needs to be closed for both morale and efficiency, Mr. Clements says.

And domestically, M&M Inc. is so big that communicating the corporate spirit and style takes a professional development program more comprehensive than that offered by many business colleges.

For example, new M&M Inc. employees take courses labeled "Marsh & McLennan I," "Marsh & McLennan II" and "Marsh & McLennan III" to learn both the basics of insurance marketing and to orient themselves with the company.

"We feel that the managing director title is very important in combining all our brokerage offices into one force, creating a bond among the people working in brokerages around the world," Mr. Clements says.

M&M Inc. has 110 managing directors, a group that met for the first time during April's Risk & Insurance Management Society Conference in Washington, D.C.

About 70 of these managing directors come from U.S. offices while 40 are based in overseas offices, including those of C.T. Bowring.

The response, according to Mr. Clements, was enthusiastic.

"Wherever they were from, it was clear that as managing directors of M&M Inc., they felt a part of the operation. Thereby, we became an international brokerage," he explains.

Moreover, the meeting and the titles helped express "a feeling about the business that is essential to any company in client services.

"It is important to remember that you are a partnership in service and that there is a great deal of local responsibility and autonomy granted to individual offices and opportunity for contribution by members."

A model for this spirit is Marsh & McLennan World Services, the worldwide network of technical specialists who oversee M&M service companies, including M&M Protection Consultants, loss prevention experts; Clayton Environmental Services Inc., which concentrates on industrial hygiene and environmental risk analysis; RIMSTAR, the risk management computer data base; and the company's

Continued on next page



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Continued from previous page
captive management and facultative reinsurance facilities.

Supervised by Executive Vp and Managing Director Philip Brown, M&M World Services has 800 employees scattered in various offices, who supplement the expertise available in individial offices.

The division also helps coordinate, under the direction of an account executive, solutions to the massive service and capacity demands of extremely large risks.

Managing directors of M&M World Services tend to be technical experts, while the managing directors of local offices may be individuals who oversee several large accounts.

The two sets of managing directors can work in an equal partnership without philosophical concerns over profit-center accounting and who is earning what fees for what projects, Mr. Brown says.

M&M World Services produced several victories for the brokerage last year, helping to boost domestic insurance brokerage revenues 10% despite continued rate slashing by insurers and the troubled U.S. economy.

Special insurance projects coordinated by World Services in 1981 and 1982 include:

- Coverage for construction risks for the $1.7 billion Riyadh University complex in Saudi Arabia. Participants in the coverage design included M&M's French affliate, Faugere & Jutheau, S.A.; Kabban Marsh & McLennan (Middle East) Corp. in London; the Riyadh office of Marsh & McLennan Baksh Ltd.; the Seoul office of Marsh & McLennan (Korea) Ltd.; the international non-marine division of C.T.Bowring; and the management information systems division of M&M Inc. in New York.

The contractor clients were Bouygues S.A. of France in joint venture with Blount Inc. of Montgomery, Ala. The project is expected to take three years.

- Coverage for property/liability risks of a new synthetic fuel plant designed by Mobil Corp. under contract from the New Zealand Synthetic Fuel Corp., a government entity of New Zealand.

Participants included world service experts, Bowring-Burgess of New Zealand, and C.T. Bowring as wholesale broker, all directed by an M&M Inc. New York-based account executive.

- Coverage for fabrication, flotation, towing and erection of a 750-foot single-section oil drilling platform to be installed off Santa Barbara, Calif., for Shell Oil and four partner companies. The values will exceed $200 million. The Houston M&M office and M&M's New York-based marine and offshore group planned the coverage.
- Coverage for the launch and continuing operation of satellites in a European Space Agency project for 10 countries—West Germany, Belgium, Spain, France, Italy, Norway, the Netherlands, the United Kingdom, Northern Ireland and Sweden.

Two spacecraft, the MARECS A and B, were designed to provide communication between ships and shore stations, with service leased to the International Maritime Satellite Organization.

In placing the coverage, M&M participated in a consortium through C.T. Bowring and Faugere & Jutheau. The consortium also included international brokers Gradman & Holler and Generali and Leslie & Godwin Ltd., the British division of Frank B. Hall & Co., the third-largest U.S. brokerage.

Coverage limits for the launch were $81 million. Insurers would pay one launch failure after a one-failure deductible.

Coverage limits for a satellite failure after launch were $96 million for the first failure.

Implementation of the managing director concept and revamping of management also is affecting William M. Mercer Inc., the nation's largest employee benefit consulting company that is now part of M&M Cos.' consulting and financial services group.

A.J.C. Smith, president of Mercer, was promoted to vp of the group. Mr. Smith oversees three companies: Mercer, which continues as an employee benefit consultant; M&M Asset Management Co., which manages the Putnam and Eberstadt investment funds; and M&M Group Associates, which sells employee benefit plans to trade associations and affinity groups—a spinoff of former Mercer business.

The Mercer employee benefit consulting division reported revenue gains of 12% over 1980. John Ireland, formerly executive vp of Mercer, was promoted to chairman of Mercer and Dijit D. Juneja, president of Mercer of Canada, became Mercer's president.

Bernard Rogers was named president of M&M Group Associates, which includes the 1981 acquisition of PIA Life & Group Employee Benefit Services.

M&M Group reported revenue gains of 21%, according to the annual report, and is the fastest-growing part of the consulting and financial services group.

Two former Mercer directors, George Faunce III and Thomas R. Waylett, were named managing directors of the three-tier consulting and financial services group with responsibilities for operations and finance and budgeting.

"There's a common thread running through all parts of the group," says Mr. Waylett. "If you can conceive of client servicing as a skill in an advice-giving business, all of the divisions make a natural fit. By grouping them together, you create a natural synergism and professional development."

The spirit of cooperation is enhanced by the managing directors, he added. Mercer alone has 23.

Mr. Waylett echoes the philosophy of Mr. Kline.

"I see the managing part of the title relating to managing clients and accounts while the 'director' part reflects leadership in operations," Mr. Waylett said.

"In this way, I think we are evolving the client upward in company management so that the person who deals with the client is involved in decision-making," Mr. Waylett said.

Clients need not worry, however, that the new grouping will jeopardize the confidentiality of information or cause them to be harassed with sales calls generated by other divisions, Mr. Faunce adds. Policy and law prevents the parts of the group from sharing client lists.

Reinsurance activities including Guy Carpenter & Co. in the United States, headed by President Frank J. Tasco, reported revenue gains of 18%, which M&M consolidates in its financial reports as part of insurance services. British reinsurance operations from C.T. Bowring grew 27% in British pounds sterling, or 9% in U.S. currency.

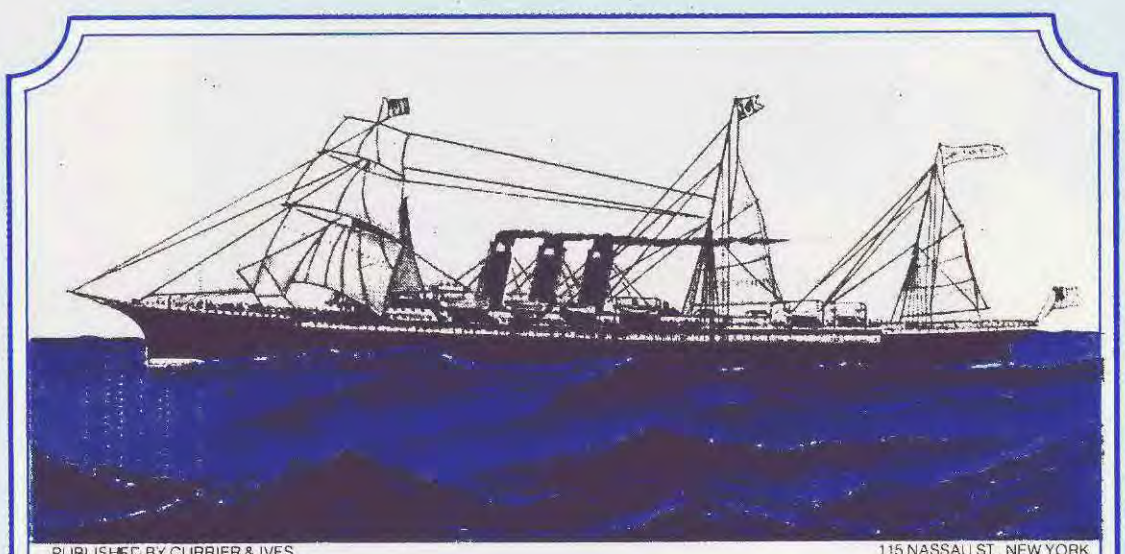
Other officers of Marsh & McLennan Cos. include John M. Regan, chairman; Robert J. Newhouse Jr., vice chairman; and Bruce W. Schnitzer, vp and chief financial officer. Other officers of Marsh & McLennan Inc. include Alessandro C. DiMontezemolo, chairman; and Kennedy B. Galpin, vice chairman.

As reported to the Securities and Exchange Commission, the five highest-compensated executives in salaries, commissions and bonuses in 1981 were:

John M. Regan Jr.	$375,000
Robert J. Newhouse Jr.	$257,500
L. Patton Kline	$240,000
Frank J. Tasco	$195,000
A.J.C. Smith	$172,500

—By Len Strazewski

1887: a year for successful beginnings



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	1981	1980
Premium vol	$2,820,000,000	$2,800,000,000
Gross rev	$458,279,000	$422,660,000
Employees	7,500	7,500
Rev./employees	$61,104	$56,355
Offices	125	131

It was a difficult year for the nation's second-largest insurance broker, Alexander & Alexander Services Inc., but 1981 was not without its milestones.

Squeezed by continued competition in the insurance industry, with renewal premiums dropping about 20%, A&A revenues increased just 8.4% during 1981, to $458.3 million, down from the 10.1% increase posted during 1980. Net income rose a razor-thin 0.5% to $57.5 million and earnings per share stood unchanged from 1980 at $2.98.

But it was also a record year for generation of new business, which produced a 20.4% jump in new revenues to $57.9 million, meaning A&A improved its U.S. market share at the expense of competitors.

Frustrated by tax complications in its proposed merger with British-based broker Sedgwick Group P.L.C., A&A called off the wedding last year. It then turned to its longtime London contact, Alexander Howden Group Ltd., and finally locked arms this March with Britain's third-largest brokerage, paying $300 million in cash and an exchange of stock for the new international business.

It was, in the words of Tinsley H. Irvin, chairman, president and chief executive officer of the broker's domestic arm, Alexander & Alexander Inc., "the most difficult business year that A&A has faced since going public in 1969."

Neither Chairman John A. Bogardus Jr. nor Mr. Irvin attribute the acquisition of new business to any specific strategy, but rather to a long-term emphasis on meeting client needs and hiring talented people.

"It's a cliche," says Mr. Bogardus, "but if you have the right people, you're going to get the right results."

"I think the new business is not achieved through mergers and acquisitions," says Mr. Irvin. "This is strictly new business produced by our resources. We obviously are increasing our market share because, with declining premium commission base, if you increase your commissioned sales you're obviously increasing your market share."

The Howden merger, however, also is increasing A&A's market share and is changing the complexion of the company, adding more international business and more underwriting interests.

Had Howden been purchased in 1981, instead of in March of this year, A&A would have reported $603.4 million in gross revenues last year, instead of its own $458.3 million—a 31.7% revenue hike resulting from a single acquisition.

In the first quarter of 1982, A&A's revenues were up a whopping 40.6% to $166.8 million, showing the impact of the Howden operations. Excluding the Howden operations, the continued cheap prices in the insurance market held A&A's revenue increase in the first quarter to 6.1%.

Expenses, partly attributable to the legal and other costs of the merger, rose by 51%, helping to lower net income to a 16.5% gain.

The only disappointing evidence of the Howden merger was immediately apparent in A&A's reported earnings per share for the first quarter of 1982. Because of the need to spread earnings over a greater number of shares, the merged group reported a 9.9% decline in per-share earnings to 73 cents.

Mr. Bogardus says the Howden merger will bring together Howden's expertise in international reinsurance, underwriting management and Lloyd's of London brokerage with A&A's strength as a large retail insurance broker.

And there is a bigger network. A&A has 3,950 more employees than the 7,500 it reported at yearend 1981 and 33 more offices outside of Britain added to its previous 46. Howden's international business generated 1981 revenues of $145.1 million.

Although A&A contends that the Howden acquisition was an offensive move rather than a defensive one, it does make A&A a little less appealing as a takeover target, since 22% of A&A's stock is now held by British investors.

Continued on page 20



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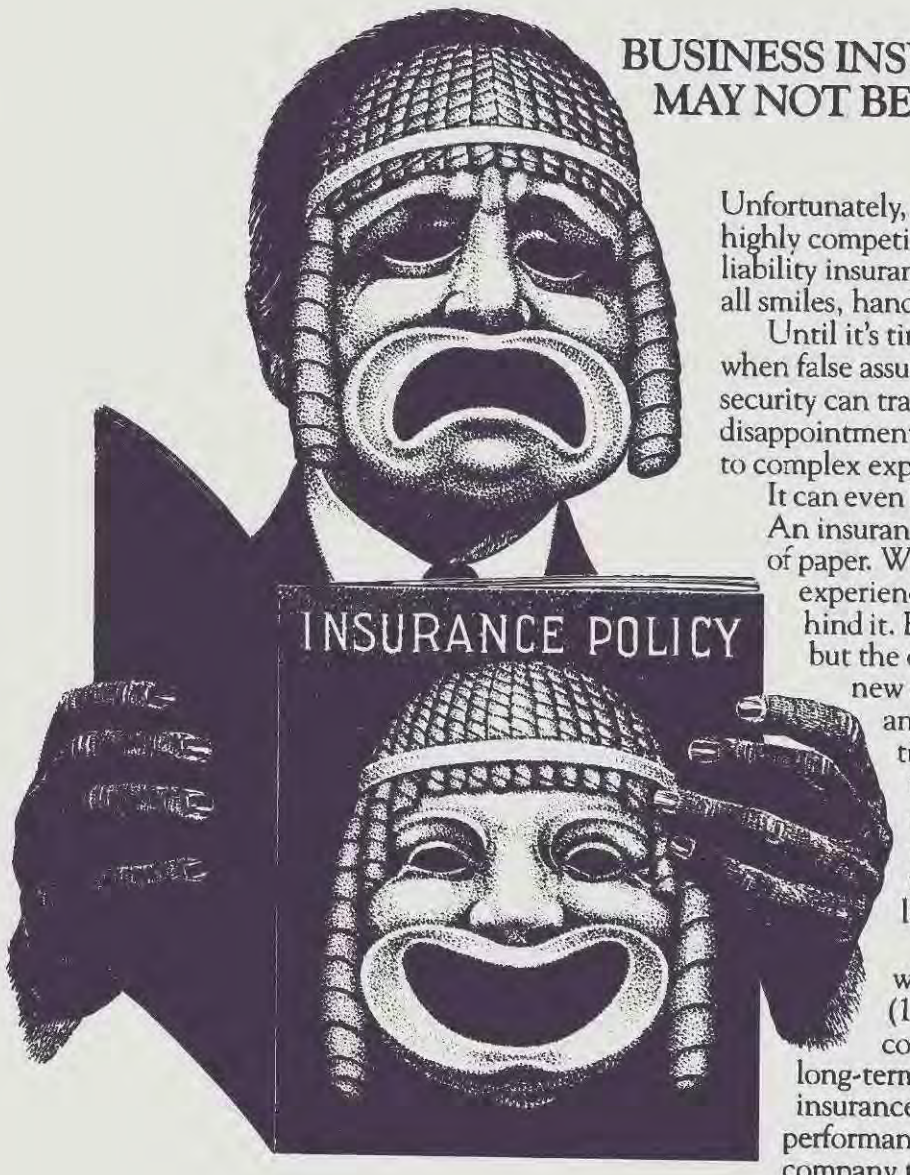
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Mr. Bogardus

Continued from page 18

But more important to A&A is that Howden provides the vital plank in Mr. Bogardus' platform for overseas growth.

Revenues from A&A's international operations had not been significant before the Howden merger. Now, Howden's non-British retail brokerage operations will become part of A&A International, and there is very little overlap with existing A&A offices.

Howden will continue to run all of the London brokerage operations, underwriting management and non-U.S. reinsurance business.

Approximately 42% of Howden's 1981 revenues comes from brokerage, about 40% from insurance premiums, about 17% from underwriting agency commissions and the rest from non-insurance related services like data processing, ship brokerage and printing. Of the total revenues, 38% came from non-United Kingdom sources.

Howden manages 15 different London underwriting syndicates, including Ian Posgate's marine syndicate, the largest at Lloyd's. A&A says more than 4,000 of the 20,000 Lloyd's names participate in these syndicates, with a total premium capacity of 220 million pounds (approximately $387.2 million).

The Lloyd's self-regulation bill, which is currently before the House of Lords and which would require Lloyd's brokers to divest their underwriting management agencies, has been opposed by Howden executives and Mr. Bogardus says he sees no reason to restrain such opposition.

"It would have been inappropriate, we felt, at the time we merged with Howden to insist that they disengage themselves from the fight because they had put so much energy into it," Mr. Bogardus says. "And at the time, the portion of their earnings that the managing agencies represented was fairly high."

Now, says Mr. Bogardus, the Howden underwriting operations are part of the larger A&A-Howden revenue picture and whatever happens to them won't "have a great adverse effect on our earnings."

"Even if divestment is called for, that business has a value and will be sold," he adds.

The proceeds of such a sale would come in handy for A&A as it pursues further international growth by transforming correspondent relationships into equity positions around the world.

A&A will concentrate its expansion in non-crown colony countries. Already this year, A&A acquired brokers in France and West Germany.

In February, A&A acquired a 21% equity interest in the French insurance broker Cie Europeenne de Courtage D'Assurances et de Reassurances. CECAR is the fourth-largest insurance broker in France, with 250 employees.

In May, A&A acquired a 20% equity in Industries-Assekuranz G.M.B.H. & Co. in West Germany, with which it has had a long-standing correspondent relationship. IAG employs 80 people in offices in Frankfurt, Cologne, Munich and Hanover.

Other milestones include record investment income, more acquisitions in the United States and restructuring management.

For the first time since going public in 1969, A&A actually derived more income from investments— mostly "premium float"— than it did from the group and life brokerage side of its business.

Investment income, which grew 25.7% to $38.2 million, represents 8.3% of A&A's total 1981 revenues, up from 7.2% in 1980 and just 3.1% as recently as 1977. The $8 million increase in investment income is almost a quarter of A&A's $36 million increase in total revenues for the year. Another $2 million of revenues was added through the purchase of tax benefits.

Income from life and group insurance commissions and fees totaled $37.1 million, or 8.1% of total income, up from 7.4% the previous year.

Commissions and fees for brokering property/casualty and marine insurance produced 72% of A&A's revenues during 1981, or $330.3 million, compared with $304.8 million in 1980.

Mr. Bogardus says A&A has had "some success" negotiating for higher commission rates from insurers.

"The insurance companies know the situation," he says. "It's a two-way street. In a hard market, we take lower commissions very often —almost always. So when it goes the other way, you've got to get higher commissions."

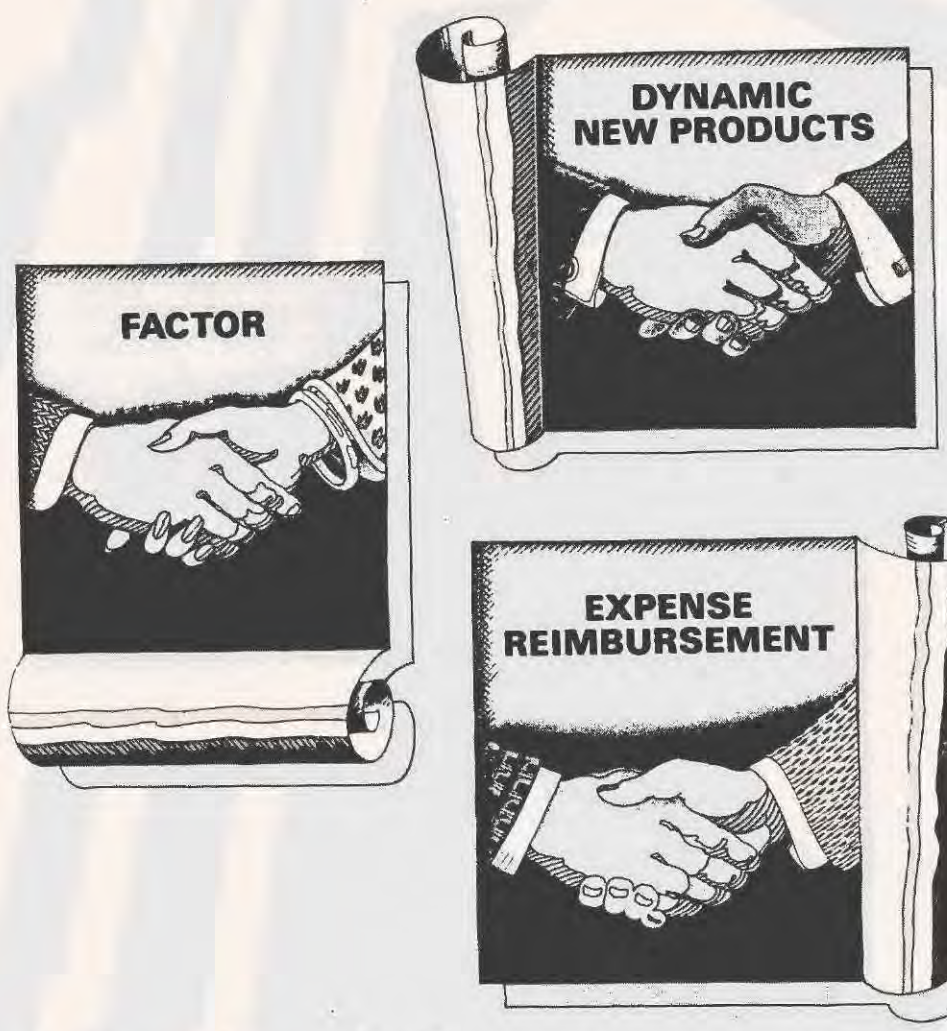
Yet, the contribution to total revenues of brokerage commissions at 72% is a decrease from 74% during the previous year and nearly 80% in 1977.

Otherwise, the mix of business did not change dramatically from 1980. Actuarial consulting contributed $12.2 million (2.7%); employee benefit communications, $8.9 million (1.9%); premium finance, $10.7 million (2.3%); property-tax consulting, $7.7 million (1.7%); and other operations, $13.1 million (2.9%).

Even ignoring the Howden merger, A&A completed one of its most active acquisitional years. During 1981, A&A paid at least $7.9 million in cash for the purchase of 20 insurance brokerage, agency and consulting concerns.

That compares with an outlay of $5.3 million in cash and 72,566 shares of A&A stock for 12 acquisitions during 1980, eight acquisitions costing $1.4 million and 16,800 shares in 1979 and four acquisitions costing $1.6 million and 50,082 shares of stock in 1978.

Continued on page 22



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Mr. Irvin

Continued from page 20

"Many of these firms (which A&A acquired) are at a financial crossroads where they either have to come up with enormous financial resources to expand or keep abreast of all the technological changes that are happening, or else they have to join someone else," says Mr. Bogardus.

Among domestic acquisitions during early 1982 were mergers with Charles H. McDonough Sons Inc. of Hartford, Conn.; R.B. Augustine Insurance Agency Inc. of Richmond, Va.; Nahm, Turner, Vaughan & Landrum Inc. of Louisville, Ky., the largest independent broker in that state; Edward Lee Kozberg & Sons of Los Angeles; Ivor M. Grant & Associates of Santa Ana, Calif.

During 1981 A&A merged with: Ed Slavik of Corpus Christi, Texas; Campbell & Co. Inc. in Boise, Idaho; Beeson & Co. Inc. in Seattle, Wash.; Roland E. Tornquist & Associates Inc. in Pleasanton, Calif.; Graham Agency Inc. in Alexandria, La.; Mel McReynolds Co. and Peyton Gish, both in Dallas; Beltran Insurance Consultants Inc. in Miami; Martin-Irvine Insurance Agency Inc. in Newport Beach, Calif.; and Silverman & Co. Inc. in Chattanooga, Tenn.

Also: First Manhattan Intermediaries in New York; Charles J. Jones Inc. in Santa Monica, Calif.; Min Tsubota and Sherwood & Roberts, both in Seattle; Gordon & Brown in Louisville, Ky.; M. Harvey Taylor & Son Inc. in Camp Hill, Pa.; Meredith Associates Inc. in Westport, Conn.; Insurance Agency Inc. in San Antonio, Texas; Glen Reid, Thrift & Co. in Charlotte, N.C.; and DeWitt, Rearick, Dycus & Johnson Agency in El Paso, Texas.

During 1981, A&A opened U.S. offices in Harrisburg, Pa., and Salt Lake City, Utah. Overseas, it opened or acquired operations in Curacao and India.

In the United States, it sold seven small officies in North Carolina that were acquired in an earlier merger, and also closed or sold offices in Columbia, S.C., and in East Lansing and Troy, Mich.

Overall, A&A now has 79 domestic and 46 foreign offices, compared with its 87 domestic and 44 foreign offices in 1980.

In another milestone, a corporate restructuring carved A&A into three operating subsidiaries reporting to the reorganized parent, with the aim of separating domestic and international operations and integrating Howden.

Created were a domestic arm, Alexander & Alexander Inc., headed by Mr. Irvin; Alexander Howden Group Ltd., headed by Kenneth V. Grob as chairman and Michael J.A. Glover as chief executive officer; and Alexander & Alexander International Inc., with John C. Sienkiewicz as president and Kenneth W.S. Soubry as chairman.

Mr. Bogardus was elevated to chairman in addition to chief executive officer of the parent A&A Services, succeeding Mr. Soubry.

In another key management change, in July A&A hired William F. Farley, a 38-year-old former president of the New York state subisidiary of Citibank, N.A., as its chief financial officer. Mr. Farley was also elected to a position on the parent company's board of directors and given the title of senior vp of finance.

Mr. Farley had also served with Citibank subsidiaries in West Germany and Belgium and brings international and financial rather than accounting experience to the company.

A&A remains a growth company, despite the tough insurance market, Mr. Bogardus says. Both he and Mr. Irvin say they are concentrating on further acquisitions in the United States, plus growth in reinsurance operations, employee benefits and risk management services.

Mr. Bogardus hopes to make a major push in reinsurance, through both Howden's operations and those of its reinsurance intermediary, Thomas A. Greene & Co. Inc. in New York. Howden's U.S. subsidiary, Alexander Howden Group U.S. Inc., also owns 80% of Reinsurance Services of America Inc., another intermediary, which will be folded into Thomas A. Greene.

"We are coming from a relatively modest position in the reinsurance broking field and as far as market penetration is concerned, we should expect to do better than the others in the forseeable future," says Mr. Bogardus.

Added Mr. Irvin, "From a reinsurance point of view, we feel Howden fits more our needs" than if the Sedgwick merger had been completed. Howden has stronger international reinsurance links than Sedgwick, with its strong retail brokerage operations.

"Certainly we are putting an enormous emphasis on both employee benefits and risk management services and we will continue to do so," Mr. Bogardus adds.

The future may also hold the prospect of new relationships between insurers and brokers, Mr. Bogardus says, including—possibly—joint ventures.

"We certainly have in mind that that is an area that can be explored on any occasion," he says. "It would just be premature to discuss the specifics of anything that we're doing. Very often, these things never come to fruition. They're just in the discussion stage and that's where they stay."

Both Mr. Bogardus and Mr. Irvin predict competition for premium dollars will not abate suddenly, although a gradual firming of rates should occur.

"I think that the risk managers can look forward to a period of leveling, and I don't think that that is unhealthy at all for them," says Mr. Irvin.

Mr. Bogardus says the current depressed rates are an artificial situation. "And when people start living in an artificial environment, they come to expect that as the norm and that's not healthy."

Alexander & Alexander Services' securities were first listed on the New York Stock Exchange on Jan. 25. As of March 10, there were more than 19.3 million shares of A&A stock outstanding.

As reported to the Securities and Exchange Commission, the five highest-compensated executives in salaries, commissions and bonuses in 1981 were:

John A. Bogardus Jr.	$405,360
Paul G. Chigrinsky	$333,335
Tinsley H. Irvin	$310,951
Kenneth W.S. Soubry	$268,408
Robert A. Gielow	$229,917

—By Bill Densmore



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	1981	1980
Premium vol	$2,000,000,000	$2,000,000,000
Gross rev.	$353,470,000	$312,876,000
Employees	7,500	6,200
Rev./employees	$47,129	$49,934*
Offices	318	221

*As reported at year-end 1980.

Frank B. Hall & Co. has set out to be the one-stop shopping center for corporate risk managers.

"If a guy wants a cow, give him a cow" is the operative statement of Executive Vp John McCaffrey.

With its international brokerage, service and underwriting capabilities, Hall can perform all the services a commercial client needs, Mr. McCaffrey boasts.

"We have it all: Our own actuaries, our own insurers, our own E/S brokers—here and at Lloyd's—our own claims adjusters, our own reinsurance intermediaries and our own technical people," says Mr. McCaffrey, who is in charge of all domestic business for the nation's third-largest broker.

All those services produced a 13% growth in Hall's revenues during 1981 to $353.5 million from $312.9 million in 1980 and a 6.5% gain in net income to $30.5 million from $28.6 million.

Although it was the slowest revenue growth in five years, compared with growth of 15.3% in 1980, 29.5% in 1979 and 28.3% in 1978, "Under the conditions, I was happy," says Mr. McCaffrey. "And after having seen what we had to do to get there, I don't know that I could have expected more."

So far in 1982, Hall has reported a first-quarter revenue gain of 9% and a net income gain of less than 1%.

Analyzing Hall's 1981 growth, Mr. McCaffrey said 28% of it came in services, 15% to 17% in brokerage, 8% in insurance and the rest from other sources.

Other sources included investment income, which at higher interest rates and, Hall contends, under improved cash management



Mr. McCaffrey

techniques, increased to $43.3 million in 1981. Investment income represented $11.4 million of Hall's $40.6 million revenue gains, and 12% of its gross revenues in 1981. In 1980, investment income totaled $31.9 million, which was 10% of gross revenues.

Improved earnings of unconsolidated subsidiaries, gain on the sale of a foreign subsidiary (a trust company owned by Leslie & Godwin, Hall's London subsidiary) and the consummation of several tax leases also helped.

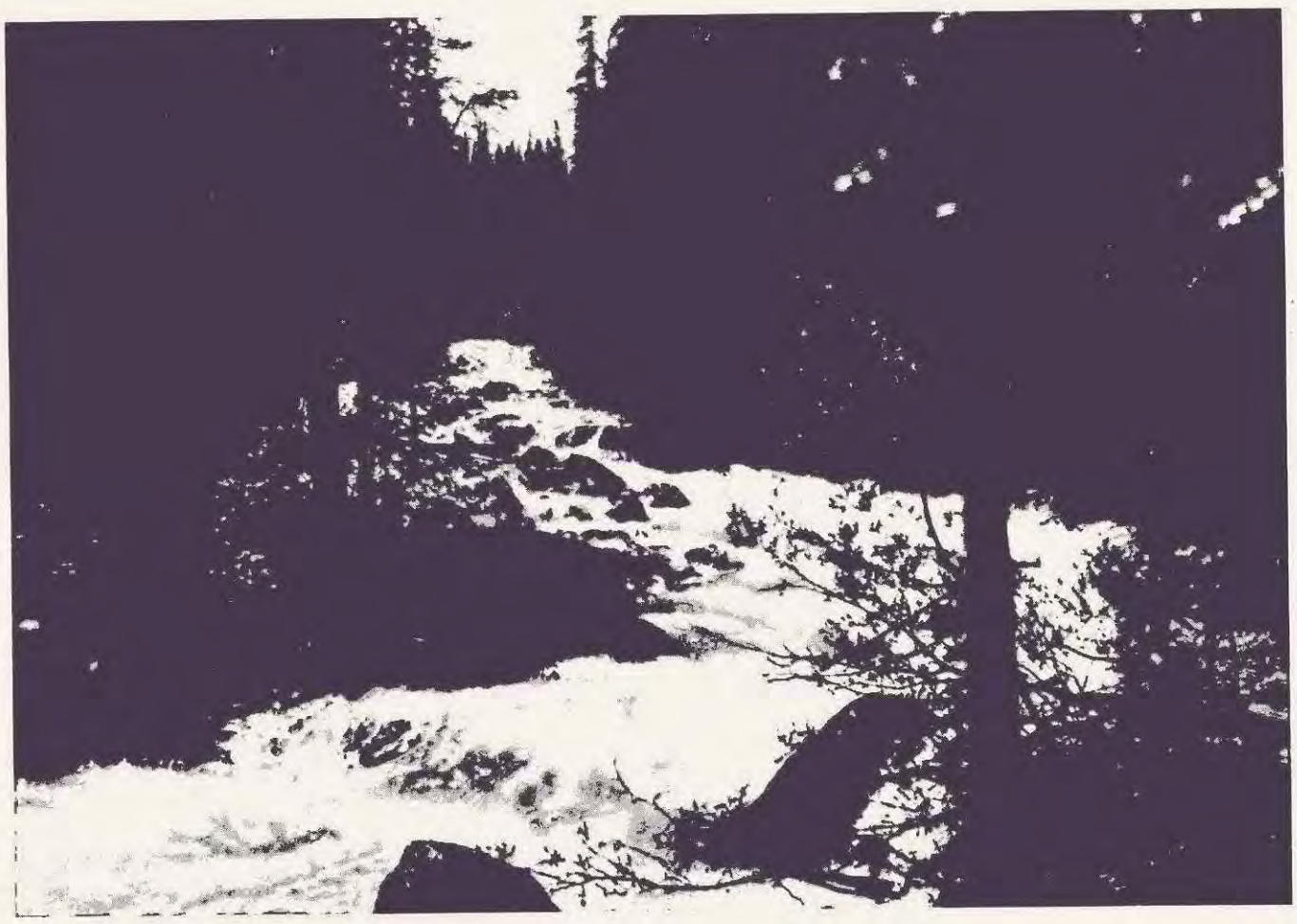
The growth in services is reflected in the two-percentage-point increase of revenues from "other" operations to 16%, or $56.6 million of total revenues. These "other" revenues include premiums earned by several domestic and foreign insurance companies and fees for services such as managing underwriting pools, captive insurance companies and self-insurance programs and claims and average adjusting services.

Hall hustled enough new brokerage business to counter reduced commissions on renewals as premiums were slashed by competitive underwriters. Hall's domestic brokerage revenues grew 12.5% to $250.7 million from $222.9 million on the strength of new business.

But Hall's revenue growth was hurt by the reduction in the value of the British pound against the U.S. dollar during 1981. Although Leslie & Godwin actually increased production, its reported commissions fell 4.7% to $39.2 million in 1981, compared with $41.2 million in 1980, because of the exchange rate.

Continued on page 26

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Continued from page 24

Net commissions and fees on foreign business outside the United States and Britain, however, increased 19.5% to $20.2 million from $16.9 million in 1980, including some foreign currency gains.

The impact of international business and foreign currency gains and losses can be misunderstood, however, notes Executive Vp Peter Pruitt, who is in charge of international operations and benefits. For example, Leslie & Godwin's contribution to profit actually increased because of the dynamic effect of the currency changes and growth, he says.

Although falling commissions on reduced premiums hurt, Mr. McCaffrey is not among the champions of a wholesale switch to fees for brokerage service. The accounting is too difficult, he says.

Nonetheless, because of Hall's extensive service network, Mr. McCaffrey expects 55% of Hall revenues in 1982 to come from fees, a third of which will be for traditional brokerage service.

In 1981, fees generated more than 40% of revenues. "Five years ago, 12% of our revenues was from fees," he notes.

As a percent of total revenues, activities relating to property/casualty business, especially insurance brokerage, contributed 56% of revenues ($197.9 million), down 2% from 1980. Employee benefits business, including consulting, administration and brokerage, contributed 10% of revenues ($35.3 million), also down a percentage point.

Marine brokerage contributed 8% of revenues ($28.3 million), again down 1%. Aviation insurance held at 4% of revenues ($14.1 million). Revenues related to reinsurance grew a percentage point to 6% or about $21.2 million.

Hall expects future growth, targeted at 13% or better, to be made up of its traditional brokerage business and its services.

Mr. McCaffrey chuckles when he says, "We're bundling," recognizing that the buzzword in the industry has been unbundling—offering risk managers services piecemeal instead of offering them in one big package as part of an insurance policy.

Hall could not and would not force a bundled package of services on risk managers as insurers traditionally did. It expects risk managers to ask for bundled services when the market tightens.

"Now, they are comfortable to pick and choose," Mr. McCaffrey says, because all services are available from numerous sources. But if the markets for fronting captive programs, for example, dry up, Hall has its own domestic licensed insurer (Union Indemnity Insurance Co.) to provide fronting services, its own adjusting services to handle the claims and its own captive manager—in Bermuda and the United States—to manage the company.

"Last time, we had to say, 'We went to the home office and. . . .'" the service wasn't available. Never again, Mr. McCaffrey vows.

He doesn't mind that risk managers won't use the whole system right away. "That's good for us. It lets us tune it."

The tuning has begun. Mr. McCaffrey and other executives at Hall agree that the biggest accomplishment in 1981 was a consolidation of Hall's resources.

"In 1981, the company really matured into an international organization," Mr. McCaffrey explains.

For example, the management of most of Leslie & Godwin's offices outside Britain and certain Commonwealth countries was tranferred to Frank B. Hall Overseas Inc.

In reinsurance, Frank B. Hall Re was created to encompass Interocean Agency, Hall's major U.S. reinsurance intermediary, and to create five reinsurance regions: the United States, Latin America, Middle East and Africa, Southeast Asia and the United Kingdom.

There is also a plan, to take effect sometime within the next couple years, to consolidate all benefits operations worldwide into one benefit consulting company, notes Mr. Pruitt. Just two years ago, all domestic benefit business was consolidated under Frank B. Hall Consulting Co.

"We've consolidated our strength," Mr. McCaffrey says, hastening to add, "but we prevent institutionalizing."

Hall is proud of its lean corporate management structure. Under Chairman and President Albert J. Tahmoush are Mr. McCaffrey on the domestic side and Mr. Pruitt on the international and employee benefits side, with regional managers reporting directly to them.

While consolidated to work well together, the extensive network of Hall brokerage, service and underwriting divisions that has been compiled is far from consolidated in name. A chart of Hall's brokerage and specialty services lists 38 operating divisions and subsidiaries providing services in 48 different areas of expertise, ranging from casualty actuarial services to whole life policies through payroll deductions.

Apparent from the chart is Hall's extensive claims service network and its international scope.

Hall-owned claims service companies include Rehabilitation Providers (a division of CGS), Southeast Marine Claims Service, Martin Boyer Co. Inc., Admino Inc., FBH Management Co., McDonald's Services Division, FBH Bermuda Ltd., Risk Sciences International Security Consultants (a division of H.J. Smith), Self Insurance Programs Inc. and Brown Brothers Adjusting.

Eighteen of the 38 companies listed are shown to provide international services, including claims, reinsurance broking, captive management and surplus lines.

Also interesting is that of the 38 divisions and subsidiaries listed, only eight have the name Hall or the letters FBH in their names.

Mr. McCaffrey is in no hurry to see that change. "In specialty areas, there is no need for Hall identification," he says. And, he notes, "In self-insurance services, a lot of business comes from the competition."

There are some exceptions. In 1981, Hall's Parker Aviation Division was renamed Frank B. Hall & Co. International Aviation Division. And Brown Brothers Adjusters, acquired in 1980, and Harold J. Smith Adjusters, acquired in 1981, will be organized with 400 other Hall adjusters by the end of the year under a yet-to-be-announced common name. Combined, they will be the third-largest adjusting company, behind GAB and Crawford & Co.

And, Mr. McCaffrey contends, Hall's adjusting company will offer clients new efficiency and control over claims handling.

The growing surplus lines organization at Hall also "may evolve into a name," Mr. McCaffrey adds. Hall surplus lines offices now operate under the names Unity Treaty & Excess Co. Inc., Global Surplus Insurance Services Inc., Sherwood Insurance Services Inc. and, since they were acquired in 1981, R.J. Saex Insurance Agency in Holyoke, Mass., and Cowles & Connell Inc., based in Hartford, Conn.

Hall already is trying to create an identity for its surplus lines brokers by advertising their services under the trademark "The Power Brokers."

But, of all the expansion, Hall seems most proud of hiring non-insurance technicians to guide its efforts to serve modern business

Continued on facing page

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Continued from facing page
needs. The founding of Risk Sciences International in 1981 is a prime example. Six experts on environmental and pollution issues were hired to conduct scientific environmental risk assessments, monitor regulatory developments and perform insurance underwriting analyses for the placement of environmental impairment liability insurance.

In addition, Hall hired experts in aerospace (four), biomedical engineering (two), actuarial work (three), oil engineering (two), construction engineering (two) and a host in data processing.

Ray Stevens, former risk manager for Dillingham Corp., was hired to head the development of a risk management information system from the user's point of view.

"We're not hiring insurance people anymore. We're hiring highly skilled technical people," says Mr. McCaffrey. "Initially, they will tell us what we should be doing. I'm a broker. I need direction in these areas. When we get these skills, then we can identify product needs."

Mr. Tahmoush, the company's chairman, calls Hall "an Institute of Technology."

Mr. McCaffrey contends Hall is poised to become the No. 1 insurance broker, "actually and perceptually," he says. "Who knows if we will be?" he hedges.

A major merger with another broker might be in Hall's future. The annual report notes that Hall has established a $30 million line of credit with five banks. Mr. McCaffrey wouldn't specifically discuss that or the disclosure in Hall's report to the Securities and Exchange Commission that it has one signed contract to make an acquisition.

"We're constantly looking," he allows. "And as this thing moves forward, maybe as acquisition of smaller brokers slows down, maybe you are looking at larger brokers, or a larger service organization. I might like to do it in bigger chunks, if it was worked out right."

Although Hall has not made any acquisitions in 1982, he denies that litigation with Ryder System Inc. over Ryder's apparent takeover attempt of Hall is holding any up (*BI*, Feb. 15).

Rather, the reduced earnings of all brokers right now has slowed acquisitions, he says. Brokers who are potential acquisitions "want to wait to get earnings up to sell. They aren't anxious to sell at the low point in their career," he notes. "At the same time, we want an immediate contribution to earnings from acquisitions."

Hall has more than doubled its gross revenues over the past five years, largely through acquisitions, which included 25 insurance brokerage and agency businesses.

Specifically in 1981, Hall acquisitions increased staff to 7,500 and the total number of all brokerage and service offices to 318, 79 of which are overseas and employ about 2,200 people.

In addition to the adjusting company and surplus lines brokers, the acquisitions included Alan D. Fulton Insurance Inc. in Coral Gables, Fla., known for construction and commercial risks, and 20% of Anscor Insurance Brokers Inc. in the Philippines.

In the service area, Hall acquired Self Insurance Programs Inc. in Los Angeles, adding to its self-insurance service companies. Self Insurance Programs specializes in administrative services for short-term and long-term disability and workers compensation programs.

And diversifying into underwriting, it acquired in August 1981 ELIC Corp., a life insurance holding company in Omaha, Neb., with two wholly owned operating subsidiaries. Empire Life Insurance Co. underwrites credit life and credit accident and health insurance, and Great Plains Insurance Co. Inc. is a licensed property/casualty company, now underwriting primarily private automobile and motorcycle insurance.

Also in 1981, Hall reacquired, with the permission of the Committee of Lloyd's, 75% of the Lloyd's of London brokerage activities of Leslie & Godwin (Holdings) Ltd. for about $5 million. Rothschild had retained that portion of Leslie & Godwin's business to satisfy the former restrictions against non-Lloyd's interests holding more than a 25% equity interest in a Lloyd's broker.

The purchase of financially ailing Jartran Inc., a truck and trailer leasing company, on Dec. 31, 1981, did not affect the company's operations in 1981. Hall doesn't expect to advance Jartran more than $5 million in 1982.

Although some have speculated that Hall bought the ailing Jartran as an antitrust defense against a takeover by Ryder, Hall says it bought Jartran to reduce its tax liability and to diversify.

Most of Hall's acquisitions are reported on a pooling rather than purchase basis, which requires Hall to restate the previous year's revenues to reflect the acquisitions. Hall did not, however, restate its number of employees for the acquisitions and, therefore, its year-end 1980 revenues per employee is reported for comparison with 1981.

The average number of common shares outstanding in 1981 was 11,496. Dividends per common share were $1.63, up 9.4% from 1980.

Two legal proceedings were considered worthy of special mention in the notes to the company's financial statements: The continuing litigation involving the liquidation of the bankrupt Bermuda reinsurance company, First International Assurance Co. Ltd., and the appeal of the $2.3 million judgment awarded by a District Court of Harris County, Texas, to a former employee, Larry W. Buck, against Hall and two subsidiaries.

In all the litigation, Hall says the ultimate outcome is not expected to have a material effect on the company's consolidated financial position or results of operations.

As reported to the Securities and Exchange Commission, the five highest-compensated executives in salaries, commissions and bonuses in 1981 were:

Albert J. Tahmoush	$659,240
Henry E. Froebel	$314,846
William C. Bartholomay	$312,930
John F. McCaffrey	$251,307
Peter T. Pruitt	$212,332

—By Kathryn J. McIntyre

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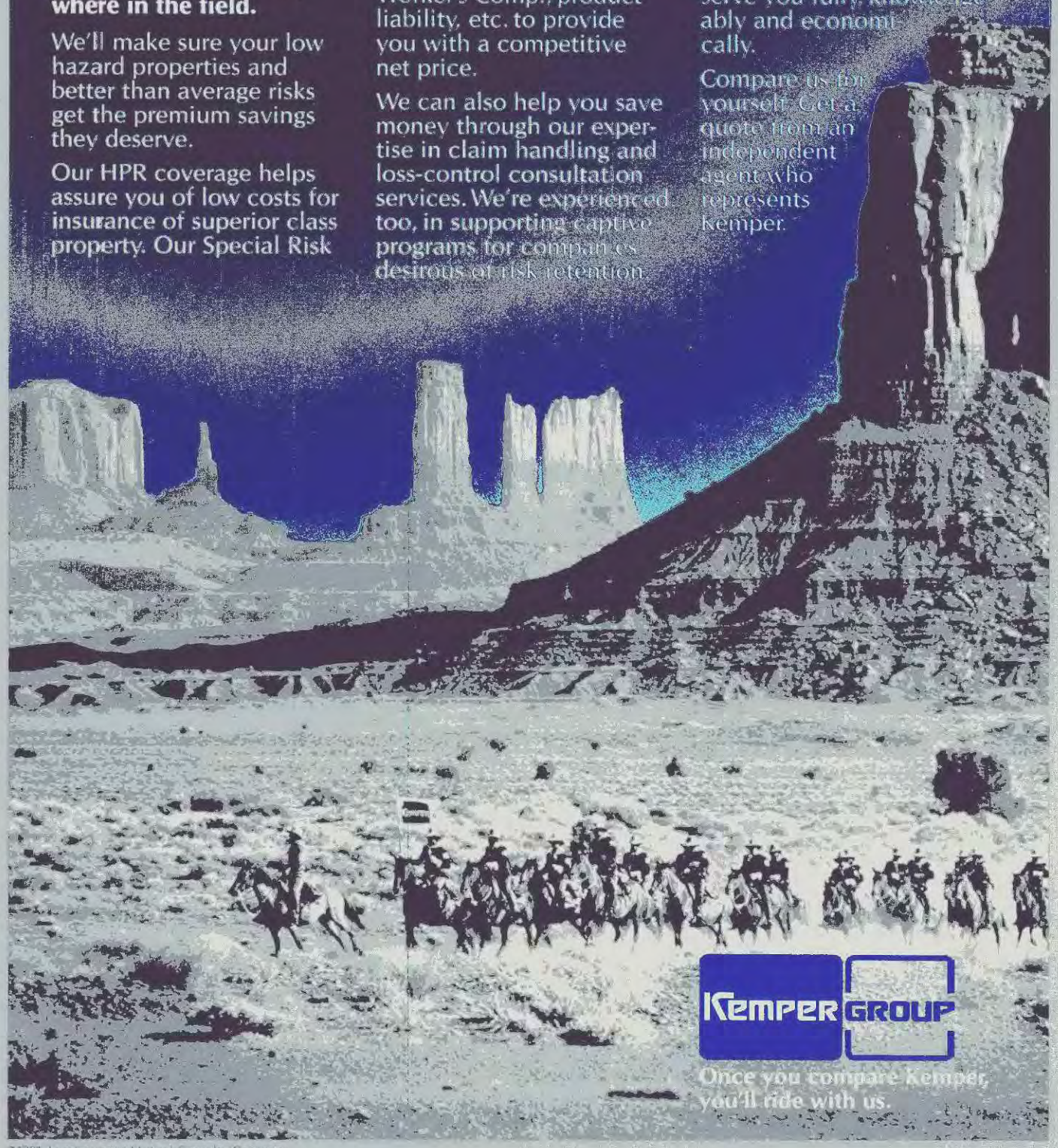
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Spotlight Report



Mr. Knetzger

4 Johnson & Higgins

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	1981	1980
Premium vol	NA	NA
Gross rev	$324,500,000*	$288,800,000*
Employees	5,950*	5,450*
Rev./employees	$53,866*	$52,991*
Offices	82	75

*BI estimate.

Seemingly unchanging Johnson & Higgins, the nation's largest privately owned insurance brokerage, has been changing subtly through the years, says its new president, Edwin L. Knetzger.

"There have been a lot of changes in our management team and style over the years," he says.

"For example as of about two months ago, we have a New York office with its own director, separate from the corporate staff. For years, it has worked quite well without someone having the specific responsibility to be manager of the New York office. We now have one, James Harlow."

"In fact, our system of management is the only one that mandates a change in direction," adds corporate Secretary Gardner Mundy. "With our system of 36 directors who are replaced at retirement, ownership turns over every 17 years. Every management has had a different approach and style."

Mr. Knetzger—who moved into the top management structure when former President Robert V. Hatcher replaced retired Chairman Richard Purnell—is an example of that change of style.

A straight-talking Phi Beta Kappa graduate of Princeton, Mr. Knetzger demonstrates a new openness at J&H and points to other examples of changes in management style:

- Renewed interest in small- and medium-sized risks.
- More negotiated fees for service, sometimes for more compensation than allowed by commissions.
- Goals that would increase employee benefits and international insurance sales to a combined total of more than 60% of business.
- Consolidation of the brokerage's international correspondent network in light of increasing international business.

What hasn't changed much is J&H's standing in the brokerage industry. The firm holds its fourth-ranked position in the *Business Insurance* Top 20.

BI estimates the brokerage boosted gross revenues by approximately 11% to $320.5 million in 1981 from $288.8 million in 1980, a somewhat quicker pace than several of the largest brokers, but slightly less than the average of its publicly owned competitors.

An analysis of the information gleaned both from industry sources and Johnson & Higgins suggests that substantial new business growth and a greater portion of revenues derived from employee benefit sales than most brokerages made J&H slightly more resistant than less-diversified brokers to the pressures of a staggering economy and shrinking premiums.

Although J&H executives have previously pointed to the firm's subtantial collection of international risks (producing about 20% of its revenues) as a strong, exceptional edge over other brokers' revenue mix, *BI* believes that the series of overseas acquisitions made by U.S. brokers now puts at least the top six brokers on a relatively equal international footing.

BI also estimates that J&H has expanded staff at a slightly lower rate than its revenue growth and now has approximately 5,950 employees, an increase of 500 over 1980.

"It has not been a record year for anybody, but I think some suffered more than others," Mr. Knetzger says.

"To the extent that our employee benefit business is a larger percentage of our total activities and its revenue has some kind of buffer effect," the poor business climate did not hit J&H to the same degree as other brokers, he adds.

The 13% rise in new business was a record, he says, adding that the trend is continuing in 1982 with new business 18% ahead of last year.

"We did better than last year (1980)," says Mr. Knetzger, when *BI* estimated it increased revenues about 10.2%.

To increase volume, J&H followed paths taken by other large brokerages in 1981 and gave renewed attention to smaller and medium-sized risks that many observers say were previously ignored by the firm.

"We operated in the same market as everyone else. What we are all trying for, I think, is increased share of the market, and every one of the big brokers is acknowledging a greater emphasis on small- and medium-sized accounts, however that is defined," Mr. Knetzger says.

"All the brokers and all the insurance companies say that is a goal, so there must be something there."

J&H apparently got its share of that business in 1981, contributing to the new business increase.

"The perception that we are just a large-company broker isn't totally accurate. In response to our discussions about emphasizing smaller accounts, many of our offices responded that was about all they have," Mr. Knetzger says.

"We don't have that many jumbos. I think there is one Fortune 1,000 company based in Alabama and we have it. Maybe that's where the perception comes from."

Profit margins, even on big risks, were squeezed by the economy and insurer rate-slashing in 1981, J&H executives say. And Mr. Knetzger admits that the brokerage, which has claimed it has almost always been compensated by commissions from insurers only, now sometimes negotiates fees for its services.

The practice, he explains, is not particularly widespread but a tool for delivering service.

"If you have a big Blue Cross account that the employee benefit consultants are looking at and the analysis suggests that the greatest advantage to the employer and employees is a continuation of Blue Cross, you charge a fee. No problem. If Liberty Mutual is the proper market but the client wants us to perform certain services, there is no problem charging a fee."

Continued on page 30



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Continued from page 28

But J&H monitors those fee situations very carefully, Mr. Knetzger adds, to avoid the temptation to underbid on a fee.

"We think we know more about fee operations than any of our major brokerage competitors because we've done it longer and more of it in the benefit end of the business. So we really know something about how to run a professional fee operation. We know it isn't easy.

"I think everyone is taking a more businesslike view of the relationship between the client and the broker. We don't believe in surprises. We have a periodic review which we call an interoffice quality control. Part of the job is to identify what we've done, what we've contributed, what the problems have been, what our recommendations have been and what's happened to them," Mr. Knetzger says.

"And the whole question of what we've done and how much we have earned—there's no mystery about what we have earned. It's something we're talking about these days with our clients."

J&H reports that 60% of its revenues comes from property/casualty insurance brokerage, 25% comes for employee benefit consulting and 15% from aviation and marine insurance brokerage.

J&H Chairman Hatcher has previously said that he would like both employee benefits sales and international risks, now each more than 20% of total revenues, to expand to 30% before 1985. Brokerage executives expect international business to be one of the fastest-growing areas for the firm.

J&H is already taking steps to deal with an expected upswing in international risks as overseas companies expand investment in the United States, Mr. Knetzger says.

"We really started as an international firm and I think is fair to say that we got a big jump on our competitors in the emphasis we placed on operations outside the United States.

"For example, when we went to South America right after World War II, it was purely to provide for our U.S.-based clients with South American operations. So, we have a big network now and we developed a fair amount of indigenous business."

"It's a natural evolution that we are getting more indigenous business," adds Mr. Munday. "If you do a great job for the Italian unit of a company based in Detroit, it's hard to keep it a secret, and other Italian firms come to you and want you to do the same thing. It was not the basic purpose for our move overseas, but it happens."

J&H is getting similar business from other European and Far Eastern countries, Mr. Knetzger adds.

"The first big reverse flow business we got was when the Belgian Congo became Zaire and a lot of Belgian investment in the Congo shifted to French-speaking Canada. Montreal and the branch offices ended up working very closely with that.

"That was a long time ago, but that's what is happening now as British, French, German and other investments are getting very heavy in the United States," he explains.

To formalize the correspondent brokerage network it uses to service U.S. risks abroad, J&H and nine other international brokerages formed UNISON last month (*BI*, June 14).

UNISON, which includes J&H's long-time British partner, Willis Faber P.L.C., is designed to help the brokerages compete with the publicly owned U.S. giants that have purchased overseas brokerages in the last three years.

Members of the organization refer local service business to each other and allow the majority of commissions from local insurance coverage to remain with the servicing brokerage, according to Peter Bickett, international director of J&H and chairman of the UNISON management committee.

The group has some 11,000 employees in 157 offices around the world and handles more than $10 billion in premium volume.

In addition to J&H and Willis Faber, UNISON members include: Boels & Begault of Belgium, Costa Duarte y Lima of Portugal, Gil y Carvajal of Spain, Gras Savoye of France, Jauch & Huebener of West Germany, Johnson & Higgins SPA of Italy, Mercury Insurance of Greece and Mees & Zoonen of the Netherlands.

J&H has 37 wholly owned offices overseas including J&H Ltd. in Bermuda, the island's largest captive manager. As reported last year, the brokerage also opened a similar office in the Cayman Islands and also added a new office in Valencia, Venezuela.

The brokerage has nine Canadian offices including new offices in Halifax, Nova Scotia, and Saskatoon, Saskatchewan.

It has 37 offices in the United States, including reinsurance intermediary Willcox Baringer and excess/surplus lines broker Neal Lloyd & Co.

J&H added five U.S. offices since 1980: Louisville, Ky.; Riverside, Calif.; Stamford, Conn.; Parsippany, N.J., and Washington, D.C.

In Louisville, J&H acquired Collins Agency, which led to the formation of Johnson & Higgins of Kentucky. In Riverside, the brokerage acquired Bailey H. Patterson Inc., which became the fifth office of Johnson & Higgins of California. The other new offices are expansions by the parent company.

New directors of Johnson & Higgins are: Richard A. Nielsen of Wilmington, Del., and Thomas G. Patzau, J. Kenneth Seward and George H. Shattuck in New York.

Other J&H directors in New York with the rank of senior vp are Lloyd H. Benedict, George D. Benjamin, Peter B. Bickett, Peter M. Black, William T. Dunn Jr., James G. Harlow, Kenneth A. Hecken, Kenneth K. Keene, Harvey M. Kelsey Jr., Richard A. Mittnach and Gustave S. Werner.

Prescott S. Bush Jr., brother of Vice President George Bush, is on leave to pursue political ambitions.

Directors in other J&H offices include: Peter Bergsten, Robert A. Cameron, Walter H. Clemens, Denver C. Ginsey, E. Eric Johnson, Dickinson C. Ross, W. Mitchell LaMotte, George F.B. Owens Jr., David A. Olsen and E. Massie Valentine.

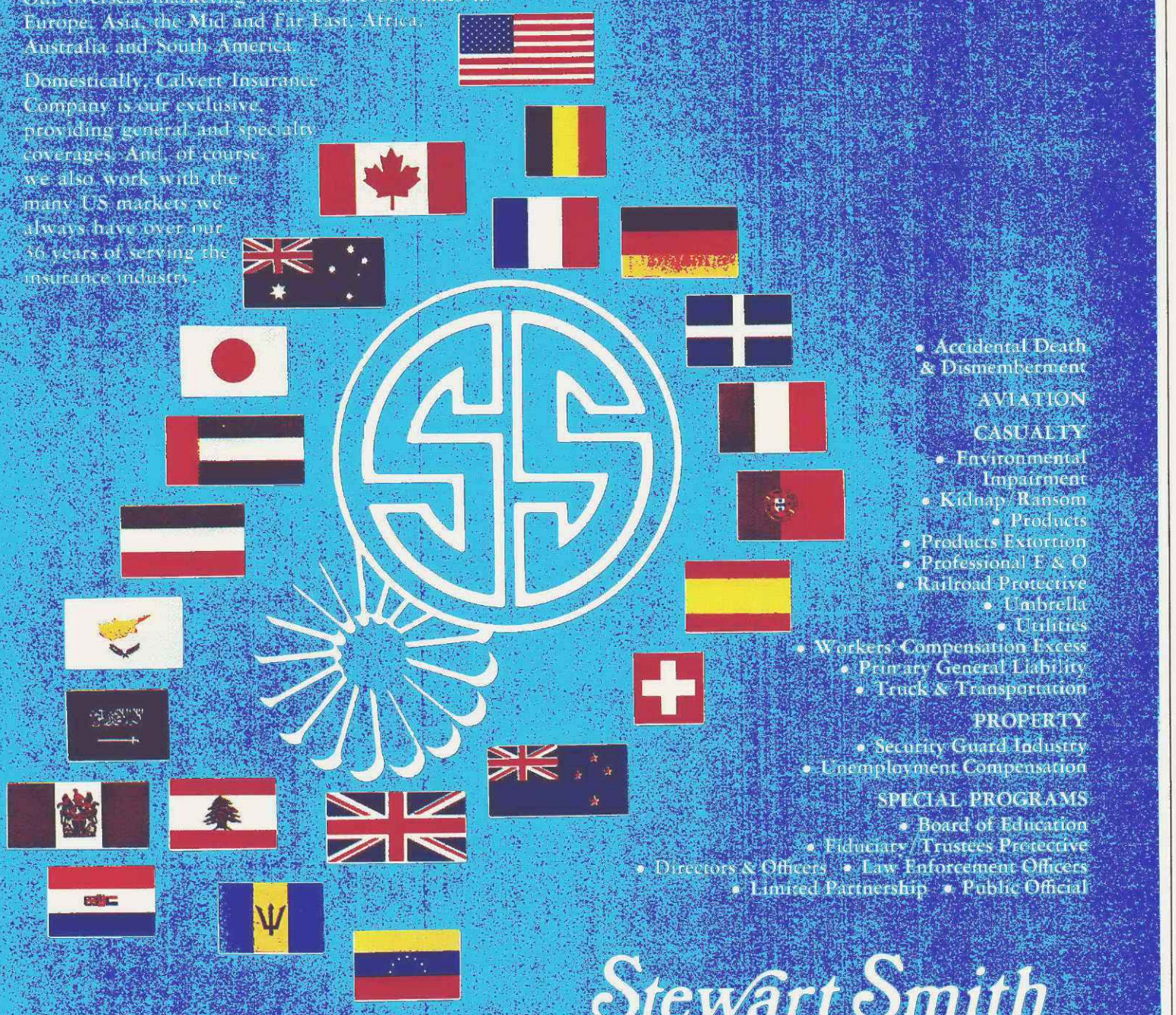
—By Len Strazewski

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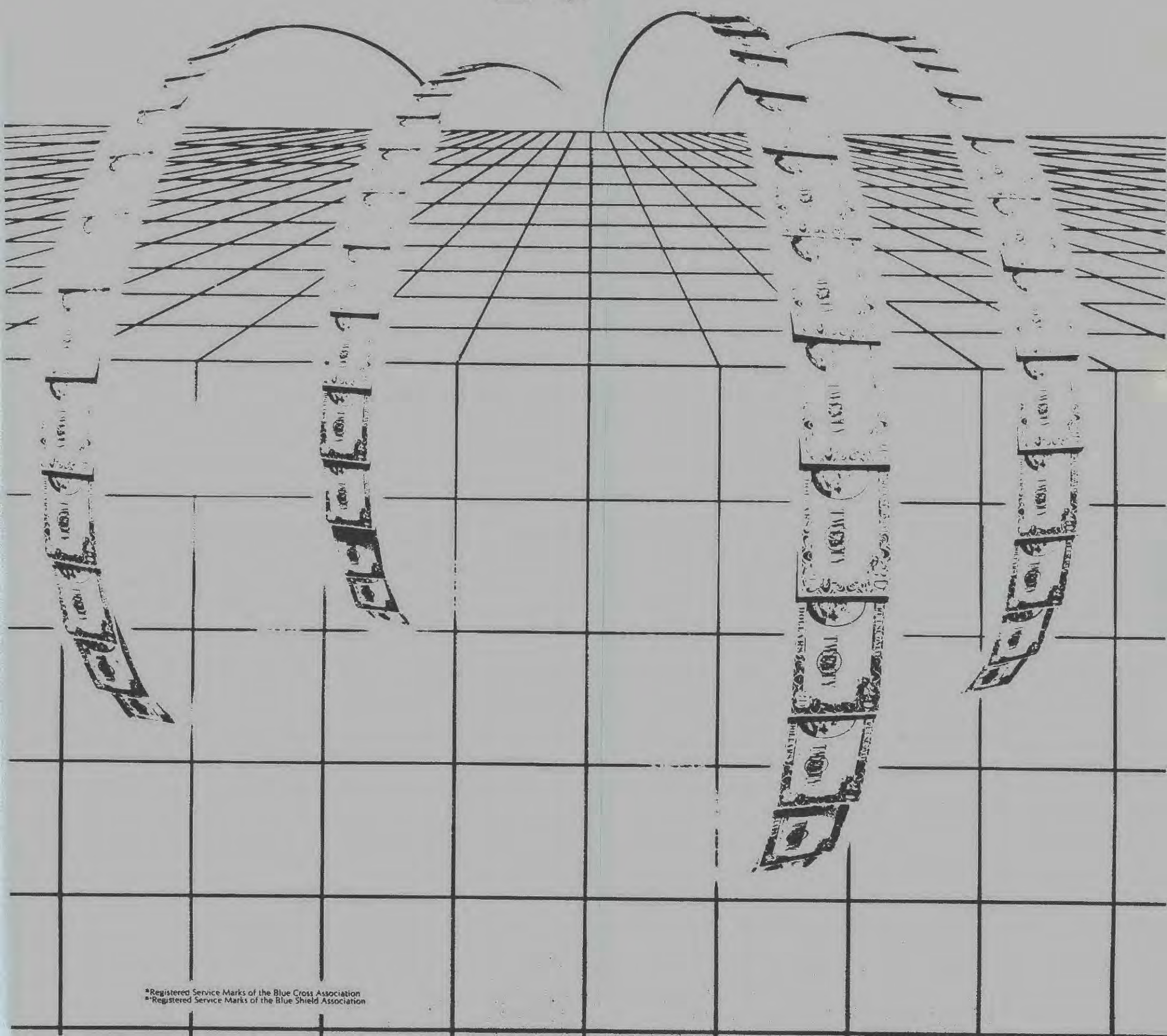
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5 Fred S. James & Co.

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	1981	1980
Premium vol	$2,800,000,000	$2,400,000,000
Gross rev	$242,414,000	$205,056,000
Employees	3,706	3,786
Rev./employees	$65,411	$54,162
Offices	125	122

Another year, another management concept and staff alignment at Fred S. James & Co. Inc., the most mercurial of the top tier of commercial insurance brokers.

But restructuring was just one part of a tumultuous but lucrative 18 months for the fifth-largest insurance brokerage which:

- Moved its executive leadership from Chicago to New York.
- Disbanded its year-old benefit and employee services subsidiary in favor of consolidated property/casualty and benefits offices.
- Rehired its top service officer who left the company two years ago.
- Increased revenues by 18% in 1981 while trimming staff through attrition.
- Expanded management and risk information data processing systems.
- Halted bonuses to top management.
- Sued two of its largest shareholders.



Mr. Mahoney

About the only James executive who retains exactly the same title and responsibilities is President, Chairman and Chief Executive Officer Charles O'Malley, whose predisposition towards streamlined, direct management and full-service offices seems to be taking the brokerage into a more clearly defined structure.

That new structure springs directly from a new marketing management concept that calls for all of James' major offices to offer all available property/casualty, employee benefit and risk management services to area clients.

"Operationally, we have adopted what we call a 'single-office profit center,'" Mr. O'Malley told *Business Insurance*. "Simplified, this means our total range of all products and services emanates from a single source in each of the territorial regions where we now operate. A reciprocal move involved the required restructuring of our senior management.

"We are fully integrated at each level of management with a precise, compact line of defined responsibility and authority directly from me, as the chief executive officer, to the manager of each profit center office."

Within the new corporate structure, Mr. O'Malley has two key executive supports that do not have operational duties. William E. Burch, a former president, is now vice chairman of the board and based in the Los Angeles office, where he is in charge of new business development.

Leo C. Havey, formerly vice chairman, became chairman of the executive committee this year, reporting directly to Mr. O'Malley and coordinating professional development matters among other responsibilities.

The direct line of operational authority below the chief executive officer begins with Senior Executive Vp Timothy Mahoney, who is in charge of national sales and services and was previously regional director of the New York metropolitan divisions. Daniel V. Malloy, former top executive of JEMCO, James' short-lived employee services subsidiary, reports to Mr. Mahoney as executive vp for operations and director of the Northeast region.

Mr. Malloy moves back to New York from Chicago, where he had been stationed as head of JEMCO. As director of the Northeast region, Mr. Malloy replaces Charles Kelleher, who is still under an employment contract with James but is not active in top management. Mr. Kelleher had previously headed the Boston office.

Although all executive functions were moved to New York when Mr. O'Malley became chairman, administrative functions, including internal personnel, employee benefits and other such operations, remain in Chicago, where the brokerage was founded.

Several regional directors, including Executive Vp and Director William Weatherford, report to Mr. Mahoney, and profit center managers report to regional directors.

Other corporate officers, not all based in New York, focus on national service or administrative duties:

- Richard J.Galbraith is senior vp-benefits. He had been chief executive of Galbraith & Green, James' largest acquisition and one of the country's largest benefit claims administrators. He replaces Mr. Malloy as senior benefit executive in the company and coordinates employee benefits and services sold under a new name, James Benefits, by the profit centers.
- Charles L. Ruoff is senior vp-property/casualty. Mr. Ruoff left James more than two years ago to become a senior vp of Continental Corp. He returned earlier this year to coordinate all national sales and support services; New Amsterdam Excess Inc., an excess/surplus brokerage; and James (Bermuda) Ltd. He essentially replaces Mr. Mahoney as the brokerage's top service officer.
- John C. Crane is executive vp-finance and administration. Mr. Crane is the brokerage's chief financial officer and a director of the corporation. His promotion expands his duties into additional administrative areas including legal, personnel and long-range planning.
- Alton Irby III is senior vp-international. His responsibilities are virtually unchanged from his promotion to this position one year ago, coordinating overseas brokerage and underwriting activities. They include Wigham Poland Ltd., of which James owns 57%, and Paladin Reinsurance Co., a 20% joint venture in underwriting with Alexander Howden Ltd. and three other partners.

UMC Management Co., the joint venture that manages syndicates on the New York Insurance Exchange, also manages Paladin.

The new management team is walking into difficult market conditions and a hotly competitive brokerage industry, Messrs. Mahoney and Malloy agree.

"Nothing is more important than maintaining our existing accounts," Mr. Mahoney said. "And we are and have been committed to doing whatever it takes in services and

Continued on facing page

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Your bottom



Mr. Malloy

Continued from facing page

extra marketing to keep them. We still try to get them the broadest coverage for the smallest price.

"But when you are hit with the double whammy of the economy and the market conditions, you have to squeeze somewhere," adds Mr. Malloy, "especially when you are trying to build for the future, invest in computers and keep key people happy."

In 1981 and the first half of 1982, shrinking premiums on individual accounts made James do exactly what the other large brokers did to maintain service levels: go back to the client.

"We tried a combination of things, all designed not to force us to reduce service. First, we tried to show the client what we have done for the company and impress the client with the cost of the service to James. Then we pointed out the services we felt the client needed," Mr. Mahoney says.

If the future payment for service did not meet the cost, the brokerage might have asked for extra service fees, but more likely would have sought additional portions of the client's business that would not require as much service.

"Usually large corporate clients will have more than one broker on their accounts and distribute portions of their total program to them.

"If the portion of the account we have is not profitable, we will ask the client to let us handle additional coverages for them that are profitable and easily serviced, such as directors and officers liability coverage," Mr. Mahoney explains. "This helps balance the costs."

The tactic seemed to work in 1981. Gross revenues grew 18% to $242.2 million from $205 million in 1980. More than $35 million or 14.4% of overall revenue was new business production and $30.7 million came from a majority equity acquisition of Wigham Poland Ltd., the British brokerage.

Adjusting for acquisitions, however, domestic commissions and fees grew only 4%, according to the James annual report. Contingency commissions, bonuses insurers pay for risks proved profitable, dropped from $7 million in 1980 to $6 million in 1981.

By business area, domestic revenues came from: property/casualty insurance and services, 51%; employee benefits, 17%; reinsurance through John F. Sullivan Co., a reinsurance brokerage, 8%; marine coverage, 5%; and bonds, 4%.

Net income dipped a bit from $20.7 million in 1980 to only $19.3 million in 1981, a sign of growing stress on profit margins and captial investment. In light of the economic pressure, James top management did not take the usual bonus, Mr. Mahoney said.

"We think that James is the best-paying broker for its key people, but by key people we mean the experts and producers that control accounts and serve clients. In 1981, we felt that the overall results did not justify top management taking an additional bonus while other areas were being squeezed."

The brokerage added three offices in 1981, including full service branches in Albuquerque, N.M., and Milwaukee.

Gross revenues for the first quarter of 1982 grew only slightly, 1.1% from the same period last year.

James is not planning major acquisitions for the coming year, so growth in the immediate future depends upon internal cost control and new business production. Two computer systems, dubbed JOMS and JURIS, will help both areas, Mr. Malloy said.

Internally, James Operations Management Systems will coordinate administrative functions and point the way to greater efficiency, he said. And James Unified Information Services, its counterpart to Alexander & Alexander's Anistics and Marsh & McLennan's RIMSTAR may help generate new clients interested in loss forecasting, risk management data bases and self-funded workers compensation



Mr. O'Malley

programs, Mr. Malloy notes.

The computer system, feeding into the Salt Lake City computer complex begun by Galbraith & Green, is already on-line at 20 of James' largest offices and will be available to the top 35 offices by the end of 1982, adds Mr. Mahoney.

Regional risk management directors, experts within the profit center offices, will coordinate use of the computer system by James clients.

While James' producers will be in the thick of competition and fighting for new business, the corporation may be fighting other battles.

Frequently mentioned as a target for takeover by both insurance- or non-insurance-related corporations, James at one time or another during 1981 was rumored to be

Continued on next page

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Continued from previous page
courted by the Sedgwick Group in Britain, Jardine Matheson Ltd. based in Hong Kong and INA Corp. (now CIGNA Corp.).

To defend itself from any potential takeover, the brokerage hired the New York law firm of Skadden, Arps, Meagher & Flom, experts in corporate takeover litigation.

It also sued two of its largest shareholders, John A. Rathmell, vice chairman of Fred S. James & Co. of Texas, and Thomas J. Ryan, a former president of the brokerage and now president of ISU Cos. Inc., a San Francisco-based insurance agency franchise firm.

The suit, filed in late March, charged Messrs. Rathmell and Ryan with conspiring to purchase a controlling interest in James on behalf of an unnamed third party against Securities and Exchange Commission regulations.

Both Mr. Ryan and Mr. Rathmell have denied the charges (*BI*, April 5).

As reported to the Securities and Exchange Commission, the five highest-compensated executives in salaries, commissions and bonuses in 1981 were:

Charles A. O'Malley	$221,500
William E. Burch	$221,500
Timothy J. Mahoney	$162,500
Daniel V. Malloy	$162,500
William E. Weatherford	$158,333

—*By Len Strazewski*

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6 Corroon & Black

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	1981	1980
Premium vol	$1,543,000,000	$1,527,000,000
Gross rev	$156,004,000	$154,788,000
Employees	2,700	2,600
Rev./employees	$57,779	$59,534
Offices	134	123*

(Offices include those of J.H. Minet Public Holdings Ltd. overseas. Corroon & Black has a 20% equity interest in Minet Holdings, a Lloyd's brokerage.)

*Restated

For the second consecutive year, Corroon & Black Corp.'s revenues grew the least among the 10 largest U.S. brokers.

Blaming the competitive market and the poor economy, Corroon & Black reported a minute 0.8% increase in gross revenues to $156 million in 1981 from $154.8 million in 1980. In 1980, gross revenues grew only 5% compared with 1979, a sharp contrast to the 1979 and 1978 revenue increases of 18% and 29%.

But the broker, which retains the No. 6 spot on the *Business Insurance* Top 20, is arming itself with several new products and the reputation of its Advanced Risk Management Services Division to change that trend in 1982.

"It's been hurtful," is how Robert F. Corroon, chairman and chief executive officer, describes last year's business, which generated $1.54 billion in premium volume, up just $16 million from 1980.

"When the economy is sick, it's terribly hard to do business. Renewals and revenues are down," he says.

Results in 1981 also were hurt by a $2.6 million reduction in contingent commissions, says Mr. Corroon. This loss was largely attributable to a loss in operating income from the broker's underwriting management group when surplus lines underwriter Baccala & Shoop lost at least one market in 1981 and did virtually no business for part of the year, Corroon & Black said.

However, Baccala & Shoop has re-established market connections and contributed to the better results that Corroon & Black recorded the first quarter of this year. In the first quarter, Baccala & Shoop's revenues were up $1 million, compared with the first quarter of 1981.

For the first quarter, C&B's gross revenues totaled $43.5 million, up 12.4% from $38.7 million for the corresponding period last year. Net income was $4.6 million, up from $3.5 million last year.

Analysts that watch insurance brokers pointed out when the first-quarter results were released that C&B had borrowed about $500,000 against the next quarter's contingent commissions, a common but somewhat inflating practice. They said the favorable effect it produced in the first quarter for Corroon & Black would not continue into the second quarter.

However, Richard Maxwell, executive vp of C&B's brokerage services group, discounted that analysis and predicted good growth during the rest of 1982.

To achieve it, Corroon & Black is counting on new business, which Mr. Maxwell says was a determining factor in the good first-quarter results.

However, he declines to specify what percentage of C&B's business is new.

"The only betterment of our revenues came from our new business," reiterates Mr. Corroon.

In its planning, C&B is aiming for clients in growth industries, like telecommunications, and also the construction, aerospace, avia-

Continued on page 36

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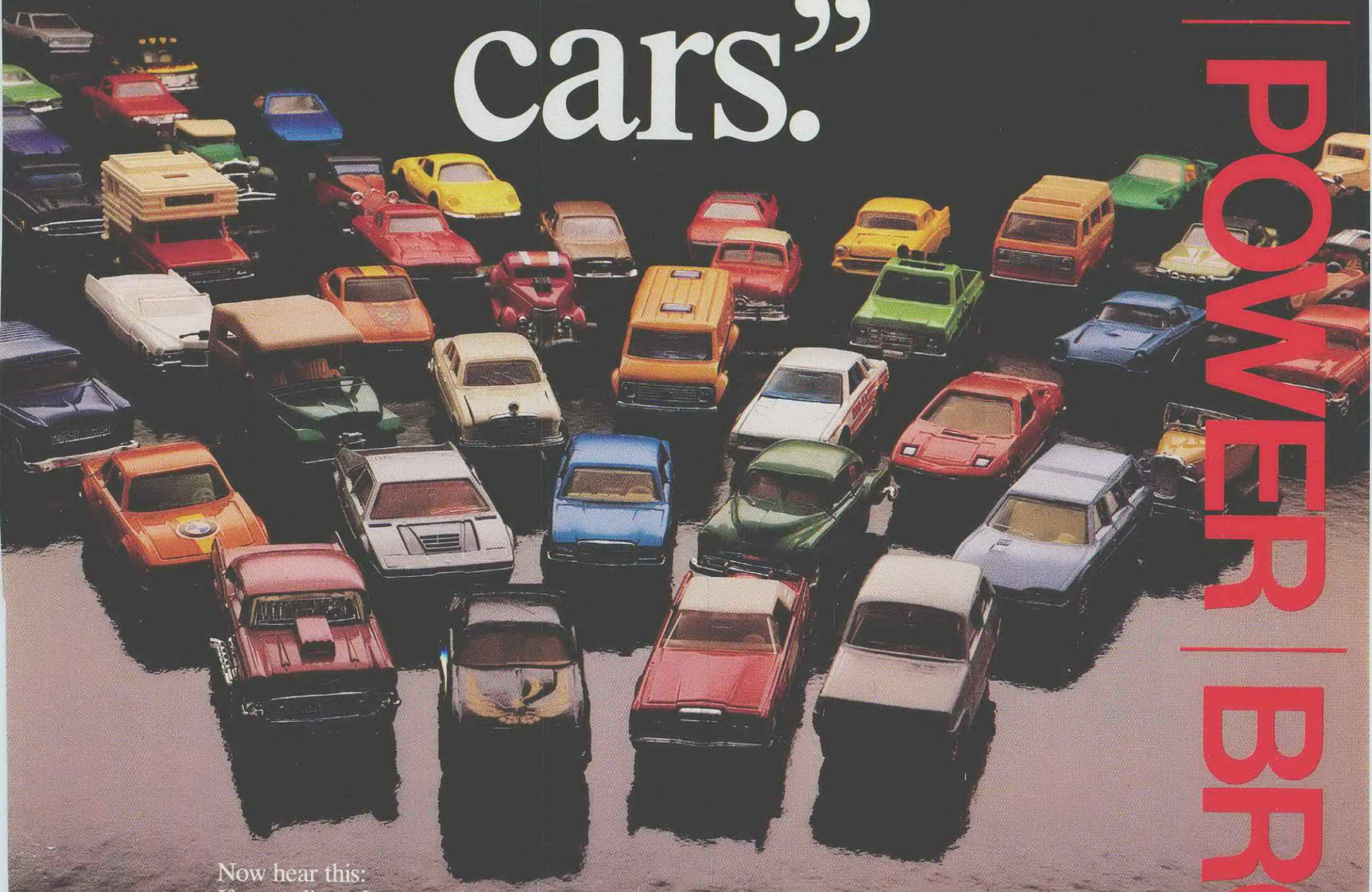
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Mr. Corroon

Continued from page 34
tion, high-technology industries and public entities.

To keep the new business rolling in, C&B is pinning its hopes on its well-established risk management branch and a new products development department.

The Advanced Risk Management Services Division, based in Nashville, Tenn., and headed by James V. Davis, has been "instrumental in generating a lot of our new business and keeping the existing business," Mr. Maxwell says.

But the other "gem of the future" for Corroon & Black, according to Mr. Maxwell, is the new products development department, which started up within the last year as part of C&B's broker services group.

The department is headed by Kenneth Pinkston, whose job is to develop new products and markets that match Corroon & Black's long-range goals.

Interestingly, instead of developing products as clients request them, which is the broker's traditional style, C&E is developing new products and then going out to market them.

The new unit, located in Nashville, will work with coordinators in outlying offices around the world.

The goal is to develop products that not only best fit the needs of clients in regional markets, but also nationwide.

Currently, Corroon & Black is marketing a low-cost apartment building owners policy, developed by the new products development unit.

The policy, while not a new idea, utilizes a different method of rating based on the per-unit cost.

The policy provides coverage for all property/casualty perils apartment owners face, explains Mr. Maxwell.

The advantage to the policyholder is that he needs only one policy, at one low premium, rather than several different policies, he adds.

The policy, introduced in the fall, is only being marketed in two states for now, but it will be ready for nationwide marketing soon, company officials say.

It is being sold at exceptionally low rates to generate more volume sales for underwriters.

The products development unit also is working on an insurance product for the lessors of capital goods such as aircraft, boats or other large equipment.

That policy, Mr. Maxwell says, would lump various property/liability coverages together in a single package.

It is expected to be on the market within the next five months and will be sold by a special in-house group headed by the products development division.

"We hope to give broader protection than what's being provided now," says Mr. Maxwell.

"We think there is a lot of potential in this area," Mr. Corroon explains.

The new product emerged after much research. Before it could be developed, Corroon & Black had to identify the players in the capital equipment leasing game, discover and understand their needs and then seek insurers who would underwrite a package that meets those needs.

"As we have shown the leasing companies their exposures, they've begun to accept the product," explains Mr. Corroon.

A year ago, Corroon & Black completed an organizational restructuring that divides corporate staff functions into four separate entities: brokerage services, underwriting management, reinsurance and benefits.

Each is headed by a group president with the idea that this "horizontal" management structure would broaden decision-making responsibilities and also encourage a teamwork atmosphere for creating new business opportunities, Mr. Corroon says.

The idea is paying off. C&B has a new business arrangement with the National Assn. of County Governments.

And, via the teamwork plan, each company division is actively finding markets and designing insurance programs for the new client.

The National Assn. of County Governments represents county government officials across the nation. Its new relationship with C&B is a good example of C&B's efforts to develop and sell products that zero in on the needs of a particular industry, Mr. Corroon explains.

This approach, he adds, is especially important in this competitive insurance market.

The National Assn. of County Governments project not only allows C&B's four divisions to participate in the design and marketing of insurance products for one client, but also greases the path for many other relationships with governmental bodies.

Besides the growth its risk management and new products divisions are generating, C&B also continued to expand through acquisitions and mergers.

Last year, it acquired R.L. Jones & Associates in Livonia, Mich.; Biles & Cook Administrators Inc. of Los Angeles; Robert Breeden of New Orleans, La.; Flenniken Insurance Services Inc. of Knoxville, Tenn.; Certified Corp. of Reno, Nev.; McInturff Agency of Greeneville, Tenn.; Stanley May Associates in Anchorage, Alaska; and Rowan-Wilson Inc. of Pasadena, Calif.

Corroon & Black itself also has been an attractive investment for Old Republic Insurance Co. and the financial services arm of the Reliance Group. Both of the insurance

Continued on page 38

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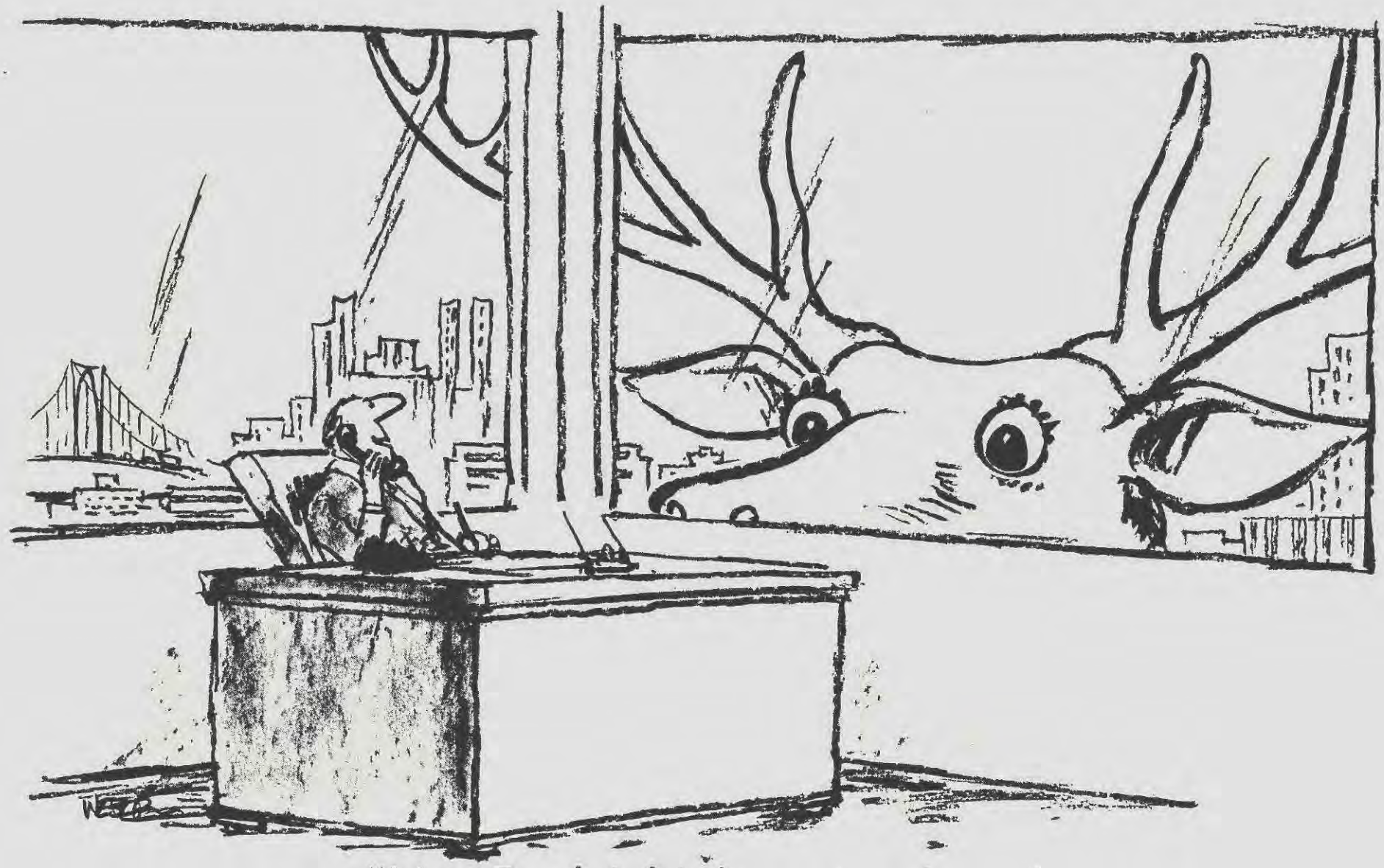
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Continued from page 36
companies hold at least 5% of Corroon & Black's shares.

Corroon & Black maintains 58 subsidiary offices in the United States and Bermuda and 65 international offices, including 21 through Minet Holdings, in which Corroon & Black has a 20% equity interest. C&B does the majority of its Lloyd's of London business with Minet.

Ninety-five percent of Corroon & Black's business involves commercial clients.

Casualty lines last year contributed 44% of Corroon & Black's commissions, down from 1980's 46% level. Property products contributed 22% of the broker's revenues, compared with 23% in 1980.

Employee benefits and life coverages generated 17%, up from 15%; reinsurance again generated 8%; fidelity and surety again generated 6%; and marine brought in 3%, up from 2% in 1980.

Besides Mr. Corroon, other principal officers are Richard M. Miller, president and chief operating officer; Frank Hagan, chairman of the executive committee; J. Bransford Wallace, a senior vp and president of Corroon & Black Brokerage Services Group; William P. Baccala, president of Baccala & Shoop Insurance Services & Underwriting Management Group; Donald King, senior vp and president of the Corroon & Black Benefits Group; and Robert G. Hodson, president of the G.L. Hodson Reinsurance Group.

As reported to the Securities & Exchange Commission, the five highest-compensated executives in salaries, commissions and bonuses were:

Robert F. Corroon	$247,000
Richard M. Miller	$197,500
Frank M. Hagan	$165,000
J. Bransford Wallace	$159,326
Donald R. King	$133,750

—By James C. Lawson

7 Bayly, Martin & Fay Int'l

660 Newport Center Drive, Newport Beach, Calif. 92660

	1981	1980
Premium vol	$950,000,000	$875,000,000
Gross rev	$85,500,000	$79,000,000
Employees	1,660	1,700
Rev./employees	$51,506	$46,471
Offices	60	60

"Let's deal first with these rumors that Bayly, Martin & Fay is for sale," suggests Senior Vp Samuel Alcorn at the outset of a recent interview in the broker's Newport Beach offices.

A *Business Insurance* telephone inquiry made two days earlier to BMF's parent, Baldwin-United Corp. in Cincinnati, had been referred directly to Mr. Alcorn, who was eager to set the record straight.

"This has been all over the street for months," observed Mr. Alcorn. "Morley Thompson, president and CEO of Baldwin-United, has told us the company has been approached by a number of outside organizations. We have been told that they did not initiate any contacts themselves."

The last time the subject came up was at a meeting this spring with Mr. Thompson, who reiterated that Baldwin-United has no plans to sell Bayly, Martin & Fay, added Mr. Alcorn. "Everything we are doing and our relationship indicates that there is no truth to these rumors."

Lending credibility to the stories, however, is the short-term debt position of Baldwin-United since purchase of MGIC Investment Corp. in December for $1.17 billion. The diversified financial services company has disclosed that it plans to repay within the coming months the entire $600 million of bridge financing that it used to close the MGIC deal.

"MGIC was acquired entirely for cash. We intend to dispose of some assets, restructure our companies, and reinsure blocks of business to pay for the acquisition," the company states in a letter to stockholders that prefaces the 1981 annual report.

But BMF does not expect to be one of those assets on the block. In fact, the seventh-largest U.S. broker believes its parent will provide more capital assistance to spur BMF's growth after Baldwin-United finishes its financial restructuring.

"We expect no financial commitment from them this year," explains Mr. Alcorn. "But we get every indication that as fast as they can get this financial restructuring concluded, they will not be willing to sit still. They are very aggressive and growth-minded."

Lack of financial support from Baldwin-United does not mean BMF stood still last year, although it was largely a time to digest 1980 growth of more than 21%. The company posted a 10.8% gain in revenues in 1981 despite adverse market conditions and intense competition.

BMF's growth plans were stunted by the continued soft market and the impact of inflation on operating costs. The broker does not publish earnings figures, which are consolidated with its parent's financial results, but Mr. Alcorn says BMF "positively" made a profit last year.

"The frustrations were in doing a hell of a sales job and fighting the problem of higher salaries, higher rents and higher all-around operating expenses. We have more accounts to handle at a reduced average income per account," sums up Mr. Alcorn.

The broker picked up a $1 million operating loss last year as a result of alleged record manipulations, forgeries, fraud and other improper and illegal activities in its Alaska office. The situation is currently in litigation and under investigation by the Alaska insurance department.

"That was probably the biggest surprise and disappointment we walked into in 1981. I think it will take a few years to straighten it out," said Mr. Alcorn.

BMF entered three new geographic regions with offices last year —St. Louis, Wichita and Morristown, N.J. But the broker's total number of offices stayed at 60 because of office consolidations in Connecticut and Michigan. Staff declined slightly to 1,660 at the end of 1981, down from 1,700 a year earlier.

"It was more a case of attrition and turnover, not a hiring freeze," said Mr. Alcorn. Concurrent with its 1980 expansion BMF had increased staff. It discovered this year it had developed some excess capacity. "This helped us handle 1981 growth and toe the line on expenses."

Property and casualty insurance revenues comprised about 90% of BMF's total revenues last year with life and benefit products contributing the balance. This was something of a surprise. In 1980 the ratio was 78% to 12% and at that time the broker expected life/benefits activity to outpace property/casualty business.

"The proportionate reduction in life and benefits reflects slower growth in this area than we have experienced in our property and casualty areas," said Mr. Alcorn. It also reflects BMF's recent sale of Bily White & Lee in Houston, an independent consulting actuarial operation.

The firm had cultivated an independent image and wanted to maintain that image. That hampered BMF's ability to harness its capabilities, said Mr. Alcorn. BMF will focus on expanding its actuar-

Continued on facing page

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*A quote from BUSINESS INSURANCE Magazine as it appeared in "Canada Market Report," page 20, November 23, 1981

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Continued from facing page
ial capabilities within the BMF identity, he added.

BMF cleaned up some other name distinctions last year to strengthen the image of its self-insurance and risk management services under the Risk & Benefit Management Systems umbrella. The BMF subsidiary also is installing a new self-insurance computer service capability throughout its offices.

Risk and Benefit Management Systems expanded its operations into Reno last year and acquired Venture Management, a captive management company in Bermuda. It also picked up 10 new clients with captives domiciled in the Turks and Caicos Islands, a British colony that is southeast of the Bahama Islands.

But the fastest growing segment of BMF's operation during 1981 was its national mass marketing organization for trade group programs. The broker has added some benefit and life insurance specialists to broaden its trade group penetration beyond property and casualty packages.

Though aviation rates were one of the few insurance products to become more costly in 1981, domestic aviation risks remained a BMF specialty and a source of creative projects.

For example, the brokerage managed to combine a manufacturer's large aviation product liability exposure and the purchasers' need for lower-cost hull insurance into a comprehensive insurance program lowering rates for both.

The program, designed for the Enstrom Helicopter co. of Menominee, Mich., was built on tight internal quality control standards, promises of expanded premium volume as sales increase, and the brokerage's own ability to administrate a mass-marketed user insurance plan (*BI*, March 30, 1981.)

The brokerage also brought the president of Enstrom, Herbert Mosely, directly to London to meet with the Lloyd's broker who placed the risk and Lloyd's underwriter that approved the plan.

BMF also is keen on international business, although that percentage of its business remains level at about 5%. Only one of the broker's three or four joint ventures touted as imminent last year was actually consummated. That was in Nassau where BMF entered a joint venture to write domestic business.

In Paris, BMF converted its direct operations into a joint venture with Societe Intercontinentale D'Assurances, one of that country's five largest brokers, according to Mr. Alcorn.

The biggest change in BMF's international activity has come out of working relationships in Australia and New Zealand. The broker maintains a correspondent relationship with British broker Bain Dawes Ltd., which is very active in Australia and New Zealand.

"It's a two-way street," says Mr. Alcorn. "We provide them with alternative markets for jumbo accounts such as aviation risks. And we service some of their clients coming into the U.S. We certainly have had a flow of visitors from them this year."

BMF is upbeat about prospects for a change in market conditions.

"I am optimistic that the way the trend looks now we will have some firming of the market next year. I don't anticipate that the large companies will move until they see results from at least another quarter, which would take them into the third quarter. And they'll need the fourth quarter to react.

"The last time the market changed we had some companies that after the full scope of the disaster was realized, were still filing and following through on further rate-cutting plans for months. It takes that long to turn it around."

But Mr. Alcorn thinks the reaction will be faster this time. The companies got a "whale of a lesson" a few years ago and their memories of the mess are still fresh, he believes.

The competitive insurance market doesn't seem to have changed brokers' or clients' attitudes toward negotiated fees vs. the traditional commission approach to compensation, Mr. Alcorn observes. "We've had an increase in fee business but I couldn't really tell you today whether that increase is in proportion to the increase in our total volume."

BMF says it has been willing for years to sit down and discuss a fee approach but has had few clients pursue the issue. In a few cases, however, the broker has been motivated to push for fees.

In one of its offices a major life insurance program was recently renewed at a 30% rate reduction. That also meant a 30% reduction in income to the office. So the account exec sat down with the client for a frank discussion. And the client agreed to negotiate a fee to fairly compensate the broker.

"Some clients are amenable to that approach. Others obviously say 'that's your problem,'" notes Mr. Alcorn.

Like other brokers, BMF is studying ways to increase efficiency and minimize operating costs. Office managers have been counseled on internal analysis of work flow and a program is underway to computerize many of the broker's underwriting functions. The Chicago and Newport Beach offices are participating in the pilot study planned for full implementation in three years.

The objective is to move the data input point closer to the client to bypass double handling of documents that flow through many hands before they are punched into a machine. The goal already has been met in the broker's mass-marketing operation.

BMF acquisitions during 1981 and through June 1982 include: Loiseau & Co. in Denver; Globe Agency in Farmington, Mich.; Fidelity Agency in Wichita, Kan.; Clipfell-Stanford-Thornton-Garrison in Hartford, Conn.; E & L Enterprises Inc. in Los Angeles; and E.S.S. Insurance Agency in Baltimore.

BMF offices are located in 55 U.S. cities and abroad in London and Ruislip, England; Paris, France; Hamilton, Bermuda; Lagos, Nigeria; and Nassau, Bahamas.

Principal officers include: Joseph N. Tate, president & chief executive officer; William A. Mizell, executive vp and chief operating officer; Samuel Alcorn, senior vp-operations and international development; and William Baxter, executive vp-sales and aviation.

—By Rhonda L.Rundle



Mr. Alcorn



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8 Rollins Burdick Hunter

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	1981	1980
Premium vol	NA	NA
Gross rev	$76,838,000	$72,592,000
Employees	1,317	1,251
Rev./employees	$58,343	$58,027
Offices	51	50

Rollins Burdick Hunter is expanding its services network to keep up with the Joneses, but the growth is slow.

The Chicago-based broker, admitting its new business development last year was disappointing, grew just 5.8% in 1981 to $76.8 million in gross revenues from $72.6 million in 1980. An inability to attract a significant amount of new business is one of the failures of the last year, RBH executives note. However, RBH did remain the eighth largest broker on the *Business Insurance* Top 20 list.

RBH reported a net income of $7 million in 1981, down 25% from $9.4 million in 1980. Earnings per share were $1.60 in 1981, compared with $2.12 in 1980.

In the first quarter of 1982, the company reported both revenue and net income reductions. Gross revenues for the first three months of this year dropped slightly to $20.4 million down from $20.6 million and net income fell to $2 million, down from $2.4 million for the same period last year.

Though financial growth was slow, service growth was rapid.

Most significant was the creation late last year of the Risk Management Service Group. The division provides services including loss forecasting, property loss prevention, safety engineering, statistical analysis, fund analysis and claims administration.

While RBH has provided these services in the past, the new group represents a refinement in the broker's approach, according to Vice Chairman George S. Burrows.

By tapping a recently upgraded computer network, the broker is providing the risk management services "on a more economical basis and with greater flexibility," he notes.

The brokerage is playing keep up with the Joneses on the computer front. Its investment in computer technology lags behind its larger competitors, such as Marsh & McLennan, which introduced a computerized risk management data base in the late 1970s. Alexander & Alexander Inc. was right behind and is successfully marketing those services through its Alexsis subsidiary.

RBH is just now in the middle of developing its computer system, with the three-year investment scheduled to be completed next year, according to Michael J. Starshak, vp-finance. The broker plans to spend "$3.5 million incrementally to develop this area," he says.

How long it takes the computer system to pay for itself depends, at least in part, on how successful RBH is at marketing its data-intensive services such as those offered through the Risk Management Service Group.

Other new services include two joint ventures entered into to expand RBH's operations.

With the creation of Rollins Wrightson Co. through a joint venture with Stewart Wrightson Holdings Co. of London, RBH tapped the service market for financial institutions.

One of the joint venture's products, the Bankers Professional Liability Policy, covers the whole arena of damages a bank may face through any actions, errors or omissions in its professional service to clients, Mr. Burrows says. In the past, "coverage was available in limited forms, but this (product) covers the whole thing," he says.

Rollins Wrightson introduced the product last October and has received a great deal of interest, Mr. Burrows notes. A recent RBH report indicates the joint venture has received several "firm orders for coverage to be effective in the second quarter."

The other joint venture, a consulting affiliation with the Management Compensation Group, allows RBH to offer clients tailored executive compensation programs.

The service focuses on helping clients attract and retain key executives, Mr. Burrows says. The consulting agreement pairs each of RBH's 32 domestic offices with one of the 13 MCG offices.

Many of RBH's recently developed services are sold on a fee-for-

Continued on facing page



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Continued from facing page

service basis, Mr. Starshak notes. RBH also charges fees instead of commissions for its employee benefits work, contributing to the increasing percentage of income gathered from fees rather than the traditional compensation basis.

"Since not all clients require all of (the services RBH offers), providing them for a fee assures that the clients who need them are the ones who pay for them," explains Charles R. Hall, chairman and chief executive officer.

Although RBH expects this trend to continue, commissions will still be the basic method of broker compensation, Mr. Hall says.

That tradition has been a thorn in the sides of all brokers the last few years as commissions have been dragged down by rate cutting among the insurers.

Some brokers are trying to negotiate higher commissions or alternative forms of compensation to counter this trend.

Without confirming efforts on this front, Mr. Starshak says RBH is "exploring all areas to enhance revenue streams including increased fees from clients, seeking new business and minimizing lost business."

The tough year for RBH wasn't without its victories, Mr. Starshak says. Along with the expansion through joint ventures and other refined services, he points to a comprehensive business planning process formulated to achieve specific goals toward growth.

While industry watchers often note that the brokerage has lagged far behind its competitors in the number of acquisitions it has made, Mr. Starshak says RBH does have a plan for geographic expansion.

"We're highly selective," Mr. Starshak says of RBH's conservative trek down the acquisition trail.

RBH made only one significant acquisition last year, Dougan, Eader, Reynolds & Wheller in Seattle, Wash.

But that purchase, along with others in the works, fits into a strategic plan that revolves around a core city concept, he says.

The broker plans to have a major office in each of the 25 to 30 key commercial, industrial and financial centers around the country, Mr. Starshak explains. These branches will be full service offices with satellites in surrounding areas, he continues.

"We currently have 32 offices," Mr. Starshak notes, "but they're not all core city (branches). We're probably about two-thirds of the way to (establishing) the network." When the project will be completed is hard to say, Mr. Starshak notes.

On the international front, RBH has offices in Bogota, Colombia; Caracas and Valencia, Venezuela; Hamilton, Bermuda; Puerto La-Cruz, Venezuela; and Rio de Janeiro and Sao Paulo, Brazil.

RBH has offices under Rollins Heath in Hong Kong; Tokyo, Kanagawa-Ken, Osaka and Yokohama, Japan; and Seoul. Cities with offices under Heath Lageveldt Rollins are Hong Kong; Kuala Lumpur and Penang, Malaysia; Manila, Philippines; Sarawak, East Malaysia; and Singapore.

Growth in the international arena will be through joint ventures, Mr. Starshak says.

In addition to Mr. Starshak, Mr. Burrows and Mr. Hall, principal corporate officers are Charles H. Mather, president; and Karl R. Palmer and William C. Snyder Jr., both executive vps.

As reported to the Securities & Exchange Commission, the five highest-compensated executives in salaries, commissions and bonuses in 1981 were:

Charles R. Hall	$314,247
Charles H. Mather	$193,330
Karl R. Palmer	$168,334
George S. Burrows	$160,834
William C. Snyder Jr.	$154,166

—By Donna Leigh Yanish



Mr. Burrows

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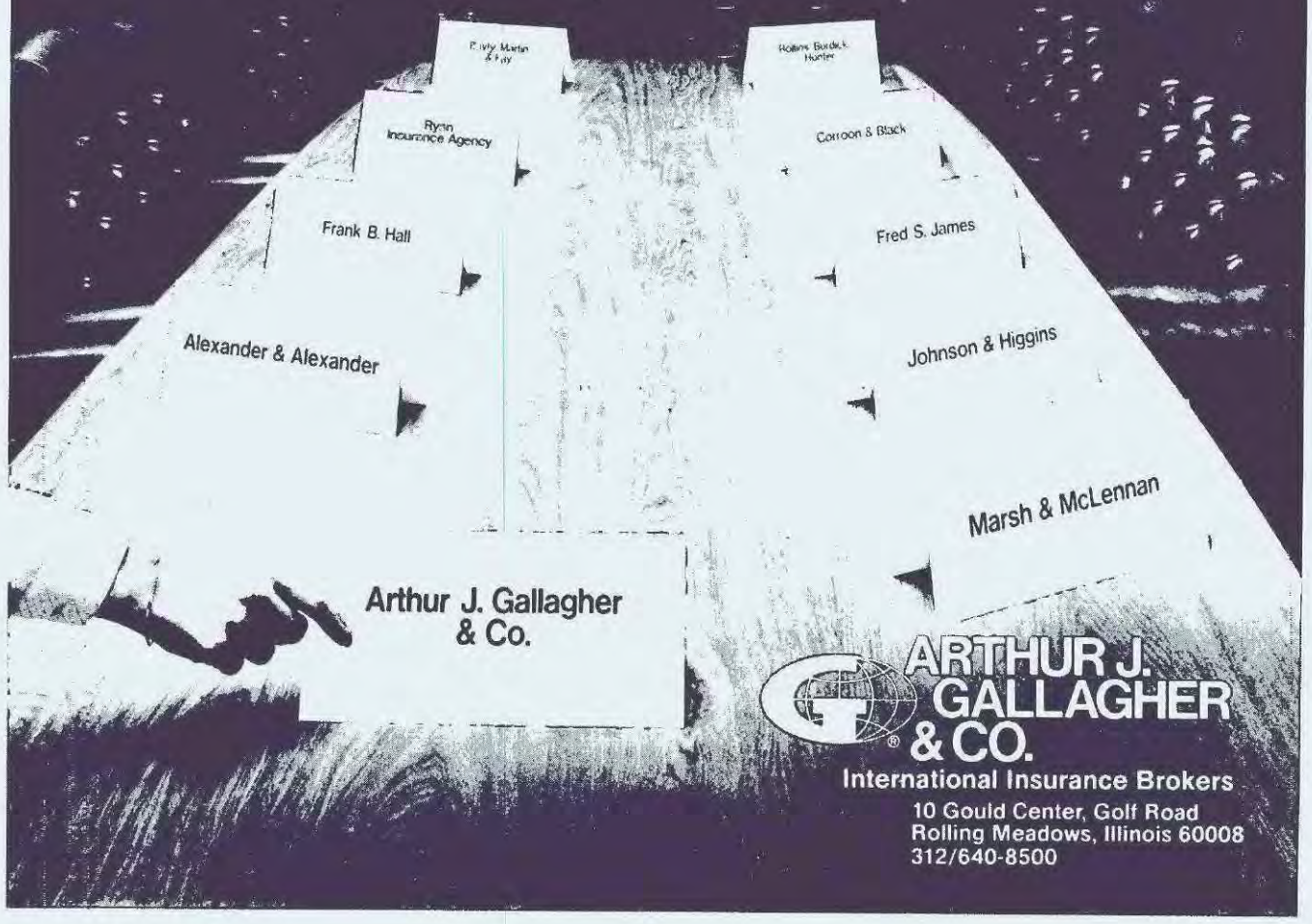
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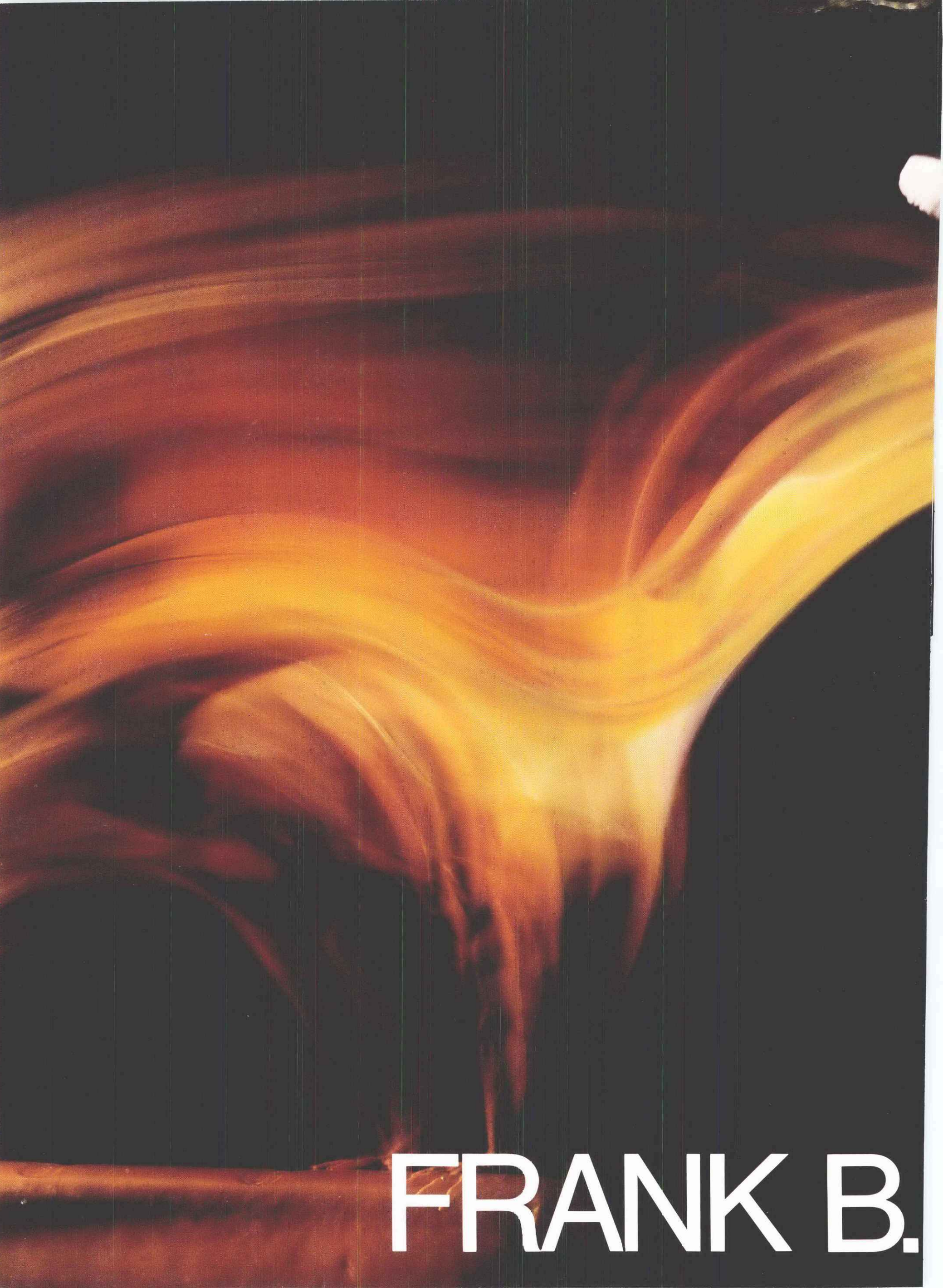
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Gross rev	$47,778,000	$27,926,000
Employees	1,025	640
Rev./employees	$46,613	$43,634
Offices	52	45

In its metamorphosis from a Southern to a quasi-national insurance brokerage during the past year, E.H. Crump Cos. has had to scarifice some short-term gains for long-term potential, its executives say.

But any sacrifices should assure Crump of steady revenue growth in coming years, says Sidney Stewart, the brokerage's president and chief executive officer, adding that changes in Crump's image and direction have virtually made it a new company.

"Up to a year ago, all regional offices were based in the Southern United States," Mr. Stewart says. "We are now a major factor in both the South and West and will look to other areas of the country with the idea of becoming a national broker."

With a 71% gain in gross revenues in 1981 to $47.8 million from $27.9 in 1980, Crump also jumped into the spot of the ninth largest broker in the U.S. from 13th last year.

Contributing to the growth and changing the face of Crump in 1981 were:

- The sale of the Crump family's 25% share in the company to Reliance Insurance Co. of Philadelphia, giving Reliance a 45% to 46% share of Crump's stock.
- The purchase from Reliance of two West Coast brokerages: Kindler & Laucci Insurance Brokers of San Francisco, with offices in California and Arizona, and LaBow, Haynes Co. Inc. of Bellevue, Wash., with offices in Washington and Oregon. These acquisitions added $15 million in annual commissions to Crump's revenues, increasing the company's size by about 50%.
- Acquisition of Benson Insurance Agency of Naples and Fort Myers, Fla.

Reflecting the full year receipts of these acquisitions, Crump's 1981 premium volume rose to $366.8 million from $232.3 million in 1980, up nearly 57.9%.

Despite the 71.1% increase in gross revenues in 1981, Crump's per-share earnings plummeted in 1981 and again during the first quarter of 1982. Annual earnings per share for 1981 dropped from $1.14 to 54 cents. In the first quarter of this year, per-share earnings dropped to 26 cents from 33 cents.

"Our earnings were substantially off last year due to a large degree on our one-time transactions," Mr. Stewart says. When Crump acquired the other brokers, it also acquired their fourth-quarter losses.

"I don't know what will happen in the second quarter of this year, but by the last half of 1982 I think we will see a turnaround," Mr. Stewart says. "We have to digest our growth. This takes time, but we're doing it."

During a speech to shareholders on April 30, Mr. Stewart presented a graphic image of Crump's present state of flux.

"Imagine asking a 160-pound man to eat an 80-pound lunch and then run the 100-yard dash," he said. "That is the relative position in which we find ourselves with regard to our new associates."

The acquisitions will prove to be excellent strategy for future growth, he says. "I am convinced that the current reduced earnings of the company are in large measure a part of the cost of our transformation into a new company."

That "new company" will be a major factor in the fastest growing area of the country, the Sun Belt, he says, adding that companies operating in the Sun Belt are experiencing growth similar to Crump's.

"In 1970 we had about $5 million in revenue and in 1982 we expect to have well above $50 million," he says. "We have accomplished a lot in the

Continued on facing page

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Continued from facing page
last 12 years, but believe our future is ahead of us."

Not only will the brokerage's growth give it a greater pool of expertise, but its broader financial base will allow it to afford the specialized talent it needs in the move toward becoming a national broker, he says.

Also, Crump is in the process of becoming a fully computerized operation, Mr. Stewart says.

Specialized capabilities in underwriting, reinsurance, engineering and technical services, risk analysis, claims administration and financial planning will be needed to compete effectively in the 1980s, he explains. Data processing is a key element in delivering these services.

Crump is equipped to handle virtually any type of risk offered, he says, but declines to detail specialities. "We have positioned ourselves to try to do all the things the major six brokers do."

And when it comes to growth in the next few years, particularly after the insurance market hardens, Mr. Stewart says he expects Crump to be in a better financial position than other top insurance brokers.

"When interest rates fall, you will see the earnings of many major brokers fall as well, since they have depended heavily on investment income," he says.

Because of its heavy investment in low-yield real estate a number of years ago, Crump's interest income has not been significant, however.

For 1981, the company's total investment income amounted to just more than $1.1 million, according to its annual report.

"We are now dispensing with our real estate, which is well-positioned in Memphis, but not earning a good rate of return," Mr. Stewart says. "As we gradually sell our real estate interests, which amounted to nearly $12 million at the end of 1981, we will have a gain in interest income. Our earnings will stay stable compared to others."

Also, like other brokers, Crump is handling an increasing amount of business on a fee basis, he says. "What we find, though, is a lot of the risks we insure aren't large enough to work by fee, so the amount we do is probably less proportionately than the major six brokers."

Contingent commissions, the bonuses insurers pay for risks proven profitable, are falling for all brokers, and the same is true of Crump, Mr. Stewart says. Crump's clientele consists of some Fortune 1,000 companies, but the preponderance of clients are medium-sized or small, Mr. Stewart says.

In 1981, 86% of Crump's total revenues came from commercial insurance business. This is down 1% from 1980.

But being based in Tennessee has been an advantage, he says. "It gives us the ability to provide a little different lifestyle for our employees, which has helped in overhead costs. Those to whom the Sun Belt appeals are attracted to us."

New purchases in addition to those already mentioned include the acquisition of the Jack Diamond Insurance Agency Inc. of Nashville, Tenn.; S.J. Petrakis Insurance Services Inc. of San Francisco; and American X/S Underwriters of Waukesha, Wis.

Overall, Crump has 52 separate offices operating in 22 states.

When the Crump family sold its stock to Reliance, E.H. Crump Jr., who was chairman, became honorary chairman. Mr. Stewart became chairman and chief executive officer, James Power became vice chairman and will continue as chief financial officer, and three executive vps were named.

Edward B. Morris Jr. was elected executive vp of the Southern region, Gordon E. Noble heads the Western region and Donald A. Thomas was elected executive vp and chief insurance officer.

As reported to the Securities & Exchange Commission, the five highest-compensated executives in salaries, commissions and bonuses in 1981 were:

Sidney Stewart	$146,000
David D. Henritze	$212,571
E.B. Morrow Jr.	$104,500
James Power	$108,500
Donald A. Thomas	$104,500

—By Steve Sherwood

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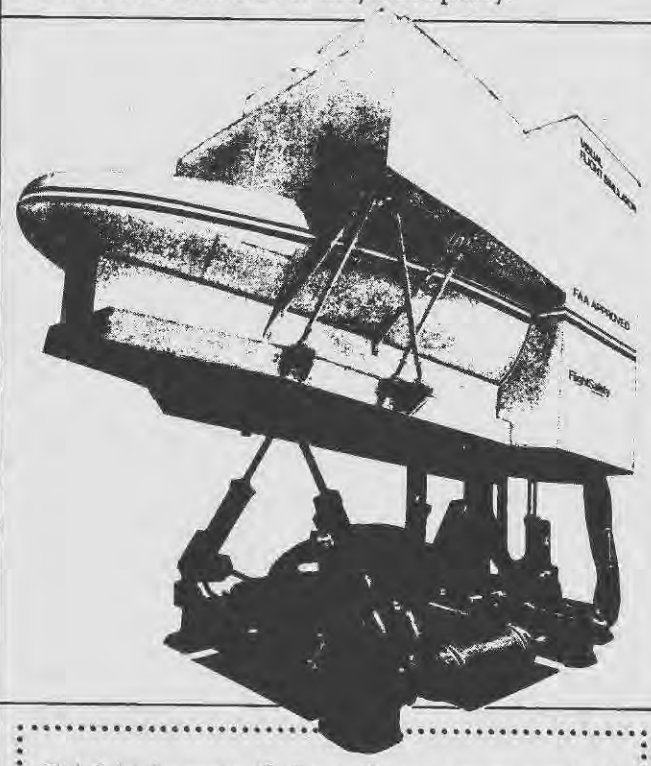
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	1981	1980
Premium vol.	NA	NA
Gross rev.	$42,535,657	$37,535,015
Employees	897	822
Rev./employees	$47,420	$45,663
Offices	78	74

Arthur J. Gallagher & Co. is putting the lid on hiring and clamping down on internal expenses as it tries to keep its footing in the slippery and topsy-turvy economy.

"It's affecting all of us and it hurts," President Robert Gallagher Sr. says of the depressed economy and the effect it's having on the insurance—and particularly the brokerage—industry.

Instead of putting its effort on growth, Gallagher is positioning itself to capitalize on its 20 years of risk management experience both at home and abroad, Mr. Gallagher says.

Gallagher's gross revenues grew 13.3% in 1981 to $42.5 million from $37.5 million in 1980, far below the 23% increase in revenues the brokerage produced in 1980. But it was enough to keep Gallagher in its position as the 10th-largest U.S. broker and the second-largest privately held broker.

This year, the company is devoting more energy to "exporting its risk management services abroad" and to Gallagher-Bassett Co., its own claims management service.

"One of our most important goals is to continue in the area of risk management servicing," Mr. Gallagher says.

"We're in a unique position to capitalize on our strength in managing. We've been in the risk management business for over 20 years," he adds.

"All the parts of claims management—including litigation, rehabilitation, reserve, settlement and informational management—make up the Gallagher-Bassett approach," he says.

"I believe the 1980s will be the time for us to finely hone the skills we offer our clients," Mr. Gallagher says.

Among the most important goals for 1982 is to become a strong, new risk management servicing company for the commercial, industrial and institutional fields and exercising stringent, expense controls in-house, he says.

"Being a broker is only a small part of what we do," he adds.

Currently, 40% of Gallagher's business is generated by property/casualty commissions, 40% is generated by risk management service fees, 10% by health and welfare coverages and 10% from miscellaneous sources.

That may change in the future as Gallagher continues to push its services.

The company is aiming for a 10% to 12% increase in gross revenues in 1982, and that hike only represents what is projected internally, not from mergers or acquisitions, points out Mr. Gallagher.

The company has made no major geographic expansions nor has it acquired any new operations through mergers or acquisitions. Gallagher did open four new service offices, two in Illinois, one in Atlanta, and one in Baton Rouge, increasing its number of U.S. offices to 78 from 74.

Gallagher also intends to hold staff at its current 897 or even cut back a little. "We've got to put the head count on hold," Mr. Gallagher says, terming the state of the economy and the insurance industry a depression.

Gallagher will only occasionally hire new staff and may opt to allc positions to remain vacant aft resignations, he adds. "It's most d. ficult to deal with declining pro. margins that have been brought by the economy. It's caused us wind down on hiring and th hurts."

Gallagher has always prided i. self on its staff development. M. Gallagher is particularly proud c the program to hire college stu dents during the summer to recrui new talent, and that program con tinues with six students participat ing this year.

In full-time personnel, the company hired 140 new people between 1979 and 1980 and 75 between 1980 and 1981.

"We've been able to retain super people," he adds, "but now we have to wind down on our people development."

But, Mr. Gallagher is quick to add, don't count on that to stop the company from branching off into new waters in the years ahead.

Gallagher also prides itself on strategic, long-range planning and although the market may have upset the "road map" this year, Gallagher intends to keep itself positioned as a major international broker.

"Five years ago, we fell in love with ourselves because we broke all kinds of records with our growth," Mr. Gallagher says.

"But we're infinitely stronger today than we were then. We've matured and we have more to offer our clients.

"We are bullish on our future," he says. "These are tough times for everyone, but we are expanding in some areas."

The company is committed to expanding its self-funded and group employee benefits services, which have grown and promise to grow even more in the '80s, Mr. Gallagher explains.

The company's dedication to risk management services is evidenced by its commitment to developing a new computer system for its client by the middle of 1983, an effort tha has been ongoing for the past tw years, according to Mr. Gallagher.

"We view information as a prod uct that answers the needs of th risk management profession, plu assists us in claims management,' he says. "It's a very exciting, new product."

Gallagher-Bassett's existing com puter system supplies clients wit accurate and timely loss reports, but the new system will "change the whole way to do business," he says.

Clients will be hooked up to the Gallagher-Bassett system so that they can call upon it to answer questions or obtain information not offered in the standard package of risk managemet services.

The automatic direct reporting system will give the client access to the data base so that the employe can get the information it needs, he adds.

The system is "very" expensive but the company is committed to seeing the project through, says Mr. Gallagher. He predicts that the return on the investment will be substantial.

"I can't quantify it, but I anticipate a productivity lift once we're up and running," he says.

Other principal officers of the firm include: Arthur J. Gallagher, chairman; A. James Gallagher Jr., vice chairman; John P. Gallagher, executive vp; John G. Campbell, John C. Danloe, William G. Jensen, Donald J. Krutek, Walter F. McClure, Sterling L. Bassett, Michael J. Cloherty, Warren G. Van der Voort, Charles C. DeBruler, Joseph W. Fahey, A. William Greenfield, vps; and Daniel P. Wachs, director.

—By Eileen Norris



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	1981	1980
Premium vol	NA	NA
Gross rev	$40,330,000	$38,700,000
Employees	817	822
Rev./employees	$49,364	$47,060
Offices	28	28

Don't look for more explosive growth through acquisitions at the Ryan Insurance Agency Group, according to Harold H. Hines Jr., president of the parent company, Ryan Insurance Group. That era may already be over.

But don't count out continued growth of Ryan agencies' brokerage and service capabilities either, despite only tiny revenue gains in 1981.

As part of the large life and property/casualty company Ryan Insurance Group, the Ryan agencies are links waiting to be forged into a competitive chain that will allow both the parent and the agencies to sell their own specialty insurance products to the automobile and banking industry.

What property/casualty and benefit risks the group can't underwrite, the agencies will broker to other insurers.

The functional management theory is "convergence," a favorite word and concept coined by Mr. Hines that predicts unification of brokers and underwriters.



Mr. Hines

After its big acquisition of James S. Kemper & Co. in 1981, the Ryan Agency Group is on the verge of capitalizing on the convergence theory.

Just two years ago, the Ryan agencies were a small part of a life and credit insurance-based holding company built by Pat Ryan, an entrepreneur whose salemanship parlayed him into ownership of Globe Life Insurance Co., a Midwestern institution.

Mr. Ryan also developed Globe as a major underwriter of personal credit insurance for automobile buyers.

The Ryan Group's 1981 purchase of James S. Kemper & Co., formerly a *Business Insurance* Top 20 commercial broker, shot the Ryan agencies into the ninth-ranked position last year from 16th the previous year as the group restated its 1980 revenues to include Kemper production.

The explosive growth, however, seems to be over for the present. Gross revenues for the Ryan agencies and service firms, including the Kemper agencies, grew only 4.2% to $40.3 million from $38.7 million in 1980, placing the group 11th in the annual ranking, behind E.H. Crump Cos. and Arthur J. Gallagher & Co., which jumped ahead.

Ryan agencies' total employees actually shrank a bit through attrition to 817 from 822, but city locations held steady at 28.

In addition to Kemper, the Ryan Agency Group includes: Youngberg-Carlson, a regional retail brokerage; Scarborough & Co., a banking industry specialty broker and underwriter; Self-Insurers Service Inc., a claims administrator; Self-Insurers Benefit Services, a medical claims auditing and benefit plan administrator, and American Benefit Corp., an employee benefit consulting company serving primarily Virginia and the Ohio River Valley.

A. Yarchin & Co., a Boston-based retail brokerage that had been part of Ryan agencies, was merged with the local office of Kemper in 1981.

No acquisitions are in sight for the immediate future, executives say.

"We may not make an acquisition in 1982," Mr. Hines told *Business Insurance*. "We will go very slowly in acquisitions for a while and the ones we will make will be complementary to what we already have. We would like to be in New York City for the same reasons we would like to be in London and Bermuda. It's a major insurance center that we need to be in to keep in close touch with our markets."

Ryan already has an equity interest in U.K. brokerage Harris & Hornquist and is researching possible acquisitions in New York and Bermuda. But few prospects are in sight or within the Ryan group price range.

Continued on next page



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Continued from previous page

"This does not mean that we are not going to grow," Mr. Hines noted. "Though 4% revenue growth is not something I am particularly advertising, considering the investments we have made in the future, 1981 was a pretty good year."

Plagued by falling premium levels and intense insurer rate competition, service was the key in 1981, executives agree.

The agency group's new business grew about 10% in 1981, a pace slightly slower than other large brokers. The Ryan agency's service companies expanded fastest while insurance brokerage felt the pinch of the economy and insurer rate cutting.

"Most of us thought that we had seen the end of insurer price slashing in late 1980, but it never stopped in 1981. We maintained service, but tried to provide effective service and remove some of the superfluous offerings," Kemper President B.J. Sullivan noted.

"We think we are off to a pretty good start this year, but we have to be realistic. We all know about the economy and I think we will see at best a leveling out of insurance rates with a few minor increases," he said.

Following general trends, the agencies aimed more services at self-insuring clients, a market which continued to grow in 1981 as traditional insurance premiums generally shrank.

"I am particularly excited about the success of Self-Insurers Service this past year," Mr. Hines remarked. "The company has become particularly innovative in developing workers compensation pools for self-insured clients in states where they are allowed and developed loss prevention services, which I feel are at least equal to those offered by larger brokers."

SIS, primarily a workers compensation claims administation and loss prevention company, added programs for general liability claims administration while boosting its workers compensation client base by 25%. It now administers programs covering 225,000 employees in 38 states.

"Scarborough, our banking specialist also had a very positive year, developing a much stronger ability to sell and service larger banks through policy and personnel development. This is a very competitive market, previously dominated by larger brokers, and I think we can do much better here in the future," Mr. Hines said

Although the brokers in the Ryan agencies are not actively switching clients to their sister service companies, both Youngberg-Carlson and Kemper are actively producing new clients for the Self-Insurers Service and the recently developed Self-Insurers Benefit Services.

SIBS, developed from a small acquisition in 1981, administered employee benefit claims amounting to more than $50 million for more than 80,000 employees covered under self-insured medical, dental and disability programs. SIBS is headquartered in Park Ridge, Ill.

In 1982, the company added medical claims auditing services. This additional service, called the "HAWK" program, will evaluate medical bills for client companies and identify hospital overcharges that can generate refund to client companies.

With medical costs paid under employee benefit plans rising at a rate of 20% per year the new service is expected to grow particularly fast.

It also may develop additional claims clients as surveys reveal inadequate claims control by insurers Mr. Hines said.

"If SIBS can locate overcharges as an auditor, it can do it as an administrator," he said.

American Benefit Corp., the benefit consultant, however, produced only "modest" revenue gains, according to the Ryan annual report. "Adverse economic conditions in the company's primary market area impacted negatively on 1981 results," Ryan said.

Property/casualty insurance brokerage and related risk management services contributed slightly less than 84% of Ryan agencies' predominantly commercial-lines linked revenues. Employee benefit sales and related services produced slightly more than 16% of revenues.

Ryan agencies are strong in the automotive and banking industry as well as commercial real estate. But they seldom serve oil rig, ocean marine and aviation risks, which are three areas generally dominated by its large broker competitors.

Barring a surprise acquisition in any of its target areas or the Sunbelt, consolidating administrative operations of the Ryan subsidiaries is the next step in generating growth, Mr. Hines says.

"We cannot ignore the necessity of centralizing critical management functions, including treasury, data processing, policies and procedures and personnel. We can do a better job of cash management by consolidating efforts and gain some of the advantages that our colleagues have," he explained.

"But these administrative changes do not affect the essential relationships between our brokers, their clients and their insurance markets."

With the exception of the Yarchin office, which was merged with Kemper, all subsidiaries will remain separate until their managers develop ways of working "synergistically."

The urge to converge, however, was stimulated by Ryan management earlier this year when the Kemper agency headquarters was moved into the Ryan building in Chicago on the same floor as the offices of Youngberg-Carlson.

"By putting Youngberg-Carlson and Kemper physically next to each other in our corporate headquarters, we are hoping that they can begin sharing problems and solutions and begin talking about ways in which they can work together. People tend to work better when they come to their own conclusions," Mr. Hines said.

Mr. Sullivan, president of Kemper, agrees. "Our future together looks very good," he says. "Though we are not doing anything that would disturb our client or market relations, we feel that Ryan services will be very beneficial to us in the long run.

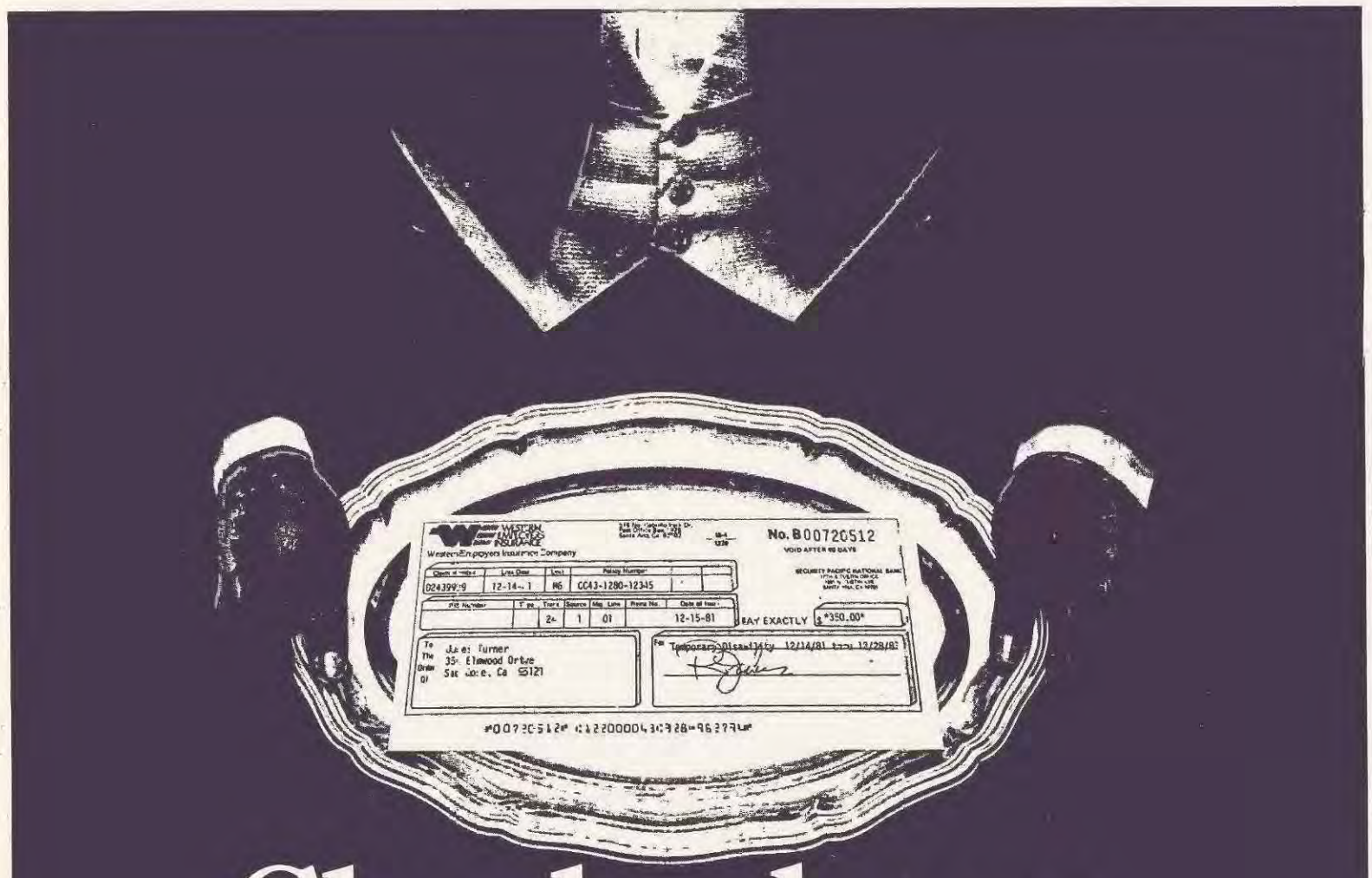
"Also, we feel that both Youngberg-Carlson and ourselves have some good people who will benefit from occasionally working together."

In addition to Mr. Hines and Mr. Sullivan, principal officers of the Ryan Agency Group include: Patrick G. Ryan, chairman of the parent company; John C. Brogan, vp of the parent company; Harvey N. Medvin, treasurer/secretary and vp of finance and adminstration; Fred Feldman, executive vp of Youngberg-Carlson Co. Inc.; Michael D. Rice, president of Scarborough & Co.; R. Raymond Muller, chairman of Self Insurers Service; and Charles K. Frantz, president of Self-Insurers Benefit Services.

As reported to the Securities & Exchange Commission, the three highest-compensated executives in salaries, commissions and bonuses in 1981 were:

Patrick G. Ryan	$366,000
Harold H. Hines Jr.	$254,402
Harvey N. Medvin	$145,800

—By Len Strazewski



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	1981*	1980*
Premium vol	$273,000,000	$210,000,000
Gross rev	$33,144,000	$27,323,000
Employees	661	574
Rev./employees	$50,142	$47,601
Offices	18	11

*Restated

A scrap of paper bearing the brief reminder: "Jardine Insurance Brokers-Albert Bender Division" dangled over the telephone switchboard at the broker's San Francisco offices.

It's hardly surprising that employees need help remembering the company's new name. During the past four years the former Albert Bender Co. has undergone a series of rapid transformations as it has bounced from one new parent and identity to another.

Bache Group Inc. bought the broker in 1978 and dubbed it Bache Insurance Services Inc. (BISI). Then Bache was acquired by Prudential Insurance Co. of America. Citing conflict of interest problems with its own agency force, Pru put BISI on the block last fall.

Hong Kong-based, British-owned Jardine Matheson & Co. Ltd. paid $30 million for the broker and a chance to tackle the vast U.S. insurance market. The acquisition was finalized March 1.



Mr. Mizel

The broker's top executives couldn't be happier.

"Jardines (as the company calls itself) is the largest insurance broker in the Far East and the fourth-largest in the U.K. They have indicated that the U.S. is a market they really want to be in. And they believe in a high degree of autonomy for the people who are running their operations," says Bernard H. Mizel, chairman and chief executive officer of Jardine Insurance Brokers Inc.

Autonomy is the motto of Mr. Mizel and other JIBI executives. Despite the many changes their company has undergone during recent years, key personnel have stayed with the brokerage.

Mr. Mizel joined Albert Bender Co. in 1963; Bob Rossi, executive vp, came in 1967.

The same management stability prevails in the company's Eastern operations.

"We did not lose one senior executive. We kept the structure of the company in place during the most trying time any company could face. And we overcame it."

But he'd rather talk about the future. And how JIBI plans to establish itself as one of the major forces in the retail brokerage business. There won't be many players, he believes.

"The focus of Jardines' insurance operations will be to aggressively go after the local and regional accounts. We think Jardines should be a major insurance broker, but not necessarily a national insurance broker," Mr. Mizel explains.

This has been his game plan for many years, he adds.

For the moment, however, JIBI is busy putting its house in order. The Prudential interlude interrupted the broker's integration of western and eastern operations. It also diverted management energy from the main business of the business—selling insurance.

Just how much the broker's performance last year may have suffered due to management preoccupations and the soft insurance market is hard to figure because of two accounting changes in JIBI's financial reports.

The company has switched to a calendar year, which replaces its fiscal year ended July 31. And it has restated 1980 revenues to reflect its loss of some Bache Group business formerly combined with BISI results.

"I think they (financial results) will be a little lower in 1981 because we included the annuities and life business of Bache when we were part of them and we don't have that anymore," said Mr. Mizel. Bache Group did not sell this segment of its business to Jardine Matheson & Co.

Therefore, the revenues of JIBI for 1981 and 1980 have been restated to $33.1 million and $27.3 million respectively to exclude Bache Group revenues that amounted to about $4 million in BISI's fiscal year ended July 31, 1981, explains Paul Hansen, JIBI senior vp and chief financial officer. JIBI comes in as the 12th-largest broker in the U.S., bumped down from the former 11th position held by Bache by the ascent in the rankings of E.H. Crump Cos.

JIBI also wants to complete integration of its Western operations with the former Ter Bush & Powell brokerage in New York. State law there prevents brokers from using the word insurance in their name so the Eastern operation has become Jardine Ter Bush & Powell Inc.

Western operations will use their division names subordinated to the Jardine name.

JIBI's revenues are almost evenly divided between its Western and Eastern bases.

But there is a difference in their product mix. About 40% to 45% of the Eastern division's business comes from employee benefit and association lines. It insures 17 professional associations on the Eastern seaboard.

Only about 10% of the Western division's business is employee benefits, although that percentage is growing. The balance is commercial property and casualty insur-

Continued on next page



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Continued from previous page
ance with a small contribution to revenues from personal lines placements.

"In the past we have been generalists," says Mr. Rossi. "But in the future we plan to offer something unique for five or six targeted industries." He declined any further details except to say that these plans will be polished later this year and implemented in 1983.

Next year JIBI also expects to be on the acquisition trail again.

"We believe there is a window which will close in 1984 or 1985 as the competition for brokerage firms intensifies," says Mr. Mizel. "There will be a lot of people looking at insurance brokers, they are now, and considering them as potential acquisitions."

This is one reason why JIBI was frustrated as a unit of Prudential. "We couldn't afford to sit around for four or five years waiting for Pru to make up its mind as to what it wanted to do with us," said Mr. Mizel. "We had to re-enter the acquisition market."

Mr. Mizel believes that critical mass is one attribute insurance brokers will need to survive the upcoming broker shakeout. The cost of doing business for agents and brokers has significantly increased, but revenues have declined. They need to streamline operations and improve efficiency.

"The brokerage industry is faced with a major dilemma: how can it provide all the services to clients it must to retain their business and yet stay alive and make a profit?" asks Mr. Mizel.

To maximize efficiency and avoid duplicating insurance company services brokers must join hands with insurers in a joint venture or partnership, he believes.

"No insurer or broker can do it alone," he declares.

JIBI is currently in the process of negotiating a joint-venture relationship with one or more insurers to distribute their product or products on an exclusive basis, he confirmed.

"Basically it's a modified form of vertical integration," he explained.

The relationship will eliminate costly duplication of sophisticated risk management, data processing and loss control services, he says. An insurance company service unit will be devoted exclusively to JIBI clients, leaving brokers free to sell the product and deliver the service.

Eventually, JIBI plans to set up similar joint-venture relationships with a multitude of financial services providers—not just property/casualty insurance companies. This will lead to the creation of a comprehensive financial services distribution system, he explains.

"We are interested in reaching the medium-sized commercial account in the $25,000 to $500,000 premium range. This is the most responsive climate for purchase of financial services—the man who owns his own business and buys life insurance, tax shelters, financial planning and annuities—not U.S. Steel.

"My long-term goal is to be able to offer all those services through the team approach of specialists within the Jardines family," he sums up.

"We take a look at Allstate and State Farm. People are buying their products. And they are doing it because they are reasonable, less expensive than some of their competitors. They offer a good service to their clients and they are well distributed within regional areas.

"We think that same kind of capability can be provided to medium-sized commercial accounts."

In May, Mr. Mizel traveled to London to submit JIBI's business plan to Nick Samuelson, chairman and chief executive officer of Jardine's international insurance operations. Mr. Samuelson in turn reports to Simon Keswick in Hong Kong, chairman of JIB Holdings Inc., a Jardine Matheson holding company for U.S. operations.

Jardine is a diversified multinational corporation with worldwide operations in insurance, insurance broking, financial services, marketing, real estate, natural resource development and transportation services.

It earned about $100 million on revenues of $1.45 billion in 1980 and employs more than 37 000 in 20 countries.

The company was founded in Asia more than 150 years ago shortly before the establishment of Hong Kong, the corporation's world headquarters. The founders of Jardines were China traders.

This link with the Far East will give Jardines' U.S. brokerage operations a unique capability to service China, Japan, the Philippines and Malaysia, Mr. Mizel believes. But for the time being JIBI will focus its energies on domestic expansion.

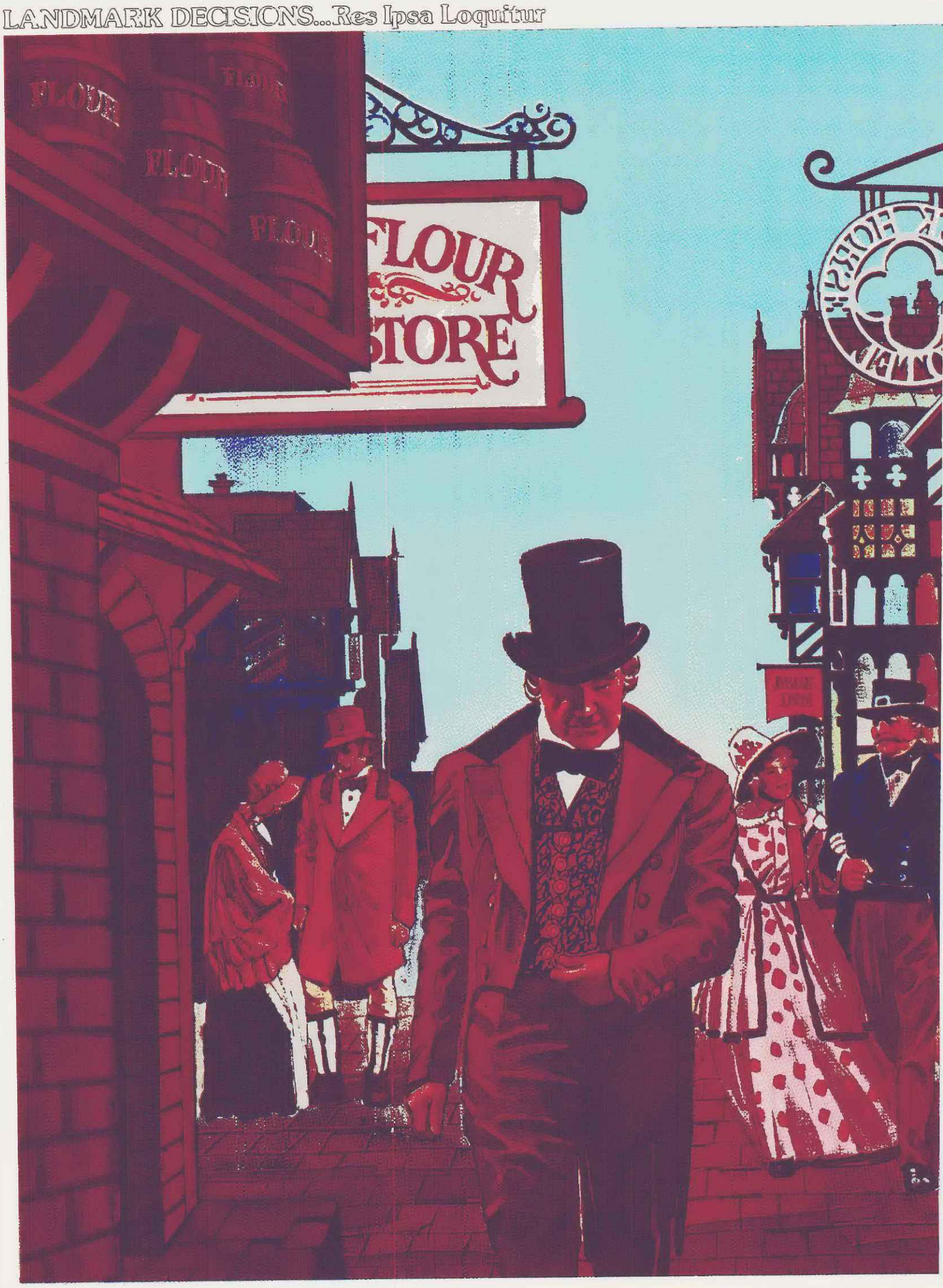
Jardines also owns an excess and surplus lines brokerage called J.G. Special Risk Insurance Brokers Inc.

JIBI offices are in San Francisco, Arcata, Mount Shasta, Santa Clara, Santa Ana, Santa Rosa, Petaluma and Los Angeles, Calif.; Spokane, Washington Honolulu; and Mount Clair, N.J.; JTBI offices are in Schenectady, Cedarhurst, Syracuse, Hoosick Falls and New York City, N.Y.; Boston; and West Palm Beach, Fla.

Principal officers include: Bernard H. Mizel, chairman and chief executive officer; E. Paul Hansen, senior vp & chief financial officer; Robert L. Rossi, president, Western division; Richard J. O'Roarke, president, Eastern division (Jardine Ter Bush & Powell); J. William Campo, director of JIBI and chairman of JTBF.

—By Rhonda L. Rundle

LANDMARK DECISIONS...Res Ipsa Loquitur



13 Emett & Chandler

1880 Ave. of the Stars, Los Angeles, Calif. 90067; 213-553-4600

	1981	1980
Premium vol.	NA	NA
Gross rev.	$27,100,000	$21,395,800
Employees	540	511
Rev./employees	$50,185	$41,871
Offices	19	18

"It would appear we are growing against the trend of the industry based on our revenue figures," observes Richard A. Archer, vice chairman of Emett & Chandler Cos. Inc.

That appears to be an understatement.

The Los Angeles-based broker posted revenues last year of $27.1 million, up from $21.4 million in 1980 for a 26.6% gain and a two-spot jump in the *Business Insurance* Top 20. Formerly the 15th-largest U.S. broker, Emett & Chandler now ranks No. 13.

Not a single acquisition contributed to the increase. Growth came entirely from internal expansion, showing Emett & Chandler is now beginning to reap the benefits of a strategic plan launched about three years ago. The plan called for redeploying the assets of Pinehurst Corp. into the insurance brokerage and related services business from reinsurance underwriting.

"We really have changed the company like we said," emphasizes Mr. Archer, referring to previous interviews with *Business Insurance* for articles in the 1980 and 1981 Agent/Broker Profiles issues. "We're confident that we're concentrating at what we're good at—and that's on brokering and risk management."

The company sold its reinsurance subsidiaries in the United Kingdom to Armco Steel in 1980. Last year, Beloit Corp. purchased Pinehurst's domestic reinsurer, Presidio Insurance Co. The two sales brought the broker a combined gain of more than $1.7 million, which it is plowing back into operations.

The broker's parent, Pinehurst Corp., was renamed Emett & Chandler Cos. Inc. in May to emphasize its reorientation.

People recognize the Emett & Chandler name more readily than Pinehurst anyway, says Mr. Archer. They used to wonder when they heard Pinehurst whether "we were in the golf course business or forestry," he recalls with a smile.

Emett & Chandler's investment in new locations is beginning to pay off as revenues exceeded expenses in both the Houston and New York offices for the first time last year. The San Francisco office, which was expanded last year, is making progress but still operating in the red. The Los Angeles office is the broker's flagship.

"That's the cornerstone of the company and it's off of that corner-



Mr. Lawrence

ship that we're putting these other building blocks together and filling in the jigsaw," says Mr. Archer.

But he hopes that the puzzle will never need more than 20 pieces. "We don't want 110 or 115 offices—they are nightmares to manage. And what you find is that some of the smaller offices take more management time than the big ones."

Emett & Chandler's game plan is to add three or four operations annually over the next five or six years in major U.S. population centers.

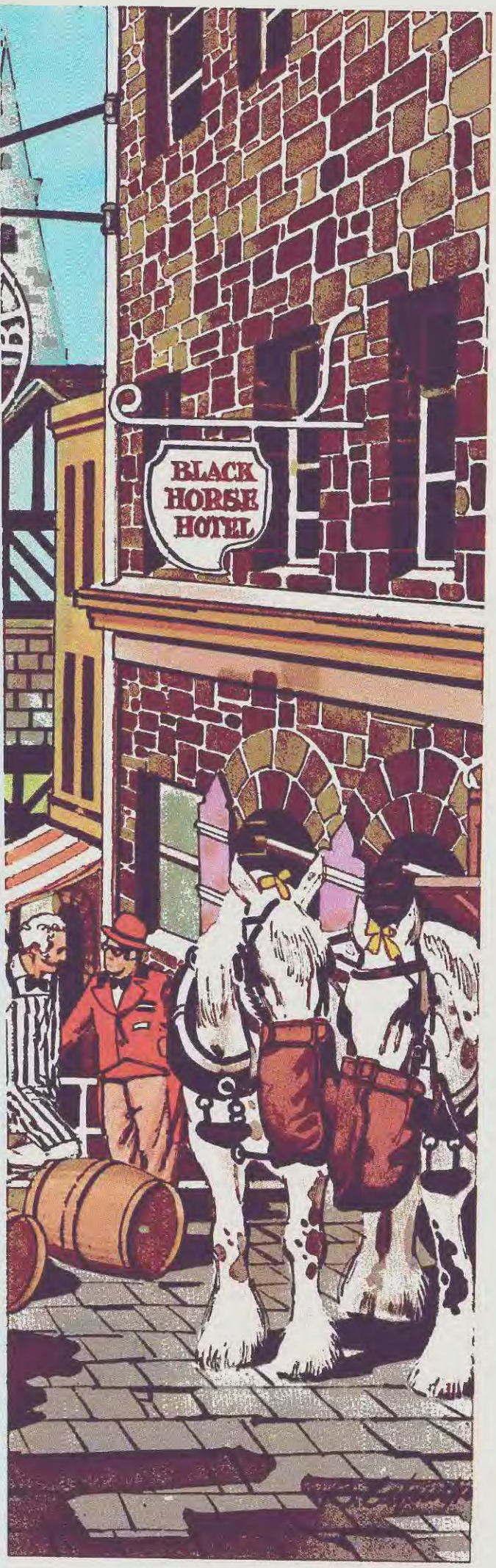
The new offices will not be acquisitions or skeletal three-person outposts. They will be strong competitors in cities where the broker can find "the right kind of people who are going to fit our kind of an operation," Mr. Archer says.

James L. Stone, former manager of Bayly Martin & Fay's Chicago office, clearly fits that description. He heads a new Emett & Chandler office there, which opened this year.

"We expect we will get a nucleus of either six or seven very strong, capable key people" and then build around them as business grows, Mr. Archer says.

The Chicago office will cost the company an investment of no less

Continued on page 56



The Case of the Man Under a Barrel

Byrne vs. Boadle

Mr. Byrne was a creature of habit. He normally took his morning walk around his home near Liverpool. But, in 1863, the town had become industrially active and he was curious about the changes.

So, one morning, he decided to wander through the business area. While passing the shop of Mr. Boadle, the village flour dealer, an unforeseen accident befell him. A flour barrel rolled out of the second floor window above the shop, knocking him down and causing serious injuries.

Mr. Byrne promptly sued for negligence, claiming he was innocently walking by when he suddenly found himself under a barrel. Mr. Boadle responded by saying neither he nor his servants were responsible. So a major court action ensued about duty and responsibility when there is no evidence of negligence.

In this Landmark Decision, Chief Baron Pollack of the Court of the Exchequer ruled in favor of Mr. Byrne, stating that the accident alone was prima facie evidence of negligence. For the first time, the victim was not required to prove negligence. Which prompted the use of a new legal phrase —**res ipsa loquitur**—the thing speaks for itself.

In his summary, Chief Pollack said, "If an article calculated to cause damage is put in the wrong place and does mischief,...those whose duty is was to put it in the right place are responsible."

However, this opinion still generates considerable controversy It has been cited no less than 20 times since 1970 in American courts and continues to be cited in current ones. Which is why this case is as relevant today as it was in 1863.

AT GAB, legal precedents form the basis of what we do. Landmark Decisions like Byrne vs. Boadle have taught us there are often gray areas in cases that appear to be black and white. And these gray areas, pinpointed by a thorough investigation, can make the critical difference in the successful conclusion of any claim.

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Continued from page 53
than $750,000 and perhaps as much as $1 million until the operation starts to earn its own keep. "It's probably not realistic to expect an office to break into the black in less than 18 months," concedes Mr. Archer. But that's the goal.

Seattle and Atlanta might be termed "must" locations for the brokerage in the next 12 months as it eyes the Southeast and the Northwest. Seattle is not one of the nation's 20-largest population centers, but its service area ranges into the North Pacific Basin, extends an arm into Alaska and supports a sizable economy of its own.

The brokerage believes that the 1970s was the decade of acquisitions and that the best purchase opportunities are things of the past. The number of acquisitions available and the quality of those acquisitions are less now than 10 years ago, Mr. Archer explains. "Our basic strategy differs from the 1970s in that our emphasis is on attracting good people and working with them to develop operations."

Each office targets clients in different industries according to the special skills and expertise of its producers. But, in general, E&C brokers stalk the locally based national and international accounts. Among the broker's new clients added last year are Greyhound Corp., International Minerals & Chemicals, Control Data Corp., Lion Country Safari, Celanese Corp., McFarland Energy and the Durango-Silverton Railroad.

The new Chicago office, for example, will canvass financial institutions, industrial conglomerates and aviation risks. The Houston office is active in large property risks and oil-well control coverage. San Francisco just picked up a major food processing client and represents a number of construction scaffolding contractors.

New York is very strong on large casualty placements and marine coverage for giant companies.

The Los Angeles office places 60% to 65% of the land-based drilling capacity on the West Coast, points out Larry Lawrence, president of E&C-Los Angeles. The office is also active in handling energy and refinery risks, commercial airlines and railroads.

Emett & Chandler's picture, however, is not all rosy. Operating results have not been as good for claims administrator R.L. Kautz as they have been for broker Emett & Chandler. Revenues for that division last year increased only 8% over 1980 and the operation was unprofitable. In the first quarter of 1982, the claims administrator reported a loss of more than $400,000.

The parent company blames the poor performance on three factors: the soft market that has discouraged growth of self-insurance; a sick economy that has depressed payrolls and claims volume; and computer hardware problems that have forced Kautz to maintain redundant transaction records and thereby reduced productivity.

"The system is fine but the box is too small," explains Mr. Archer. Response time of the computer system has been slow because hardware capacity has been inadequate to handle user requirements. Now that the problem is identified, the company hopes to cure the problem with a larger computer and more terminals.

One of the company's biggest successes last year was launched in an airport parking lot. Mr. Archer was dragging his suitcase onto a minibus headed to the terminal when he ran into a former associate from Frank B. Hall & Co. Inc. At the time, Robert E. Galaher was handling structured settlements for another company in Los Angeles.

In February 1981, Galaher Settlements & Insurance Services Co. started operations as a subsidiary of Emett & Chandler. It turned a profit during its first year on annuity premiums of more than $19 million. Offices are located in Claremont, Calif., Chicago and Houston.

"We happen to think that is going to be a growing and expanding business—despite the fact that many, many more people want to get into it," Mr. Archer says.

Merrill Lynch, for example, is interested in the business in a big way, he notes. But knowledge of the annuity product is only half the picture, he says.

"The other half is having the confidence of the legal community and major insurance claims people so you can take that knowledge and help them solve the problem. And we think that's where we have the strength."

Although Galaher works with both plaintiffs and defendants to achieve a mutually acceptable structured settlement, the company responds only to a defense side request for its services. Last year, Galaher handled several lawsuits arising out of the Kansas City Hyatt Regency Hotel disaster.

Risk Management Inc. specializes in the management of captive insurance companies and will now be working more closely with Emett & Chandler brokers to provide technical support. Besides captives, Risk Management Inc. will evaluate cash-flow retros and other risk financing alternatives.

"We have the computer capability in Los Angeles to put models of all of these on a comparative basis and come out with a present value of all the alternatives," explains Mr. Lawrence. Responding to broker needs are seven MBAs, six Certified Public Accountants and at least two attorneys.

The company also is in the process of locating risk management specialists in other offices. "Our thought is that most of the service work will be done locally," Mr. Archer says. But it will maintain a brain trust in Los Angeles to support outlying operations.

Another piece of Emett & Chandler's risk management services sits in Hamilton, Bermuda. Pinehurst Management Co. Ltd. manages 40 captive insurance companies in Bermuda and the Cayman Islands.

Emett & Chandler brokerage offices are located in Los Angeles, San Francisco, and Irvine, Calif.; New York, Houston, Chicago, Phoenix, Ariz., and Wyoming. R.L. Kautz and Risk Management Inc. are based in Los Angeles. Claims administrator Laverack & Haines Inc. is located in Buffalo, N.Y. Reinsurance broker PRI Inc. is headquartered in Parsippany, N.J. Pinehurst Management Inc. offices are in Hamilton, Bermuda, and the Cayman Islands.

Principal officers include: Leonard P. Lawrence, chairman of Emett & Chandler International; Richard A. Archer, president & chief executive officer of Emett & Chandler International; George W. Brown, executive vp of Emett & Chandler International; Oren E. Lane, chairman of Emett & Chandler-Los Angeles; Jimmie Bussio, executive vp of Emett & Chandler-Los Angeles; Thomas B. Arney, president of Pinehurst East; Thomas C. Cannon, president of Emett & Chandler-New York; George W. Brown, president of Emett & Chandler-Northern California; Lester W. Eckert, president of Emett & Chandler-Texas; James L. Stone, president of Emett & Chandler-Illinois.

As reported to the Securities & Exchange Commission, the five highest-compensated executives in salaries, commissions and bonuses in 1981 were:

R.L.Emett	$214,667
C.F. Smith	$260,500
R.A. Archer	$210,500
O.E. Lane	$172,800
L.P. Lawrence	$154,591

—By Rhonda L. Rundle

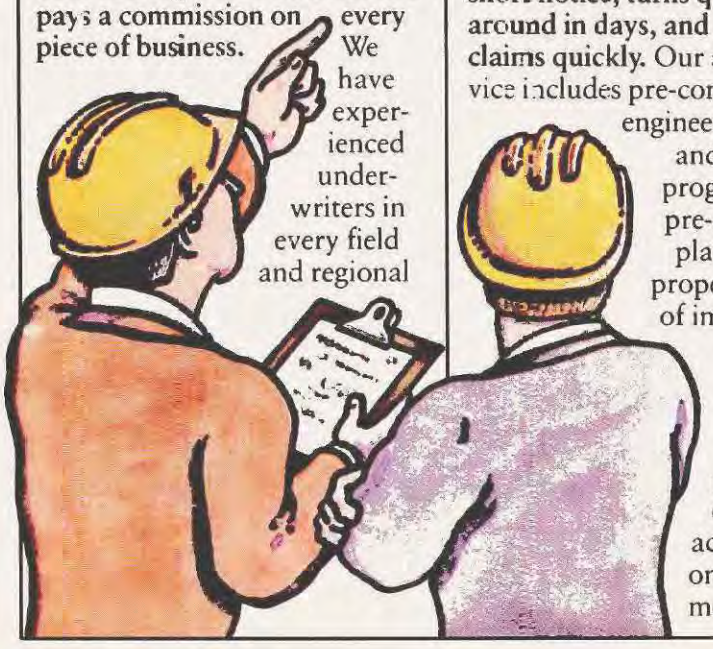
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Mr. Archer

14 Republic Hogg Robinson Inc.

11620 Wilshire Blvd., Los Angeles, Calif. 90025; 213-820-7070

	1981	1980
Premium vol.	NA	NA
Gross rev.	$25,308,000	$23,882,000
Employees	540	516
Rev./employees	$47,978	$45,283
Offices	19	22

An enormous new sign hangs outside the entrance to Republic Hogg Robinson's corporate offices in West Los Angeles.

The sign alerts visitors to the name change from Penn General Agencies. But it also makes a statement about the broker's pride in its new parent—the Republic Steel-Hogg Robinson partnership.

"We're having doors opened to us by virtue of our association with the two companies," says Alfred B. Schaeffer, who continues as president of the 14th-largest U.S. insurance brokerage, according to *Business Insurance* rankings. The company held the same position last year.

Republic Steel Corp. is one of the largest and best-managed industrial companies in the United States, says Mr. Schaeffer. "Their business isn't the best right now, but they have super-talented people and an organization that has been very helpful to us."

Hogg Robinson is a 150-year-old insurance enterprise with tremendous expertise, he continues.

"With their volume and our volume, we are a formidable international resource—and we are starting to see more of that kind of business."

Like many brokers coming off a tough year, Mr. Schaeffer is more anxious to talk about the future than the last 12 months. But RHR did manage a 8.5% increase in gross revenues in 1981 to $25.9 million, up from $23.9 million in 1980.

Some of RHR's growth last year came from the acquisition of Cohen, Goldenberg Inc. in Boston for $1.06 million. Some brokers claim all of an acquisition's revenues during the year in which the purchase is made, but RHR only reports income earned from the date of acquisition, Mr. Schaeffer notes.

And RHR plans more acquisitions this year.

"We want to build a unique company, not necessarily the biggest, but a strong local and regional broker to serve large and medium-sized clients," Mr. Schaeffer explains.

But, he adds, that the company is not seeking extremely large clients, because by the time all the big brokers get through competing for those risks, there's not a lot of dollars left in them.

So, how does Republic Hogg Robinson define its target market?

The broker is currently in the process of answering that question with a long-term business plan. A professor from the UCLA Graduate School of Management is helping the company pinpoint its market niche, fine-tune its growth strategy and plan product development.

"We have appointed a planning officer who meets regularly with different key executives," says Mr. Schaeffer. A small group of top RHR people will go away together in August to brainstorm some of these plans and ideas.

In the future, RHR expects to capitalize more heavily on its association with Hogg Robinson, Mr. Schaeffer adds. The two companies already have developed a computerized "interlead" system that streamlines the exchange of information about prospective clients.

Hogg Robinson has assigned a staff member in London to coordinate this new business development tool.

"They are very ubiquitious—that's really the word for it," says Mr. Schaeffer. "Hogg Robinson keeps a very high intelligence as to who's doing what and who's moving where. They also bring us an expertise in the London market that we didn't have before."

RHR in turn can give Hogg Robinson a support facility in the United States for their clients "so that Alexander & Alexander and Marsh & McLennan don't get their hooks into them when they come over here," Mr. Schaeffer adds.

Through a referral from London, for example, RHR recently landed a Middle Eastern investment company with major U.S. real estate interests as a client.

RHR also has become very active in political risk and credit insurance—two special coverages handled by London-based Hogg Robinson and its subsidiaries.

"They have written some business for our clients and we have gotten some referrals on some of their clients," says Mr. Schaeffer.

"It's still in the early stages but there is a synergistic relationship developing and we think, as we get more comfortable and develop better communications, it will be even more meaningful," he says.

International accounts, although growing, are still only a small part of RHR's business, however. Last year, the broker spun off its international division as a separate unit called Republic Hogg Robinson International. So far, it has mostly serviced Japanese accounts.

RHR is also learning from its other parent. During the many years that Republic Steel Corp. has been self-insured, it has developed expertise in management information systems, claims adjusting and cost controls. RHR is applying some of this knowledge to its own self-insurance products, whose sales make up about 30% of RHR revenues.

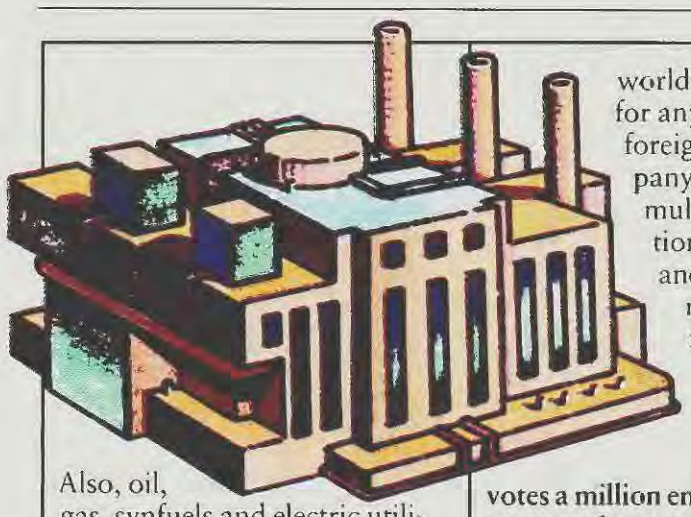
"We've established a task force of their people and our people who get together, take the best out of both systems and develop the state of the art," Mr. Schaeffer explains.

RHR's self-insurance operations continue to use the name Penn General Service Corp. and have offices in nine U.S. cities. One of the broker's objectives is to achieve more "total account selling" through its separate self-insurance and brokerage operations.

Republic Steel Corp. also has helped RHR to develop a national cash management program, says Mr. Schaeffer. Through the use of a central cash fund, the broker is able to buy bigger certificates of deposit and other money-market instruments to more effectively manage cash.

"We build more income through managing $28 million or $30 mil-

Continued on next page



worldwide coverage for any domestic or foreign-based company. IRI's staff of multilingual nationals in Europe and the Far East makes foreign insurance easy to understand.

11 45 of the world's leading insurance companies stand behind IRI. You probably represent one of them right now.



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Continued from previous page

lion collectively than by managing $2 million or $3 million from 10 offices individually," explains Mr. Schaeffer.

"It's the old axiom of buying in quantity to better utilize your services," he adds. "The insurance brokerage business is becoming more capital-intensive. You have to be full-service and that means computer capability, loss-control services, employee benefits communications and the rest of it."

"One of the most important benefits of our association with our new parent is that it has allowed us to attract some outstanding people," notes Mr. Schaeffer. "Our credibility has been enhanced—people see us as a worldwide company with a chance to grow.

"When we were owned by a life insurance holding company that was not in the same business as we are, people didn't know what kind of atmosphere they would be functioning in."

Among RHR's new recruits are: Michael Mullins, manager of the Dallas office, formerly vp of production for Marsh & McLennan in Texas; Marty Harrington, president of the Los Angeles office, formerly in charge of M&M's Orange County, Calif., office; and Bill Keebler, national accounts manager, formerly the No. 2 staff member in General Motors' insurance department.

Among RHR subsidiaries are Cedar Hill Management Ltd., a captive management company in Hamilton, Bermuda, and Seaboard Underwriters Inc., a managing general agency for Bankers & Shippers Insurance Co. and other companies. Bankers & Shippers, like RHR, is owned by a joint-venture partnership between Republic Steel and Hogg Robinson.



Mr. Schaeffer

Last year, RHR added Transportation International Inc., a retail trucking insurance brokerage in Burlington, N.C., that is headed by John McCormack, former senior vp of Baldwin & Lyons.

Employee Benefit Consultants, a small pension operation, was sold because it was unprofitable, and RHR is still trying to sell its 20% interest in Derek Bryant Insurance Brokers Ltd.

"It's a good company and it's been doing very well," says Mr. Schaeffer. "The problem is British tax laws."

RHR brokerage offices are located in Los Angeles, Burlingame and San Diego, Calif.; Miami; Phoenix, Ariz.; Boston; Southfield and Saginaw, Mich.; New York; Burlington, N.C.; Beachwood, Ohio; and Amarillo, El Paso, Lubbock, Houston and Dallas, Texas.

Penn General Service Corp. offices are located in Los Angeles; Dallas; Miami; Falmouth and Jackman, Maine; Southfield, Cadillac and Grand Rapids, Mich.; and Barrington, N.H.

Seaboard Underwriters offices are located in Burlington, N.C.; Boynton Beach, Fla.; Chicago; and Houston.

The company's principal officers include: Alfred B. Schaeffer, president and chief executive officer; Arnold Bergson, Vernon Dockendorf and Donald Benyas, regional vps; Gerry R. Ginsberg, senior vp; Donald Sandgren, president of Seaboard Underwriters Inc.; and William J. Nietschmann, president of Penn General Service Corp.

—By Rhonda L. Rundle

15 Financial Guardian Group

3100 Broadway, Kansas City, Mo. 64111; 816-561-8630

	1981	1980
Premium vol	$NA	$200,000,000
Gross rev	$21,224,455	$19,486,033
Employees	379	376
Rev./employees	$56,001	$51,824
Offices	24	24

On a hot, summer day in 1970 when a friend dropped into Lee Beets' new office, one room in an aging building in downtown Kansas City, he had to sit on a box of books because there wasn't any furniture.

Mr. Beets, chairman of what is now the 15th-largest broker, according to *Business Insurance*, recalled his first days in business during an interview held in his new office on the top floor of a sleek, new 13-story office building overlooking a park about two miles from downtown.

It was several months from that steamy day in 1970 when Mr. Beets expanded from his one-secretary staff with the first acquisition of a brokerage firm. The former chief operating officer of T.H. Mastin & Co., a management company for two insurers, was on his way to building Financial Guardian Group Inc.

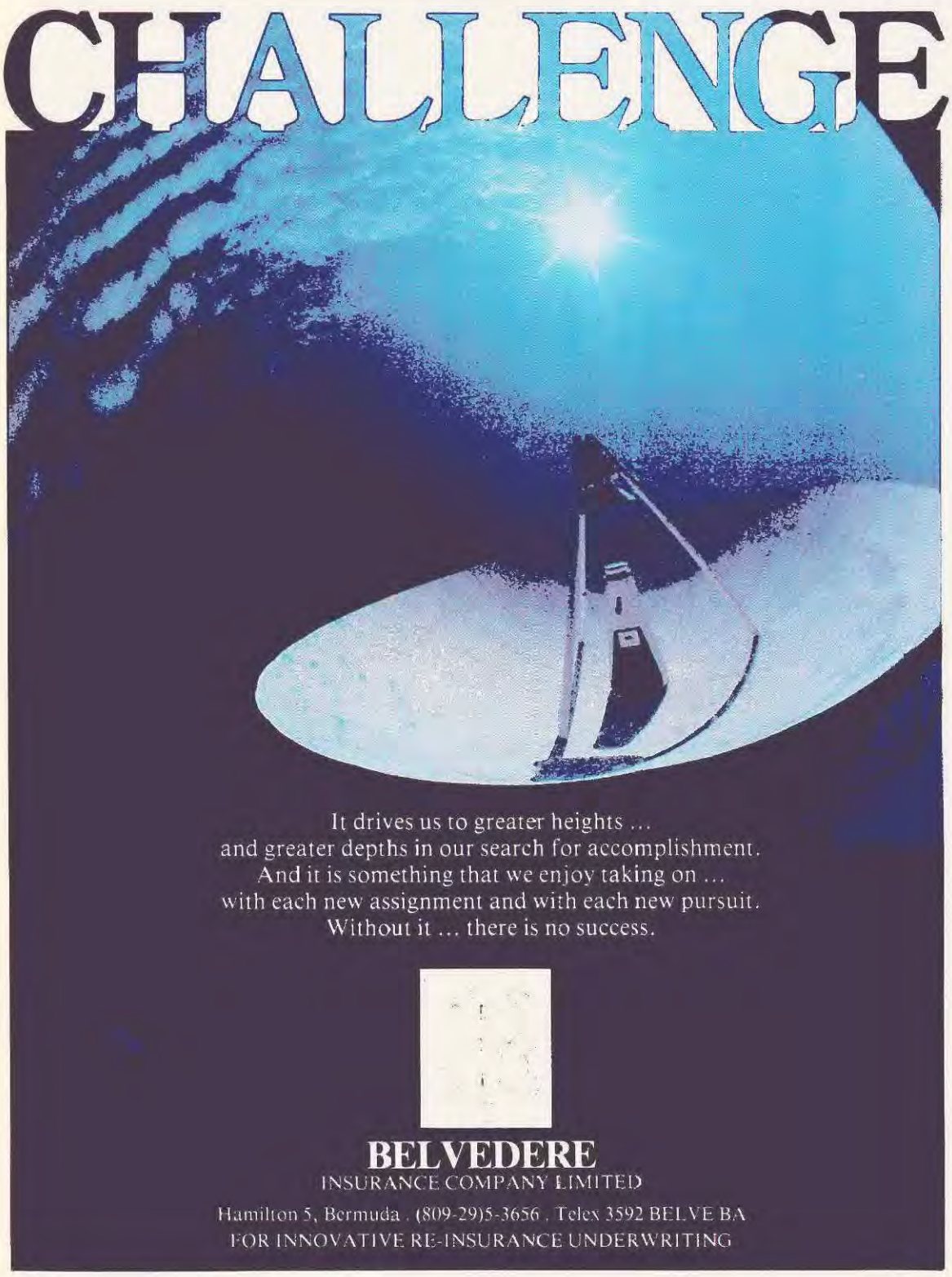
"We're a good, old American success story," says Mr. Beets, who also is Financial Guardian's chief executive officer.

The company's 1981 revenues of $21.2 million, from an estimated gross premium volume of perhaps 10 times that figure, continues the company's history of improving efficiency. The 8.9% growth in revenues was performed by a staff of 379 employees, just 1% larger than the 376 employees at year-end 1980 who had produced gross revenues of $19.5 million.

The growth in gross revenues, however, was slower than in 1980 when Financial Guardian grew 9.6%. Mr. Beets attributes the slower revenue growth in 1981 to the general competitiveness of the commercial insurance marketplace, which has squeezed brokers' commissions as premium volume falls prey to renewal rates chopped below those of the expiring coverage.

"We are having some discussions with carriers about more favorable arrangements, but these are limited to our larger carriers," Mr. Beets says.

Continued on facing page





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Continued from facing page

Financial Guardian's largest market is Fireman's Fund Insurance Cos., followed by The St. Paul Cos. Inc. Other large markets for risks brokered by Financial Guardian are Aetna Life & Casualty Co., Great American Insurance Co., Insurance Co. of North America and CNA Insurance Cos., although not necessarily in that order.

Despite the slowdown in revenue growth, Financial Guardian went up one notch in the *BI* Top 20.

Mr. Beets' forecast for 1982 is not particularly optimistic on the property/casualty side, where he expects revenues to be down.

"Whatever I've projected is not very reliable because I'd imagined that we had bottomed out of the cycle and we haven't yet," he says.

By line of business, 79% of the brokerage's revenue comes from servicing casualty, property and marine insurance needs, with 16% from life, health and employee benefits and 5% from other sources, including investment income. "We have been putting emphasis on employee benefits," Mr. Beets notes.

Even though property/casualty business is the largest chunk of the company's revenues, Mr. Beets predicts Financial Guardian Group will "be up slightly" because "we have a certain image now that's becoming contagious."

As Mr. Beets sees it, that image is of a tough little broker, underwriting manager and provider of risk management services that isn't afraid to innovate and that fuels growth through a well-defined plan of acquisitions of like-minded regional brokerages.

The source of the company's revenues reflects that image. Once generated entirely by retail brokerage operations, 24% of the company's revenues are now generated from other activities, such as wholesale operations—20%—and underwriting management—4%.

However, brokerage, generating 76% of revenues, is still the major thrust of the company.

"We have identified the segments of the marketplace we want our retail operations to empasize in the future," says Mr. Beets. "They are commercial property and casualty risks producing premium in excess of $10,000 annually and employee benefit risks producing $25,000 and above annually."

Mr. Beets says Financial Guardian also is interested in commercial specialized marketing programs, like its franchise business.

In 1981, Financial Guardian triumphed over two larger competitors in a three-way tussle for the business of McDonald's Corp. franchisees. Financial Guardian sold more package programs than McDonald's-endorsed Marsh & McLennan Inc. and the previous broker, Frank B. Hall & Co. (*BI*, Oct. 26, 1981). And, FG picked up workers compensation coverage for another 1,000 McDonald's franchisees earlier this year (*BI*, March 29).

Adding the property/casualty coverage for approximately 1,500 McDonald's stores to its existing accounts with Pizza Hut franchisees, Financial Guardian has been able to build a significant fast-food franchisee insurance service operation. "One of the biggest victories was our promotion of our fast-food program," says Mr. Beets. It now accounts for 7% of total revenues.

Financial Guardian also wants to develop more risk and insurance services for executives and professionals.

Mr. Beets boasts, however, "Today, Financial Guardian is a financial-risk specialist organization."

The group's Worldinsurance Inc. subsidiary, for example, operates independently, offering other agents and brokers its services as a managing general agency, an excess/surplus lines specialist, a captive manager, a self-insurance manager and a reinsurance intermediary.

And, during 1981, Financial Guardian created a new subsidiary called World American Underwriters Inc., an insurance and reinsurance underwriting manager and special risk facility. WAU is developing or expanding underwriting management activities in trucking and professional liability, especially errors and omissions coverages for architects and consultants. It also writes wet marine coverage for Gulf Coast crew boats, tugboats, barges and supply vessels.

Joining the group to run World American Underwriters as president was James R. Wining, who left a job as assistant vp for U.S. domestic operations at INSCO Ltd. in Bermuda.

Other Financial Guardian subsidiaries are FG Technical Services Inc. and Risk Retention Services

Continued on next page

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Mr. Beets

Continued from previous page

Inc., which together provide risk retention and technical risk services, including loss-prevention engineering and claims supervision.

FG has grown by acquisitions and it continues to search for new opportunities. One executive works full-time searching for brokerages with offices and talents that would add to Financial Guardian's strengths. In the next five years, Mr. Beets wants acquisitions to add 7% per year to FG's revenues.

The company's five acquisitions during 1981 and early 1982 were: Insurance Underwriters Inc. of Ann Arbor, Mich.; Charles Taylor Agency and American Insurance Agency Inc., both of Phoenix, Ariz.; Houston Casualty Agency Inc. and Independent Insurers Services Inc., both of Houston.

Financial Guardian wants to expand its network of offices into several areas, including a beefing-up of the New York operations.

Currently, the company's 24 offices are principally located in the West, Southwest, Midwest and New York City, although the company services fast-food risks all over the United States. Financial Guardian held its number of offices at 24 by adding a Dallas location and closing a wholesale office in Portland, Ore.

But, unlike some of the alphabet houses that have acquired London-based brokers with underwriting operations, Mr. Beets is perfectly content to remain a service provider rather than a large-scale risk-taker.

In a major executive change, Charles R. Hall joined the company as director of national accounts for Financial Guardian Inc., the group's principal operating subsidiary. Mr. Hall had been a vp at Alexander & Alexander Services Inc. in New York.

FG has also managed to lure sales executives from larger competitors like Rollins Burdick Hunter and Marsh & McLennan to run offices in San Jose, Calif., and Des Moines, Iowa, Mr. Beets notes.

Also during 1981, J. Robert Byerly Jr. was named executive vp of Financial Guardian Inc., with responsibility for building a national employee benefits division for the brokerage. Mr. Byerly came from Insured Benefits Inc., a Denver benefits consulting concern that merged with Financial Guardian in 1980.

The two top officers of the group, under Mr. Beets, remained unchanged in 1981: Donald R. Weber, executive vp of the group and president of Financial Guardian Inc.; and W.A. Schonacher Jr., group vp and president of Worldinsurance Inc.

As reported to the Securities and Exchange Commission, the five highest-compensated executives in salaries, commissions and bonuses in 1981 were:

Lee Beets	$150,000
Donald R. Weber	$120,000
W. A. Schonacher Jr	$100,000
Raymond E. Crews Jr	$116,000
Doran R. Oneale	$179,346

—By Bill Densmore



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16 Poe & Associates

P.O. Box 1348, Tampa, Fla. 33601; 813-228-7361

	1981	1980
Premium vol	NA	NA
Gross rev	$19,300,000	$15,300,000
Employees	510	450
Rev./employees	$37,843	$34,000
Offices	24	13

Poe & Associates took its first stride into the international insurance scene this year despite soaring overhead and depressed insurance rates that squeezed profits.

In March, Florida's largest insurance agency purchased 80% interest in Britain's Stetzel, Thompson & Co. Ltd., a managing general agency for several international insurance syndicates. The firm has offices in London and Bangkok, Thailand.

During 1981 and early 1982, Poe & Associates also undertook several other major projects that, while spurring growth, had an impact on earnings for the year.

These included the purchase of three U.S. insurance agencies, formation of a management consulting firm, consolidation of its corporate headquarters and installation of its first sophisticated computer facility.

Poe's 1981 expansion generated a 27% growth in revenue to $19.3 million in 1981 from $15.3 million, boosting the brokerage to 16th from 19th in the *Business Insurance* Top 20.

Further revenue growth of nearly 40% occurred in the first quarter of this year with the purchase of Stetzel, Thompson & Co. Ltd.

But growth has come at a price, Chairman William F. Poe says. His company's 1981 earnings per share dropped to 88 cents from $1.13, a 28.4% decline.

"The economy is affecting us just like any other agent or broker," Mr. Poe says. "Cash flow is a problem. We've used cash to purchase two or three of the last deals. This had been used for investment purposes, so our interest income is down."

Poe, which specializes in group or association insurance coverages, had not planned to acquire an international firm until this year, he adds.

"As I recall, last year at this time we said we had no intention of going international and that was true," he says. But the company "expands along the path of opportunity," he adds.

"This firm became available and we were knowledgeable about its activities and finances," Mr. Poe says. "It is not large, but has a good bottom line, with $1 million to $2 million in commissions a year.

"We anticipate expanding this area of our operation. Also, we will have one or more syndicates operating in the Insurance Exchange of the Americas (in Miami) when it opens its doors this year," Mr. Poe says. He serves on the governing board of the exchange.

James Cordle, who has spent 12 years working in the European and Latin American insurance markets, has been named executive vp in charge of underwriting and risk-taking operations. He will run Stetzel, Thompson & Co. Ltd., Poe's exchange syndicates and the company's wholly owned subsidiary, Whiting National Insurance Co. of Tampa, Mr. Poe says.

A managing general agency the company that may soon open in Puerto Rico would also fall under Mr. Cordle's division.

Domestic acquisitions include the Matterhorn Bank Programs Inc. of Baltimore, an insurance agency specializing in financial institution business; Allegheny Insurance Brokers Ltd. in Baltimore, a general commercial lines insurance agency; and Pan American Insurance Management Corp., a group of commercial and personal lines agencies and risk management consulting firms, based in Charlotte, N.C.

In December 1981, Poe & Associates also formed L. Garry Smith & Associates, a Tampa-based management consulting firm.

The acquisitions, relocation of the company's headquarters to Tampa's TECO Building and the new data processing system significantly reduced the brokerage's working capital, says the company's 1981 annual report.

In 1981, $17.1 million or 87% of total revenues went to pay operating expenses, while in 1980, operating expenses were only 76.6% of total revenue.

Continued on next page

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Mr. Poe

Continued from previous page

Poe & Associates' 1981 10-K report to the Securities and Exchange Commission addresses the agency purchases:

"These acquisitions allowed the company to expand its operating base and to increase its geographical markets while obtaining additional expertise in specialized areas."

As for the July 1981 relocation, "We had four different office locations in Tampa and simply grew out of our buildings," Mr. Poe explains.

"We were trying to consolidate our Tampa people under one roof for better communications, control and management."

Mr. Poe declines to comment on the cost of his company's new computer system, which is designed for internal use for claims administration, policy writing, billing and other bookkeeping.

But the company's chairman does admit, "It has been our major overhead expense for the past 12 months and probably will be again for the next 12 months."

Computerization, he adds is a "short-term negative for a long-term positive."

The system should be a great aid in writing policies and administering the agency's large association business, he says.

About 40% of Poe & Associates' total business comes from the sale of association insurance and reinsurance.

The company's Professional Protector policies, underwritten by the Chubb Group on a commission basis, cover 50,000 of 120,000 American Dental Assn. dentists, Poe & Associates' annual report says.

The policy provides medical malpractice and other coverages and is sold in 48 states, the District of Columbia, Puerto Rico and the U.S. Virgin Islands.

Poe also markets association policies for lawyers, government officials and other professional groups and a full range of property/casualty insurance products, Mr. Poe says

About 95% of its total business comes from the sale of commercial insurance coverage, up from 93% in 1980.

"With the exception of our self-insurance operation, which is done on a fee basis, most of our work is paid by commission," Mr. Poe explains.

"To the extent where the self-insurance operation is a growing profit center, there has been an increase in fee business, but this does not reflect any general trend toward fees."

Most self-insurance work is for workers compensation programs, he adds.

"In Florida there is a very big self-insurance field already, with about one-fourth of the employers self-insuring workers compensation.

"This makes up under 5% of our total business, but it seems to be growing."

Still, is seems that fewer employers are now making the move self-insurance than in recent years, and Mr. Poe blames the competitive commercial insurance market for the slowdown.

"Commercial insurers are very competitive, so there's not as much need for self-insurance. When the market hardens, the need will return."

Mr. Poe says he believes the insurance market will turn eventually, but that change will be slow, not nearly as dramatic as some others believe.

In the meantime, Mr. Poe sees a greater need than ever for good insurance agents.

"Any insurance buyer who is not shopping around in today's market is not doing his job. If he is shopping, it is probably easier and cheaper to have intermediaries do it," he contends.

Although the sorry state of the current economy is squeezing profits for everyone, Mr. Poe says all agencies can examine internal operations to make them as efficient as possible.

"We're slow to add personnel," he says. Although Poe & Associates' number of employees jumped from 450 in 1980 to 510 in 1981 and then again to 550 during 1982, the growth came primarily through its acquisitions.

Mr. Poe, who started Poe & Associates in 1956 at the age of 23 by "getting a secretary and getting to work," says the company recently reorganized its top management and added some structure to its divisions.

"We have always been informal in management titles and our system, but the bigger you get, the more structure you need in the organization," Mr. Poe explains.

Poe & Associates went public in 1972.

Poe & Associates' Whiting National Insurance Co. wrote $6.7 million in premium volume during 1981, primarily in professional liability insurance and workers compensation reinsurance.

Other operations include James P. Poole & Co. of Atlanta, specializing in employee benefit programs; O'Connell & Salisbury of New Brunswick, N.J., a multiline insurance agency; and National Underwriters Inc. of Indianapolis, which underwrites specialized financial institution insurance programs.

Poe & Assoicates maintains offices in Florida, Georgia, North Carolina, South Carolina, Virginia, Maryland, New Jersey and Indiana.

Mr. Poe continues as chairman and chief executive officer, and Joseph Brown is president and chief operating officer.

Three executive vice presidents have been named to head the company's major divisions. They are Martin Vaughan, head of Florida broker/agency operations; Bruce G. Geer, treasurer and head of national agencies; and James Cordle, head of underwriting and risk-taking operations.

Other key vps include William J. Gilhool, Nelson F. Green Jr., Earl S. Lipnick, Richard L. Simmons, L. Garry Smith Jr. and Kenneth M. Sumner.

As reported to the Securities & Exchange Commission, the four highest-compensated executives in salaries, commissions and bonuses in 1981 were:

George H. Hale	$157,500
Earl S. Lipnick	$151,500
Joseph E. Brown	$90,850
William F. Poe	$85,000

—Steve Sherwood



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225 Spring Street Hartford, CT 06109

17 Insurance Management Corp.

6630 W. Broad St., Richmond, Va. 23230; 804-281-6336

	1981	1980
Premium vol	$100,000,000	$140,000,000
Gross rev	$17,000,000	$32,400,000
Employees	425	670
Rev./employees	$40,000	$48,358
Offices	19	22

The sale cost Insurance Management Corp. three subsidiaries, but its new owners say they came out on top by gaining control of the brokerage's growth.

Financial Services Corp. sold IMC in May to three of its principals who formed Hilb, Rogal & Hamilton, the new holding company that owns IMC.

The sale was part of Richmond, Va.,-based Continental Financial Service's plan to concentrate on underwriting its three major lines of insurance: life, real estate and property/casualty, according to a company spokesman.

IMC was getting "pretty diverse," says Robert Hilb, president and chief executive officer of Hilb, Rogal & Hamilton. The divestiture from Continental will give the company a chance to consolidate.

"For the next six months to a year, the brokerage firm will concentrate on consolidation and internal growth," Mr. Hilb said, curbing for a while the aggressive pattern of growth IMC had been following the past three years.

The new IMC, less the premiums and gross revenues produced by the three subsidiaries Continental retained, reported 1981 premium volume of $100 million compared with $140 million generated in 1980 and gross revenues of $17 million, down from $32.4 million.

The 47.5% drop in gross revenues cost IMC five positions on the *Business Insurance* Top 20. It now holds the 17th position, down from 12th.

The number of employees also dropped to 425 from 670.

Before the sale, IMC had acquired two new subsidiaries, Baumhower-Crooms Co. in Mobile, Ala., whose gross revenues Mr. Hilb estimated at $1 million and Central Insurance Agency in Norfolk, Va., which he estimated had gross revenues of $500,000.

IMC now has 19 subsidiaries, primarily in the Eastern and Southeastern sections of the United States, with the single exception of a San Diego agency, Percy-Goodwin Insurance Services Inc.

The three subsidiaries given up in the change of ownership are IFCO, a premium financing company; Hewitt-Coleman, an agency specializing in services for clients self-insuring workers compensation risks; and H&W Insurance Services in Encino, Calif., an excess/surplus lines underwriter.

The loss of the three subsidiaries doesn't concern Mr. Hilb. Another IMC subsidiary, Hamilton & Shackelford Inc. in Birmingham, Ala., specializes in self-insured services.

And he is content to go to the market for excess/surplus lines coverage. "There's plenty of talent in the market," he says. "We're willing to pay the few extra percentage points to purchase their services for our clients."

IMC' goal of solidifying its position as a provider of risk management and brokerage services for small- to medium-sized companies remains, Mr. Hilb says.

"We have more to offer companies that don't have a full-time risk manager than we would a Fortune 500 company," he said. "We're a bread-and-butter operation. . .our sales people aren't encouraged to call AT&T or General Motors.

"We don't own a London underwriter or broker," Mr. Hilb continues, "but the kind of clients we're marketing to don't require that we do." IMC does maintain a relationship with Fenchurch Underwriters Ltd. in London.

While IMC may not be after the clients of the leading brokers, the reverse is not always true. "The competition is very keen," Mr. Hilb acknowledges, "both from large national brokers and local agents."

What IMC stresses is personalized service to its clients. "For the most part, our agencies have roots in the communities they serve," Mr. Hilb says. "The heads of our local offices are available for consultation on accounts."

IMC also tries to maintain continuity between account executives and the insureds he or she services. "We attempt to keep long-term relationships," Mr. Hilb says. "We don't move account executives around; a client is not likely to have a different account executive every six months."

Continued on next page

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FOR INFORMATION CONTACT: Karen Arens

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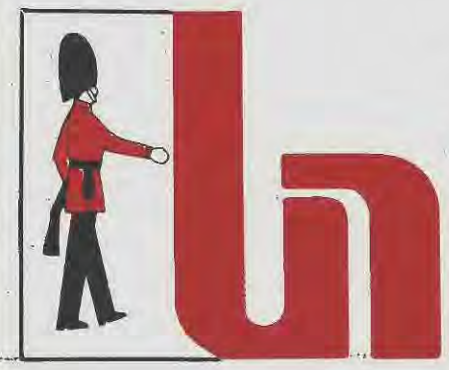
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Continued from previous page

The economy and the continuing soft market are putting a damper on growth and profitability of the brokerage industry and IMC continues to feel the financial pinch.

"We're renewing accounts at 15% to 20% below the previous renewal," Mr. Hilb complains. "That's even lower than last year when we thought the bottom had dropped out of the market."

To make up for the premium loss, the broker is "looking at every means of cost containment, just like everyone else," he says. Measures include cutbacks on entertainment, travel and promotion.

"We're cutting back everywhere it's possible to cut," he says. The brokerage is also "very cautious about hiring any new personnel."

The key to survival for brokers in a soft market, says Mr. Hilb, "is extra effort in sales. We're being as aggressive as we can be. Our people are responding well."

While the broker is not raising its fees, "we're taking advantage of situations where we're able to pick up additional commission from insurers," he adds.

Like everyone else, Mr. Hilb is waiting for interest rates to come down so the lure of high investment income will not tempt insurers to accept risks they know will produce losses. "Until interest rates come down and the economy stabilizes, we'll continue to have problems," he says.

Meanwhile, to achieve greater efficiency, IMC is converting to a computer system that will link its 19 subsidiaries. Some of the agencies IMC acquired during its aggressive expansion over the past three years had their own minicomputers, which are being interfaced into the parent system.

For the coming year, the management goal is to increase internal growth at IMC by 10%. There are no immediate plans to acquire outside agencies.

This is in sharp contrast to the 10 agencies purchased in the past 2½ years.

IMC began in Richmond in 1969 when Richmond Corp., a Virginia financial services company, acquired its first insurance agency, Mutual Insurers of Richmond. That agency is still an IMC company, one of the largest subsidiaries.

Richmond Corp. was acquired by Continental Financial Services in 1977. When it was sold to Hilb, Rogal & Hamilton this spring, it became the third-largest privately owned insurance agency system in the United States.

Officers of the company are: Mr. Hilb, president and chief executive officer; Alvin Rogal and David W. Hamilton, executive vps; Timothy J. Korman, vp and treasurer; Diana Fox, assistant vp and secretary; and Andrew T. Gabor, assistant vp and comptroller.

—By Margaret LeRoux

18 Lawton-Byrne-Bruner

10 Broadway, Saint Louis, Mo. 63102; 314-621-5540

	1981	1980
Premium vol	$100,000,000	$95,000,000
Gross rev	$13,527,100	$12,290,600
Employees	26*	249
Rev./employee	$50,662	$49,360
Offices	2	1

"What makes Sammy run?" Bill Fetner is fond of asking.

For him, and for Lawton-Byrne-Bruner Insurance Agency Co. in St. Louis, it's the thrill of a sale.

The dogged pursuit of sales over a corporate history of 93 years, combined with a unique organizational structure that eschews restrictive management controls, keeps edging this one-time local broker further into the big time.

With a 10% growth in gross revenues to $13.5 million in 1981, Cook, Treadwell & Harry's falling revenues and the acquisition of Schiff Terhune by Reed Stenhouse, Lawton-Byrne-Bruner becomes the 18th-largest broker on the *Business Insurance* Top 20. It made its first appearance only last year in the 20th position.

"I'm a very sales-oriented person," says Mr. Fetner, the company's 63-year-old chairman. "If I had my druthers, I'd spend all my time selling insurance."

Commissions realized from the sale of insurance—mostly to large commercial property/casualty accounts—accounted for all but 3.6% of the company's revenues last year. And of the 3.6% in fees for service, all but $165,000 was for the placement of insurance on a fee basis. The $165,000 collected in 1981 for third-party administration of group benefits is expected to rise to $250,000 this year.

About 37.2% of revenues is related to casualty insurance commissions, 29.7% is derived from property coverages, 15.6% from marine, 5.6% from personal lines, 4.9% from bonds, 3.4% from group insurance, and 3.6% in fees.

Like other brokers, Lawton-Byrne-Bruner says it suffered from reduced liability insurance rates during 1981 with a corresponding reduction in commission income. The broker's existing book of business was written at premiums 25% to 30% below the previous year.

But the brokerage was able to repeat its 1980 growth of 10% in 1981 largely with the help of selling new coverage to a single, large corporate account, Mr. Fetner said.



Mr. Fetner

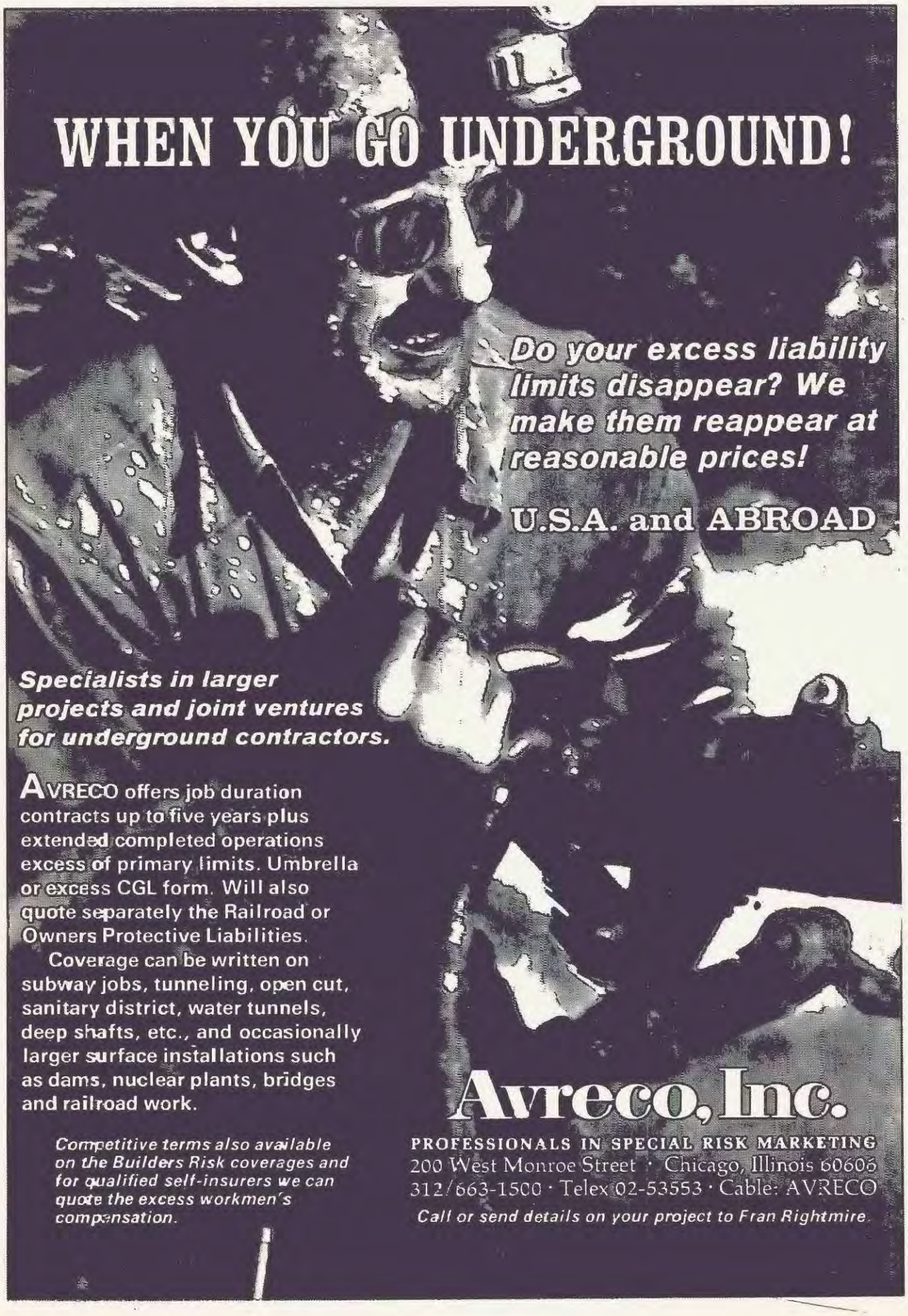
Another new chunk of business was added at year-end. While being discrete about details, Mr. Fetner acknowledges that the agency took a plunge into the political risk marketplace when it booked Dec. 27 a $4.5 million premium for a $100 million Middle East risk of an unnamed St. Louis corporation underwritten by London markets.

"I think we're fairly close to picking up on one or two more of these types of things," Mr. Fetner says of the political risk coverage.

The continued emphasis on selling insurance at Lawton-Byrne-Bruner while others diversify is partly attributable to the company's structure, which is unique among the *BI* Top 20. The company's 15 owners, or directors, are affiliated with Lawton-Byrne-Bruner Insurance Agency Co. primarily as an administrative convenience and for purposes of identity. Each "producer" in the agency, like Mr. Fetner, heads his own organization into which his commission income flows. From that income, he pays his own organization's costs, plus a share of the agency's expenses.

The agency, for example, has set up its own computer system and programming after finding several experimental direct links with insurers to be too cumbersome.

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"Independence has fostered a continuing personal responsibility by each producer to his own customers and the motivation to serve them well," the company says in a sales brochure. "Unlike the salesman for some perhaps better-known 'national' agency, he is not salary-bound to first allegiance to an employer."

Mr. Fetner doesn't argue that this structure means that the owners who bring in the most commission revenue—like himself—could injure the company if they left or retired.

It also rules out growth by acquisition because the agency itself doesn't own or acquire any book of business; its principals do.

"Our greatest prospect continues to be the possibility of picking up some more big accounts," says Mr. Fetner. "Our real thrust is the selling of insurance."

From a dependence on breweries and shoe manufacturers in the late 1800s—two of St. Louis' earliest and largest industries—Lawton-Byrne-Bruner has moved steadily into the mainstream of commercial insurance brokerage for 15,000 accounts, including a significant number of personal lines accounts that generate 5.6% of revenues.

It is primarily a regional broker, whose local clients include Missouri Power & Light Co. of Jefferson City. Lawton-Byrne-Bruner is licensed as an surplus lines broker in Missouri and Illinois only.

The company also services several nationwide industries, generating 35% of its revenue from outside St. Louis. Among its specialties are railroads, inland tugboats and barges (like those plying the Mississippi River just several hundred yards from its offices), California-based tuna boats, trucking, hospitals, contractors and public agencies.



Mr. Larkin

Like other brokers, Lawton-Byrne-Bruner sees the potential for generating revenues in administration or packaging of employee benefits, says Marvin W. Fornwalt, a vp and general manager who manages the support services for the affiliated directors.

Although also poised to expand its current 3.6% of revenue derived from fees for handling insurance placement on a fee basis, the brokerage will do so with some distaste for the move away from commissions.

"We see it as a definite trend," says Mr. Fetner. "There's no sense denying it. We feel, however, it is a method of doing business with a number of drawbacks."

Mr. Fetner says clients have to realize that when fees are insufficient to cover the cost of providing insurance, services of brokers must inevitably be reduced. The commission structure gives the broker a greater incentive to deliver personalized service, he contends.

When the client doesn't want commercial insurance, Lawton-Byrne-Bruner will set up a captive insurer program, as it has for several clients, generally tapping into the rent-a-captive programs offered by underwriters.

Both Mr. Fetner and his longtime colleague, Lawton-Byrne-Bruner President H. Robert Larkin, foresee a firming of property/casualty insurance rates later in 1982, but they don't know exactly when.

"We feel a turnabout is inevitable, which may occur in the latter part of 1982," says Mr. Larkin. "We do anticipate a slight growth in commission income during the year, with investment revenue remaining at the present level."

"I'm looking for substantial improvement in the last six months of this year," Mr. Fetner said.

Other principal officers of the company are: Chester P. Skwiot, executive vp; J.B. Andrews Jr., senior vp and secretary; and John O. Felker, senior vp and treasurer.

—By Bill Densmore

19 John L. Wortham & Son

2727 Allen Parkway, Houston, Texas 77019; 713-526-3366

	1981	1980
Premium vol	$103,118,836	$99,517,155
Gross rev.	$13,109,710	$12,232,125
Employees	233	240
Rev./employees	$56,265	$50,967
Offices	1	1

Partner Fred C. Burns credits the Houston economy for John L. Wortham & Son's move into the *Business Insurance* Top 20, ranking at No. 19.

"Our growth hasn't been that great." Mr. Burns says. "We've been fighting the soft market, just like everyone else, which makes it difficult to increase revenues."

But being located in rather recession-proof Houston helps, he admits.

Gross revenues rose last year to $13.1 million, up 7.4% from $12.2 million in 1980.

The gain was strictly a result of internal growth. The agency participated in no mergers or acquisitions during 1981 and has no plans this year to expand, other than through natural growth of its own operation, Mr. Burns says.

"We would be satisfied with revenue increases similar to those of the past year for 1982," he adds.

Judging from Houston's economy, the agency is likely to achieve this.

To the extent that Houston is somewhat immune from the troubles affecting the nation's economy, Wortham has also been immune, he says.

"While we write business worldwide, most of it emanates from the Houston business sector. We're heavily involved in construction, oil and gas, petrochemical, banking and utilities insurance coverages and services."

The agency's 1981 premium volume rose 4% to $103 million from $99.5 million in 1980, Mr. Burns says. "Our growth has not been substantial, but we are satisfied with it."

Wortham's commercial clientele accounts for 94% of its business, he says. The majority of work is done on a commission basis.

By far the largest single chunk of revenue is derived from the agency's placement of casualty coverages, including workers compensation insurance, Mr. Burns says This accounts for 37%.

Other business is divided among marine and energy, 17%; property insurance, 14%; employee benefits and life insurance, 10%; surety bonds, 6%; personal lines, 6%; and other products, 11%.

"We write business in all commercial lines and offer virtually

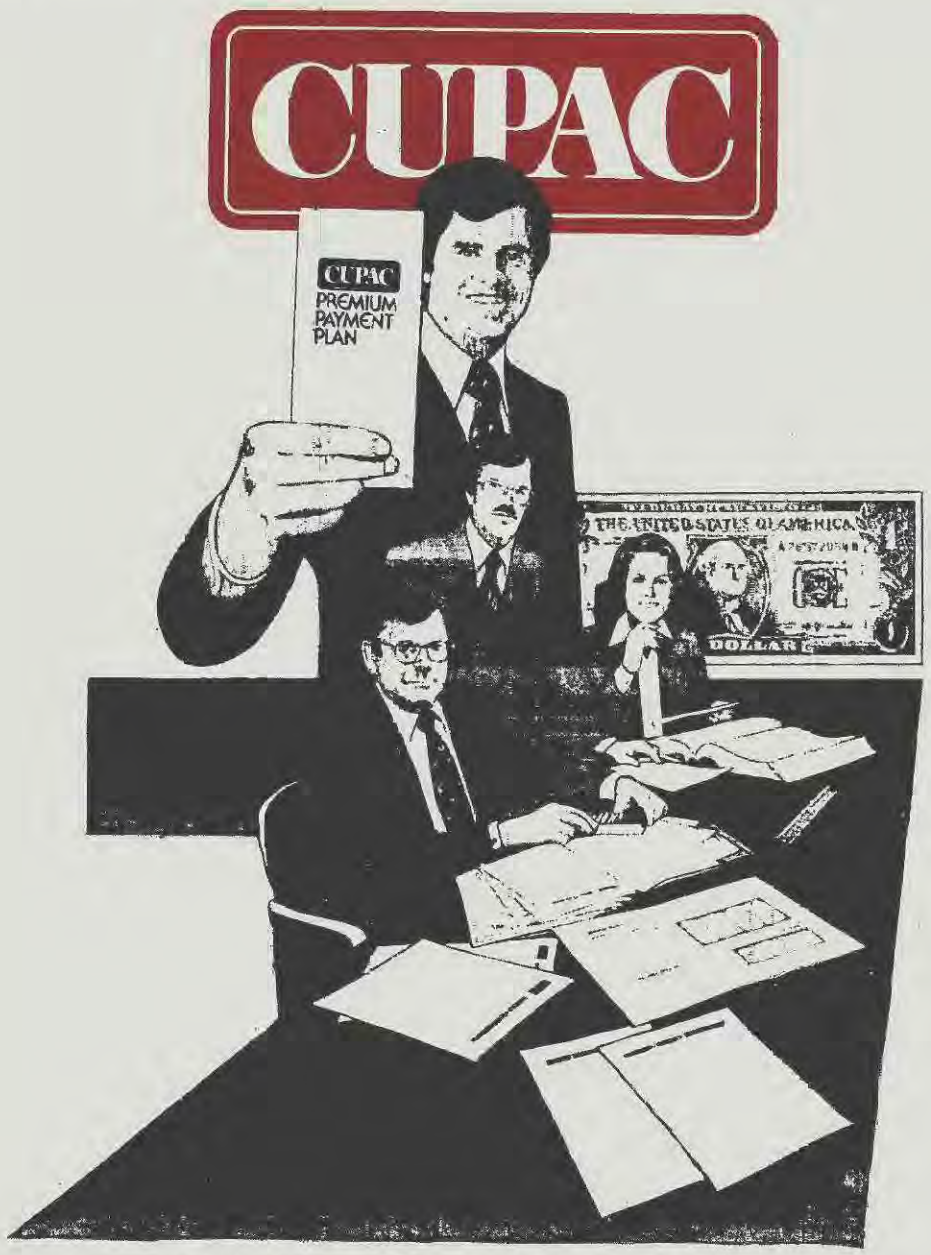
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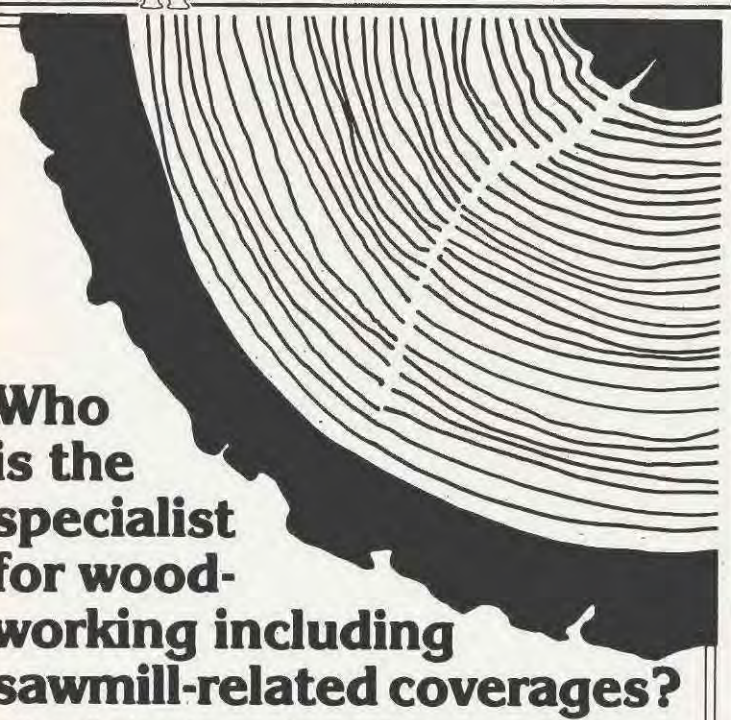
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Continued from previous page

every conceivable insurance service," Mr. Burns says, including claims management of flexible benefits plans, self-insurance services and design of cash-flow insurance programs.

He does not see the growing trend toward direct writing and self-insurance as a threat to his brokerage's business.

"The position of direct writer is essentially the same," Mr. Burns explains.

"They have no greater share of the commercial market now than they did five years ago."

As for self-insurance, "It is a form of funding in which we are heavily involved," Mr. Burns points out, referring to the services Wortham offers the self-insurer.

As an agency, Wortham has contracts with more than 100 insurers throughout the United States, Mr. Burns says.

"We are members of Assurex International, an organization of about 50 independent insurance agents worldwide, which offers us local facilities in areas other than Texas.

"We do business through them and through numerous London brokers. This gives us representation as needed throughout the nation and the world," Mr. Burns explains.

Although some brokers are just installing computerized record-keeping and administration systems, Wortham has been building up its electronic data processing capacity for the past decade, Mr. Burns says. Its functions are primarily internal.

Since the partnership rents its offices and has no plans to move, it likewise has no plans for major capital expenditures over the next year, Mr. Burns says. "Our only major capital expenditure has been our computer, and that is taken care of."

John L. Wortham & Son, started in 1915, now has 31 partners and 202 other employees, all located in Houston.

Wortham is managed by an executive committee made up of managing partner Allen H. Carruth and partners Joseph G. Cutler, John W. Hervey, Robert M. Moffatt Jr. and Mr. Burns.

The original decision to become a partnership rather than a corporation was a fundamental choice, Mr. Burns says. "A large partnership in the personal service business makes a lot of sense."

Each partner remains active in the firm, revenues go to the people who deliver services without being encumbered by double taxation—individual and corporate—or by dividends to stockholders, said Mr. Burns. The dollars paid for insurance are returned to the customer through lower rates, he adds.

Wortham is the only privately held, unincorporated partnership on the *BI* Top 20.

Mr. Burns says there is opportunity for growth in soft and hard insurance markets, particularly in the Sun Belt, which is "alive and well."

But, as he notes, "Our movement into the Top 20 came not so much from our growth as from other brokers' difficult times."

—By Steve Sherwood

20 Cook-International Agencies

921 N. President, Jackson, Miss. 39201; 601-969-2000

	1981	1980
Premium vol.	NA	$92,261,000
Gross rev.	$11,946,000	$15,815,000
Employees	250*	301
Rev./employees	$47,784*	$52,542
Offices	NA	19

**BI* estimate

Newly christened Cook International Agencies Inc., formerly Cook, Treadwell & Harry Inc., dropped two notches to the No. 20 spot in *Business Insurance's* annual ranking of the largest U.S. brokers, due primarily to the sale of several agencies and the corresponding decrease in revenues.

In addition to the name change, the company's main offices have been moved from Memphis, Tenn., to Jackson, Miss., and its management team has been restructured.

Company officials would not discuss the management changes or the company's performance in 1981 with *Business Insurance*. But, an unhappy tale unfolds in the financial and business information filed in the company's annual 10-K report to the Securities and Exchange Commission by parent Cook International Inc. in Palm Beach, Fla., formerly called Cook Industries Inc.

Inflation and the intense competition in the insurance marketplace prompted the sale of the agencies, the report indicated.

"CTH's commission volume decreased for the recent year (1981), due in part to the sale of three of its local agencies and one of its general agencies," says the 10-K report, filed March 30, 1982, without citing the agencies by name.

"These operations were either unprofitable or only marginally profitable. Although commission volume and operating margins for certain of the remaining agencies increased, commission and operating margins decreased overall."

Currently, strong competition among insurers is driving down premiums, creating a soft insurance market, the report affirms.

"This, in turn, results in lower commission income received by CTH than would be the case with increasing insurance premiums. At the same time, inflation results in upward pressure on operating expenses," the report says.

In 1980, Cook-Treadwell & Harry reported gross revenues of $15.8 million. According to the 10-K report, reportable revenues for 1981 were $11.9 million, representing a 24.5% decrease.

During 1981, Cook International diluted its 29.8% interest in Edinburgh General Insurance Services Ltd. of London to 12%, the report says. Edinburgh General is a Lloyd's of London syndicate underwriting company.

The sale of subsidiary agencies seems to be continuing into 1982.

In addition to 1981 agency sales, the brokerage sold its Knoxville, Tenn., operation to New Orleans-based Ingram Corp. as of May 15 of this year.

An Ingram official confirmed the purchase, saying a new corporation called Broadus Anderson & Associates Insurance Services Inc. has been formed to operate the office. The agency had been called Cook Broadus Anderson & Associates.

Ingram Corp., an oil pipeline and exploration company, is in the process of acquiring insurance agencies throughout the South, a source says.

Coordinating the purchases for Ingram is a director of the corporation, Hunter Armistead, formerly a principal of Corroon & Black Corp.

Continued on facing page

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Mr. Armistead was one of the founders of C&B's largest acquisition of the 1970s, Armistead Miller Wallace of Nashville, Tenn.

Ingram, however, does not appear to be interested in acquiring the whole of Cook International Agencies. Brokerage industry sources say that at one point in 1981, Cook International had considered selling the insurance business in its entirety.

"Apparently there were buyers, but they could not arrive at a proper price," one broker said.

According to executives who were interviewed last year, Cook does a diverse property/casualty insurance business, with strong expertise in coal industry risks.

Cook International Agencies currently engages in the insurance agency/brokerage business through eight local agencies and one general agency with operations in cities located primarily in the South, the SEC report says.

Principal officers in 1980 were: E.W. Cook, president and chief operating officer; T.L. Treadwell III, chairman of the board; D.R. Liddell, executive vp; R.G. Anderson, executive vp; R.B. Shangvi, corporate controller; and G.A. Urban, executive vp.

But, according to the 10-K report filed by Cook International, "CTH's management has recently been restructured, placing management control closer to day-to-day operations, which should result in tighter control of expenses and increased emphasis on maintaining or increasing premium volume."

Mr. Liddell has been named president of Cook International Agencies, but he would not discuss or detail any of the other management changes.

Top executives of the parent company, Cook International Inc., include: Edward W. Cook, chairman and chief executive officer; Joseph W. McCleary, president and treasurer; and W.C. Grapes, controller.

—By Steve Sherwood

Other brokers close to joining Top 20

Several regional brokerages narrowly missed being ranked in the *Business Insurance* Top 20.

At No. 21 in the rankings is B.R.I. Coverage Corp., a regional brokerage based in New York. B.R.I.'s gross revenues grew 21.4% to $10.2 million in 1981 from $8.4 million. Employees grew to 125 from 100.

B.R.I. also took a major plunge into risk management services with the establishment of Risk Management Economics, a risk management consulting firm that specializes in workers compensation and liability claims control.

At No. 22 is Rhulen Agency Inc. of Monticello, N.Y., whose revenues grew to $9.8 million in 1981 from $7.5 million in 1980, a jump of more than 30%. Employees grew to 180 in 1981 from 152 in 1980.

Rhulen, a licensed excess/surplus brokerage in New York and Arizona, is known as a specialty product underwriter as well, and markets unusual risks through its Rhulen Special Risks subsidiary and Rhulen Insurance Managers Ltd. of Toronto.

It also owns Interstate Insuance Agency of Atlanta, a trucking insurance specialist and sells employee benefit plans through its Rhulen Life & Pensions Inc. division.

At No. 23 is The Frankel Co., a regional brokerage based in Pittsburgh. Frankel's gross revenues grew only slightly in 1981 to $6.3 million from $6 million in 1980. It added only one employee.

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"When I joined AFIA a little over a year ago, the first thing I did was leave. I traveled around the world to AFIA offices to learn our operation firsthand.

"I can tell you there is much about AFIA to be impressed by, but nothing, absolutely nothing, impressed me more than our people.

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"Our people are knowledgeable, credible, respected; they are trusted.

"Something more impressed me about AFIA's overseas people and that is the way they work with AFIA's staff in the United States. The cooperation between the people, the blending of the vast amount of information from overseas with the careful planning that goes on here is, I believe, what sets AFIA apart.

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BI's annual guide to agents/brokers

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	1981	1980
Premium vol	$19,000,000	$16,000,000
Gross rev	$2,400,000	$1,600,000
Employees	47	50
Commercial bus	100%	100%

Principal officers: Richard H. Toral, president; Virginia Pascual, vp; Eduvigio Valdoria, secretary/treasurer; Linda D. May, director of marketing; Russ Walker, marketing administrator.

Compensation: Commissions and fees.

Parent company: ADMAR Corp.

Agins Agency Inc.

24361 Greenfield Road, Southfield, Mich. 48075; 313-557-8822

	1981	1980
Premium vol	$6,000,000	$6,200,000
Gross rev	$800,000	$900,000
Employees	18	18
Commercial bus	90%	90%

Principal officers: Eugene N. Agins, president; Jack B. Sirotkin, vp; Rose S. Agins, secretary/treasurer.

Compensation: Commissions.

Subsidiaries: Agins Estate & Corporate Planners Inc.

Licensed excess/surplus broker in: Michigan.

Akin-Akin Inc.

2418 E. Grand River, Howell, Mich. 48843; 517-546-4810

	1981	1980
Premium vol	$2,100,000	$2,500,000
Gross rev	$346,000	$410,000
Employees	7	9
Commercial bus	70%	70%

Principal officers: Edward H. Akin, president; Margaret M. Brown, manager, commercial department; Janet M. Ivey, manager, personal department.

Compensation: Commissions.

Alliance Brokerage Corp.

3601 Hempstead Turnpike, Levittown, N.Y. 11756; 516-579-8500

	1981	1980
Premium vol	NA	NA
Gross rev	$4,300,000	$3,900,000
Employees	83	80
Commercial bus	90%	90%

Principal officers: Herbert N. Zack, president; Benjamin R. Mintz, executive vp; Marshall M. Krassner, senior vp; Burton J. Rab, vp; Richard L. Stewart, president, Antilles Insurance Inc.

Compensation: Commissions and fees.

Branch offices: Alliance Brokerage Corp., New York; Antilles Insurance Inc., St. Thomas, St. Croix, Tortola, U.S. Virgin Islands.

Acquisitions: Case, Metz & Dickstein Inc., New York; C.J. Bornn Associates, St. Thomas, U.S.Virgin Islands.

Subsidiaries: Alliance Life Associates Inc., Atlantic Excess & Surplus Inc., Atlantic Cycle Agency Inc., Cycle Insurance Service, Central Claims Adjustment Inc., all in New York; Antilles Insurance Inc., U.S. Virgin Islands.

Licensed excess/surplus broker in: New York.

Alper Agency Inc.

1 N. Wacker Drive, Chicago, Ill. 60606; 312-236-9600

	1981	1980
Premium vol	$6,000,000	$5,800,000
Gross rev	$1,100,000	$1,000,000
Employees	22	22
Commercial bus	95%	95%

Principal officers: Howard C. Alper, president; Martin F. Blake III, Russell M. Cortino, vps.

Compensation: Commissions and fees.

Subsidiaries: AuditRate Inc., Chicago.

Parent company: Alper Services Inc.

Seymour Alper & Co. Ltd.

5165 Queen Mary Road, Third Floor, Montreal, Quebec H3W1X8; 514-489-8601

	1981	1980
Premium vol	$10,000,000	$7,054,000
Gross rev	$1,660,000	$1,592,000
Employees	35	33
Commercial bus	65%	75%

Principal officers: Seymour Alper, president; Michel LaBelle, vp; Morris Liquornik, secretary/controller.

Compensation: Commissions.

America One Inc.

6035 Executive Drive, Lansing, Mich. 48910; 517-394-3880

	1981	1980
Premium vol	$3,890,637	$3,488,857
Gross rev	$716,891	$599,582
Employees	13	12
Commercial bus	80%	80%

Principal officers: Clayton J. Metz, chairman; Robert C. Lecy, president; Cloyd W. Barnes, vp; George A. Thias, secretary/treasurer.

Compensation: Commissions.

Branch offices: Coldwater, Ionia, Ann Arbor and Jackson, Mich.

American Coverage Corp.

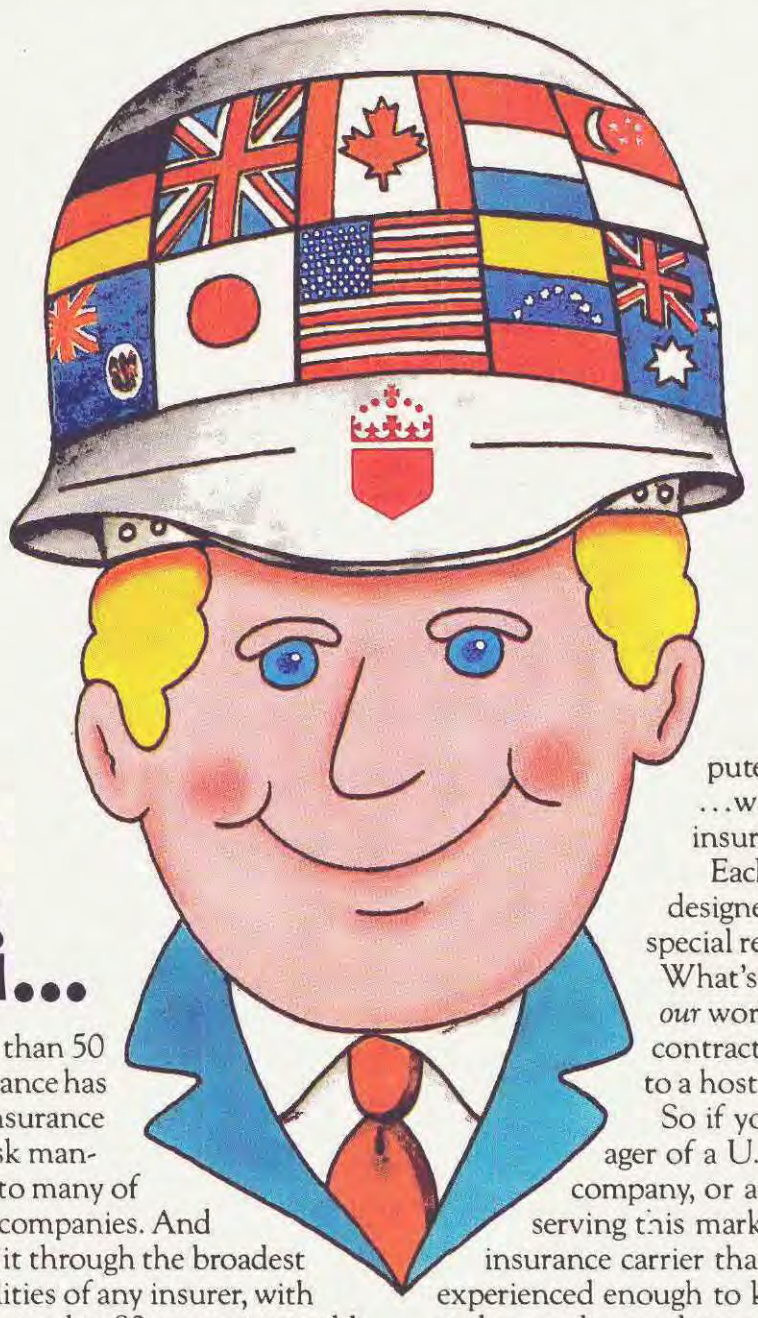
185 Great Neck Road, Great Neck, N.Y. 11022; 516-487-3800

	1981	1980
Premium vol	$12,800,000	$11,585,000
Gross rev	$1,780,000	$1,691,000
Employees	41	34
Commercial bus	94%	95%

Principal officers: Robert L. Dubofsky, president; Jesse Gottlieb, president, American Coverage Life Planners Inc.; Henry C. Lom-

Continued on facing page

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Where we got our information

The individual profiles detail premium volume, gross revenues, number of employees and how much business is generated by commercial accounts.

Also noted are principal officers, compensation, acquisitions, subsidiaries, parent companies and states in which the firm is licensed as an excess/surplus lines broker.

The information in this special Agent/Broker Profiles issue was compiled by *Business Insurance* based on information supplied by the agents and brokers.

Agents and brokers listed primarily serve commercial clients.

Continued from facing page
bardi, vp; Herman Rich, senior vp; Frank A. Marino, vp-claims; Stanley G. Kohen, vp; Joseph Pollack, controller.

Compensation: Commissions and fees.

Acquisitions: Foster-Kohen Inc., Great Neck, N.Y.

Subsidiaries: American Coverage Life Inc.; Nat Dubofsky Co. Inc.; J.M. Marshall Inc.; Wolkenberg & Warshaw Inc.; Building Owners Coverage Co.

Parent company: American Coverage Associates.

Licensed excess/surplus broker in: New York.

Anderson & Anderson Insurance Brokers Inc.

2495 Campus Drive, Irvine, Calif. 92715; 714-752-2255

	1981	1980
Premium vol.	$20,000,000	$21,200,000
Gross rev.	$3,600,000	$3,550,000
Employees	70	75
Commercial bus.	95%	98%

Principal officers: Robert M. Anderson, president; Donald D. Anderson, chairman; Stephen D. Wood, vp/sales and marketing.

Compensation: Commissions.

Branch offices: San Jose and San Marcos, Calif.

Associated Agencies Inc.

223 W. Jackson Blvd., Chicago, Ill. 60606; 312-322-4800

	1981	1980
Premium vol.	$26,500,000	$29,000,000
Gross rev.	$3,143,000	$3,280,000
Employees	68	75
Commercial bus.	87%	88%

Principal officers: Robert L. Adler, president/chief executive officer; Max Robert Schrayer, chairman; A.A. Freeman, T.R. Loeb, H.B. Mendelsohn, senior vps.

Compensation: Commissions and fees.

Licensed excess/surplus broker in: Illinois.

Associated Insurance Brokers

791 Passaic Ave., Clifton, N.J. 07012; 201-471-4400

	1981	1980
Premium vol.	$5,983,728	$6,178,325
Gross rev.	$1,083,727	$997,000
Employees	20	20
Commercial bus.	72%	70%

Principal officers: Sidney Rudolph, president; Shelby R. Cohen, Donald F. DeRenzo, vps; Ronald W. Giaconia, secretary/treasurer.

Compensation: Commissions and fees.

Acquisitions: Merged with Kossoff Agency Inc., Clifton, N.J., March 1982.

Subsidiaries: Giaconia Life Associates, Clifton, N.J.

Associated Insurance Managers Inc.

Box 55570, Indianapolis, Ind. 46205; 317-842-1402

	1981	1980
Premium vol.	$12,837,573	$12,969,869
Gross rev.	$1,587,491	$1,607,275
Employees	45	47
Commercial bus.	80%	80%

Principal officers: Robert A. Dahlheim, president; Milford N. Robinson, Edwin W. McGuire, Stephen D. Pickett, senior vps.

Compensation: Commissions and fees.

Acquisitions: Consolidated Agencies Inc. of Indianapolis, 50% acquisition.

Branch offices: Lafayette, Richmond, Muncie, Anderson, Dunkirk and Indianapolis, Ind.

Subsidiaries: B-H-B Insurance Center Inc., Dixon & Dahlheim Inc., F.C. Tucker Inc., all in Indianapolis.

Parent company: Management Advisors Inc.

Licensed excess/surplus broker in: Indiana.

Athens Insurance Co.

Box 809, Athens, Tenn. 37303; 615-745-3062

	1981	1980
Premium vol.	$7,583,666	$6,171,646
Gross rev.	$1,231,506	$1,093,596
Employees	26	30
Commercial bus.	70%	75%

Principal officers: Sam L. Feezell, president; Jon W. Dykes, executive vp; John R. O'Donnell, Robert E. Cook, vps; Guy E. Baker, assistant vp; H.M. Ellis Jr., treasurer; Nancy T. Feezell, secretary.

Compensation: Commissions and fees.

Branch offices: Etowah Insurance Agency, Etowah, Tenn.

Licensed excess/surplus broker in: Tennessee.

Austin & Co. Inc.

307 Washington Ave., Albany, N.Y. 12201; 518-465-3591

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Continued from previous page

	1981	1980
Premium vol	$4,200,000	$3,845,270
Gross rev	$710,000	$616,881
Employees	20	17
Commercial bus	75%	85%

Principal officers: Charles M. Liddle III, president; James P. Faughnan Jr., executive vp; Herbert L. Trance, vp/secretary; Helen Rack, vp.

Compensation: Commissions and fees.

Acquisitions: Stevenson Agency Inc., Chestertown, N.Y.

B

B.R.I. Coverage Corp.

156 William St., New York, N.Y. 10038; 212-233-7171

	1981	1980
Premium vol	$91,000,000	$75,000,000
Gross rev	$10,200,000	$8,400,000
Employees	125	100
Commercial bus	95%	95%

Principal officers: Donald P. Ferrarini, president; Howard Miller, senior vp/director of sales; Arthur Ostrow, Bruno Rumignani, Allen Bernbaum, Fred Ghawi, James Sweitzer, John Kelly, Richard Saitow, Roger Imperial, Matthew A. Murphy, senior vps; Herbert Kramer, Joseph Zweig, James O'Donnell, vps; Burton Matfus, secretary/treasurer.

Compensation: Commissions and fees.

Branch offices: Montreal, Toronto.

Subsidiaries: Risk Management Economics, B.R.I. International Agency Inc., Whitehouse Agency, all in New York.

Licensed excess/surplus broker in: New York.

L.T. Barton Insurance

Box 9320; Fort Worth, Texas 76107; 817-332-1313

	1981	1980
Premium vol	$3,900,000	$3,500,000
Gross rev	$666,660	$605,446
Employees	11	11
Commercial bus	70%	70%

Principal officers: Hayes Tucker, Troy G. Barton, David Cooper, partners.

Compensation: Commissions and fees.

Beal & Associates Insurance Counselors Inc.

5635 E. Thomas Road, Phoenix, Ariz. 85018; 602-990-1111

	1981	1980
Premium vol	$5,150,000	$5,100,000
Gross rev	$1,340,000	$1,200,000
Employees	34	30
Commercial bus	86%	90%

Principal officers: William A. Beal, president.

Compensation: Commissions and fees.

Branch offices: Tucson and Mesa, Ariz.

Subsidiaries: Insurance Verification Services, Phoenix, Ariz.

Parent company: Beal & Associates.

Licensed excess/surplus broker in: Arizona.

Beauchamp & McSpadden

231 W. Canal St., Box 687, Wabash, Ind. 46992; 219-563-8821

	1981	1980
Premium vol	$5,500,000	$4,000,000
Gross rev	$955,000	$680,000
Employees	29	20
Commercial bus	65%	60%

Principal officers: Robert Beauchamp, T.A. McSpadden, directors; Robert W. Beauchamp, president; M.J. Beauchamp, treasurer; J.W. McSpadden, vp; L.D. McSpadden, branch manager; Frederick Squires, secretary.

Compensation: Commissions.

Branch offices: Beauchamp McSpadden Spencer, North Manchester, Ind.; Beauchamp McSpadden Strayer, Warsaw, Ind.

Acquisitions: Strayer Insurance, Warsaw, Ind.

Subsidiaries: IFM Life & Health Inc., Wabash, Ind.

Parent company: Insurance & Financial Management Inc.

Licensed excess/surplus broker in: Indiana.

Benefit Plan Administrators Inc.

Box 3208, 1359 N. Emporia, Wichita, Kan. 67201; 316-262-3578

	1981	1980
Premium vol	$10,000,000	$6,000,000
Gross rev	$320,000	$200,000
Employees	11	7
Commercial bus	100%	100%

Principal officers: Jerry W. Cole, president.

Compensation: Commissions and fees.

Bennett Wallace Welch & Green Insurance Inc.

2200 16th St. N., Box 3842, St. Petersburg, Fla. 33731; 813-822-4616

	1981	1980
Premium vol	$5,600,000	$4,951,000
Gross rev	$1,122,000	$972,358
Employees	33	31
Commercial bus	60%	60%

Principal officers: William P. Wallace, chairman and president; John J. Welch, Stanley C. Shaver Jr., senior vps; Jack Fessler, Al Klutts, J. Sherwood White, Rich Hyman, vps.

Compensation: Commissions.

Branch offices: Seminole, Clearwater (Countryside), Fla.

Licensed excess/surplus broker in: Florida.

Black Hills Agency Inc.

820 St. Joe, Box 2030, Rapid City, S.D. 57701; 605-342-5555

	1981	1980
Premium vol	$2,000,000	$3,000,000
Gross rev	$362,000	$434,000
Employees	14	15
Commercial bus	60%	70%

Principal officers: Richard Maguire, president.

Compensation: Commissions.

Licensed excess/surplus broker in: South Dakota.

Blick & Dillon Inc.

216 E. Cass St., Cadillac, Mich. 49601; 616-775-3416

	1981	1980
Premium vol	$2,111,946	$2,115,844
Gross rev	$364,161	$432,428
Employees	8	8
Commercial bus	60%	65%

Principal officers: Jan P. Blick, president; John E. Dillon, secretary.

Compensation: Commissions.

Branch offices: Traverse City, Mich.

Subsidiaries: Northern Michigan Consulting Services, Cadillac, Mich.

Boling Agency Inc.

Box 1464, Lake Charles, La. 70602; 318-433-6343

	1981	1980
Premium vol	$4,408,371	$3,747,169
Gross rev	$571,707	$497,243
Employees	19	19
Commercial bus	59%	57%

Principal officers: Harold A. Boling, president; David G. Boling, Robert T. Boling, vps.

Compensation: Commissions.

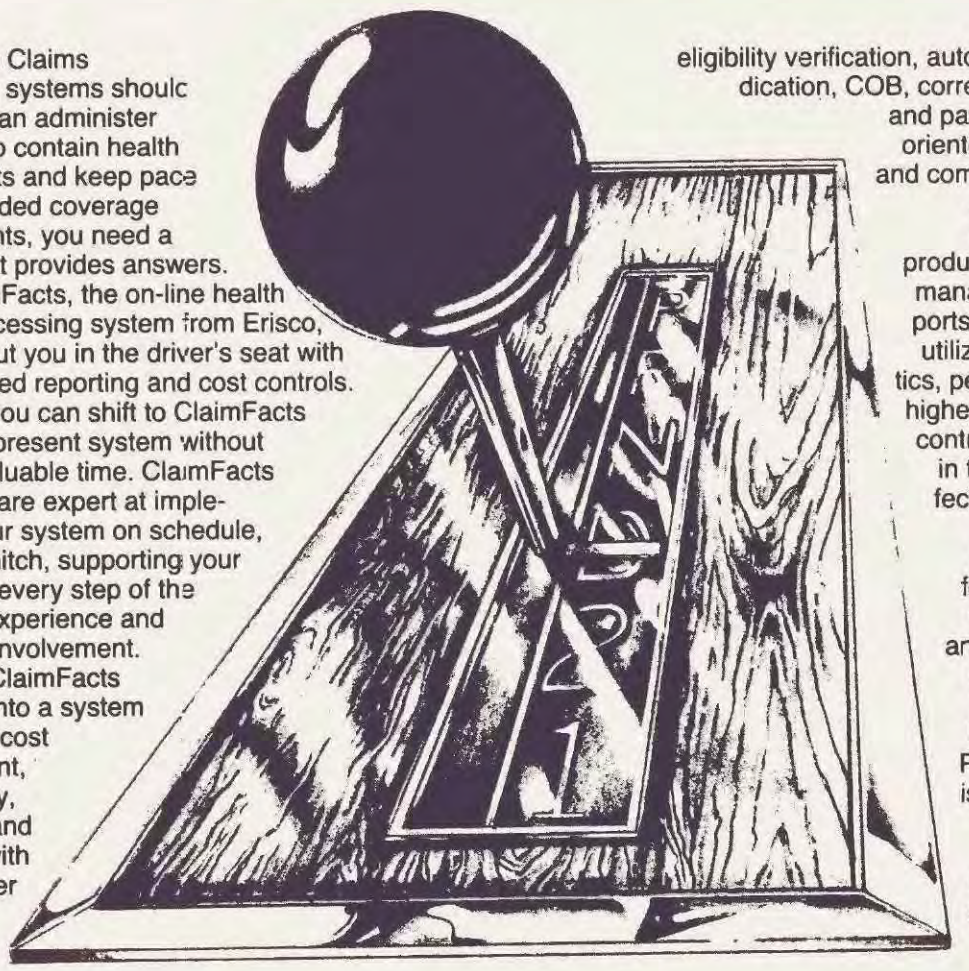
Licensed excess/surplus broker in: Louisiana.

Bone, Robertson & McBride Inc.

1043 Stuart St., Suite 8, Box 1228, Lafayette, Calif. 94507; 415-284-5500

Continued on facing page

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	1981	1980
Premium vol.	$5,776,923	$5,661,536
Gross rev.	$751,000	$736,000
Employees	17	18
Commercial bus.	95%	94%

Principal officers: Thomas M. Bone, president; Donald L. Bone, senior vp; Gary Robinson, vp.

Compensation: Commissions and fees.

Licensed excess/surplus broker in: California.

Boockford & Co.

2015 Spring Road, Suite 630, Oak Brook, Ill. 60521; 312-789-5000

	1981	1980
Premium vol.	NA	NA
Gross rev.	$1,314,000	$1,117,000
Employees	20	20
Commercial bus.	96%	96%

Principal officers: William D. Boockford, president; Ronald Walter, Louis F. Chiodo, vps; William D. Boockford Jr., secretary.

Compensation: Commissions and fees.

Licensed excess/surplus broker in: Illinois.

Boynton Brothers & Co.

200 Jefferson St., Perth Amboy, N.J. 08862; 201-442-3300

	1981	1980
Premium vol.	NA	NA
Gross rev.	$1,800,000	$1,650,000
Employees	43	41
Commercial bus.	85%	85%

Principal officers: Derben W. Bartholomew Jr., chairman; Edwin Stewart Jr., president; Michael J. McMahon, executive vp; Kenneth F. Warchal, senior vp; Barry A. Cruikshank, secretary/treasurer; Robert H. Sikora, vp/sales.

Compensation: Commissions and fees.

Licensed excess/surplus broker in: New Jersey.

Brown-Spaulding & Associates Inc.

P.O. Drawer 5276, Carmel, Calif. 93921; 408-624-1866

	1981	1980
Premium vol.	$2,750,000	$2,800,000
Gross rev.	$500,000	$565,000
Employees	14	14
Commercial bus.	70%	70%

Principal officers: Christopher Spaulding, president; Tom Brown, secretary/treasurer.

Compensation: Commissions.

Business Coverage Corp.

2124 Highway 35 at Laurel Ave., Holmdel, N.J. 07733; 201-671-5111

	1981	1980
Premium vol.	$5,500,000	$5,000,000
Gross rev.	$700,000	$650,000
Employees	18	18
Commercial bus.	75%	75%

Principal officers: Alan N. Curry, president; John F. Baldwin, vp/secretary; Margaret F. Curry, Lily Owens, Ralph Ialgegio, vps.

Compensation: Commissions and fees.

David Bynum Insurance Inc.

2401 Fountainview, Suite 800, Houston, Texas 77057; 713-783-9902

	1981	1980
Premium vol.	$7,485,808	$8,682,401
Gross rev.	$967,985	$947,027
Employees	19	20
Commercial bus.	85%	90%

Principal officers: David D. Bynum, president; William F. Duncan, Robert E. Adams, vps; Hilda Hines, secretary.

Compensation: Commissions.

Subsidiaries: David Bynum Life Agency Inc., Houston.

Licensed excess/surplus broker in: Texas.

C

CPI Inc.

2 Ridgedale Road, Cedar Knolls, N.J. 07927; 201-267-1333

	1981	1980
Premium vol.	$8,150,000	$4,475,000
Gross rev.	$1,590,000	$720,000
Employees	23	16
Commercial bus.	70%	65%

Principal officers: Walter P. Kilkenny, president; David L. Clark, Frank L. Couch Jr., vps.; Sidney Schlosser, chairman.

Compensation: Commissions and fees.

Subsidiaries: CPI Insurance Inc., Hofman-Stevens Insurance Inc.; Schlosser-Lewis Agency Inc.

Acquisitions: Schlosser-Lewis Agency, Morristown, N.J.

Cal-Surance Associates

3475 Torrance Blvd., Torrance, Calif. 90503; 213-542-7301

	1981	1980
Premium vol.	$36,195,000	$30,888,000
Gross rev.	$5,141,000	$3,885,000
Employees	110	95
Commercial bus.	95%	99%

Principal officers: Don Mehlig, chairman; Donald E. Martin, president; Mike Bogen, Terry Martin, Gary Winterrowd, vps; Thomas B. Coleman, chief financial officer.

Compensation: Commissions and fees.

Branch offices: San Jose, Fresno and Torrance, Calif.

Parent company: Chartered Financial Services Corp.

Licensed excess/surplus broker in: California.

Capitol Risk Concepts Ltd.

1 Water St., White Plains, N.Y. 10601; 914-946-7161

	1981	1980
Premium vol.	$10,460,000	$9,440,000
Gross rev.	$1,046,000	$944,000
Employees	17	21
Commercial bus.	99%	98%

Principal officers: John F. Keane Jr., president; Peter L. Sutherland, vp; Richard L. Kohlhausen, secretary/treasurer; Eric Freeman, president, CRC of Florida.

Compensation: Commissions and fees.

Branch offices: Fort Lauderdale, Fla.; Boston; New York; Nashua, N.H.

Subsidiaries: Capitol Risk Management Services Ltd., White Plains, N.Y.; Capitol Risk Concepts of Florida Inc., Fort Lauderdale, Fla.

Carlin Insurance

235 W. Central St., Natick, Mass. 01760; 617-655-0522

	1981	1980
Premium vol.	$5,500,000	$4,500,000
Gross rev.	$850,000	$680,000
Employees	20	20
Commercial bus.	77%	73%

Principal officers: James A. Cotter, president; William A. Yetman, executive vp; Paul A. Neeson, Priscilla J. Johnson, vps; Rosemary W. Fulham, assistant vp.

Compensation: Commissions.

Parent company: Consolidated Resources Corp.

Licensed excess/surplus broker in: Massachusetts.

Carpezzi Agency Inc.

400 E. Route 59, Nanuet, N.Y. 10954; 914-623-0050

	1981	1980
Premium vol.	$4,250,000	$4,100,000
Gross rev.	$689,000	$680,000
Employees	13	13
Commercial bus.	68%	70%

Principal officers: Leonard J. Carpezzi, president; Frank McGrath, marketing manager.

Compensation: Commissions.

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Continued from previous page

Chandler Insurance Agencies Inc.

1011 Cadillac Way, Burlingame, Calif. 94010; 415-347-5291

	1981	1980
Premium vol	$4,908,000	$3,594,000
Gross rev	$3,594,000	$590,000
Employees	17	12
Commercial bus	60%	55%

Principal officers: Michael L. Chandler, president; Ron Brand, vp-property/casualty department; Don Marsh, vp-operations and personnel; Dennis Chandler, vp-special projects.

Compensation: Commissions.

Clair Insurance Agency Inc.

717 Bethlehem Pike, Erdenheim, Pa. 19118; 215-242-5555

	1981	1980
Premium vol	$12,771,253	$11,710,096
Gross rev	$1,568,515	$1,493,613
Employees	46	43
Commercial bus	88%	87%

Principal officers: Robert A. Clair, president/treasurer; Milton B. Kohn, vp/secretary; David A. Collins Jr., Frank Sviter, J. Alan Fetterman, vps.

Compensation: Commissions and fees.

Subsidiaries: Morgan Insurance Agency.

E.T. Clauss & Co. Inc.

735 Delaware Ave., Buffalo, N.Y. 14209; 716-886-6600

	1981	1980
Premium vol	$9,150,000	$11,000,000
Gross rev	$1,807,086	$1,500,000
Employees	52	57
Commercial bus	56.7%	62.5%

Principal officers: James T. Clauss, president; David F. Clauss, Robert L. Pauly, Robert S. DiMatteo, Michael T. O'Hern, vps; Philip W. Cowan, treasurer; James S. Reeland, secretary, Gerald J. Childs, assistant secretary.

Compensation: Commissions.

Branch offices: Williamsville, Tonawanda, West Seneca, N.Y.

Licensed excess/surplus broker in: New York.

Columbia Agency Inc.

21643 E. Nine Mile Road, St. Clair Shores, Mich. 48080; 313-779-1700

	1981	1980
Premium vol	$2,500,000	$2,200,000
Gross rev	$356,000	$304,000
Employees	8	3
Commercial bus	90%	90%

Principal officers: Richard L. Martinez, president; Bruce J. Autem, executive vp; Alfred W. Wilke, treasurer.

Compensation: Commissions and fees.

Acquisitions: Grosse Pointe Insurance Agency, Grosse Pointe, Mich.

Licensed excess/surplus broker in: Michigan.

Commercial Carriers Insurance Agency Inc.

17418 S. Studebaker Road, Cerritos, Calif. 90701; 213-860-1955

	1981	1980
Premium vol	$5,291,000	$5,341,353
Gross rev	$702,228	$563,470
Employees	18	13
Commercial bus	99%	99%

Principal officers: Henry H. Escalante, president; Shannon S. Walker, Charles J. Escalante, J. Scott Fleming, Gary Clark, vps.

Compensation: Commissions.

Branch offices: Oakland, Fresno, San Diego, Calif.

Community Insurance Center Inc.

526 E. 87th St., Chicago, Ill. 60619; 312-651-6200

	1981	1980
Premium vol	$3,654,996	$3,419,325
Gross rev	$481,285	$451,349
Employees	14	17
Commercial bus	70%	55%

Principal officers: Milton E. Moses, president; Lillian L. Williams, secretary; Alvin J. Robinson, executive vp.

Compensation: Commissions and fees.

Licensed excess/surplus broker in: Illinois.

Consolidated Insurance Center Inc.

7130 Rutherford Road, Baltimore, Md. 21207; 301-944-9550

	1981	1980
Premium vol	NA	NA
Gross rev	$1,157,357	$1,113,901
Employees	26	29
Commercial bus	68%	70%

Principal officers: Charles P. Bundy, chairman; John F. Doetzer, president; Thomas F. Campion, executive vp/treasurer.

Compensation: Commissions.

Subsidiaries: Consolidated Insurance Consultants Inc., Baltimore, Md.

Licensed excess/surplus broker in: Maryland, District of Columbia.

Cook & Knight Associates

1172 E. Ridgewood Ave., Ridgewood, N.J. 07450; 201-445-5100

	1981	1980
Premium vol	$2,700,000	$2,500,000
Gross rev	$325,000	$300,000
Employees	9	9
Commercial bus	60%	60%

Principal officers: Warren B. Cook Sr., president; John J. Knight, vp; Warren B. Cook Jr., assistant vp.

Compensation: Commissions and fees.

Acquisitions: Ralph Caneva Agency, Parkridge, N.J.

Couper-Ackerman-Sampson Inc.

2 Court St., Box 1970, Binghamton, N.Y. 13902; 607-772-1444

	1981	1980
Premium vol	$5,100,000	$5,000,000
Gross rev	$841,000	$864,000
Employees	25	26
Commercial bus	70%	70%

Principal officers: John F. Russell, president; John A. Foley, vp/treasurer; William J. McPhail, vp; Robert H. White, secretary.

Compensation: Commissions and fees.

Frank Crystal & Co. Inc.

61 Broadway, New York, N.Y. 10006; 212-344-2444

	1981	1980
Premium vol	NA	NA
Gross rev	$4,745,000	$3,987,000
Employees	30	27
Commercial bus	82%	81%

Principal officers: James W. Crystal, president and chief executive officer; I. Frank Crystal, chairman; Steven L. Grossberg, vp/finance; Jerome D. Lubin, vp.

Compensation: Commissions and fees.

Subsidiaries: Frank Crystal & Associates, N.Y.

Licensed excess/surplus broker in: New York, Texas.

D

DMAS Inc.

1348 Forest Ave., Staten Island, N.Y. 10302; 212-981-0700

	1981	1980
Premium vol	$2,250,000	$2,100,000
Gross rev	$324,222	$308,342
Employees	7	6
Commercial bus	65%	65%

Continued on facing page

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Principal officers: Louis J. Milone, president; Herbert R. Applebaum, vp; Sheldon Stillman, secretary/treasurer.

Compensation: Commissions and fees.

The Daniel & Henry Co.

100 N. Jefferson, St. Louis, Mo. 63103; 314-421-1525

	1981	1980
Premium vol	$28,000,000	$24,700,000
Gross rev	$4,200,000	$3,600,000
Employees	106	95
Commercial bus	86%	86%

Principal officers: C. Peyton Daniel, president; C.S. Drew Jr., executive vp; John A. Harrison, M.H. Johnson Jr., Nicholas J. Kontras, John G. Schreiner, William P. Wunderlich, vps; Ronald C. Mueller, treasurer.

Compensation: Commissions and fees.

Licensed excess/surplus broker in: Missouri.

Davis-Grosse Inc.

168 E. Lake St., Box 579, Elmhurst, Ill. 60126; 312-834-0056

	1981	1980
Premium vol	$4,975,000	$4,450,000
Gross rev	$925,000	$835,000
Employees	15	15
Commercial bus	93%	92%

Principal officers: Edward L. Grosse, president; William J. Opelka, senior vp; James Davis, vp; Alfred E. Barr, vp/secretary; A. Drury Davis Jr., treasurer.

Compensation: Commissions and fees.

Branch offices: Northfield, Ill.

John DeVries Agency Inc.

414 State St., St. Joseph, Mich. 49085; 616-983-0581

	1981	1980
Premium vol	$3,650,000	$4,220,000
Gross rev	$514,500	$620,467
Employees	12	12
Commercial bus	83%	81%

Principal officers: James B. DeVries, president; Betty Wisneski, vp, special commercial accounts; Dennis A. Stowers, vp, sales; Jimmy Lee, vp.

Compensation: Commissions and fees.

Parent company: AARCO American Agency Inc.

Licensed excess/surplus broker in: Michigan.

Walter P. Dolle Inc.

Dixie Terminal Building, Cincinnati, Ohio 45202; 513-421-6515

	1981	1980
Premium vol	$37,000,000	$36,000,000
Gross rev	$3,615,000	$3,546,000
Employees	59	56
Commercial bus	90%	91%

Principal officers: Jack R. Trainer, president; H. Russell Reigart, Charles T. Hyser, Robert Lang, vps.

Compensation: Commissions and fees.

Licensed excess/surplus broker in: Ohio.

Dowis Agency Inc.

Box 911, Sterling, Colo. 80751; 303-522-6260

	1981	1980
Premium vol	$4,576,675	$4,883,992
Gross rev	$941,639	$890,076
Employees	22	20
Commercial bus	84%	88%

Principal officers: R.W. Dowis, president; H.M. Dickson, vp; Lyle D. Graham, secretary/treasurer; R.A. Warren, assistant secretary.

Compensation: Commissions.

Subsidiaries: Dowis Management Corp., Dowis Systems Inc.

Robert F. Driver Co. Inc.

400 Cedar St., San Diego, Calif. 92112; 714-238-1828

	1981	1980
Premium vol	$26,011,487	$24,347,840
Gross rev	$5,047,530	$4,640,212
Employees	115	99
Commercial bus	89%	91%

Principal officers: Robert F. Driver, chairman; Irwin B. Sklar, president; LeGrand L. Rane, senior vp; Robert J. Young, executive vp; Robert H. Herring, secretary/treasurer.

Compensation: Commissions and fees.

Branch offices: La Jolla, Newport Beach, Escondido, Calif.

Subsidiaries: Robert F. Driver Administrators, Premium Advance, both in San Diego.

Licensed excess/surplus broker in: California.

The Ducey Agency Inc.

Route 9-W, Haverstraw, N.Y. 10927; 914-429-5000

	1981	1980
Premium vol	$3,725,000	$3,600,000
Gross rev	$520,000	$515,000
Employees	9	9
Commercial bus	70%	70%

Principal officers: Thomas W. Torpey, president; Edward C. Smith, vp.

Compensation: Commissions.

Acquisitions: Albert Engels Associates, West Nyack, N.Y.

Dunavant-Donnaud Insurance Agency Inc.

5341 Estate Office Drive, Box 171825, Memphis, Tenn. 38117; 901-761-4656

	1981	1980
Premium vol	$3,000,000	$600,500
Gross rev	$400,000	$80,000
Employees	6	3
Commercial bus	98%	98%

Principal officers: Marvin E. Donnaud, president; Louis Baioni, executive vp/treasurer; Ansel Davis, secretary.

Compensation: Commissions and fees.

Parent company: Dunavant Enterprises Inc.

Licensed excess/surplus broker in: Tennessee.

E

Ehrman Murphy & Co.

Box 19649, Houston, Texas 77024; 713-464-6291

	1981	1980
Premium vol	$6,086,114	$8,500,000
Gross rev	$804,266	$856,722
Employees	18	20
Commercial bus	60%	70%

Principal officers: Frank J. Ehrman, Robert L. Murphy, partners.

Compensation: Commissions.

Licensed excess/surplus broker in: California.

Epps-McLendon Co. Inc.

249 W. Main St., Box 1348, Lake City, S.C. 29560; 803-394-2018, 2045

	1981	1980
Premium vol	$4,000,000	$3,350,000
Gross rev	$610,000	$582,937
Employees	25	25
Commercial bus	50%	50%

Principal officers: James Vernon Epps, president; Dorothy R. Epps, secretary/treasurer; Lewis Fleniken, vp-underwriting.

Compensation: Commissions.

Branch offices: Kingstree, S.C.

Licensed excess/surplus broker in: South Carolina.

F

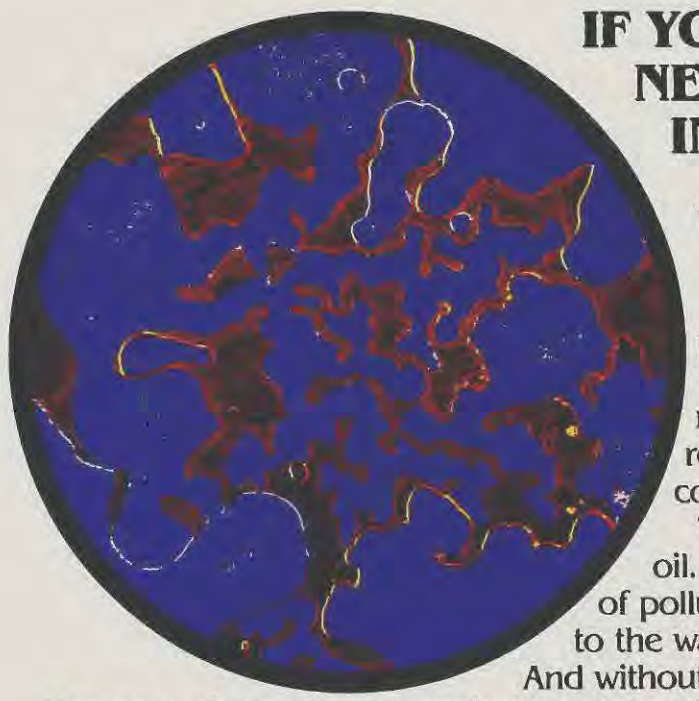
Financial Insurance Service Inc.

1010 Meacham Road, Schaumburg, Ill. 60195; 312-884-3800

	1981	1980
Premium vol	$14,870,000	$14,709,000
Gross rev	$1,792,300	$1,802,309
Employees	31	41
Commercial bus	100%	100%

Principal officers: Joseph Ambrose, president; Robert J. Peele, vp/secretary; Ronald O. Anfenson,

Continued on next page



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Continued from previous page

treasurer.

Compensation: Commissions and fees.

Subsidiaries: Financial Insurance Service Consultants Inc., Schaumburg, Ill.

Licensed excess/surplus broker in: Illinois.

First Associated Insurance Agencies Inc.

12465 Burleigh Road, Brookfield, Wis. 53005; 414-786-2540

	1981	1980
Premium vol.....	$4,700,000	$4,800,000
Gross rev.....	$818,000	$804,000
Employees.....	25	24
Commercial bus...	52%	52%

Principal officers: David Grant, president; Robert N. Cayze, executive vp; Timothy Gahagan, vp; Michael Stolz, secretary.

Compensation: Commissions.

Licensed excess/surplus broker in: Wisconsin.

Fitzgerald, Clayton, Noyes & Kasten Inc.

757 N. Broadway, Milwaukee, Wis. 53202; 414-271-3717

	1981	1980
Premium vol.....	$4,500,000	$4,600,000
Gross rev.....	$922,000	$910,000
Employees.....	20	19
Commercial bus...	80%	80%

Principal officers: Robert T. Clayton, president/treasurer; William D. Hoppenjan, vp/secretary; Frederick C. Kasten, vp; Gladys Vierguth, assistant secretary.

Compensation: Commissions and fees.

Subsidiaries: Harry G. Packee Agency Inc., Milwaukee.

Licensed excess/surplus broker in: Wisconsin.

The Flanders Group/Insurite Agency

6 Tobey Village Office Park, Pittsford, N.Y. 14534; 716-381-8070

	1981	1980
Premium vol.....	$2,250,000	$1,200,000
Gross rev.....	$332,000	$175,000
Employees.....	6	3
Commercial bus...	99%	99%

Principal officers: Walter R. Jeffers, president; Chris S. McVicker, vp.

Compensation: Commissions and fees.

Acquisitions: Nordstrom Agencies, Rochester, N.Y.

Foa & Son Corp.

1 World Trade Center, New York, N.Y. 10048; 212-432-1234

	1981	1980
Premium vol.....	$22,500,000	$20,000,000
Gross rev.....	$1,700,000	$1,500,000
Employees.....	53	48
Commercial bus...	90%	90%

Principal officers: Mario Foa, chairman; Conrad Foa, president/CEO; Dick Impastato, executive vp; Stanley Apicella, senior vp; Myles Burke, vp.

Compensation: Commissions and fees.

Branch offices: Chappaqua, N.Y.

Subsidiaries: G.A. Services, New York.

Fowler Agency Inc.

29 River Road, Chatham, N.J. 07928; 201-635-1700

	1981	1980
Premium vol.....	$6,000,000	$4,900,000
Gross rev.....	$692,000	$584,000
Employees.....	14	12
Commercial bus...	85%	85%

Principal officers: Richard C. Fowler Jr., president; Donald W. Wright, executive vp; Donna Mercadante, vp.

Compensation: Commissions and fees.

The Frankel Co.

1051 Brinton Road, Pittsburgh, Pa. 15221; 412-244-7500

	1981	1980
Premium vol.....	$6,300,000	$6,000,000
Gross rev.....	$1,344,000	$1,232,230
Employees.....	26	25
Commercial bus...	76%	78%

Principal officers: Robert M. Frankel, president; F. William Neely, senior vp; William K. Lieberman, president, Frankel Associates.

Compensation: Commissions and fees.

Licensed excess/surplus broker in: Pennsylvania.

Frenkel & Co. Inc.

123 William St., New York, N.Y. 10038; 212-267-22000

Continued on facing page



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Continued from facing page

	1981	1980
Premium vol.	NA	NA
Gross rev.	$7,336,000	$6,550,000
Employees	150	150
Commercial bus.	88%	87%

Principal officers: Leo S. Frenkel, honorary chairman; Charles W. Pachner, chairman; James J. Costa, president; Alan S. Samuels, Robert E. Shunk, executive vps.

Compensation: Commissions and fees.

Branch offices: Los Angeles.

Friedman & Friedman Agency Inc.

Box 1368, 125 Mineola Ave., Roslyn Heights, N.Y. 11577; 516-484-4100

	1981	1980
Premium vol.	$7,600,000	$8,300,000
Gross rev.	$1,100,000	$830,000
Employees	24	25
Commercial bus.	80%	85%

Principal officers: Maurice Friedman, president; Harry D. Friedman, vp/secretary; Mildred DeMeo, Allen B. Williams, vps.

Compensation: Commissions and fees.

G

Gallagher-Cole Associates

4700 Biscayne Blvd., Miami, Fla. 33137; 305-576-4100

	1981	1980
Premium vol.	$2,750,000	$2,748,943
Gross rev.	$452,924	$405,759
Employees	11	11
Commercial bus.	85%	85%

Principal officers: Phil C. Gallagher, Samuel T. Cole, Raymond O. Boon, partners; Lenore N. Francis, associate.

Compensation: Commissions and fees.

Licensed excess/surplus broker in: Florida.

The Gleason Agency Inc.

Main St. East, Suite 204, Box 8, Johnstown, Pa. 15907; 814-535-8411

	1981	1980
Premium vol.	$9,092,958	$8,012,000
Gross rev.	$1,027,119	$937,487
Employees	17	14
Commercial bus.	89%	87%

Principal officers: Robert A. Gleason Jr., president; Christopher K. Gleason, vp; Carolyn Zierer, secretary.

Compensation: Commissions and fees.

Licensed excess/surplus broker in: Pennsylvania.

Richard N. Goldman & Co.

One Maritime Plaza, San Francisco, Calif. 94111; 415-981-1141

	1980	1979
Premium vol.	$32,000,000	$30,000,000
Gross rev.	$2,400,000	$2,200,000
Employees	39	37
Commercial bus.	90%	90%

Principal officers: Richard N. Goldman, chairman; Stuart W. Seiler, president; Helen A. Castro, senior vp/treasurer; Gerald J. Fitzgerald, senior vp/secretary; Alden Ames III, senior vp.

Compensation: Commissions and fees.

Licensed excess/surplus broker in: California.

Gomez & Cia. Inc.

Condominio Profesional, 6th Floor, Mendez Vigo 70 West, Box 3450, Mayaguez, Puerto Rico 00709; 809-832-1020

	1981	1980
Premium vol.	$4,000,000	$6,000,000
Gross rev.	$500,000	$500,000
Employees	12	10
Commercial bus.	95%	90%

Principal officers: Enrique Gomez, president; Myrna Quiles, vp.

Compensation: Commissions and fees.

Licensed excess/surplus broker in: Puerto Rico.

H

Haas & Wilkerson Inc.

6900 Squibb Road, Mission, Mo. 64202; 913-432-4400

	1981	1980
Premium vol.	$18,728,631	$17,873,962
Gross rev.	$3,058,385	$2,970,120
Employees	67	65
Commercial bus.	80%	80%

Principal officers: Albert E. Haas, chairman; W. Ralph Wilkerson Jr., president; C.J. Jordan, executive vp/treasurer; Howard F. Walter, secretary.

Compensation: Commissions and fees.

Branch offices: St. Petersburg, Fla.; St. Louis, Mo.

Subsidiaries: Haas-Wilkerson-Wohlberg Inc.; Landspeed Insurers Inc.; Americana Services Inc.; Specialty Program Insurors Inc.

Licensed excess/surplus broker in: Missouri, Kansas.

Hackett, Valine & MacDonald Inc.

198 College St., Burlington, Vt. 05401; 802-658-1100

	1981	1980
Premium vol.	$9,076,633	$9,002,146
Gross rev.	$1,496,270	$1,426,660
Employees	25	29
Commercial bus.	86%	86%

Principal officers: Luther F. Hackett, president; Duane A. Valine, executive vp; Donald R. MacDonald, senior vp; Richard L. Seavey, vp.

Compensation: Commissions.

Subsidiaries: Hackett & Co.

Parent company: HVM Co.

Licensed excess/surplus broker in: Vermont.

Wayland Hancock Insurance Agency

1925 Lexington, Houston, Texas 77098; 713-528-5383

	1981	1980
Premium vol.	$5,100,000	$4,500,000
Gross rev.	$807,000	$730,000
Employees	14	15
Commercial bus.	67%	67%

Principal officers: Wayland "Buddy" Hancock, R.J. (Hollis) Waldt, Wilbur Scott, partners.

Compensation: Commissions.

Subsidiaries: Wayland Hancock Century 21 Realtors, Houston.

Harding-Conley-Drawert-Tinch Insurance Agency Inc.

Box 29069, San Antonio, Texas 78229; 512-732-9601

	1981	1980
Premium vol.	$3,516,229	$3,340,940
Gross rev.	$722,738	$829,139
Employees	7	7
Commercial bus.	95%	95%

Principal officers: Homer M. Conley, president; T.A. Drawert, vp; A.C. Tinch Jr., vp/secretary.

Compensation: Commissions.

Harris, Hall, Blanton & Dunham

1111 N. Travis St., Box 728, Sherman, Texas 75090; 214-893-6363, 214-422-4223

	1981	1980
Premium vol.	$2,556,949	$2,251,922
Gross rev.	$446,037	$428,845
Employees	9	9
Commercial bus.	71%	70%

Principal officers: Frank Harris, president; Jack F. Hall, secretary; Bob Blanton, treasurer; Melvin Dunham, vp.

Compensation: Commissions and fees.

Parent company: Harris, Hall & Dunham Inc.

Hastings-Tapley Insurance Agency Inc.

271 Cambridge St., Cambridge, Mass. 02141; 617-876-7510

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Continued from previous page

	1981	1980
Premium vol	$18,890,633	$16,283,531
Gross rev	$3,427,00	$2,732,700
Employees	84	73
Commercial bus...	51%	42%

Principal officers: David J. Lane, chairman; Frederick J. England Jr., president; Frederick J. England, treasurer; Charles S. Tapley, executive vp.

Compensation: Commissions and fees.

Subsidiaries: Thayer, Delaney & Connor, North Reading Mass.; Kingman & Richardson Insurance Agency, Reading, Mass.

Parent company: Hastings-Tapley Corp.

Licensed excess/surplus broker in: Massachusetts.

Hatch-Leonard/ Markin-Shaw Inc.

650 Sibley Tower, Rochester, N.Y. 14604; 716-546-3747

	1981	1980
Premium vol	$14,300,000	$13,500,000
Gross rev	$3,100,000	$2,400,000
Employees	88	81
Commercial bus...	67%	65%

Principal officers: Lester H. Leonard, chairman; R. Bruce Davey, president; Lawrence T. Markin, senior vp; John A. McAlpin, vp/treasurer; Robert S. Whitmore vp; Robert H. French, vp/secretary.

Compensation: Commissions and fees.

Branch offices: The Brockport Agency Inc., Brockport, N.Y.

Acquisitions: Brandt Agency, Rochester, N.Y.

Subsidiaries: Smith, Everett & Associates, Rochester, Buffalo and New York, N.Y.

Joseph Held & Co. Inc.

116 John St., Suite 1600, New York, N.Y. 10038; 800-221-9940; 212-962-3122

	1981	1980
Premium vol	$4,100,000	$3,600,000
Gross rev	$525,000	$465,000
Employees	9	9
Commercial bus...	85%	80%

Principal officers: Kenneth S. Held, president and chief executive officer; Arnold M. Held, vp; Lynne Marshall, chief account executive; Dana Michael Sanders, president/Hollywood, Fla.; Ronald Neil Schoenbrun, manager/Atlanta.

Compensation: Commissions and fees.

Branch offices: Hollywood, Fla.; Atlanta; Long Island, N.Y.

Subsidiaries: Standard Insurance Management Co. Inc., Hollywood, Fla.

The Hirshorn Co.

14 E. Highland Ave., Philadelphia, Pa. 19118; 215-242-8200

	1981	1980
Premium vol	$3,642,000	$3,500,000
Gross rev	$591,000	$520,000
Employees	12	12
Commercial bus...	85%	85%

Principal officers: Ralph S. Hirshorn, president; B. Graeme Frazier III, vp.

Compensation: Commissions and fees.

Holland Insurance Agency Inc.

19 W. 8th St., Holland, Mich. 49423; 616-396-4611

	1981	1980
Premium vol	$4,845,609	$5,292,570
Gross rev	$949,643	$311,133
Employees	17	18
Commercial bus...	72%	72%

Principal officers: Dale E. VanLente, president; John A. Heyboer, executive vp; David L. Lake, vp/treasurer; Robert J. Yonker, secretary; John A. Heyboer Jr., assistant secretary.

Acquisitions: Merged with Grand Rapids Insurance Agency in January 1982.

Houston Mutual Agency Inc.

11999 Katy Freeway, Suite 580, Box 79608, Houston, Texas 77079; 713-870-8700

	1981	1980
Premium vol	$5,717,500	$3,723,400
Gross rev	$719,700	$512,673
Employees	17	15
Commercial bus...	75%	70%

Principal officers: Jack J. Thurmon, president; William H. Brune Jr., executive vp.

Compensation: Commissions.

Howalt-McDowell Insurance Inc.

630 S. Minnesota Ave., Sioux Falls, S.D. 57101; 605-339-3874

	1981	1980
Premium vol	$4,250,000	$4,500,000
Gross rev	$592,000	$600,000
Employees	13	14
Commercial bus...	85%	85%

Principal officers: L.W. Scherschligt, president/treasurer; G.R. Farmer, senior vp; J.E. Jencks, corporate secretary; G.M. Joyce, J.J. Scherschligt, vps.

Compensation: Commissions.

Licensed excess/surplus broker in: South Dakota.

Insurance Agents Inc.

35 N. Main Place, Council Bluffs, Iowa 51501; 712-325-1010

	1981	1980
Premium vol	NA	NA
Gross rev	$3,426,472	$2,461,797
Employees	77	65
Commercial bus...	90%	85%

Principal officers: H.H. Nelson, chairman; John P. Nelson, president; Gary Hurley, executive vp; Henry Lane, vp/engineering; Art Bartel, vp/employee benefits; Richard Gibson, president, American Agrisurance.

Compensation: Commissions and fees.

Branch offices: Omaha, Neb.; Sioux City, Iowa.

Subsidiaries: American Agrisurance, Redland Insurance Co.

Parent company: Redland Enterprises Inc.

Licensed excess/surplus broker in: Nebraska.

Insurance Management Associates Inc.

714 Union Center, Wichita, Kan. 67202; 316-267-9221

	1981	1980
Premium vol	$27,368,684	$22,157,332
Gross rev	$3,414,625	$2,983,388
Employees	76	62
Commercial bus...	92%	92%

Principal officers: Paul C. Yankey Jr., chairman/treasurer; William C. Cohen Jr., president; Joe E. Moddrell Jr., executive vp; Richard B. Matassarin, Paul G. Starr, senior vps; Sandra K. Broadstreet, vp/secretary; Kay Barrett, Roberta Heorman, Dick King, Francis Ludvicek, Joseph C. Lukens II, Daniel E. Nyberg, Scott T. Post, Wally Raabe, vps.

Compensation: Commissions and fees.

Branch offices: Insurance Management Associates Inc. of Topeka, Kan..

Acquisitions: Alexander & Alexander of Kansas Inc., Wichita.

Licensed excess/surplus broker in: Kansas.

Insurance Marketing Agencies Inc.

1200 Mechanics Bank Tower, Worcester, Mass. 01608; 617-753-7233

	1981	1980
Premium vol	$9,500,000	$8,800,000
Gross rev	$1,450,000	$1,300,000
Employees	30	32
Commercial bus...	85%	85%

Principal officers: Sumner W. Herman, president/treasurer; Arnold J. Horowitz, executive vp; John J. Kelly, vp.

Compensation: Commissions and fees.

Licensed excess/surplus broker in: Massachusetts.

Insurance Plus Agencies

Amos Keag Bank Building, Box 1043, 875 Elm St., Manchester, N.H. 03105; 603-669-1400

	1981	1980
Premium vol	$7,000,000	$7,000,000
Gross rev	$1,050,000	$1,090,000
Employees	30	35
Commercial bus...	66%	74%

Principal officers: George J.T. Sadler, president; James E. Cleary, executive vp; Robert E. Marcotte, senior vp; Glenn J. DiBenedetto, Arthur Bruinooge, vps.

Compensation: Commissions.

Branch offices: Sadler Insurance, Nashua, Wis.; Marcotte & Plourde Agencies Inc., Manchester, N.H.

Parent company: The Sadler Insurance Agency Inc.

Licensed excess/surplus broker in: New Hampshire.

Insurance Professionals Inc.

Box 292, 15 Prospect St., Paramus, N.J. 07652; 201-265-7110

	1981	1980
Premium vol	$5,200,000	$4,800,000
Gross rev	$700,000	$658,000
Employees	13	12
Commercial bus...	80%	75%

Principal officers: James L. Irwin, chairman; John A. Jones, president; William Brazzel, treasurer.

Compensation: Commissions and fees.

Branch offices: West Palm

Continued on facing page

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Continued from facing page
Beach, Fla.

Subsidiaries: Florida Insurance Professionals Inc., West Palm Beach; S&I Life Associates, Paramus, N.J.

ISU/Wellington Agencies Inc.

3460 Wilshire Blvd., Suite 401, Box 76969; Los Angeles, Calif. 90076; 213-380-3050

	1981	1980
Premium vol.	$12,000,000	$11,000,000
Gross rev.	$1,882,000	$1,669,000
Employees	32	31
Commercial bus.	80%	82%

Principal officers: Wilbert W. Stein, chairman; John Antignas, president; Gerald Richbook, Earl B. Gross, senior vps; Donald W. Millar, secretary/treasurer.

Compensation: Commissions.

J

Jay & Renfro

33 N. Newport Blvd., Newport Beach, Calif. 92663; 714-645-9000

	1981	1980
Premium vol.	$11,200,000	$12,100,000
Gross rev.	$1,430,000	$1,560,000
Employees	42	44
Commercial bus.	80%	80%

Principal officers: Mac R. Renfro, Dee R. Renfro, partners.

Compensation: Commissions.

Johannesen-Farrar Inc.

110 S. Third St., Delavan, Wis. 53115; 414-728-2631

	1981	1980
Premium vol.	$3,844,919	$3,821,765
Gross rev.	$644,160	$700,468
Employees	16	17
Commercial bus.	60%	60%

Principal officers: Joseph J. Walters, president; Eugene F. Groth, vp; John M. Rielly, secretary/treasurer.

Compensation: Commissions and fees.

Branch offices: East Troy and Elkhorn, Wis.

Subsidiaries: Johannesen-Farrar Real Estate Inc.

Licensed excess/surplus broker in: Wisconsin.

Johnson, Kendall & Johnson Inc.

Penns Trail and Route 332, Newtown, Pa. 18940; 215-968-4741

	1981	1980
Premium vol.	$6,000,000	$6,000,000
Gross rev.	$935,000	$870,000
Employees	21	20
Commercial bus.	70%	70%

Principal officers: Edwin T. Johnson, president; Ted S. Kendall, executive vp/treasurer; David R. Johnson, secretary; William J. Alder, Richard B. Willis Jr., Douglas D. Peterson, vps.

Compensation: Commissions and fees.

Johnson-Rast & Hays Insurance Inc.

Suite 1850, Financial Center, Birmingham, Ala. 35203; 205-324-1000

	1981	1980
Premium vol.	$9,085,000	$6,033,400
Gross rev.	$1,321,000	$957,100
Employees	47	30
Commercial bus.	85%	83%

Principal officers: H. Lee Ohlman, agency manager; Robert B. Hays, vp; John H. Truitt, vp/ marketing; Joseph E. Williams, president of JRHSA; C. David Tucker, president of EBC; James Odom, president of IAAI.

Compensation: Commissions and fees.

Branch offices: Johnson-Rast & Hays of South Alabama, Foley, Ala.

Acquisitions: Robertsdale Insurance Agency, Robertsdale, Ala.; Island Insurance Agency, Gulf Shore, Ala.

Subsidiaries: Employee Benefit Consultants, Birmingham and Foley, Ala.; Insurance Adjusters & Appraisers Inc., Birmingham, Ala.

Licensed excess/surplus broker in: Alabama.

K

Walter Kaye Associates Inc.

122 E. 42nd St., New York, N.Y. 10168; 212-210-9200

	1981	1980
Premium vol.	$95,000,000	$90,000,000
Gross rev.	$9,750,000	$8,795,000
Employees	158	164
Commercial bus.	95%	95%

Principal officers: Walter Kaye, president; Lawrence Greenfield, executive vp; Howard Kaye,

Continued on next page

Coming Up!
Loss Prevention

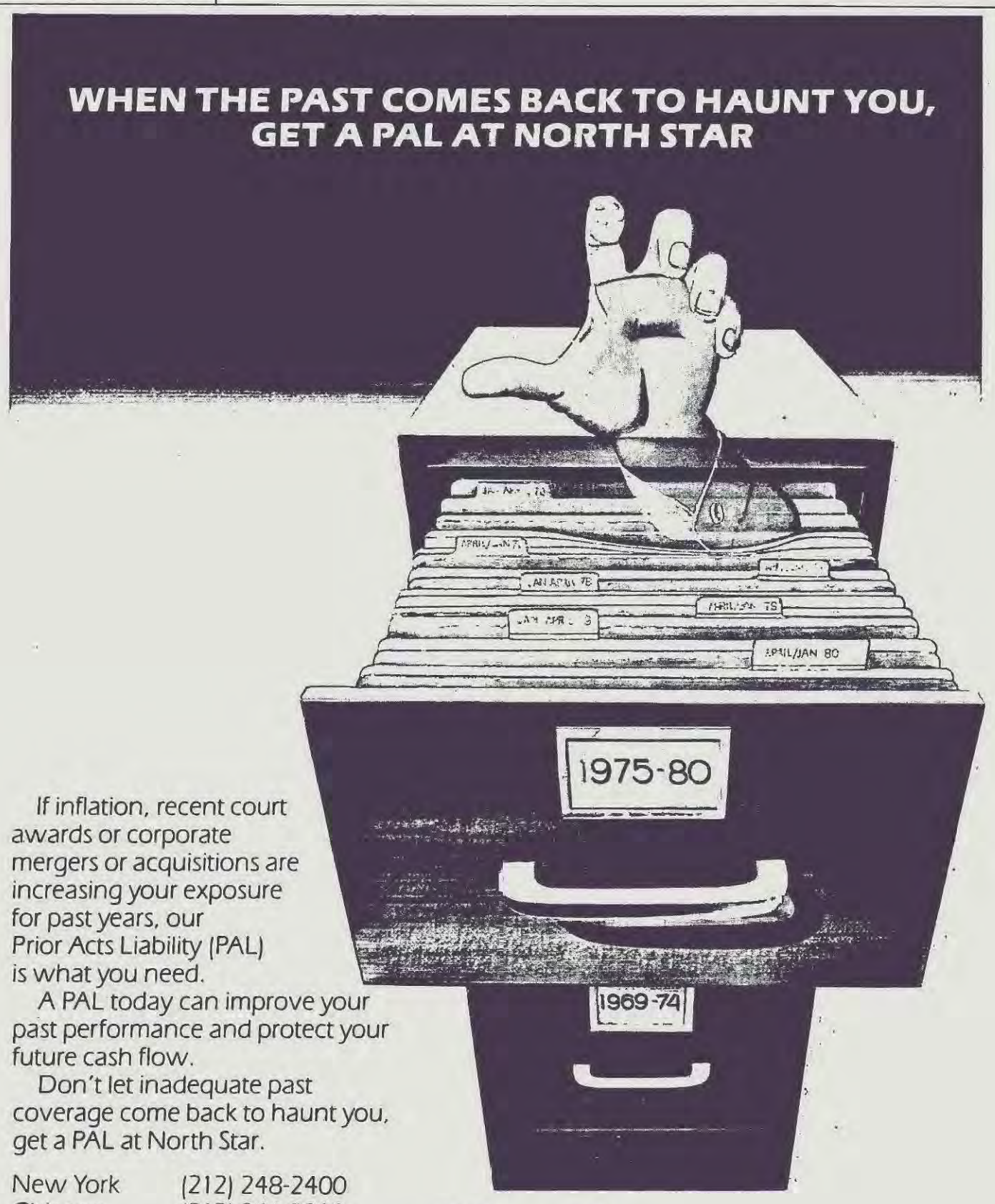
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Continued from previous page
Marc Silverman, senior vps; Stanley Feinberg, Lester Edelman, first vps.

Compensation: Commissions and fees.

Branch offices: Chicago; Beverly Hills, Calif.; Fairfield, Conn.

Subsidiaries: Walter Kaye Corp. of Connecticut; Walter Kaye Corp. of California; TKG Agencies Inc.; American Administrators Corp.

Parent company: The Kaye Group Inc.

Licensed excess/surplus broker in: New York, Connecticut.

Keator Smith Inc.

79 Sanford St., Fairfield, Conn. 06430; 203-259-8331

	1981	1980
Premium vol.	$6,200,000	$5,500,000
Gross rev.	$925,000	$800,000
Employees	17	15
Commercial bus.	60%	60%

Principal officers: Gardiner Smith, president; Paul Williams, Alice Porter, vps; Bob Slimmon, employee benefits manager.

Compensation: Commissions.

Acquisitions: Unquowa Agency, Fairfield, Conn.

Licensed excess/surplus broker in: Connecticut.

Keenan & Associates

3715 W. Lomita Blvd., Suite 200, Box 4328, Torrance, Calif. 90510; 213-373-8811

	1981	1980
Premium vol.	NA	NA
Gross rev.	$5,164,000	$3,900,000
Employees	135	102
Commercial bus.	95%	95%

Principal officers: John R. Keenan, president; Murton L. Munson, senior vp; Rick Lagattuta, Sandi Duke, vps.

Compensation: Commissions and fees.

Branch offices: Bakersfield, Fresno, Santa Ana, Riverside, San Jose, San Rafael, Sacramento and Thousand Oaks, Calif.; Phoenix, Ariz.

Kehe, Foy & Snelten Insurance Agency Inc.

1650 N. Arlington Heights Road, Arlington Heights, Ill. 60004; 312-392-8550

	1981	1980
Premium vol.	$3,843,894	$3,538,727
Gross rev.	$692,602	$632,849
Employees	20	17
Commercial bus.	60%	60%

Principal officers: Richard S. Winzer, chairman; George B. Snelten, president; Larry Kaddatz, executive vp.

Compensation: Commissions.

Acquisitions: Merged with Corporate Consultants Inc., November 1981.

Branch offices: Des Plaines, Ill.

Subsidiaries: Metro Premium Finance Co., Arlington Heights, Ill.

Parent company: Coldwell Banker Insurance Services.

Kendall Insurance Inc.

Box 1106, 90 S. Main St., Rochester, N.H. 03867; 603-332-5800

	1981	1980
Premium vol.	NA	NA
Gross rev.	$4,625,000	$3,700,000
Employees	100	82
Commercial bus.	85%	85%

Principal officers: Kennett R. Kendall Jr., president; Robert N. Kendall, Richard L. Williams, executive vps; John R. Dulude, Frederick W. Griffin, executive vps.

Compensation: Commissions and fees.

Branch offices: Manchester, Somersworth and Dover, N.H.

Licensed excess/surplus broker in: New Hampshire, Maine.

King & Neel Inc.

1164 Bishop St., Suite 1710, Honolulu, Hawaii 96813; 808-521-8311

	1981	1980
Premium vol.	$6,818,600	$5,743,000
Gross rev.	$890,100	$861,600
Employees	18	16
Commercial bus.	99%	99%

Principal officers: Harvey King, president; Jack Wilmoth, senior vp; Robert Yuen, Karyn Tercy, vps.

Kinney, Pike, Bell & Conner Inc.

98 Merchants Row, Mead Building, Box 370, Rutland, Vt. 05701; 802-775-2311

	1981	1980
Premium vol.	NA	NA
Gross rev.	$1,962,224	$1,761,405
Employees	47	42
Commercial bus.	75%	75%

Principal officers: Edward C. Pike, president; Robert K. Coyle, vp; Roger M. Pike, treasurer.

Compensation: Commissions and fees.

Acquisitions: Tri-City Insurance, Essex Junction, Vt.

Branch offices: Kinney-Pike, Brattleboro, Castleton, Hartford, Essex Junction, Vt.

Licensed excess/surplus broker in: Vermont.

The Kooper Group

666 Fifth Ave., New York, N.Y. 10019; 212-246-2188

	1981	1980
Premium vol.	NA	NA
Gross rev.	$600,000	$325,000
Employees	7	6
Commercial bus.	95%	95%

Principal officers: Michael Kooper, president; Michael D. Rockman, vp.

Compensation: Commissions and fees.

L

Lamb, Little & Co.

309 W. Washington St., Chicago, Ill. 60602; 312-332-5541

	1981	1980
Premium vol.	$12,500,000	$13,000,000
Gross rev.	$1,863,000	$2,000,000
Employees	36	40
Commercial bus.	92%	91%

Principal officers: Raymond J. Clancy, chairman; David B. Peck, senior vp; Frank L. Hoffeller, president.

Compensation: Commissions and fees.

Licensed excess/surplus broker in: Ilinois.

Lanier Huffman Robinson of West Point, Ga.

Box 70, West Point, Ga. 31833; 404-645-2211

	1981	1980
Premium vol.	$8,174,028	$7,000,000
Gross rev.	$1,189,668	$920,000
Employees	34	29
Commercial bus.	60%	55%

Principal officers: J. Smith Lanier II, chairman/president; D. Gaines Lanier, vp; Ann B. Chandler, secretary.

Compensation: Commissions.

Branch offices: Manchester, Franklin, Bremen and Carrollton, Ga.; Lafayette, Ala.

A.W. Lawrence & Co. Inc.

108 Union St., Schenectady, N.Y. 12305; 518-370-1720

	1981	1980
Premium vol.	$32,500,000	$29,450,000
Gross rev.	$3,389,263	$2,409,358
Employees	82	70
Commercial bus.	60%	60%

Principal officers: Albert W. Lawrence, president; Harry E. Bickford Jr., executive vp; H. Bucciferro, B. Dunbar, G. Keehfus, W. Mather, C. Roberson, H. Van Voast III, vps; Barbara C. Lawrence, secretary.

Compensation: Commissions and fees.

Continued on facing page



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Continued from facing page

Branch offices: Albany, Buffalo, Glens Falls, New York, Niles, Rochester, Schenectady, Syracuse and Troy, N.Y.; Boston; Louisville, Ky.; Phoenix, Ariz.

Subsidiaries: Fitts-Lawrence Inc.; Lawrence Management Co. Inc.; Lawrence Funding Inc.; Independent Risk Management Group Inc.

Licensed excess/surplus broker in: New York.

Levinson Brothers Inc.

235 Montgomery St., San Francisco, Calif. 94104; 415-434-3200

	1981	1980
Premium vol	$13,557,605	$13,327,751
Gross rev	$1,481,415	$1,421,628
Employees	23	23
Commercial bus.	92%	92%

Principal officers: Fred Levinson, president; Morton I. Levinson, Bernard S. Greendorfer, vps; David J. Levinson, vp/secretary.

Compensation: Commissions.

Licensed excess/surplus broker in: California.

M.J. Lieberman & Co.

354 Eisenhower Parkway, Livingston, N.J. 07039; 201-992-6500

	1981	1980
Premium vol	$7,050,000	$6,383,000
Gross rev	$1,025,000	$930,750
Employees	17	14
Commercial bus.	95%	95%

Principal officers: Morris J. Lieberman, president; Philip J. Lieberman, secretary/treasurer; Robert A. Kososki, Robert Emmons, vps.

Compensation: Commissions and fees.

Acquisitions: Rudy R. Cutler Agency Inc., Maplewood, N.J.

Don Liebert Inc.

172 S. Middletown Road, Nanuet, N.Y. 10954; 914-623-3434

	1981	1980
Premium vol	$6,725,000	$6,500,000
Gross rev	$1,053,740	$1,136,376
Employees	23	19
Commercial bus.	65%	60%

Principal officers: Donald F. Liebert, president; Richard Hiller, Richard B. Phelan, vps.

Compensation: Commissions.

Subsidiaries: Liebert Commercial Inc., Glo-Mer Systems Inc., Nanuet, N.Y.

Ligon, Gump & Ligon Inc.

4230 LBJ Freeway, Dallas, Texas 75234; 214-661-5050

	1981	1980
Premium vol	$11,135,000	$9,060,041
Gross rev	$1,399,130	$1,122,650
Employees	31	26
Commercial bus.	85%	80%

Principal officers: Max D. Ligon, president; Harry A. Gump, executive vp/secretary; Fred F. Ligon, vp/treasurer; Richard T. Gump, Robert S. Harvey, vps.

Compensation: Commissions.

Branch offices: Ligon, Gump & Ligon Inc., Longview, Texas.

Subsidiaries: L.G.L. General Agency, Dallas.

Licensed excess/surplus broker in: Texas.

Lockton Insurance Agency Inc.

7600 State Line Road., Prairie Village, Kan. 66208; 913-381-3100

	1981	1980
Premium vol	$13,600,000	$11,300,000
Gross rev	$2,400,000	$2,000,000
Employees	46	39
Commercial bus.	93%	93%

Principal officers: John T. Lockton III, president; Michael C. Frost, managing vp; Gary F. Hambright, vp/insurance; James C. Pateidl, vp/surety.

Compensation: Commissions and fees.

Branch offices: Lockton Insurance Agency of Colorado, Denver.

Licensed excess/surplus broker in: Kansas, Missouri, Colorado.

C. Lofberg Inc.

303 Cedar Lane, Teaneck, N.J. 07666; 201-836-2100

	1981	1980
Premium vol	$5,500,000	$5,300,000
Gross rev	$950,000	$910,000
Employees	20	20
Commercial bus.	60%	60%

Principal officers: Richard C. Lofberg, chairman/chief executive officer; Paul W. Lofberg, president; Franklin D. Lutz, executive vp; Adele Kirschbaum, secretary.

Compensation: Commissions and fees.

M

Mack & Parker Inc.

Xerox Centre, 55 W. Monroe St., Chicago, Ill. 60603; 312-346-1221

	1981	1980
Premium vol	NA	NA
Gross rev	$3,139,337	$2,706,000
Employees	65	62
Commercial bus.	94%	93%

Principal officers: Edward E. Mack Jr., chairman; Edward E. Mack III, president; John P. Mack, vp/treasurer; Charles S. Mack, vp/secretary; Martin P. Hughes, vp.

Compensation: Commissions and fees.

Subsidiaries: MICA Inc., Chicago.

Licensed excess/surplus broker in: Illinois.

Mahoney & Wright Insurance Agencies

140 Federal St., Boston, Mass. 02110; 617-482-4086

	1981	1980
Premium vol	$17,807,000	$13,494,000
Gross rev	$2,750,000	$2,050,000
Employees	84	NA
Commercial bus.	50%	50%

Principal officers: Norman Wright, president; Richard Forrest, Donald Beale, Daniel O'Rourke, Michael Giglio, Richard Grant, vps.

Compensation: Commissions.

Acquisitions: Cosma Insurance, Dedham, Mass.; Wells Insurance, Fitchburg, Mass.; James Sullivan Insurance, Tewksbury, Mass.; Tockman Insurance, Peabody, Mass.

Branch offices: Boston, Weymouth, Newton, Wakefield, Scituate Harbor, Middleboro, Manchester, Rockland, Sudbury, Dedham, Fitchburg and Tewksbury, Mass.

Licensed excess/surplus broker in: Massachusetts.

Maxson-Mahoney-Turner Inc.

3601 Cedar Springs, Dallas, Texas 75219; 214-521-1113

	1981	1980
Premium vol	$11,000,000	$9,000,000
Gross rev	$1,500,000	$1,300,000
Employees	35	35
Commercial bus.	77%	75%

Principal officers: David O. Turner, president; Harry J. Brownlee, executive vp.

Compensation: Commissions.

May-Davis Inc.

Box 11558, Spokane, Wash. 99211; 509-535-8783

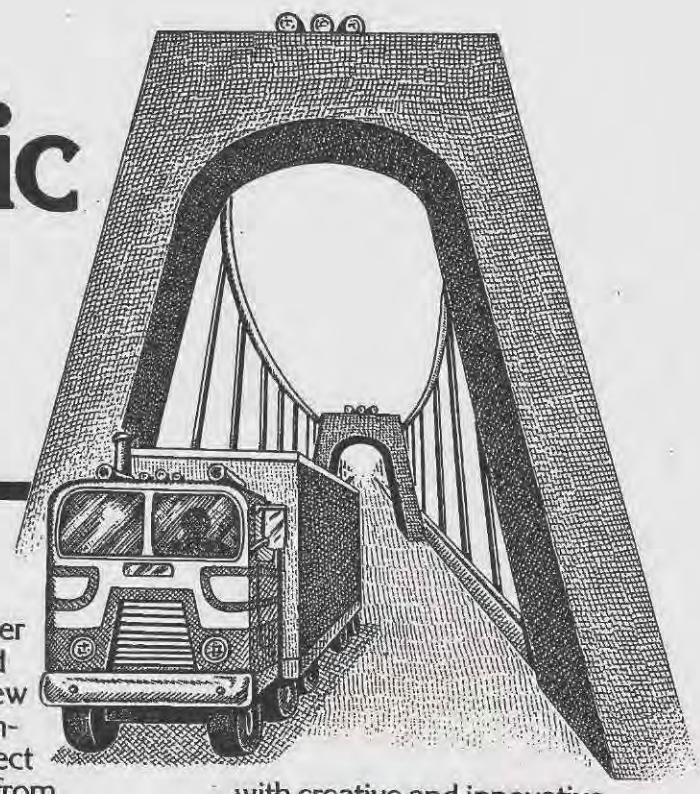
	1981	1980
Premium vol	$5,000,000	$5,000,000
Gross rev	$600,000	$600,000
Employees	6	5
Commercial bus.	98%	98%

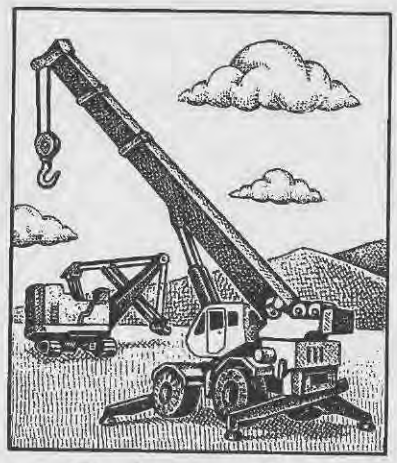
Principal officers: Laurel E. May, president; William H. Davis, executive vp; Carl F. Sturm, secretary/treasurer.

Compensation: Commissions.

Continued on next page

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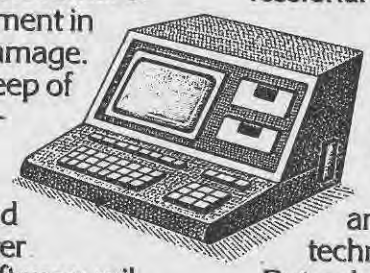


Many can cover the shipping and installation of new machinery. Atlantic also can protect the plant owner from loss of earnings and extra expense due to a mishap during shipping and installation.

Many can cover contractor's equipment. Atlantic's coverage also can pay for the rental of substitute equipment in case of loss or damage.

Our broad sweep of inland marine includes bridges, dams and tunnels; antiques and fine arts; computer hardware and software; rail hopper cars and their cargos of coal; and the newest in high technology risks.

But Atlantic's inland marine expertise doesn't end with creative and innovative underwriting. As with all lines, continuing quality service sets Atlantic apart.



Service begins with Atlantic's uncommonly capable and professional independent agents and brokers.

Our loss control experts in all Atlantic regions coast-to-coast know their inland risks and the latest preventive techniques.

But nobody bats a thousand, so we also have helpful claims people whose inland experiences gives policyholders the fast, fair and helpful claims service Atlantic has been noted for since 1842.

The Atlantic Companies

Atlantic Mutual Insurance Company · Centennial Insurance Company
Home Office: The Atlantic Building · 45 Wall Street, New York, NY 10005

Continued from previous page

Raymond G. McCarthy & Co. Inc.

Corporate Center, 799 Bloomfield Ave., Verona, N.J. 07044; 201-239-9404

	1981	1980
Premium vol.	$2,450,000	$2,400,000
Gross rev.	$430,000	$400,000
Employees	8	7
Commercial bus.	65%	65%

Principal officers: John E. Popowich, president; Thomas J. Stokes, vp; Celeste A. Grohe, secretary/treasurer.

Compensation: Commissions.

McCune-Dickinson Inc.

322 Bay St., Petoskey, Mich. 49770; 616-347-4166

	1981	1980
Premium vol.	$3,350,000	$2,000,000
Gross rev.	$700,000	$425,000
Employees	16	7
Commercial bus.	70%	75%

Principal officers: S.R. Dickinson, president; William C. Sutton, vp/treasurer; Warren Parker, vp/secretary; William Kine, Robert Esford, vps.

Compensation: Commissions and fees.

Acquisitions: Merged with Galster-Kingman-Slafer Agency, Petoskey; acquired A.K. Smith & Sons Insurance, Indiana River, Mich.

Licensed excess/surplus broker in: Michigan.

McDowell Insurance Inc.

338 Lincoln Way E., Chambersburg, Pa. 17201; 717-263-8401

	1981	1940
Premium vol.	$6,621,516	$6,926,297
Gross rev.	$1,506,050	$1,396,098
Employees	43	40
Commercial bus.	62%	65%

Principal officers: Edward C. Zimmerman, president/treasurer; Karl A. Shreiner, executive vp/secretary; Robert C. Reymer Jr., vp; Josef F. Kliment, assistant vp; William R. Gingrich, assistant secretary.

Compensation: Commissions and fees.

Branch offices: Greencastle, Waynesboro, Mercersburg, Fayetteville and Carlisle, Pa.; Hagerstown, Md.

Acquisitions: W.R. Stubbs Agency, Carlisle, Pa.

Licensed excess/surplus broker in: Pennsylvania.

The McElroy-Minister Co.

141 E. Town St., Columbus, Ohio 43215; 614-228-5565

	1981	1980
Premium vol.	$15,724,601	$17,110,040
Gross rev.	$3,803,000	$3,566,000
Employees	101	93
Commercial bus.	55%	60%

Principal officers: H. Thorp Minister Jr., chairman; John C. Glandon, president; Hugh M. Hadley, James R. Creek, Thomas B. Eckert, Robert P. Fontana, William R. Gillam, Dora Kay, Hall B. Liles Jr., Stephen C. Mintos, J. Douglas Percy Jr., Keith A. Pierce, vps.

Compensation: Commissions and fees.

Subsidiaries: Bancroft Co., Columbus.

Licensed excess/surplus broker in: Ohio.

McGowan & Co. Inc.

21010 Center Ridge Road, Rocky River, Ohio 44116; 216-333-6300

	1981	1980
Premium vol.	$6,902,000	$6,840,000
Gross rev.	$742,000	$783,000
Employees	16	14
Commercial bus.	61%	54%

Principal officers: Thomas B. McGowan, president; Thomas B. McGowan III, vp.

Compensation: Commissions and fees.

Licensed excess/surplus broker in: Ohio.

McGriff & Seibels Inc.

2211 7th Ave. South, Box 10265, Birmingham, Ala. 35202; 205-252-9871

	1981	1980
Premium vol.	$49,133,376	$37,200,000
Gross rev.	$6,975,248	$5,064,858
Employees	135	122
Commercial bus.	97%	92%

Principal officers: Lee McGriff, chairman/chief executive officer; H.G. Seibels Jr., vice chairman; Richard M. Womack, president and chief operating officer; C. Ellis Wanninger, vp/treasurer; Charles O. Holladay, vp/sales; Fay G. Schuchman, secretary.

Compensation: Commissions and fees.

Branch offices: Florence, Mobile and Point Clear, Ala.; Orlando, Fla.

Subsidiaries: Insurers Services Inc., Associated Insurance Brokers Inc.

Licensed excess/surplus broker in: Alabama.

A comforting thought: With MGIC protection you're ready for anything.



In today's complex world, potential perils keep multiplying for financial institutions and their directors and officers.

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☐ IRA/Keogh E&O ☐ Trust Dept. E&O

Name _____
Title _____
Agency _____
Address _____
City/State _____ Zip _____

A.M. Best rating is A+, XIV.

MGIC

Mellinger Insurance Agency

Main St., Rossville, Ind. 46065; 317-379-2241

	1981	1980
Premium vol.	$1,356,894	$1,249,000
Gross rev.	$311,000	$287,000
Employees	16	14
Commercial bus.	58%	56%

Principal officers: Gene Mellinger, proprietor; Dale Pettiner, manager, Delphi; Eric Spencer, manager, Frankfort.

Compensation: Commissions.

Acquisitions: Pettiner Agency Inc., Delphi, Ind.; Derrick & Derrick Insurance Agency, Frankfort, Ind.

Branch offices: Pettiner-Mellinger Insurance Agency, Delphi, Ind.; Derrick & Mellinger Insurance Agency, Frankfort, Ind.

Licensed excess/surplus broker in: Indiana.

Merriam, Ellis & Benton

7840 Washington Ave., Box 12245, Kansas City, Kan. 66112; 913-334-2100

	1981	1980
Premium vol.	$1,623,917	$1,520,238
Gross rev.	$399,280	$408,036
Employees	10	10
Commercial bus.	67%	68%

Principal officers: Don A. Ellis, senior partner; John C. Gann, partner; Frank W. Simonich, producer; Carroll P. Denning, branch sales manager.

Compensation: Commissions.

Branch offices: Overland Park, Kan.

Acquisitions: Carroll Denning & Associates, Overland Park, Kan.

Merritt & McKenzie Inc.

128 Life of Georgia Tower, Atlanta, Ga. 30365; 404-881-0538

	1981	1980
Premium vol.	$6,500,000	$5,600,000
Gross rev.	$1,211,138	$1,051,006
Employees	25	22
Commercial bus.	70%	70%

Principal officers: James W. McKenzie, president; Edward F. Merritt, vp; Harold R. Turner, treasurer.

Compensation: Commissions and fees.

Montgomery & Montgomery Inc.

111 Fulton St., New York, N.Y. 10038; 212-285-0600

	1981	1980
Premium vol.	NA	NA
Gross rev.	$2,342,392	$2,188,793
Employees	47	42
Commercial bus.	87%	85%

Principal officers: Lawrence E. Brown, Robert A. Nolan, Howard E. Smith, directors/vps; Ruthwin Samuels Jr., Luis C. Valdes, vps.

Compensation: Commissions and fees.

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Branch offices: Los Angeles; Seattle; Chicago; Atlanta; Houston.
Licensed excess/surplus broker in: New York.

Morency & Associates Inc.

950 York Road, Hinsdale, Ill. 60521; 312-887-0910

	1981	1980
Premium vol.	$6,000,000	$5,000,000
Gross rev.	$900,000	$750,000
Employees	14	10
Commercial bus.	97%	97%

Principal officers: George A. Morency Jr., president; Glenn P. Sapa, Mike Weible, Richard T. Morency, vps.
Compensation: Commissions and fees.
Acquisitions: Industrial Risk Management Inc.
Licensed excess/surplus broker in: Illinois.

Fred A. Moreton & Co.

649 E. South Temple, Salt Lake City, Utah 84102; 801-531-1234

	1981	1980
Premium vol.	$15,500,000	$14,000,000
Gross rev.	$3,400,000	$2,788,000
Employees	52	45
Commercial bus.	97%	96%

Principal officers: Edward B. Moreton, president; Edward F. Folland, senior vp; Roland D. Cornell, executive vp; L. Kent Bills, vp; Gene A. Denning, assistant vp; Fred A. Moreton Jr., secretary.
Compensation: Commissions and fees.
Branch offices: Moreton and Co., Idaho Falls, Idaho.
Subsidiaries: Moreton General Agency, Salt Lake City.
Licensed excess/surplus broker in: Utah, Idaho.

Morris & Mackenzie Ltd.

4141 Sherbrooke St. West, Montreal, Quebec H3Z1C1; 514-937-5755

	1981	1980
Premium vol.	NA	NA
Gross rev.	$6,400,000	$5,700,000
Employees	151	147
Commercial bus.	88%	90%

Principal officers: Albert W. Robinson, chairman; Frank Dougan, president/CEO; Alan L. Drumm, William M. Malcolm, senior vps.
Compensation: Commissions and fees.
Branch offices: Toronto, Ontario; Vancouver, British Columbia; Calgary, Alberta.
Subsidiaries: O. LeBlanc & Fils Ltd., Morris & Mackenzie Management Ltd., Morris & Mackenzie (Bermuda) Ltd.
Parent company: Mackmor Ltd.

The Mutual Insurance Agency Inc.

5010 Wisconsin Ave. N.W., Washington, D.C. 20016; 202-362-9840

	1981	1980
Premium vol.	$9,082,000	$8,463,000
Gross rev.	$1,087,000	$1,053,000
Employees	29	32
Commercial bus.	72%	70%

Principal officers: Henry A. Kroll, president; Morris W. Wells, executive vp; W.G. McHenry, John A. Effer, vps; James W. Delaney, H. David Kroll, Harry D. Fegley, assistant vps; Carol J. Lithgow, treasurer; Vincent D. Boylan Jr., John H. Wilson, assistant secretaries.
Compensation: Commissions.

N

NIA Ltd./National Insurance Associates

66 Route 17, Paramus, N.J. 07652; 201-845-6600

	1981	1980
Premium vol.	NA	NA
Gross rev.	$2,914,000	$2,980,000
Employees	76	82
Commercial bus.	82%	82%

Principal officers: Paul L. Gross, president; William F. Meade, executive vp; Richard J. Lomnitzer, vp/operations; Howard P. Cantor, vp/finance and treasurer; Beulah J. Handler, vp/administration.
Compensation: Commissions and fees.
Branch offices: Freehold, Long Valley, Newark and Plainfield, N.J.; Nanuet, N.Y.
Acquisitions: C.J. Simons Corp., Newark, N.J.; Selb Agency Ltd., New York.
Subsidiaries: NIA Professional Plans Inc. and NIA Excess Lines Inc., Paramus, N.J.; NIA/Simons Group Programs Inc., Newark, Paramus, N.J.
Licensed excess/surplus broker in: New York, New Jersey (NIA Excess Lines Inc.).

National Coverage Corp.

333 N. Broadway, Jericho, N.Y. 11753; 516-822-4500

	1981	1980
Premium vol.	$15,289,647	$8,072,693
Gross rev.	$2,196,567	$1,452,239
Employees	38	27
Commercial bus.	83%	96%

Principal officers: William Kulesh, president/treasurer; Warren G. Aaronson, executive vp; Russell Tillman, Anthony P. Costanza, vps; Ronald D'Alessandro, vp/secretary; Robert Topscher, secretary.
Compensation: Commissions and fees.
Acquisitions: W.G. Aaronson Inc., Massapequa, N.Y.

National Insurance Agency

5151 Flynn Parkway, Suite 110, Box 6750, Corpus Christi, Texas 78411; 512-855-8204

	1981	1980
Premium vol.	$3,257,004	$2,328,291
Gross rev.	$550,680	$375,944
Employees	18	14
Commercial bus.	65%	65%

Principal officers: Robert E. Harris, Richard D. Mlinar, partners.
Compensation: Commissions.

National Mortgage Insurance Consultants Inc.

1480 Renaissance Drive, Park Ridge, Ill. 60091; 312-296-3031

	1981	1980
Premium vol.	$2,750,000	$1,265,000
Gross rev.	$665,000	$280,000
Employees	3	3
Commercial bus.	100%	100%

Principal officers: Jack W. Bunch, chairman; Eugene D. Mitchell, president; John R. Sebring, executive vp.
Compensation: Commissions.
Parent company: Bunch Inc.

New England Security Insurance Agency Inc.

100 N. Main St., Box 260, Mansfield, Mass. 02048; 617-339-8991

	1981	1980
Premium vol.	$3,228,117	$3,002,054
Gross rev.	$588,972	$558,486
Employees	11	15
Commercial bus.	50%	55%

Principal officers: Ralph H. Seifert, president/treasurer; James A. Wills, Mitchel G. Seifert, vps.
Compensation: Commissions.
Parent company: Financial Security Corp.

North American Insurance Agency Inc.

2000 Classen Center, Oklahoma City, Okla. 73106; 405-523-2100

	1981	1980
Premium vol.	$40,000,000	$31,000,000
Gross rev.	$5,500,000	$4,200,000
Employees	91	88
Commercial bus.	83%	82%

Principal officers: Gene McCrory, president; Donald W. Glaspey, executive vp; Jack G. Barry, senior vp; John R. Mackey,

Continued on next page

"We Listen Before We Speak"

(Then we speak your language.)

Language is complex. Words, phrases, parts of speech all play their role. Jargon and vernacular unique to special interest groups help modify language and make communication more effective.

But communication is a two-way street. While someone is speaking or gesturing, someone else has got to be paying attention. And then, they've got to understand the words and gestures that are such integral parts of communication.

All too often, though, no one is listening. After all, it's easier to supply cliches or prefabricated solutions to problems.

That's not BRI's style. We communicate in ways that are effective and profitable to you. If that means learning your business from the ground up, we learn. If it means planning new ways to retain funds internally, we plan. If it means investigating international law, we investigate. And if it means helping you restructure procedures to minimize exposure, we help.

BRI is in business to hear you. And we're in business to help you. So if you're planning a risk management program, let us listen. Or if you want to re-evaluate your current coverage, let us listen. Because that's the beginning of communication. **Speak to us.**

BRI

BRI Coverage Corp.
156 William Street, New York, N.Y. 10038 212-233-7171

Continued from previous page
vp; James M. Hill, assistant treasurer.

Compensation: Commissions and fees.

Branch offices: Dallas; Denver; Edmond and Oklahoma City, Okla.; New Orleans; Wichita, Kan.

Subsidiaries: NAIA of Louisiana, New Orleans; NAIA of Tulsa; NAIA of Texas, Dallas.

Licensed excess/surplus broker in: Oklahoma, Kansas, Louisiana.

Nussbaum-Brunell Associates Inc.

507 Rockaway Ave., Valley Stream, N.Y. 11581; 516-561-7666

	1981	1980
Premium vol	$3,300,000	$3,000,000
Gross rev	$440,000	$400,000
Employees	11	11
Commercial bus	65%	65%

Principal officers: Alfred Nussbaum, president; Jerry A. Brunell, executive vp; Janet R. Lerner, vp.

Compensation: Commissions and fees.

O

O'Connor-McLaughlin Co.

683 W. Market, Box 779, Lima, Ohio 45802; 419-227-3421

	1981	1980
Premium vol	NA	NA
Gross rev	$305,000	$280,000
Employees	10	9
Commercial bus	60%	60%

Principal officers: W.R. Shanahan, president; J.J. Hagood, secretary/treasurer.

Compensation: Commissions.

Olliver/Pilcher Insurance

6150 N. 16th St., Phoenix, Ariz. 85016; 602-277-5703

	1981	1980
Premium vol	$34,977,843	$32,8111,419
Gross rev	$6,160,205	$5,853,393
Employees	144	131
Commercial bus	69%	72%

Principal officers: William M. Pilcher, chairman; F. Rockne Arnett, senior vp/secretary; Richard L. Jones, senior vp/treasurer; Peter L. Scardello Jr., vp/finance; Michael C. Metzger, William W. Pilcher II, Robert C. Long, William R. Jewett, vps.

Compensation: Commissions.

Branch offices: Prescott, Show Low, Scottsdale, Cottonwood, Flagstaff, Mesa, Glendale, Globe, Ariz.; Jewett Insurance Agency, Yuma, Ariz.

Acquisitions: Clay Reed Agency, Mesa, Ariz.; Insurance Ltd. of Arizona, Phoenix; J.N. DePoe Co., Flagstaff; Jewett Insurance Agency Inc., Yuma.

Licensed excess/surplus broker in: Arizona, Arkansas, California, Colorado, Georgia, Idaho, Kansas, Michigan, Missouri, New Mexico, North Carolina, Oklahoma, Oregon, Pennsylvania, Tennessee, Texas, Utah, Virginia, New York.

Osborn & Lange Inc.

759 Victoria Square, Montreal, Quebec H2Y2K5; 514-849-4161

	1981	1980
Premium vol	$27,000,000	$25,000,000
Gross rev	$2,400,000	$2,200,000
Employees	48	46
Commercial bus	90%	90%

Principal officers: H. Bennett, president/chief executive officer; J.A. Cantello, F. Keshen, L.A. Whyte, vps; T.G. Cleary, secretary/treasurer.

Compensation: Commissions and fees.

Branch offices: Toronto, Ontario; Vancouver, British Columbia; Winnipeg, Manitoba; Chicago; New York.

Osterloh & Durham Insurance Brokers of North America Inc.

6930 Valjean Ave., Van Nuys, Calif. 91409; 213-988-6520

	1981	1980
Premium vol	$13,000,000	$12,000,000
Gross rev	$1,576,579	$1,486,284
Employees	21	24
Commercial bus	90%	85%

Principal officers: A.F. Osterloh III, president/chairman; T.W. Mitchell, C.C. Lamb, R.C. Redman, vps.

Compensation: Commissions and fees.

Acquisitions: Lamb & Redman, El Monte, Calif.

Branch offices: El Monte, Calif.

P

Palley Simon Associates Inc.

319 Noble Plaza, Jenkintown, Pa. 19046; 215-884-2100

	1981	1980
Premium vol	$5,250,000	$6,200,000
Gross rev	$980,000	$918,000
Employees	18	18
Commercial bus	81%	87%

Principal officers: Mahlon B. Simon Jr., president; Samuel M. Palley, Dexter P. Gresh, vps.

Compensation: Commissions and fees.

Marshall Paris Insurance Inc.

18041 Bothell Way N.E., Bothell, Wash. 98011; 206-486-1227

	1981	1980
Premium vol	$3,485,879	$3,610,312
Gross rev	$493,272	$515,764
Employees	12	12
Commercial bus	60%	62%

Principal officers: George Marshall Paris Sr., president; R. Ray Westfall, vp/life sales; Gay M. Paris, treasurer/secretary.

Compensation: Commissions.

Licensed excess/surplus broker in: Washington.

Payan-Stitt Corp.

12222 S. Harlem Ave., Palos Heights, Ill. 60463; 312-448-5900

	1981	1980
Premium vol	$3,361,882	$3,192,982
Gross rev	$560,619	$547,405
Employees	14	14
Commercial bus	65%	70%

Principal officers: Jack Payan, president; Malcolm M. Stitt, executive vp, secretary/treasurer.

Compensation: Commissions and fees.

H & R Phillips Inc.

622 Third Ave., New York, N.Y. 10017; 212-949-9100

	1981	1980
Premium vol	NA	NA
Gross rev	$1,250,000	$1,050,000
Employees	25	24
Commercial bus	90%	90%

Principal officers: Harry Phillips III, president; Roger Phillips, executive vp; Judith L. Robinson, Carmen Barros, William R. Phillips, vps.

Compensation: Commissions and fees.

Subsidiaries: Management Compensation Group New York Inc.

Pickett & Adams Insurance Inc.

Box 8448, Mobile, Ala. 36689; 205-343-9480

	1981	1980
Premium vol	$2,561,501	$2,252,999
Gross rev	$461,120	$371,015
Employees	9	8
Commercial bus	65%	65%

Principal officers: C. King Pickett, president; Spencer M. Adams III, vp and secretary/trea-

Continued on facing page

MCAUTO ENTRY

COMPUTER SERVICES NEWS

Automated group claims reporting boosts productivity, attracts clients.

Gallagher Bassett: MCAUTO system provides a competitive edge.

The Gallagher Bassett Insurance Services, Division of Arthur J. Gallagher & Co., a national administrator of self-insurance plans, found that the MCAUTO group claims reporting system (GCRS) does more than decrease paperwork; it's responsible for attracting as many as four new clients in a single month.

According to Robert Strom, vice-president of field operations, the system allows the company's employee benefits administration division to offer better client service.

"Not only does GCRS pay claims, it verifies eligibility, confirms coverages, prints invoices, and produces almost instantaneous daily and month end financial summaries. It significantly improves our clients' ability to manage the costs of their benefit plans."



Robert Strom, Vice-President of field operations, Gallagher Bassett Insurance Services.

Information control through distributed processing.



The MCAUTO system, installed in September, 1981, uses a powerful minicomputer in the Gallagher Bassett claims office, linked to a mainframe in the MCAUTO teleprocessing network.

A minicomputer, leased from MCAUTO, controls the CRTs, line printer, and local storage, allowing complete control of all claims functions. Information is instantly available for screen editing and daily processing before transmission to MCAUTO for batch report processing. Reports are printed in the claims office.

Claims output increased 30%.

MCAUTO GCRS handles all types of health benefits including medical, dental, orthodontia, vision care, prescription medication, and weekly indemnity. At Gallagher Bassett, it has substantially improved accuracy and efficiency.

Strom states, "Before GCRS, our monthly reports were released 35 days after close of business for the claim month. Now reports are ready for distribution by the third working day. Daily claims output is up 30%.

An alternative for large companies: On-line claims processing.

MCAUTO also offers a group claims process system (GCPS) that puts large insurance companies in direct contact with their own or MCAUTO computers. GCPS instantly verifies claimant eligibility and provider identification, calculates benefits according to user-controlled schedules, checks policy limits and deductible provisions, and administers coordination of benefits.

For more information, call (314) 232-8021. Or just mail the coupon.

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☐ Have your representative phone me for an appointment.

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surer; Jerry P. Edwards, vp.
Compensation: Commissions.
Subsidiaries: Pope & Quint Insurance; Pickett, Adams & Martin.
Licensed excess/surplus broker in: Alabama.

Popkin Lebson Bergstein Inc.
38 Franklin St., Box 800, Tenafly, N.J. 07670; 201-569-8090; 212-928-2473

	1981	1980
Premium vol.	$7,283,736	$6,713,984
Gross rev.	$1,205,563	$1,087,833
Employees	24	24
Commercial bus.	70%	70%

Principal officers: Leo J. Popkin, president; Michael Bergstein, Ron Bergstein, vps; Martin A. Lebson, vp/treasurer; Bruce A. Bergstein, vp/secretary; Ted Kadison, vp-P.L.B. Life Agency Inc.
Compensation: Commissions and fees.
Subsidiaries: P.L.B. Life Agency Inc.

The Porter Allen Co. Inc.
513 Southard St., Key West, Fla. 33040; 305-294-2542

	1981	1980
Premium vol.	$3,600,000	$3,000,000
Gross rev.	$456,000	$416,000
Employees	16	16
Commercial bus.	55%	55%

Principal officers: David W. Freeman, president/treasurer; William A. Freeman Jr., vp/secretary; William A. Freeman III, vp.
Compensation: Commissions.
Branch offices: Marathon, Fla.

Cecil W. Powell & Co.
245 E. Adams St., Jacksonville, Fla. 32202; 904-353-3182

	1981	1980
Premium vol.	$5,821,760	$5,430,020
Gross rev.	$1,460,000	$1,320,000
Employees	23	22
Commercial bus.	90%	90%

Principal officers: Fitzhugh K. Powell, president; John A. Middleton, executive vp; Stan Story, Lon Bryan, Mike Lee, vps.
Compensation: Commissions and fees.
Licensed excess/surplus broker in: Florida.

Producers Exchange Inc.
1310 Texas American Bank Building, Dallas, Texas 75235; 214-357-6504

	1980	1979
Premium vol.	$7,500,000	$7,000,000
Gross rev.	$1,400,000	$1,100,000
Employees	30	23
Commercial bus.	95%	96%

Principal officers: Bill M. Morrison, president; Travis Dale Roberts, Vernon M. Gilmore, vps; George R. Flickinger, regional vp.
Compensation: Commissions and fees.
Branch offices: Corpus Christi, Houston and Lubbock, Texas.
Subsidiaries: Producers Exchange Life Insurance Agency Inc.; Producers Exchange Insurance Agency Inc.
Parent company: Producers Exchange Cooperative.
Licensed excess/surplus broker in: Texas.

R

RBS Insurance
1510 W. Second St., Roswell, N.M. 88201; 505-623-1510

	1981	1980
Premium vol.	$2,400,000	$2,300,000
Gross rev.	$503,000	$477,000
Employees	10	10
Commercial bus.	65%	67%

Principal officers: Bradford K. Pretti, president; Robert K. Redd, vp; Jimmy Gonzales, Lorraine Payne, assistant vps.
Compensation: Commissions.
Branch offices: Dexter, N.M.

Licensed excess/surplus broker in: New Mexico.

R L & G Agency Inc.
Route 32, Franklin, Conn.; Box 426, Norwich, Conn. 06360; 203-642-7559

	1981	1980
Premium vol.	$3,600,000	$3,100,000
Gross rev.	$478,000	$416,000
Employees	11	11
Commercial bus.	70%	70%

Principal officers: Leslie H. Young, president; Ernest E. Poore, vp; R. Gary Young, secretary/treasurer.
Compensation: Commissions and fees.
Branch offices: Putnam, Conn.
Subsidiaries: Forest Products Agency Co. Inc., Commercial Insurance Agency Inc.
Licensed excess/surplus broker in: Connecticut, Massachusetts, Rhode Island, Vermont, New Hampshire, Maine, New York, Pennsylvania.

Leslie S. Ray Insurance Agency Inc.
129 Dodge St., Beverly, Mass. 01915; 617-927-2600

	1981	1980
Premium vol.	$3,500,000	$3,000,000
Gross rev.	$600,000	$500,000
Employees	13	12
Commercial bus.	50%	50%

Principal officers: Leslie S. Ray, president/treasurer; Norma L. Huse, executive vp; Richard P. Jones, vp.
Compensation: Commissions.
Licensed excess/surplus broker in: Massachusetts.

Rebsamen Insurance
1500 Riverfront Drive, Box 3198, Little Rock, Ark. 72203; 501-661-4800

	1981	1980
Premium vol.	$60,336,529	$60,000,000
Gross rev.	$6,905,453	$6,500,000
Employees	144	139
Commercial bus.	90%	91%

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.
Compensation: Commissions and fees.
Branch offices: Pine Bluff, Springdale and Fort Smith, Ark.
Acquisitions: Chapman Insurance Agency, Little Rock; Englehart Insurance Services Inc., Fort Smith, Ark.
Subsidiaries: Insurisk Insurance Services, Insurisk Excess & Surplus Lines, Little Rock, Ark.; Rebsamen Insurance/Louisiana, New Orleans.
Parent company: Rebsamen Cos. Inc.
Licensed excess/surplus broker in: Arkansas.

Rhulen Agency Inc.
217 Broadway, Monticello, N.Y. 12701; 914-794-8000

	1981	1980
Premium vol.	$50,000,000	$40,000,000
Gross rev.	$9,789,000	$7,511,308
Employees	180	152
Commercial bus.	95%	95%

Principal officers: Max H. Rhulen, chairman; Walter A. Rhulen, president; Jesse M. Farrow, executive vp; Peter L. Rhulen, vp/secretary.
Compensation: Commissions and fees.
Branch offices: Phoenix, Ariz.; Greer, S.C.; Fort Collins, Colo.; Murfreesboro, Tenn.; New York; Interstate Insurance Agency Inc., Levittown, Pa.; Weisbord Wells Cross & Brown Inc., Liberty, N.Y.; Rhulen Insurance Managers Ltd., Toronto.
Subsidiaries: Rhulen Life & Pensions Inc., Monticello, N.Y.; Rhulen Special Risks Inc., Monti-

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cello, N.Y.; Interstate Insurance Agency, Atlanta and Los Angeles.

Licensed excess/surplus broker in: New York, Arizona.

John M. Riehle & Co. Inc.

757 Third Ave., New York, N.Y. 10017; 212-888-4400

	1981	1980
Premium vol.	NA	NA
Gross rev.	$7,200,000	$8,300,000
Employees	200	200
Commercial bus.	90%	90%

Principal officers: Richard A. Fuhrman president; Edgar Braun, executive vp; Salvo P. Basirico, treasurer.

Compensation: Commissions and fees.

Acquisitions: Fanwick & Rubin Inc., New York; Knox, Lent & Tucker Inc., White Plains, N.Y.

Parent company: Harcourt Brace Jovanovich Inc.

Licensed excess/surplus broker in: New York.

Robertson-Ryan & Associates Inc.

660 E. Mason St., Milwaukee, Wis. 53202; 414-271-3575

	1981	1980
Premium vol.	$10,890,364	$12,222,351
Gross rev.	$1,486,886	$1,601,351
Employees	35	36
Commercial bus.	85%	89%

Principal officers: J.T. Ryan, chairman; Elwood E. Juckem, president; J.R. Kuhnmuench, James C. Boyce, vps; Lloyd G. Schutte, treasurer/secretary.

Compensation: Commissions.

Branch offices: Milwaukee.

Licensed excess/surplus broker in: Wisconsin.

Robson, Cavignac & Associates Insurance Brokers

110 W. A St., Suite 1050, San Diego, Calif. 92101; 714-235-6301

	1981	1980
Premium vol.	$11,000,000	$12,500,000
Gross rev.	$1,565,000	$1,600,000
Employees	25	24
Commercial bus.	91%	92%

Principal officers: Jon R. Robson, president/treasurer; Frank G. Cavignac, secretary; Kenneth L. Bohlander, Richard J. Thompson, vps.

Compensation: Commissions and fees.

Root & Boyd Inc.

101 S. Main St., Waterbury, Conn. 06702; 203-756-7251

	1981	1980
Premium vol.	$14,500,000	$13,900,000
Gross rev.	$2,175,000	$2,060,000
Employees	65	64
Commercial bus.	50%	50%

Principal officers: Robert R. Summit, chairman/treasurer; Peter Moody, president; Dom Minicucci, vp; R. Quint, assistant vp.

Compensation: Commissions.

Branch offices: Naugatuk and Waterbury; Burton Agency, Woodbury, Conn.

Subsidiaries: Mackowitz Agency, Southbury, Conn.; Pomperaug Valley Associates, Southbury; Root & Boyd, Naugatuk, Conn.

Licensed excess/surplus broker in: Connecticut.

Patrick C. Ross Associates Insurance Services

21241 Ventura Blvd., Suite 173, Woodland Hills, Calif. 91364; 213-999-5556

	1981	1980
Premium vol.	$4,600,000	$3,700,000
Gross rev.	$683,800	$495,800
Employees	11	7
Commercial bus.	95%	96%

Principal officers: Patrick C. Ross, president; Doyle Gilbert, vp; Sheilah A. Ross, secretary/treasurer; Robin Allen, controller.

Compensation: Commissions.

Acquisitions: The Sanden Co., Tarzana, Calif.

S

S&B Insurance Services Co.

34 S. Broadway, White Plains, N.Y. 10601; 914-946-3666

	1981	1980
Premium vol.	$2,000,000	$1,500,000
Gross rev.	$500,000	NA
Employees	6	6
Commercial bus.	95%	95%

Principal officers: William I. Jacobs, president/managing general partner; Theodore V. Buerger, vp/partner; John R. Butler, Robert J. Kutak, W. James Copp, John A. Sellon, Peter J. Sellon, partners.

Compensation: Commissions.

Licensed excess/surplus broker in: New York.

Sacramento Valley Insurance

1520 River Park Drive, P.O. Box 13792, Sacramento, Calif. 95853; 916-920-3400

	1981	1980
Premium vol.	$8,800,000	$7,800,000
Gross rev.	$1,525,000	$1,255,000
Employees	29	27
Commercial bus.	85%	85%

Principal officers: James C. Chenu, president; Thomas D. Hobday, Charles J. Sigerseth, Robert Preddy, David Garese, vps; David Zancanaro, chief financial officer; J. Gary Kearns, vp/secretary.

Compensation: Commissions and fees.

C.A. Schutze Agency

P.O. Box 3547, Austin, Texas 78764; 512-447-5507

	1981	1980
Premium vol.	NA	$2,500,000
Gross rev.	$305,000	$340,000
Employees	4	6
Commercial bus.	85%	85%

Principal officers: C.A. Schutze Jr., managing partner; Steve Schutze, J. Carl Pepper Jr.

Compensation: Commissions.

Subsidiaries: Schutze Insurance Agency Inc., Austin.

Schwartz, Hirtenstein & Co. Inc.

307 Fifth Ave., New York, N.Y. 10016; 212-889-9800

	1981	1980
Premium vol.	$4,000,000	$3,750,000
Gross rev.	$600,000	$550,000
Employees	13	13
Commercial bus.	80%	80%

Principal officers: Daniel Hirtenstein, president; Arthur A. Schwartz, secretary/treasurer.

Compensation: Commissions.

H.D. Segur Inc.

229 W. Main St., Box 631, Waterbury, Conn. 06720; 203-756-7933

	1981	1980
Premium vol.	$6,600,000	$6,200,000
Gross rev.	$1,005,000	$780,000
Employees	20	20
Commercial bus.	80%	80%

Principal officers: John F. Burbank, president; James B. Mullen Jr., executive vp; Joseph H. Cunningham, vp; Marguerite Saukas, assistant secretary.

Compensation: Commissions and fees.

Branch offices: Thomaston, Conn.

Acquisitions: Perrault Agency, Thomaston, Conn.; Atwood & Atwood, Waterbury, Conn.

Licensed excess/surplus broker in: Connecticut.

C.A. de Corretaje Segurosca

Edificio La Previsora, Sabana Grande con Av. Las Acacias, Box 3478, Caracas 1010, Venezuela; (58-2) 781-1222/6656

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B1

Continued from facing page

	1981	1980
Premium vol.	$115,490,000	$96,046,000
Gross rev.	$16,045,000	$13,766,000
Employees	352	352
Commercial bus.	80%	80%

Principal officers: Herbert Salas, president; Jesus Alberto Ortega, executive vp; Leonardo Tirado, vp; Pedro Scavino, production director; Angel Martinez, financial director; Roger Milroy, technical director; Raimundo Lansberg, director; Ivan Lansberg Henriquez, founder/advisor; Enrique Vidal, director, foreign affiliates.

Compensation: Commissions.

Branch offices: Valencia, Puerto La Cruz, Maracay, Venzuela.

Subsidiaries: Segurosca de Occidente C.A., Serseca-Segurosca C.A., Consejo C.A., Agencia Herzfeld, Lansberg, Cox & Asociados C.A., Salmenar-Segurosca C.A., Venezuela; Segurosca Ltda., Colombia; Segurosca del Ecuador, Ecuador; Segurosca del Peru, Peru; Segurosca N.V., Segurosca-Mansur, Segurosca Bonaire, Segurosca Windward Islands, Netherland Antilles; Segurosca, Panama; Segurosca North America Inc., New York.

Seitlin & Co.

990 S.W. 1st St., Miami, Fla. 33130; 305-545-8311

	1981	1980
Premium vol.	$17,200,000	$16,300,000
Gross rev.	$2,864,000	$2,702,000
Employees	72	68
Commercial bus.	78%	78%

Principal officers: Sam Seitlin, chairman; M. Stephen Jackman, president; R. Louis Seitlin, secretary; Fannie Levitt, treasurer; Daniel L. Harris, Anthony W. Lane, Franklin E. Wheeler, Herbert Friedlander, Timothy Gaffney, vps.

Compensation: Commissions.

Seymour Insurance Agency Inc.

1609 Stubbs Ave., Monroe, La. 71201; 318-388-2400

	1981	1980
Premium vol.	$5,996,400	$5,514,630
Gross rev.	$851,386	$813,257
Employees	19	20
Commercial bus.	80%	80%

Principal officers: E.J. Seymour Sr., chairman; Edward J. Seymour Jr., president; Camors C. Roth, vp.

Compensation: Commissions.

Acquisitions: Unity Insurance Agency.

Branch offices: Northwest Louisiana Insurance Agency Inc., Shreveport, La. (affiliate).

Shelton Insurance Agency Inc.

1227 Third St., Corpus Christi, Texas 78404; 512-882-5586

	1981	1980
Premium vol.	$6,338,197	$5,786,027
Gross rev.	$932,216	$842,686
Employees	19	17
Commercial bus.	75%	75%

Principal officers: W.J. Shelton, president; Louis E. Wells III, vp and secretary/treasurer; John M. Roberts, vp.

Compensation: Commissions.

Sheppard, Downing & Coleman Insurance Service Ltd.

Suite 1040, Standard Life Centre, 10405 Jasper Ave., Edmonton, Alberta T5J3N4; 403-420-0777

	1981	1980
Premium vol.	$4,100,000	$3,200,000
Gross rev.	$604,000	$460,000
Employees	10	8
Commercial bus.	90%	97%

Principal officers: Anthony N. Sheppard, president; Charles E.P. Downing, senior vp; Edwin C. Coleman, Paul A. Land, vps.

Compensation: Commissions.

The Simkiss Agency Inc.

76 Rittenhouse Place, Ardmore, Pa. 19003; 215-649-6610

	1981	1980
Premium vol.	$9,110,000	$8,500,000
Gross rev.	$1,210,000	$1,195,000
Employees	27	25
Commercial bus.	85%	85%

Principal officers: John A. Simkiss Jr., president; William F. O'Brien, William F. Simkiss, Richard J. Decker, executive vps; Samuel A. Brand, Francis X. Simkiss, vps.

Compensation: Commissions and fees.

Subsidiaries: Frankenfield & Co. Inc., Risk Management Systems & Services Inc., Simkiss Investment Counselors Ltd., Rittenhouse Associates (affiliated companies).

The Sklover Organization

1432 Old Northern Blvd., Roslyn, N.Y. 11576; 516-621-0202

	1981	1980
Premium vol.	$3,200,000	$3,000,000
Gross rev.	$300,000	$275,000
Employees	4	4
Commercial bus.	90%	90%

Principal officers: Richard T. Sklover, president.

Compensation: Commissions and fees.

Branch offices: New York, N.Y.

Subsidiaries: The Maramax Agency.

Archie Slawsby Agency Inc.

Box 487, 90 Main St., Nashua, N.H. 03061; 603-883-1776

	1981	1980
Premium vol.	$7,044,930	$6,809,702
Gross rev.	$1,565,540	$1,513,267
Employees	42	45
Commercial bus.	65%	65%

Principal officers: Walter S. Cogwell, president/director; Francis J. O'Gara Jr., executive vp; Donald P. Lavoie, treasurer; John V. Chesson, vp.

Compensation: Commissions.

Subsidiaries: Surplus Lines Managers Inc., Nashua, N.H.

Licensed excess/surplus broker in: New Hampshire, Maine, Vermont, Massachusetts (Surplus Lines Managers Inc.).

Smith, Bell & Thompson Inc.

102 S. Winooski Ave., Box 730, Burlington, Vt. 05401; 802-658-4600

	1981	1980
Premium vol.	$4,512,000	$4,637,000
Gross rev.	$1,038,000	$1,107,000
Employees	22	24
Commercial bus.	70%	70%

Principal officers: Warren L. Thompson, president; Roger D. Teese, vp; Kenneth Grabowski, treasurer.

Compensation: Commissions.

Licensed excess/surplus broker in: Vermont.

Smith Watson Parker Insurance Inc.

3500 Hollywood Blvd., Hollywood, Fla. 33021; 305-962-2990

	1981	1980
Premium vol.	$8,900,000	$8,400,000
Gross rev.	$1,500,000	$1,250,000
Employees	28	28
Commercial bus.	80%	80%

Principal officers: Charles W. Watson, president; B.W. Parker, vp/secretary; S.F. Watson, vp/treasurer; Thomas Cotter, Larry Vaught, vps.

Compensation: Commissions.

Branch offices: Boca Raton, Fla.

Licensed excess/surplus broker in: Florida.

South Continental Insurance Agency Inc.

252 Tetuan St., Box 2992, San Juan, Puerto Rico 00903; 809-721-7600

	1981	1980
Premium vol.	$21,400,684	$20,637,393
Gross rev.	$2,100,000	$2,000,000
Employees	55	53

Continued on next page

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Ryan Insurance Group Companies

Continued from previous page

Principal officers: Frank W. Fournier, president; Angela W. Shine, executive vp; Ruben Reyes, vp/accounting; America Colon, vp/administration; Jaime Hernandez Torres, vp/underwriting; Ramon Rios, vp/special lines; Angel Albio, vp/production; Osvaldo I. Gonzalez, assistant vp/customer services.

Compensation: Commissions.

Branch offices: Yauco and Mayaguez, Puerto Rico.

Subsidiaries: South Continental of New York Inc., New York.

Licensed excess/surplus broker in: Puerto Rico.

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Southwest Insurance Assn. of Austin Inc.

4405 Pack Saddle Pass, Austin, Texas 78745 512-443-0954

	1981	1980
Premium vol.	$2,250,000	$2,100,000
Gross rev.	$425,000	$390,000
Employees	11	11
Commercial bus.	70%	70%

Principal officers: Jack W. Hoffman, president.

Compensation: Commissions and fees.

Subsidiaries: West Wind General Agency Inc., Risk Alternatives Inc., Austin.

Licensed excess/surplus broker in: Texas.

DeWitt Stern, Gutmann & Co. Inc.

420 Lexington Ave., New York, N.Y. 10170. 212-867-3550

	1981	1980
Premium vol.	$15,000,000	$13,000,000
Gross rev.	$1,502,000	$1,374,000
Employees	34	32
Commercial bus.	85%	85%

Principal officers: DeWitt Stern, chairman; Jolyon F. Stern, president; Gilbert Andrus, John Gutman, vps.

Compensation: Commissions and fees.

Branch offices: DeWitt Stern/Cohen Insurance, Los Angeles, Calif.

Licensed excess/surplus broker in: New York.

Edmund D. Stevens Inc.

1130 Liberty Bank Building, Buffalo, N.Y. 14202; 716-856-3387

	1981	1930
Premium vol.	$2,600,000	$2,500,000
Gross rev.	$400,000	$330,000
Employees	10	10
Commercial bus.	65%	65%

Principal officers: Edmund D. Stevens Jr., president/treasurer; Peter V.E. Lapey, vp; Thomas C. Luescher, secretary; Patricia K. White, assistant secretary

Compensation: Commissions

Systems VII Insurance Services Inc.

14110 E. Firestone Blvd., Santa Fe Springs, Calif. 90670; 213-802-2711

	1981	1980
Premium vol.	$2,824,669	$2,271,542
Gross rev.	$384,740	$266,032
Employees	10	8
Commercial bus.	99%	99%

Principal officers: Pat W. Mazzotta, president; Henry Mandelsberg, vp.

Compensation: Commissions and fees.

T

Tecnicos En Seguros, S.A.

Avenida La Reforma 9-00, Zona 9, 6to. Nivel, Guatemala City, Guatemala, C.A.

	1981	1980
Premium vol.	$8,800,000	$8,500,000
Gross rev.	$1,650,000	$1,500,000
Employees	52	52
Commercial bus.	90%	90%

Principal officers: Enrique Fernandez, president; Brian Aycinena, Luis Molina, Douglas Steele, vps; Luis Chocano, vp/life and employee benefits.

Compensation: Commissions.

Branch offices: SEASSA. El Salvador; Tecniseguros, Honduras.

Subsidiaries: Tecnisevisa.

Parent company: Associated with Marsh & McLennan International and DeLima & Cia. of Colombia.

Licensed excess/surplus broker in: Guatemala, El Salvador and Honduras.

Thotis Insurance Service Inc.

541 Cowper St., Palo Alto, Calif. 94301; 415-324-0606

	1981	1980
Premium vol.	$3,500,000	$2,250,000
Gross rev.	$620,000	$500,000
Employees	14	11
Commercial bus.	67%	62%

Principal officers: Donald A. Way, president; Herbert G. Hill, vp.

Compensation: Commissions and fees.

Triangle Insurance Inc.

12716 Riverside Drive, P.O. Box 3980, North Hollywood, Calif. 91609; 213-983-2400

	1981	1980
Premium vol.	$10,000,000	$5,300,000
Gross rev.	$1,600,000	$901,000
Employees	35	18
Commercial bus.	80%	84%

Principal officers: Sy Maxwell, Maurice Jones, Richard Klein, Paul Bronow, partners.

Trimble-Batjer-Cobb Insurance

519 W. Beauregard, San Angelo, Texas 76901; 915-653-6733

	1981	1980
Premium vol.	$4,729,074	$4,423,395
Gross rev.	$826,933	$734,439
Employees	21	21
Commercial bus.	70%	70%

Principal officers: Henry H. Batjer Jr., R. Bernard Trimble, James H. Cobb, D. Randall Saverance, partners.

Compensation: Commissions.

Acquisitions: Dorrance-Ryon Insurance Agency, San Angelo, Texas.

Licensed excess/surplus broker in: Texas.

U

Ulrich Voorhees Warner Associates

100 Davidson Ave., P.O. Box 228, Somerset, N.J. 08873; 201-469-3000

	1981	1980
Premium vol.	$17,900,000	$16,300,000
Gross rev.	$2,695,000	$2,628,000
Employees	38	38
Commercial bus.	89%	92%

Principal officers: John N. Voorhees III, president; Stephen A. Warner, executive vp; Allen Preville, vp/sales; Frank Griscti, vp/employee benefits.

Compensation: Commissions and fees.

Branch offices: Washington, D.C.

Licensed excess/surplus broker in: New Jersey.

Underwriter's Corp. of Ann Arbor

5305 Plymouth Road, Ann Arbor, Mich. 48105; 313-761-4616

	1981	1980
Premium vol.	$1,810,000	$1,753,000
Gross rev.	$374,670	$312,034
Employees	5	7
Commercial bus.	70%	80%

Principal officers: Andre A. Barroso, president; Elaine R. Barroso, secretary/treasurer; Carolyn Nyrkkanen, vp.

Compensation: Commissions.

Licensed excess/surplus broker in: Michigan.

Universal Pacific Insurance Services Inc.

3961 MacArthur Blvd., Suite 101, Newport Beach, Calif. 92660; 714-975-1179

	1981	1980
Premium vol.	$5,000,000	$3,250,000
Gross rev.	$875,000	$560,000
Employees	11	7
Commercial bus.	100%	NA

Principal officers: William H. Knight, president.

Compensation: Commissions and fees.

Branch offices: Universal Pacific, Phoenix, Ariz.

V

Van Beurden, Wigh & Associates Insurance Services Inc.

1615 Draper St., Kingsburg, Calif. 93631; 209-897-2975

	1981	1980
Premium vol.	$9,135,000	$9,065,000
Gross rev.	$1,513,000	$1,415,000
Employees	30	29
Commercial bus.	75%	75%

Principal officers: William J. Van Beurden, president; Douglas Uyeki, vp; Mark Matthews, vp/secretary; J. Robert Lankford, chief financial officer.

Compensation: Commissions and fees.

Branch offices: Bonaire Assurance of Thousand Oaks, Calif.; Bonaire Assurance of Modesto, Calif.

Parent company: Van Beurden, Wigh & Associates.

Licensed excess/surplus broker in: California.

Truman Van Dyke Co.

6290 Sunset Blvd., Suite 1800, Hollywood, Calif. 90028; 213-462-330

	1981	1980
Premium vol.	$4,026,000	$3,750,000
Gross rev.	$568,000	$530,000
Employees	15	17
Commercial bus.	95%	90%

Principal officers: Truman Van Dyke Jr., president; Frances H. Duffy, vp; Rose Van Dyke, secretary/treasurer.

Compensation: Commissions.

Licensed excess/surplus broker in: California.

W

Wagner Taylor Co.

7140 Chestnut St., Upper Darby, Pa. 19082; 215-352-4300

	1981	1980
Premium vol.	$3,350,000	$3,230,000
Gross rev.	$503,573	$485,249
Employees	15	15
Commercial bus.	60%	60%

Principal officers: Eugene L. Fidell, president/treasurer; H. Kelsey Partridge Jr., Robert D. Tacconelli, William T. Whitaker, vps; Helen DiJulio, secretary.

Compensation: Commissions.

Continued on facing page

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Continued from facing page

Warren-Hoffman & Associates Inc.

105 Main St., Box 1100, Niagara Falls, N.Y. 14303; 716-284-9983

	1981	1980
Premium vol.	**$10,700,000**	$8,600,000
Gross rev.	**$1,200,000**	$1,015,000
Employees	**27**	23
Commercial bus.	**85%**	85%

Principal officers: John D. Hoffman, president; Richard M. Thompson, executive vp; William E. Warren, Leonard R. Cancilla, vps; George L. McGrath, vp of life/benefits.

Compensation: Commissions and fees.

Acquisitions: John P. Hancock Co., Niagara Falls, N.Y.

Subsidiaries: Houlihan-Thompson Division, Richard F. Soluri Insurance.

Irving Weber Associates Inc.

373 Park Ave. S., New York, N.Y. 10016; 212-689-9780

	1981	1980
Premium vol.	**$6,500,000**	$5,500,000
Gross rev.	**$1,530,000**	$1,295,000
Employees	**24**	24
Commercial bus.	**75%**	75%

Principal officers: Martin P. Carter, president; Dennis M. Weber, executive vp; Shaby Shemtob, vp.

Compensation: Commissions and fees.

Licensed excess/surplus broker in: New York.

I.R. Weinraub & Co. Inc.

10 Fairview Ave., Westwood, N.J. 07675; 201-666-4900; 212-564-3070

	1981	1980
Premium vol.	**$11,000,000**	$8,200,000
Gross rev.	**$1,100,000**	$862,510
Employees	**26**	23
Commercial bus.	**95%**	90%

Principal officers: Irving R. Weinraub, chairman; Mark B. Weinraub, president; Mike Greenberg, Steve Kovacs, Alan Arthur, Mike Bennie, Ken Adler, Robin Barleycorn, vps.

Compensation: Commissions and fees.

Branch offices: I.R. Weinraub & Co. Inc. of Florida, West Palm Beach, Fla.

Subsidiaries: Safety Reliance Corp., Westwood, N.J.

Licensed excess/surplus broker in: New York, New Jersey.

Wharton/Lyon & Lyon

101 S. Livingston Ave., Livingston, N.J. 07039; 201-992-5775

	1981	1980
Premium vol.	**$11,042,000**	$11,200,000
Gross rev.	**$1,841,238**	$1,700,000
Employees	**39**	37
Commercial bus.	**80%**	80%

Principal officers: Albert L. Klein, president; Thomas Rowe, senior vp; Lillian Feld, secretary/manager of personal lines.

Compensation: Commissions and fees.

Williams Insurance Agency Inc.

116 E. Third St., P.O. Box 266, Crowley, La. 70526; 318-783-6346

	1981	1980
Premium vol.	**$2,434,000**	$2,285,000
Gross rev.	**$412,000**	$380,000
Employees	**12**	10
Commercial bus.	**58%**	54%

Principal officers: Donnaud B. Williams, president; Sims C. Williams Jr., secretary/treasurer.

Compensation: Commissions.

Branch offices: Lafayette, La.

Acquisitions: Mike Donlon Inc. Agency, Lafayette; Finley Insurance, Crowley, La.

Winchester Insurance Agency Inc.

915 Bascom Ave., San Jose, Calif. 95128; 408-247-8336

	1981	1980
Premium vol.	**$5,508,000**	$6,000,000
Gross rev.	**$918,000**	$1,010,000
Employees	**15**	19
Commercial bus.	**66%**	70%

Principal officers: Daniel McDonald, president; William Armor, vp.

Compensation: Commissions.

Branch offices: Fremont, Calif.

Woodsmall, Frick & Innis Inc.

Five Crown Center, 2480 Pershing Road., Kansas City, Mo. 64108; 816-421-7788

	1981	1980
Premium vol.	**$12,700,000**	$10,400,000
Gross rev.	**$1,650,710**	$1,351,399
Employees	**34**	30
Commercial bus.	**90%**	90%

Principal officers: W.O. Woodsmall, chairman; Peter L. Woodsmall, president; Thomas E. Klug, J. Michael Brewer, senior vps; Joseph V. Gerlack, vp.

Compensation: Commissions and fees.

Licensed excess/surplus broker in: Missouri, Kansas.

Woodward & Williamson

15 Exchange Place, Jersey City, N.J. 07302; 201-434-1772

	1981	1980
Premium vol.	**$2,399,000**	$2,638,000
Gross rev.	**$411,406**	$441,623
Employees	**4**	4
Commercial bus.	**65%**	60%

Principal officers: Herbert Marshall Jr., president/treasurer; Philips W. Marshall, vp/secretary.

Compensation: Commissions and fees.

Acquisitions: Meyer & Klein, Jersey City; Joseph Rubenstein Agency, Union City, N.J.

Worgess Agency Inc.

55 N. McCamly, Box 1678, Battle Creek, Mich. 49016; 616-965-3221

	1981	1980
Premium vol.	**$4,799,958**	$5,240,287
Gross rev.	**$761,107**	$838,666
Employees	**17**	18
Commercial bus.	**57%**	62%

Principal officers: Russell V. Worgess, president; Donald R. Worgess, vp; Douglas Worgess, assistant vp; Robert Worgess, treasurer; Richard Worgess, assistant treasurer; Lorraine Traut, secretary.

Compensation: Commissions.

Branch offices: Marshall, Mich.

Wright & Co.

1001 Connecticut Ave. N.W., Washington, D.C. 20036; 202-331-1550

	1981	1980
Premium vol.	**NA**	NA
Gross rev.	**$1,582,000**	$1,450,000
Employees	**27**	25
Commercial bus.	**98%**	98%

Principal officers: Frank L. Wright, chairman/CEO; Thomas K. Rogers, vp; Betty R. Wright, vp/treasurer; Lionel C. Epstein, secretary; Carol J. Yahyavi, assistant secretary.

Compensation: Commissions and fees.

Branch offices: London, England.

Subsidiaries: Wright & Co. (Insurance Brokers) Ltd., London; Wright International Ltd., Inter-American Assurance Co. Ltd., Taminco Assurance Services, Grand Cayman, B.W.I. (affiliated companies).

Licensed excess/surplus broker in: District of Columbia and Virginia. ■

Q. Which insurance broker analyzes the effects of new legislation before it has an effect on you?

A. Rollins Burdick Hunter.



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Mobile
Pickett & Adams Insurance Inc.

ARIZONA

Phoenix
Beal & Associates Insurance Counselors Inc.
Olliver/Pilcher Insurance

ARKANSAS

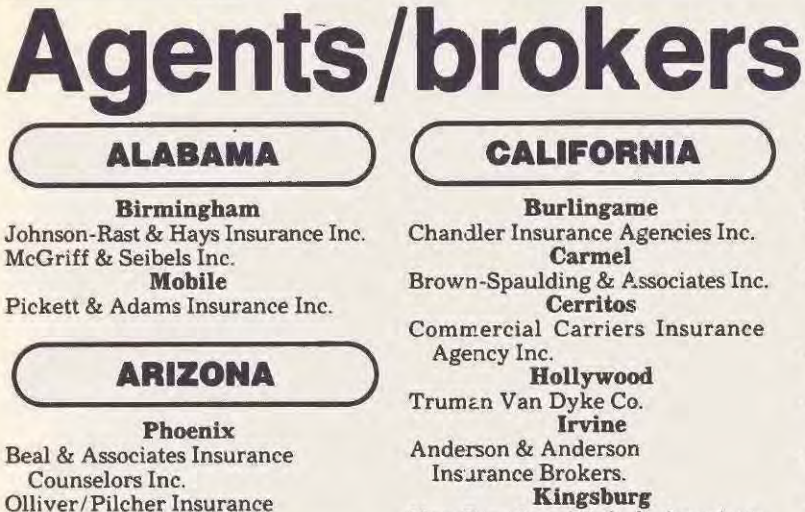
Little Rock
Rebsamen Insurance

CALIFORNIA

Burlingame
Chandler Insurance Agencies Inc.
Carmel
Brown-Spaulding & Associates Inc.
Cerritos
Commercial Carriers Insurance Agency Inc.
Hollywood
Truman Van Dyke Co.
Irvine
Anderson & Anderson Insurance Brokers.
Kingsburg
Van Beurden, Wigh & Associates Insurance Services Inc.
Lafayette
Bone, Robertson & McBride Inc.
Los Angeles
Emett & Chandler Inc.
ISU/Wellington Agencies Inc.
Republic Hogg Robinson Inc.
Newport Beach
Bayly, Martin & Fay International Inc.
Jay & Renfro
Universal Pacific Insurance Services Inc.
North Hollywood
Triangle Insurance Inc.
Palo Alto
Thotis Insurance Service Inc.
Sacramento
Sacramento Valley Insurance
San Diego
Robert F. Driver Co. Inc.
Robson, Cavignac & Associates Insurance Brokers
San Francisco
Richard N. Goldman & Co.
Jardine Insurance Brokers Inc.
Levinson Bros. Inc.
San Jose
Winchester Insurance Agency Inc.
Santa Ana
ADMAR Insurance Marketing Corp.
Santa Fe Springs
Systems VII Insurance Services Inc.
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Woodland Hills
Patrick C. Ross Associates Insurance Services

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DISTRICT OF COLUMBIA

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Wright & Co.

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Smith Watson Parker Insurance
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Cecil W. Powell & Co.
Key West
The Porter Allen Co. Inc.
Miami
Gallagher-Cole Associates
Seitlin & Co.
St. Petersburg
Bennett Wallace Welch & Green Insurance Inc.
Tampa
Poe & Associates Inc.

GEORGIA

Atlanta
Merritt & McKenzie Inc.
West Point
Lanier Huffman Robinson of West Point, Ga.

HAWAII

Honolulu
King & Neel Inc.

ILLINOIS

Arlington Heights
Kehe Foy & Snelten Inc.
Chicago
Alper Agency Inc.
Associated Agencies Inc.
Community Insurance Center Inc.
Lamb Little & Co.
Mack & Parker Inc.
Rollins Burdick Hunter Co.
Ryan Insurance Agency Group
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Hinsdale
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Oak Brook
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Wichita
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Boling Agency Inc.
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Seymour Insurance Agency Inc.

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Consolidated Insurance Center Inc.

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Leslie S. Ray Insurance Agency Inc.
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Mahoney & Wright Insurance Agencies
Cambridge
Hastings-Tapley Insurance Agency Inc.
Mansfield
New England Security Insurance Agency Inc.
Natick
Carlin Insurance
Worcester
Insurance Marketing Agencies Inc.

MICHIGAN

Ann Arbor
Underwriter's Corp. of Ann Arbor
Battle Creek
Worgess Agency Inc.
Cadillac
Blick & Dillon Inc.
Holland
Holland Insurance Agency Inc.
Howell
Akin-Akin Inc.
Lansing
America One Inc.
Petoskey
McCune-Dickinson Inc.
St. Clair Shores
Columbia Agency Inc.
St. Joseph
John DeVries Agency Inc.
Southfield
Agins Agency Inc.

MISSISSIPPI

Jackson
Cook International Agencies Inc.

MISSOURI

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Financial Guardian Group Inc.
Woodsmall, Frick & Innis Inc.
St. Louis
The Daniel & Henry Co.
Lawton-Byrne-Bruner Insurance Agency Co.

NEW HAMPSHIRE

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Insurance Plus Agencies
Nashua
Archie Slawsby Agency Inc.
Rochester
Kendall Insurance Inc.

NEW JERSEY

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CPI Inc.
Chatham
Fowler Agency Inc.
Clifton
Associated Insurance Brokers
Holmdel
Business Coverage Corp.
Jersey City
Woodward & Williamson
Livingston
Wharton/Lyon & Lyon
M.J. Lieberman & Co.
Paramus
Insurance Professionals Inc.
NIA Ltd. National Insurance Associates
Perth Amboy
Boynton Bros. & Co.
Ridgewood
Cook & Knight Associates
Somerset
Ulrich Voorhees Warner Associates
Teaneck
C. Lofberg Inc.
Tenafly
Popkin Lebson Bergstein Inc.
Verona
Raymond G. McCarthy & Co. Inc.
Westwood
I.R. Weinraub & Co. Inc.

NEW MEXICO

Roswell
RBS Insurance

NEW YORK

Albany
Austin & Co. Inc.
Binghamton
Couper-Ackerman-Sampson Inc.
Briarcliff Manor
Frank B. Hall & Co. Inc.
Buffalo
E.T. Clauss & Co. Inc.
Edmund D. Stevens Inc.
Great Neck
American Coverage Corp.
Haverstraw
The Ducey Agency Inc.

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Levittown
Alliance Brokerage Corp.
Monticello
Rhulen Agency Inc.
Nanuet
Carpezzi Agency Inc.
Don Liebert Inc.
New York City
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BRI Coverage Corp.
Corroon & Black Corp.
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Foa & Son Corp.
Frenkel & Co. Inc.
Joseph Held Co. Inc.
Irving Weber Associates Inc.
Fred S. James & Co. Inc.
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Walter Kaye Associates Inc.
The Kooper Group
Marsh & McLennan Cos. Inc.
Montgomery & Montgomery Inc.
H & R Phillips Inc.
John M. Riehle & Co. Inc.
Schwartz, Hirtenstein & Co. Inc.
DeWitt Stern, Gutmann & Co. Inc.
Niagara Falls
Warren-Hoffman & Associates Inc.
Pittsford
The Flanders Group/Insurite Agency
Rochester
Hatch-Leonard/Markin-Shaw Inc.
Roslyn
The Sklover Organization
Roslyn Heights
Friedman & Friedman Agency Inc.
Schenectady
A.W. Lawrence & Co. Inc.
Staten Island
DMAS Inc.
Valley Stream
Nussbaum-Brunell Associates Inc.
White Plains
Capitol Risk Concepts Ltd.
S & B Insurance Services Co.

OHIO

Cincinnati
Walter P. Dolle Inc.
Columbus
The McElroy-Minister Co.
Hudson
Corporate Risks Agency Inc.
Lima
O'Connor-McLaughlin
Rocky River
McGowan & Co. Inc.

OKLAHOMA

Oklahoma City
North America Insurance Agency Inc.

PENNSYLVANIA

Ardmore
The Simkiss Agency Inc.
Chambersburg
McDowell Insurance Inc.
Erdenheim
Clair Insurance Agency Inc.
Jenkintown
Palley Simon Associates
Johnstown
The Gleason Agency Inc.
Newtown
Johnson, Kendall & Johnson Inc.
Philadelphia
The Hirshorn Co.
Pittsburgh
The Frankel Co.
Upper Darby
Wagner Taylor Co.

SOUTH CAROLINA

Lake City
Epps-McLendon Insurance

SOUTH DAKOTA

Rapid City
Black Hills Agency Inc.
Sioux Falls
Howalt-McDowell Insurance Inc.

TENNESSEE

Athens
Athens Insurance Co.
Memphis
E.H. Crump Cos. Inc.
Dunavant-Donnaud Insurance Agency Inc.

TEXAS

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Southwest Insurance Assn. of Austin Inc.
Corpus Christi
National Insurance Agency
Shelton Insurance Agency Inc.

Dallas
Ligon, Gump & Ligon Inc.
Maxson-Mahoney-Turner Inc.
Producers Exchange Inc.
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David Bynum Insurance Inc.
Ehrman Murphy & Co.
Wayland Hancock Insurance Agency
Houston Mutual Agency Inc.
John L. Wortham & Son
San Angelo
Trimble-Batjer-Cobb Insurance
San Antonio
Harding-Conley-Drawert-Tinch Insurance Agency Inc.
Sherman
Harris, Hall, Blanton & Dunham

UTAH

Salt Lake City
Fred A. Moreton & Co.

VERMONT

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Hackett, Valine & MacDonald Inc.
Smith, Bell & Thompson Inc.
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Insurance Management Corp.

WASHINGTON

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Spokane
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WISCONSIN

Brookfield
First Associated Insurance Agencies Inc.
Delavan
Johannesen-Farrar Inc.
Milwaukee
Fitzgerald, Clayton, Noyes & Kasten Inc.
Robertson-Ryan & Associates Inc.

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Montreal
Seymour Alper & Co. Ltd.
Morris & Mackenzie Ltd.
Osborn & Lange Inc.
Sodarcan, Dale-Ross
Toronto
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Tomenson Sauders Whitehead Ltd.

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Reed Stenhouse crosses border with Schiff

Reed Stenhouse Cos. Ltd.
P.O. Box 250, Toronto-Dominion Centre, Toronto, Ontario, Canada M5K 1J6; 416-868-5500

	1981	1980
Premium vol	$1,800,000,000	$1,700,000,000
Gross rev.	$269,658,000	$226,360,000
Employees	5,600	5,450
Rev./employees	$48,153	$41,534
Offices	188	180

Canadian businesses, particularly those in the oil and real estate industries, continued to invest in the United States last year, and the Canadian commercial insurance brokerage business continued to follow that flow of capital.

Pursuing its nearly decade-long growth plan, Reed Stenhouse Cos. Inc., the largest insurance brokerage based in Canada, acquired Schiff Terhune International Inc. of New York, finally giving Reed Stenhouse the U.S. presence it has always wanted.

"With Schiff Terhune, I think we have finally gotten what we wanted in the United States, including an important office in New York, a major world insurance center," Reed Stenhouse President and Chief Executive Officer William M. Wilson says.

For its $15 million investment, Reed acquired six offices with 280 employees, including 175 employees in New York.

"We see New York as a fundamental key to our growth in the United States," Mr. Wilson added after the acquisition was completed. "In addition to being the top corporate headquarters of U.S. firms, it is the entry point for non-U.S. companies into North America.

"We view ourselves not as a Canadian brokerage, but as an international company, and Schiff Terhune has been in place as an international company for at least 10 years," he adds.

Schiff Terhune will also provide some potentially profitable U.S. business and bolster Reed Stenhouse's risk management expertise. While Reed Stenhouse is profitable overall, its U.S. business has consistently operated at a loss.

In 1981, Reed Stenhouse Cos. reported gross revenues of about $269.7 million Canadian (approximately $228.1 million U.S.) from $226.4 million ($191.5 million U.S.) in 1980, a gain of about 19%. Premium volume increased to $1.8 billion ($1.5 billion U.S.) from $1.7 billion ($1.4 billion U.S.) in 1980.

Net earnings for 1981 reached $18.98 million ($16.1 million U.S.), an increase of 8% over the $17.6 million ($15 million U.S.) reported in 1980.

Canadian operations grew 15%, according to the brokerage's annual report, but U.S. operations produced a net operating loss of $500,000 ($425,000 U.S.) despite an increase in revenues of nearly 26%, to $45.8 million ($38.9 million U.S.) in 1981 from $36.4 million ($30.9 million U.S.) in 1980.

So far this year, Canada's intense rate competition—considered worse than in the United States—and the shrinking value of the British pound are taking their toll.

For the first six months of the 1982 fiscal year, which include the first calendar quarter of 1982, Reed Stenhouse's overall revenues continued to grow, rising nearly 9% over the same period in the previous year. Half-year revenues totaled about $135 million ($112 million U.S.), an improvement over $124.6 million ($103.4 million U.S.) in 1981.

But net earnings fell to about $5.4 million ($4.5 million U.S.), down from $6.6 million ($5.6 million U.S.) in 1981.

Mr. Wilson says he hopes increased U.S. revenues will help improve profitability, but adds the company is not quite ready for another U.S. acquisition, especially after opening an office from scratch in Minneapolis and purchasing a small agency in Anchorage, Alaska.

"We would like to have a more substantive office in Atlanta and be bigger in Dallas," he says. "And we would not mind having a strong Los Angeles operation. Maybe Tulsa, another energy center, would be a possibility.

"However, I expect we will shop selectively in these geographic areas," he says.

Reed Stenhouse would also like to improve its advanced risk management skills, according to Mr. Wilson. Since workers compensation is federally controlled in Canada, most Canadian brokers never developed the skill in cash-flow insurance programs or captive insurance companies that became popular in the United States during the 1970s.

But as the brokerage continues to expand in Canada as well as in other nations, Mr. Wilson says he would like his company to learn a few tricks from its U.S. acquisitions.

Reed Stenhouse also has made some acquisitions at home to position its oil risk expertise where it may be needed next: in Newfoundland, where it bought Grace & Co., and in British Columbia, where it purchased Falkins-McIntosh Agency.

Reed Stenhouse's office in Calgary, Alberta, is respected throughout Canada as the brokerage leader in the oil and gas industry, and the income from its Western Canada operations has been a tremendous boon for the company.

Although some competitors have said that as much as 50% of Reed's revenues are derived from this office and industry, company executives say the portion is much less.

However, in a country of mostly small risks, cornering Western Canada's biggest accounts has been a solid life preserver in times of great market stress.

"There's been basically no change in the Canadian insurance market," notes Cedric G.E. Gyles, president of Reed Stenhouse Ltd. in Canada.

"We entered into a soft market about two to three years before the United States and we are still in one. There have been some rate increases in personal lines, but that's not really our business. The rate increases we have seen in commercial lines are in aviation and some selected marine areas, like fishing boats.

"When it comes to comprehensive general liability or property rates, no one seems to give a damn," he says.

The personal lines increases may even delay rate changes in commercial lines, Mr. Gyles adds. Because of the large proportion of personal premium volume compared with commercial business, an 18% increase in personal lines rates could be enough to bring overall loss ratios down for Canadian insurers that underwrite both personal and commercial risks.

Reed Stenhouse has also attempted to improve its employee benefits expertise by hiring several key people and promoting Pierre Demaris to president of Reed Stenhouse Associates Ltd., its employee benefit consulting and actuarial division. Employee benefits currently account for less than 10% of the company's revenues.

Overseas, the brokerage reports an improvement in profitability from its offices in Australia, which recently emerged from the bottom of the underwriting cycle.

Reed Stenhouse also opened a new office in the Republic of Cameroon in 1981.

To stengthen its employee benefits work in Great Britain, where Reed Stenhouse is one of the largest retail brokerages, the company started a joint venture with Continental Corp. that founded Continental Life Insurance P.L.C. and Continental Pensions P.L.C.

"Just because we have made the U.S. our No. 1 priority doesn't mean that we will not expand elsewhere," Mr. Wilson notes. "But we will be selective overseas, too. There are some areas—Kenya, for example—where I see no reason to seek an office. But we would certainly want to develop an office in West Germany if the opportunity came up."

Reed Stenhouse Cos. has offices in Australia, Belgium, Bermuda, Botswana, Brunei, Cameroon, Fiji, France, Greece, Hong Kong, Italy, Lebanon, Malawi, Malaysia, Mexico, New Guinea, New Zealand, Philippines, Republic of Ireland, Singapore, Spain, Swaziland, Sweden, Switzerland, Taiwan, Thailand, the United Kingdom and Zimbabwe.

Besides Mr. Wilson and Mr. Gyles, top officers include W. Douglas H. Gardiner, chairman; Peter G. Leitch, president of Reed Stenhouse Inc.; John B. Devine, managing director of Reed Stenhouse & Partners Ltd.; and Harry J. Harvey, director of the international division of Reed Stenhouse Cos. Ltd.

—By Len Strazewski

2 Sodarcan Inc.

2 Complexe Desjardins, Suite 1700, C.P. 183, Montreal, Quebec H5B 1B3; (514) 288-0100

	1981	1980
Premium vol	NA	NA
Gross rev.	$55,894,000	$39,944,000
Employees	1,300	809
Rev./employees	$43,000	$49,374
Offices	22	22

Sodarcan Inc. didn't expand into the United States in 1981, but such a move may only be a year or two away, its executives say.

But the insurance holding company, founded in 1972 to manage retail brokerage, reinsurance brokerage and reinsurance underwriting interests, continues to boost its revenues from across Canada as it integrates its two retail brokerage divisions: Gerard Parizeau Ltd., based in Montreal, and Dale & Co., based in Toronto.

With the combination of Dale and G-P and revenues from other insurance activities including reinsurance underwriting, Sodarcan jumps into second place among Canadian insurance brokers as tallied by *Business Insurance.*

However, Tomenson Saunders Whitehead—which was placed second in last year's ranking that did not include non-brokerage revenues—has more pure retail brokerage revenues.

The process of integrating two major brokerages isn't easy, especially in bilingual Canada, but Sodarcan is starting slowly to ease the companies together, explains Pierre Chouinard, chairman of Dale & Co. and executive vp of the parent company.

"There's no absolute value in trying to be the largest or having a single big brokerage company," he says. "Our goals are to rationalize the operations at the point of sale so that in every major city in Canada, our companies will have a major presence, either as Gerard Parizeau or Dale & Co.

"Between the two organizations, we are now in all Canadian cities over 200,000 people."

The two brokerage groups are already working together in some in-

Continued on facing page

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Continued from facing page

surance areas, adds John C. Meen, president of Dale & Co. In 1981, Dale and G-P combined resources to produce a national service and marketing organization.

Large aviation risks are brokered for both organizations from the G-P office in Montreal.

The brokers are also sharing the resources of the parent company, which includes among its subsidiaries Le Blanc Eldridge Parizeau Inc., Canada's largest reinsurance brokerage; National Reinsurance Co. of Canada; five insurance consulting firms; four underwriting managers; a marine adjusting company; and a technical risk analysis company, Sodartec Inc.

For example, Gestas Inc., one of Sodarcan's underwriting managers, has designed a personal executive insurance product that both brokerages are actively selling.

Dubbed Careerguard, the policy provides salary continuation, job-search funding and relocation expenses for executives who unexpectedly lose their jobs. A consortium of insurers organized by Gestas underwrites the policy, including Zurich Insurance Co., Prudential Assurance Co. Ltd., Traders General Insurance Co., Insurance Corp. of Ireland, Cornhill of Canada, Canadian West Insurance Co. and Halifax Insurance Co.

"Considering our economy, it has been a pretty good product so far," remarks Mr. Chouinard. About 25% of the brokerage's revenues is derived from personal lines.

Gestas also manages three insurance pools and specializes in professional liability coverage.

Overall, Sodarcan's commissions, fees and financial income reached $55.9 million ($47.3 million U.S.) in 1981, up nearly 40% from $39.9 million ($33.8 million U.S.) in 1980.

However, net income dropped in 1981 to $921,000 ($782,850 U.S.) from $1.1 million ($962,200 U.S.) in 1980 as the Dale acquisition and new underwriting and consulting offices diluted income.

Investment in joint ventures more than doubled in 1981 to a cost of $841,000 ($714,850 U.S.) from $406,000 ($345,100 U.S.) in 1980.

Within the insurance brokerage group, revenues grew approximately 17% to more than $37 million ($31.5 million U.S.).

Both brokerages made two acquisitions last year. Dale acquired Farquardt & Bethler in Ottawa and Davis Thompson & Co. in Calgary, Alberta, while Gerard-Parizeau purchased two small agencies in the province of Quebec.

Officers of the parent company include Gerard Parizeau, honorary president; Robert Parizeau, president and chief executive officer; and Maurice Jodin, executive vp.

—By Len Strazewski

3 Tomenson Saunders Whitehead Ltd.

Box 439, Toronto-Dominion Centre, Toronto, Ontario M5K 1M3; 416-361-6982

	1981	1980
Premium vol	NA	NA
Gross rev	$43,280,710	$35,637,000
Employees	870	830
Rev./employees	$49,748	$42,936
Offices	23	22

Tomenson Saunders Whitehead Ltd. is maintaining its grip on its Canadian business but is also keeping an eye south of the border, where it already has offices in two cities.

It is the second-largest pure broker in Canada but the third-ranked brokerage holding company, behind Sodarcan Inc.

Many of TSW's client companies are heading to the United States, so the brokerage must follow suit, its executives say.

"We are in discussion with a number of brokerage firms in the United States," says TSW Executive Vp Kenneth Elliott. "But we are being deliberately careful because we recognize the problems of the U.S. agents/brokers. They are as bad off as we are."

TSW is looking for commercial insurance brokerages with gross revenues of $1 million to $2.5 million and staffs of 15 to 40 in cities like Boston, Atlanta, Chicago, Houston, Dallas and Seattle, according to Mr. Elliott.

TSW already has offices in Denver under the name of Walsh, Gray & Moore Inc. and in Harrison, N.Y., under the Trinder & Norwood Inc. banner. Both offices serve Canadian companies that have expanded into the United States.

"The clients we now associate with are not so big that we can afford to open our own offices, but we need a North American family to handle our business, so we will continue to expand," he says.

In Canada, TSW is happy with its geographic spread, although it would like to strengthen its presence in the Atlantic provinces including French-speaking Quebec.

The brokerage has 15 offices across Canada, including a recent acquisition in Ottawa, Richard F. Porter & Co. The brokerage also operates Tomenson Saunders Whitehead U.K. Ltd. in London and Tomenson Saunders Whitehead International Ltd. in Bermuda, a captive management company.

Bain Dawes Ltd., a large British brokerage, owns 25% of TSW and provides direct access to the London insurance marketplace while servicing the Canadian brokerage's overseas accounts.

Overall, TSW revenues grew 21.4% to $43.3 million ($36.6 million U.S.) in 1981 from $35.6 ($30.1 million U.S.) in 1980. Employees grew slightly to 870 from 830 in 1980.

Property risks and related loss-control services account for about 50% of revenues, according to Mr. Elliott, while employee benefits sold by subsidiary TA Associates account for about 20% of revenues.

The brokerage's sale of personal lines of coverage increased to 12% of revenues, from about 10% of revenues in 1980 as personal lines rate increases increased volume.

Brokerage officials could not pin down a particular reason for the hefty increase in revenues, although they said the increase in personal lines business had an effect on the company's performance.

Over the last six years, the brokerage has managed a compounded growth rate of nearly 19%, while revenues have increased an average of 14% over the last four years, Mr. Elliott notes.

"I'm pleased to say that in spite of the continuing soft market in Canada, we have had no major business failures," he says. "Sure, we have had our share of client bankruptcies as have other brokers. But, in general, I am pleased with our ability to get and hold business.

"In more than 90% of our commercial accounts, we are the sole broker, a somewhat unusual situation in Canada. I think that expresses client trust.

"In 1981 and 1982, I think we have even had a major strategic success in our ability to get and hold large accounts. As we have grown, our ability to offer the risk management and loss-prevention services has, too, until I think our reputation in the large-risk business is equal to or better than any other brokerage," he explains.

The company's principal officers besides Mr. Elliott include William E. Toyne, president; Robert A. McFarlane, executive vp; and James Hillhouse, president of TA Associates.

—By Len Strazewski

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British brokers turn tables, now seeking firms in U.S.

By STACY SHAPIRO

LONDON—U.S. insurance brokerages have aggressively sought British brokers as acquisition targets over the past several years, but now the British are turning the tables.

You could say the Empire is striking back.

The British brokers say they are now ready to make big jumps into the U.S. marketplace. The British recession has forced them to trim overhead, which has made them stronger companies. They say they also have hired aggressive new managements and have beefed up their data processing capabilities.

Some British brokers have already taken the plunge.

Hogg Robinson Group P.L.C. and an American partner, Republic Steel Corp. of Cleveland, set the trend in 1981 by buying Penn General Agencies and renaming it Republic Hogg Robinson (see story, page 57). The joint venture is the 14th-largest brokerage in the United States, according to *Business Insurance*.

The new management plans to expand the brokerage, says John Hogg, deputy chairman of Hogg Robinson.

"Our major thrust is investment in the United States, and this is a good partnership. Republic gave the financial expertise, while we give the insurance side," Mr. Hogg says.

Hogg Robinson would have acquired Penn General without a partner if it could have afforded it, Mr. Hogg explains, but he adds that a partnership with one of its old clients, like Republic Steel, is the best alternative.

However, Jardine Insurance Brokers Group, the British subsidiary of Hong Kong-based Jardine Matheson & Co., didn't share its purchase of the former Bache Insurance Services Inc. with anyone.

"We are the first non-North American broker to buy 100% of an American insurance broker," says Nick Samuelson, chief executive of Jardine Insurance Brokers Group.

The purchase of the Bache brokerage operation, which has been renamed Jardine Insurance Brokers Inc., and the desire to acquire additional U.S. brokerages are part of an overall plan to be the sixth-largest international insurance broker within five years, Mr. Samuelson says.

Over the past several years, Jardine had built a major presence in most parts of the world.

"That left us with one gap and that was the United States. In the overall foundation of the jigsaw puzzle we were fortunate in that we were receiving little business from American brokers who come to London. We had no throwback to worry about."

Jardine Insurance Brokers Inc. is now the 12th-largest U.S. broker (see story, page 51).

Reed Stenhouse Cos. Ltd. of Canada, whose stock is 53.8% owned by Stenhouse Holdings P.L.C., increased its U.S. operations by purchasing Schiff Terhune International Inc. earlier this year.

"I hope that the purchase of Schiff Terhune will bring in more business into London," says Ian Robertson, financial director for Reed Stenhouse & Partners Ltd. in London.

"Our company philosophy is to increase our U.S presence, but also in other places as well, such as Eu-

Continued on page 97

Ownership of brokers differs on opposite sides of Atlantic

By STACY SHAPIRO

LONDON—British and U.S. insurance brokers share a common business, but that's about where similarities end.

They are separated by the laws and rules under which they operate, by the influence of foreign insurance markets on business and sometimes by their attitudes toward doing business.

British insurance brokers, for instance, are often linked with other financial institutions like banks and investment companies.

Clarkson Puckle Group Ltd. is owned by commodity merchants Gill & Duffus. Lowndes Lambert Group Ltd. is owned by Hill Samuel Group Ltd., which also owns Merchant Bank. Bain Dawes P.L.C. is owned by Inchcape Group.

Jardine Insurance Brokers Ltd. is part of the Hong Kong conglomerate Jardine, Matheson & Co., which owns all sorts of businesses ranging from cattle ranches to Holiday Inns.

And Stewart Wrightson Holdings P.L.C. is partly owned by Mercury Securities, which is the parent company of Merchant Bankers S.G. Warburg.

Although the financial institutions that hold a major stake in these British brokers remain in the background and usually do not influence daily operations, the brokers say having another financial institution as an owner has its advantages.

"The advantage is that we have financial stability," says Richard Shaw, chairman of Lowndes Lambert.

"Had we not been bought by them (Hill Samuel Group), we would have been in trouble. But they take a very close interest in us and I am on their board," Mr. Shaw says.

Jardine Matheson's contacts around the world have helped Jardine Insurance Brokers, too, company officials say. And although it is only a small portion of its business, Jardine brokers the insurance for the rest of Jardine Matheson's holdings, says Chief Executive Nick Samuelson.

But besides ownership, there are other differences between the U.S. and British brokers.

Troubles around the world may be having a more pronounced effect on the British brokers than their U.S. counterparts.

Clarkson Puckle, which does much business in Argentina and the rest of South America, may be hurt by the Falkland Islands crisis.

"We are consultants for the Yacarta Project, which is the biggest dam project in the world, on the Argentina/Uruguay border," says Ian Crawford-Smith, director of Clarkson Puckle's overseas division.

"As the consultants, we would have expected to be the brokers, too, although the contract hasn't come up yet," Mr. Crawford-Smith says, adding that it will be difficult for Clarkson Puckle to win the account because of the hostilities between Argentina and Great Britain.

But one thing is the same for the U.S. and British brokers: All are feeling the pinch of the competitive market.

"In my statement last year, I used the words 'a story of gloom' in reference to the United Kingdom," Bain Dawes Chairman Robin Warrender said in the company's 1981 annual report. "This is still largely true for the U.K. non-marine business."

Although the recession in Britain appears to have bottomed out, brokers say that British risk managers are buying less coverage despite the competitive prices.

Continued on facing page

Gross revenues for top 10 U.K. insurance brokers

(Year ending Dec. 31, 1981)

Company	Millions of pounds	Millions[2] of U.S. $
Sedgwick Group	168.8	318.6
Willis Faber	86.6	163.5
Stewart Wrightson	77.6	146.5
Jardine Insurance Brokers	58.0[1]	109.5
C.E. Heath[3]	49.8	94.0
Minet Holdings	46.1	87.0
Hogg Robinson Group[4]	45.3	85.5
Bain Dawes	42.4	80.0
Clarkson Puckle Group	22.1	41.7
Lowndes Lambert[3]	20.0[1]	37.8

[1] Estimate.
[2] Conversion rate at year-end 1981: 1.18875.
[3] For year ending March 31, 1982.
[4] For year ending March 31, 1981.

Continued from facing page

"Major U.K. industrial accounts are enjoying rate reductions of up to 50% or more," Mr. Shaw says.

Some British brokers are also wary of the effects of the Lloyd's of London self-regulation bill, which is currently before the House of Lords. One of the provisions of that legislation would force brokers to divest their profitable underwriting agencies within five years of its enactment.

For example, Hogg Robinson Group P.L.C. earns 20% of its profits from its underwriting agencies, says Deputy Chairman John Hogg.

"But we are not at all convinced that divestment will come about."

Hogg Robinson did not petition against the Lloyd's bill as did Reed Stenhouse Ltd. and Alexander Howden Group Ltd., now part of U.S. broker Alexander & Alexander Services Inc. One of Hogg Robinson's directors is Lloyd's Chairman Peter Green, and petitioning against the Lloyd's bill would have put Mr. Green in an awkward situation, Mr. Hogg says.

Besides, "We want the bill," he adds.

British profiles

Here are short profiles of the 10 largest British insurance brokerage holding companies, including their gross revenues:

• **Sedgwick Group P.L.C.** Britain's largest broker, Sedgwick Group continued to grow last year despite breaking off merger talks with the No. 2 U.S. broker, Alexander & Alexander Services Inc.

London sources say that the proposed Sedgwick-A&A merger couldn't work because the companies were about the same size and neither wanted to be controlled by the other.

Size may have been a factor, says Frank Hitchman, the group's secretary, but tax laws were the primary culprit.

"Both tax and the relative sizes of the groups were all a part of the failure, but the tax cost was going to be so large that it was felt this would not be in the best interests of our shareholders.

"Tax was the only reason the deal did not go ahead," Mr. Hitchman says.

However, there appears to still be a strong relationship between A&A and Sedgwick despite A&A's subsequent purchase of Alexander Howden Group Ltd. Sedgwick handles some of A&A's large accounts, particularly in the energy field, London sources say.

And the two companies still retain two North American joint ventures, reinsurance brokers Thomas A. Greene & Co. in the United States and Sedgwick Alexander Inc. in Canada.

Sedgwick officials say the company does not plan, however, to buy a U.S. retail insurance broker as some other British brokers have.

"The current strategy and policy of the Sedgwick Group in the United States is to actively maintain and develop its substantial portfolio of wholesale business which it places in the London and world markets on behalf of a very large number of U.S. brokers," Chairman Neil Mills says in Sedgwick's annual report.

Sedgwick's U.S. position is strong, Mr. Hitchman says, because its expertise in placing American risks in the London insurance market appeals to both U.S. brokers and clients.

"It isn't the U.S. broker that decides who to use here, but the client who makes the decision on whom to use in London," Mr. Hitchman says. "It is helpful for clients to come to London to meet the underwriter and broker so that they can better understand the client's business."

Sedgwick is also renowned for its expertise in several areas, other British brokers admit. Its offshore oil and energy division is the most highly respected in London, they say. And Sedgwick is building up its risk management services division with the installation of a computer-based information and analysis service that analyzes the causes losses.

Sedgwick, however, is considering acquisitions in other parts of the world besides the United States.

"Certainly in 1982, it will be the year of Europe," Mr. Hitchman says, pointing to several recent purchases made on the continent.

In the past year, Sedgwick has acquired operations in the Netherlands, Northern Ireland, Spain, Belgium, Sweden and France.

Sedgwick also increased its base in London by acquiring Lloyd's broker Ross Collins Ltd., a non-marine expert.

Sedgwick also won approval last year to open an office on the Chinese mainland and also operates offices throughout Asia.

"One needs to have facilities everywhere in the world because if you have a major client, it will help if we can walk into his office in India rather than send somebody from here out there," said Mr. Hitchman.

Sedgwick increased its revenues 24.9% to 168.8 million pounds in 1981 (approximately $318.6 million based on the value of the British pound at year-end 1981).

• **Willis Faber P.L.C.** The second-largest British broker, Willis Faber is a blue-chip business, competitors and analysts say.

They even point to the hallowed marble hall at the broker's main office that seems to echo Willis Faber's reputation.

But behind the facade of tradition beats the heart of a modern-day international insurance and reinsurance brokerage that has modernized and computerized its offices to cope with today's insurance transactions.

"We have high-quality management, strong direct insurance skills and reinsurance expertise that is second to none in the United Kingdom," says Christopher Bishop, the company's managing director of group finance.

"We have very, very high standards for security," he says, "and we have reaped the benefits of efficiency."

Last year, Willis Faber beefed up its highly respected reinsurance brokerage operations with the acquisition of specialist reinsurance broker Carter Wilkes & Fane Ltd..

"Under its chairman, Peter Fane, and his highly respected team of young directors, a portfolio of high-quality international reinsurance business has been built," says Willis Faber Chairman David Palmer in his annual report. Carter Wilkes & Fane will be run separately from Willis Faber's reinsurance department.

Willis Faber also moved into reinsurance brokerage in Bermuda by forming a joint venture with Texaco Inc. subsidiary Heddington Insurance Ltd. The new venture, called Heddington Brokers Ltd, is already attracting substantial business in the oil and energy fields, Mr. Palmer says.

Although it isn't likely that Willis Faber will open new doors in the United States that might jeopardize its friendship with Johnson & Higgins, it is watching the new wave of acquisitions.

"We have watched with interest the much-publicized new transatlantic links between U.S. and British brokers, and the pattern of alliances which at times shifts with bewildering speed," Mr. Palmer explains.

"This we believe only lends emphasis to the importance attached to the closeness of our long-established working relationships with Johnson & Higgins," he says.

"The directors of our two firms are constantly examining ways and means of expanding our joint activities to the advantage of both."

Mr. Palmer calls 1981 "a year of high endeavor and significant success." Gross revenues jumped 25.7% to 86.6 million pounds in ($163.4 million).

• **Stewart Wrightson Holdings P.L.C.** Although many British insurance brokers are eager to own a U.S. retail brokerage, Stewart Wrightson thinks U.S insurance companies are more attractive.

Already established as a major U.S. excess/surplus line broker through Stewart Smith Holdings Inc., Stewart Wrightson's main thrust these days is in acquiring insurers.

"Our interests have been in buying insurance companies," says Tony Keys, Stewart Wrightson's group development director and chairman of Stewart Wrightson Insurance Agencies Ltd.

"This has been consciously done and usually these insurance companies operate where we have operated as insurance brokers," he explains.

The match of broker and insurance company is also advantageous

Continued on next page

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Continued from previous page
to the company, Mr. Keys says. Calvert Insurance Co. in the United States was bought in 1980 to be used exclusively by Stewart Smith. Associated International Insurance Co. in Los Angeles and Bermuda is also used by Stewart Smith, although other surplus lines brokers use the company.

And Certified Claims Corp. was set up by Stewart Wrightson to offer claims adjusting services to U.S. underwriters, especially those used by Stewart Smith.

Stewart Wrightson, third-largest British broker, is also expanding its expertise into other insurance-related areas. It has established an aviation department in London, which formulates special programs for the space industry. And its environmental impairment operations "will be an area of considerable growth," Mr. Keys says.

Despite all these ingredients, Stewart Wrightson only increased its gross revenues in 1981 to 77.6 million pounds ($146.5 million), a 3.4% increase.

• **Jardine Insurance Brokers Ltd.** Fourth-ranked Jardine is poised to become one of the world's largest retail brokers now that it has bought Bache Insurance Services Inc., says Chief Executive Officer Neil Samuelson.

"In 1978, when you had never heard of us, our retail insurance broking put $20 million of premium into the world market. By the end of 1982, we put in $800 million of premium," he says.

"And our five-year goal is to be within the top six retail brokers in the world and then become strong in wholesale broking."

Jardine, a subsidiary of Hong Kong-based conglomerate Jardine Matheson & Co. Ltd., had built strong bases around the world in the 95 years before it entered the U.S. market. Besides its strengths in the Far East, Jardine became a major British broker through a series of purchases in the 1970s.

"In 1979, we made a strategic acquisition of Glanvill Enthoven, which made us the fourth-largest retail broker in the United Kingdom," Mr. Samuelson says.

"That left us with one gap, and that was the U.S.A., in the overall foundation of the jigsaw puzzle. We were fortunate in that we were receiving little business from American brokers into the London market, so we didn't have any throwback.," he explains.

Jardine has made it clear that they will continue to expand in the United States. Jardine "is always looking" for more acquisitions, Mr. Samuelson says.

But as its American operations grow, Jardine's will continue to remain strong in Europe and throughout the Far East, too.

"We believe our knowledge of the Far East is something no other broker has to offer," Mr. Samuelson says.

Although Jardine's gross revenues are not separated from the parent company's, Jardine officials estimate that the brokerage generated gross revenues of 58 million pounds ($109.5 million) last year. The company could not provide a revenue estimate for 1980.

• **C.E. Heath P.L.C.** Last year was the best ever for C.E. Heath, the No. 5 British broker.

"It is with great pleasure that I have to report the highest ever group operating profit of 17.03 million pounds ($32.1 million) against 12.63 million pounds ($23.8 million) last year," Chairman Frank Holland says in Heath's annual report.

The company's gross revenues increased 20.6% to 49.8 million pounds ($94 million) for the accounting year ended March 31, 1982.

Part of Heath's increased revenue and earnings may have been due to the hardening of the aviation insurance market, in which Heath is a leading broker.

Another portion of the brokerage's success comes from the "considerable advancement of the international company through development and acquisition," Mr. Holland says.

"Even our major North American insurance activity has managed to progress notwithstanding the continuance, in many cases, of totally unrealistic competition from the U.S. domestic market."

Among the new ventures launched by Heath last year was a reinsurance company based in Rome known as Summit-Pasanisi-EE Heath. The brokerage also purchased Pinnacle Insurance Co. of Bermuda.

But one new Heath office has started on the wrong foot. Heath's new Buenos Aires operation, C.E. Heath (SUR), was closed shortly after Argentina invaded the Falkland Islands.

"It is unfortunate that shortly after the opening of this new office, the Falkland Islands problem arose, as a consequence of which we are not, of course, for the time doing any further business with Argentina," Mr. Holland says.

Heath was also involved in some fighting on the home front, petitioning against the Lloyd's of London self-regulation bill with several other brokerages. Although Heath's underwriting management agencies posted reduced porfits in the latest accounting year, Heath still opposes the divestment of brokers and underwriting agencies, as proposed in the Lloyd's bill.

• **Minet Holdings P.L.C.** The close relationship between Minet Holdings and Corroon & Black Corp., which holds a 20% interest in Minet, was evident in the halls of Parliament during the past year.

C&B Chairman Robert Corroon testified before Parliament twice to oppose the divestment of brokers and underwriting agencies as proposed in the Lloyd's self-regulation bill. Both times, Mr. Corroon sat beside Minet Holdings Chairman John Wallrock.

Minet, the sixth-ranking British broker, would lose a profitable part of its busines if it's forced to sell its underwriting agencies. The group manages, directly or indirectly, the underwriting affairs of 1,500 Lloyd's names, Mr. Wallrock says, adding that he has not known of any conflict of interest that has ever cropped up between Minet's brokerage and underwriting activities.

With offices in more than 100 countries, however, Minet is no stranger to the United States. Besides its active role with C&B, Minet handles U.S. wholesale business through its wholly owned American subsidiary, Bowes Holdings Inc.

Minet and Corroon & Black also offer captive and underwriting services in Bermuda through a joint venture, Mincor Ltd.

"We are actively studying the ways in which we can exend our activities to North America in 1982," Mr. Wallrock says.

At home, a cost-containment program and staff reorganization has strengthened Minet's financial health. Gross revenues rose a hefty 36% last year to 46.1 million pounds ($87 million).

To further increase its share of business, Minet is increasing its expertise in developing global insurance programs.

"This trend will continue to develop and it will become increasingly vital for any major broking house to have a capability to offer the expertise and the network of overseas companies to devise and service these global packages," Mr. Wallrock says.

• **Hogg Robinson Group P.L.C.** Hogg Robinson was the first British broker to jump straight into the U.S. marketplace when it purchased Penn General Agencies through a joint venture with Republic Steel Corp.

Hogg Robinson, Britain's seventh-largest brokerage company, would have bought Penn General without a partner if it could have afforded it, says Deputy Chairman John Hogg, but the venture with Republic Steel has worked well.

With Hogg Robinson's input, Republic Hogg Robinson is targeted expansion, Mr. Hogg says. RHR will also serve as the British broker's direct link with the American buyer, although Hogg Robinson still does quite a bit of wholesale business with other American brokers, like Frank B. Hall & Co Inc.

"But that may dry up in 10 years' time and all our American operations will eventually go through RHR," he says.

In Britain, Hogg Robinson is building its portfolio of political risk business, one of its specialties, Mr. Hogg says.

About 20% of Hogg's revenues, however, comes from its underwriting agencies, which Lloyd's Chairman Peter Green heads, although the agencies could be lost if the Lloyd's self-regulation bill is approved by Parliament.

Hogg Robinson has not petitioned against the bill, as many other brokers have, in deference to Mr. Green's position.

Although Hogg Robinson's fiscal year ended March 31, it will not release its results until next month. In the year ending March 31, 1981, the company reported gross revenues of 45.3 million pounds ($85.5 million), up 18.6% over the previous year.

• **Bain Dawes P.L.C.** Bain Dawes, the eighth-largest British broker, may be one of the few companies ever to be glad it lost an account.

Bain Dawes was underbid early in 1981 for a portion of Hyatt Corp.'s liability coverage that was eventually written by Northbrook Excess & Surplus Insurance Co.

Since last July, however, Northbrook, along with other insurers and broker Marsh & McLennan, have been in court battling over the policies covering the skywalk collapse at the Hyatt Regency Hotel in Kansas City, Mo.

Bain Dawes also lost another controversial account earlier this year.

Alexander Howden Group became broker for Qantas Airways' aviation coverage after a submitting a controversal bid, which is now being investigated by Lloyd's of London.

"But we are still the brokers for Qantas' non-aviation risks," says Chairman Robin Warrender.

Qantas is just one of the many Australian companies that are Bain Dawes clients. The brokerage is one of the best-established insurance brokers in Australia.

Most of Bain Dawes' business comes from Great Britain, although the group hopes to expand to the United States soon.

"Avenues for expansion are constantly being sought and we are presently engaged in negotiations which should assist us in the United States of America," Mr. Warrender says.

Gross revenues in 1981 rose only 5% in 1981 to 42.4 million pounds ($80 million). However, the revenue increase may have been distorted downward because of changes in accounting practices.

• **Clarkson Puckle Group Ltd.** Probably no one was more sorry to see the British and Argentines face off over the Falkland Islands than ninth-ranked Clarkson Puckle.

A brokerage that does a large volume of business in South America, Clarkson Puckle is the insurance consultant on a huge dam project to be built on the border of Argentina and Uruguay. Although a broker for the project has not yet been selected, it's unlikely that the Argentines will choose a British broker, and Britian still has a ban on business with Argentina.

The groundwork that Clarkson Puckle has done on the project may go down the drain, says the brokerage's overseas director, Ian Crawford-Smith.

"Some of the groundwork may sink to the bottom of the ocean," he says. "But that's indicative of the knife edge on which you work."

Under its current parent company, Gill & Duffus Group Ltd., Clarkson Puckle is strengthening its management and focusing on its brokerage activities.

"Clarkson does about 60% international business and 40% national now," Mr. Crawford-Smith says. "We cover every form of insurance, operate 12 U.K. branch offices and have 32 to 33 offices abroad."

Clarkson Puckle has major outposts in Nigeria, Kenya, Zimbabwe and the Middle East. It also is a major force in Mexico and South America.

Now, Clarkson Puckle has its eyes on expansion into the United States and has hired a new finance director, Peter Davidson, who played a key role in Hogg Robinson and Republic Steel's acquisition of Penn General Agencies.

Even without major acquisitions, gross revenues increased 18.8% to 22.1 million pounds ($41.7 million).

• **Lowndes Lambert Group Ltd.** After posting losses in 1980, Lowndes Lambert is recovering by cutting costs and establishing new avenues of business under its parent, Hill Samuel Group.

"Hill Samuel is the second-largest merchant bank in the United Kingdom," says Chairman Robert Shaw. "The advantage that we have is financial stability. Had we not been bought by them, we might have been in trouble."

Losses were cut in half during the fiscal year ended March 31 and gross revenues were estimated at 20 million pounds ($37.8 million). Since revenue figures for the brokerage company are not published separately, a rate of increase cannot be tabulated.

The most improved and profitable areas of business are coming from oil and energy fields, where Lowndes Lambert offers an alternative to the master drilling slip provided by Lloyd's of London.

There's also been an improvement in the marine hull operations, where rates seem to have bottomed out, Mr. Shaw says.

"We have also cleaned up our act in the reinsurance area in that we had business in the past that was uneconomical," he explains. "We now have a very rigid security system."

The brokerage is also expanded through acquisitions. It is in the process of buying a broker in Western England.

Through its 25 branches, Lowndes Lambert also emphasizes personal lines. And there are rumors that the company will join with other brokers to form a U.S. excess/surplus brokerage.

"The gamble is small because the money you spend is initially small," Mr. Shaw says, adding that starting a U.S. brokerage from scratch may solve the problems other companies encounter when they buy brokers.

"There may be one or two problems that you did not know at the time of purchase," he says, "but if you start your own business, you have none of these problems." ■

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British brokers have eyes on U.S. firms

Continued from page 94

ope," he says. "We have a number of acquisitions in the United States and will probably be putting them into one company. Schiff Terhune gives us a large presence in New York."

But while some British companies or their subsidiaries have made successful deals for U.S. brokers, some proposed acquisitions fell through in 1981. Bain Dawes P.L.C. hoped to buy E.H. Crump Cos. Inc., but its bid was unsuccessful.

And Sedgwick Group P.L.C., Britain's largest broker, and Alexander & Alexander Services Inc. abandoned merger talks last year. A&A later acquired Alexander Howden Group Ltd.

Sedgwick spent more than $1 million in legal, professional and associated costs in its efforts to merge with A&A, according to its annual report.

But although Sedgwick and A&A were not able to link, Sedgwick is not ignoring the U.S. market.

"The current strategy and policy of the Sedgwick Group in the United States is to actively maintain and develop its substantial portfolio of wholesale business, which places in the London and world markets on behalf of a very large number U.S. brokers," says Sedgwick Chairman Neil Mills in the company's annual report.

"In this field Sedgwick is the largest broker in the world," he adds.

At Howden, which officially became part of Alexander & Alexander in March, there's no sign that there will be mass resignations, like those that followed Marsh & McLennan Cos. Inc's purchase of C.T. Bowring.

But A&A has had to come to grips with other problems that Howden is experiencing.

For example, Howden has spent thousands of dollars to petition against the pending Lloyd's of London self-regulation bill because it opposes divestment of Lloyd's brokers from their underwriting agencies. Several Lloyd's brokers, including Howden and Hogg Robinson, would lose substantial revenue if they are forced to sell their profitable underwriting agencies within five years of the enactment of the bill.

Howden is also facing an inquiry over the way it handled the Qantas Airways coverage renewal earlier this year (*BI*, April 26). Howden had recently acquired the Qantas account, which had formerly been handled by Bain Dawes.

"Alexander Howden had made what we call a desk quotation—that is, that the broker puts up a price at which he believes he can place the business without actually having been near an underwriter," Lloyd's Chairman Peter Green said in the House of Lords recently.

Howden reportedly telexed the name of the underwriter that would be leading the coverage to the airline after it received such a request from Qantas.

However, "the name that Howden gave to Qantas in a telex as the Lloyd's leading undewriter denied to me that he had ever had any discussions with Howden's and, at the relevant time, he had in fact been in the United States," Mr. Green said. ■

datebook

JULY 11-14. Communicating Employee Benefits program in Hershey, Pa., sponsored by the International Foundation of Employee Benefit Plans; members, $390; non-members, $465. IFEBP, 18700 W. Bluemound Road, Box 69, Brookfield, Wis. 53005; 414-786-6700.

JULY 12-14. Managing Employee Benefits seminar for financial executives in Lincolnshire, Ill., sponsored by Hewitt Associates; $850. Beverly McRae, Hewitt Associates, 100 Half Day Road, Lincolnshire, Ill. 60015; 312-295-5000.

JULY 12-16. Environmental and Safety Risk Management program in Cambridge, Mass., sponsored by the Massachusetts Institute of Technology; $850. Director of Summer Session, Room E19-356, Massachusetts Institute of Technology, Cambridge, Mass. 02139; 617-253-2101.

JULY 19-22. Insurance Loss Control conference in Itasca, Ill., sponsored by the Alliance of American Insurers, the Insurance Loss Control Assn. and the National Assn. of Mutual Insurance Companies.; $120; three or more participants from same company, $110. Loss Control Department, Alliance of American Insurers, 20 N. Wacker Drive, Chicago, Ill. 60606; 312-558-3700.

JULY 22-23. Confined Space Entry workshop in New Orleans, sponsored by Loss Prevention Associates; $285. Loss Prevention Associates, Box 59888, Dallas, Texas 75229; 214-241-0396.

JULY 26-28. Aviation Insurance Assn. annual convention in Atlantic City. N.J., sponsored by the Aviation Insurance Assn.; members, $75; $50 for spouse; non-members, $150, $100 for spouse. AIA, Mercer County Airport, West Trenton, N.J. 08628.

JULY 30-31. Product Design Litigation course in New York, sponsored by the Practising Law Institute; $325. PLI, Dept. YWC, 810 7th Ave., New York, N.Y. 10019; 212-765-5700.

AUG. 2-6. Basic Safety Management seminar in Houston, sponsored by the International Safety Academy; $535. ISA, 10575 Katy Freeway, Box 19600, Houston, Tex. 77024; 713-932-9400.

AUG. 10. Accident Investigation and Analysis seminar in Los Angeles, sponsored by the International Safety Academy; $150. Also **Aug. 11** in Houston. ISA, 10575 Katy Freeway, Box 19600, Houston, Tex. 77024; 713-932-9400.

AUG. 11. Effective Safety Committees seminar in Los Angeles, sponsored by the International Safety Academy; $150. Also **Aug. 12** in Houston. ISA, 10575 Katy Freeway, Box 19600, Houston, Tex. 77024; 713-932-9400.

AUG. 11. Risk Management Information Systems seminar in Kansas City, sponsored by Corporate Systems; $50. Also **Aug. 12** in St. Louis. Matt Davis, Corporate Systems, Box 31780, Amarillo, Tex. 79120; 806-376-4223.

AUG. 16-20. Total Loss Control Management seminar in Houston, sponsored by the International Safety Academy; $570. ISA, 10575 Katy Freeway, Box 19600, Houston, Tex. 77024.

AUG. 19-20. Confined Space Entry workshop in Phoenix, Ariz., sponsored by Loss Prevention Associates; $285. Also **Aug. 24-25** in Los Angeles. Loss Prevention Associates, Box 59888, Dallas, Texas 75229; 214-241-0396.

AUG. 19-21. Depositions in Corporate Litigation seminar in New York, sponsored by the Practising Law Institute; $425. PLI, Dept. YWC, 810 7th Ave., New York, N.Y. 10019; 212-765-5700.

AUG. 25-27. Safety for the Oil Field Industry seminar in Houston, sponsored by the International Safety Academy; $375. ISA, 10575 Katy Freeway, Box 19600, Houston, Tex. 77024.

AUG. 29-SEPT 1. Corporate Benefit Management conference in Hershey, Pa., sponsored by the International Foundation of Employee Benefit Plans; members $470; non-members $545. IFEBP, Box 69, Brookfield, Wis. 53005; 414-786-6700.

SEPT. 12-15. International Benefits seminar in St. George's, Bermuda, sponsored by the International Foundation of Employee Benefit Plans; members $470; non-members $545. IFEBP, 18700 W. Bluemound Rd., Box 69, Brookfield, Wis. 53005; 414-786-6700.

SEPT. 13-17. Basic Safety Management seminar in Houston, sponsored by the International Safety Academy; $535. ISA, 10575 Katy Freeway, Box 19600, Houston, Tex. 77024; 713-932-9400.

SEPT. 16-17. Occupational Noise and Hearing Conservation: Compliance with the New Laws course in Los Angeles, sponsored by the University of Southern California; $200. University of Southern California, Institute of Safety & Systems Management, Office of Extension & In-Service Programs, Los Angeles, Calif. 90007; 213-743-6523/24.

SEPT. 16-17. Human Factors Engineering for Controlling Hazards course in Washington, sponsored by the International Institute of Safety & Health; $245. IISH, 5010A Nicholson Lane, Rockville, Md. 20852; 301-984-8969.

SEPT. 20-23. Inspector Training seminar in Houston, sponsored by the International Safety Academy; $150. ISA, 10575 Katy Freeway, Box 19600, Houston, Tex. 77024; 713-932-9400.

SEPT. 20-24. Total Loss Control Management seminar in Boston, sponsored by the International Safety Academy; $570. ISA, 10575 Katy Freeway, Box 19600, Houston, Tex. 77024; 713-932-9400.

SEPT. 21. Safety/Loss Control: Plan, Design and Evaluation seminar in Seattle, sponsored by the International Safety Academy; $150. ISA, 10575 Katy Freeway, Box 19600, Houston, Tex. 77024; 713-932-9400.

SEPT. 23-24. Radiation Protection of the Public in a Nuclear Accident course in Washington, sponsored by the International Institute of Safety & Health; $245. IISH, 5010A Nicholson Lane, Rockville, Md., 20852; 301-984-8969.

SEPT. 27-29. Loss Control for Risk Management seminar in Houston, sponsored by the International Safety Academy; $375. ISA, 10575 Katy Freeway, Box 19600, Houston, Tex. 77024; 713-932-9400.

OCT. 7-8. Basic Radiation Hazard Control: Meeting Licensing Requirements course in Washington, sponsored by the International Institute of Safety & Health; $245. IISH, 5010A Nicholson Lane, Rockville, Md., 20852. 301-984-8969.

OCT. 11-15. OSHA Guide to Voluntary Compliance course offered by the University of Southern California in Los Angeles; $500. USC, Institute of Safety and Systems Management, Office of Extension and In-Service Programs, Los Angeles, Cal. 90007; 213-743-6523/6524; telex 181101USC, SSM, LSA.

OCT. 15-20. 28th Annual International Foundation of Employee Benefit Plans Conference in Montreal; members only; $390 for conference; $130 per day for pre-conference sessions. IFEBP, Box 69, Brookfield, Wis. 53005; 414-786-6700.

OCT. 18—21. 70th Annual National Safety Congress and Exposition in Chicago, sponsored by the National Safety Council; before Sept. 10, members, $65; mon-members, $100. After Sept. 10, members, $90; non-members, $135. Congress Planning, National Safety Council, 444 N. Michigan Ave., Chicago, Ill. 60611.

OCT. 25-26. Risk Management Concepts for the Safety Professional and Insurance Buyer course offered by the University of Southern California in Los Angeles; $225. USC, Institute of Safety and Systems Management, Office of Extension and In-Service Programs, Los Angeles, Cal. 90007; 213-743-6523/6524; telex 181101USC, SSM, LSA.

OCT. 25-27. Managing Employee Benefits workshop for financial executives in Lincolnshire, Ill., sponsored by Hewitt Associates; $850. Beverly McRae, Hewitt Associates, 100 Half Day Rd., Lincolnshire, Ill. 60015; 312-295-5000.

OCT. 27-29. Recognition of Accident Potential in the Workplace Due to Human Error course offered by the University of Southern California in Los Angeles; $300. USC, Institute of Safety and Systems Management, Office of Extension and In-Service Programs, Los Angeles, Cal. 90007; 213-743-6523-6524; telex 181101USC, SSM, LSA.

OCT. 29-30. Hazard Control Management Fundamentals seminar in Washington, D.C., sponsored by the International Institute of Safety & Health; $245. IISH, 5010A Nicholson Lane, Rockville, Md. 20852; 301-984-8969. ■

Richard O. Anderson named head of Heddington Insurance

comings & goings: industry

Richard O. Anderson has been appointed president and chief executive officer of Heddington Insurance Ltd. in Hamilton, Bermuda, a subsidiary of Texaco Inc. He was also named to the board of directors.

Mr. Anderson replaces **Paul C. Compa,** who was named chairman of the board.

Heddington, formed in 1970, is a worldwide reinsurer of all classes of business.

Insurers

Albert M. Hurlbut named president of Kemper Group's New York City division. Mr. Hurlbut was previously manager of the company's highly protected risks department.

Edward T. Harris named vp of The Continental Insurance Cos. property/casualty division in New York. He also was named senior vp of Underwriters Adjusting Co., a Continental affiliate.

Harold A. Rheel elected vp of INA Underwriters Insurance Co. and its subsidiary, Pacific Employers Insurance Co. in Philadelphia. Mr. Rheel is responsible for the special risk national services department.

Reinsurers

William V. King joined Reinsurance Facilities Corp. in Los Angeles as vp and chief financial officer of the corporation and its subsidiaries, RFC Intermediaries Inc., RFC Management Corp. and Bayside Management Co. Ltd. He was previously chief financial officer of Anvil Corp. Also, **Melvin G. Luce** joined Reinsurance Facilities Corp. and RFC Intermediaries Inc. in Los Angeles as vp and claims manager. Mr. Luce was previously with Gerling Global Offices Inc.

Anne A. Sharp elected vp of Kemper Reinsurance Co., an affiliate of Kemper Group in Long Grove, Ill. She was previously an assistant general counsel.

Agents/brokers

Richard J. Decker and **William F. Simkiss** named executive vps at Simkiss Cos. in Ardmore, Pa. **Samuel A. Brand** and **Francis X. Simkiss** named vps.

Excess/surplus

Joyce A. Reid and **Diane H. Spieler** elected vps of Victor O. Schinnerer & Co. Ms. Reid, in the Washington office, was most recently assistant treasurer and manager of the administrative division. Ms. Spieler manages the Schinnerer office in San Francisco.

Joseph C. Syndennis appointed senior vp of underwriting at The Saex Group in Holyoke, Mass. He will head all property/casualty operations and development of products and services.

Other suppliers

James A. Curtis named chief executive officer of Milliman & Robertson Inc. in Seattle, Wash. He had been president and chief operating officer of the company. Mr. Curtis replaces **Stuart A. Robertson,** one of the company's founders, who will continue as chairman. ■

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Health costs 'everybody's fault': GE official

By B. MONROE LONNGREN

CHICAGO—Health care costs demand better management and business has both the responsibility and the opportunity to have an impact in this area, says Lindon Saline, staff executive for corporate employee relations for General Electric Co.

The escalating cost of health care is everybody's fault, Mr. Saline told business and health care professionals at the the inaugural meeting of Business Coalitions for Health Action, sponsored by the U.S. Chamber of Commerce earlier this month.

Mr. Saline is associate director of the recently formed Business Roundtable "Health Initiative," which is composed of more than 200 chief executive officers from large corporations across the country who have organized to examine health care management.

His participation in the BRHI has convinced Mr. Saline that businesses can and must be effective in controlling health care costs.

Reimbusement of health care costs through insurers and other third-party payers leaves users with little incentive, from either a cash-flow or a tax-shelter point of view, to consider the cost of health services or cheaper alternatives, according to Mr. Saline.

Special populations with extraordinary health care needs, excessive regulation leading to cost-shifting from Medicare and Medicaid programs to private users and even counterproductive philanthropy are additional factors that contribute to cost escalation, he said.

Businesses, struggling to meet the rising cost of health care benefits for employees and their dependents, have become more aware of problem areas in benefit plans, Mr. Saline observed.

However, he said that cost-control efforts to date have been, for the most part, ineffective.

He attributes this to a parochial "turf protection" attitude that prevents effective action on the part of most health care interest groups. Because of this, there has been more focus on the symptoms rather than the fundamental causes of the problems, he said.

It is in this area that Mr. Saline said businesses and coalitions can be most effective.

One absolutely critical business responsibility, according to Mr. Saline, is to develop a claims data base to monitor the use of health care services. The lack of this knowledge is inexcusable, he stressed.

He also recommended a six-point plan of action to get the business community more involved in health care cost management. He said individual businesses should:

- Develop a greater understanding of the total health care cost picture, including medical and dental insurance, compensation, in-house services and all other contributions by the employer for employee health care.
- Make sure management understands health care costs, not only in total dollars spent, but also what contributes to those dollars.
- Use a data base to initiate utilization reviews.
- Conduct employee and provider intervention reviews, stressing lifestyle education, early diagnosis, physical fitness and employee assistance programs.
- Re-examine benefit plans periodically and redesign, if necessary, to provide for deductibles, alternative care and innovations.
- Participate in the health care scene at the local level, providing leadership by participating, as trustees and directors, in the management of health care facilities.

The goal of business and health care professionals should be to work together to provide quality, accessible and affordable health care for every segment of the population, Mr. Saline said. ■

Corporate role explained

The Business Roundtable "Health Initiative" has developed a number of programs aimed at more innovative health care cost management.

The BRHI Task Force on National Health Care Cost Management has produced a booklet, "The Appropriate Role for Corporations in Health Care Cost Management." It offers suggestions for working within the company to reduce health care costs and suggestions for encouraging community involvement.

Copies of the booklet are available from Business Roundtable, 200 Park Ave., New York, N.Y. 10016.

The BRHI also is estabishing a network to survey individual companies on steps they are taking toward health care cost management.

A newsletter and regional meetings are planned and the BRHI is working to stimulate involvement in local health care coalitions.

Hospitals head toward disaster: Author

CHICAGO—The costs of health care are careening out of control because hospitals are heading toward disaster, says Dr. George Ross Fisher, author of the book, "The Hospital That Ate Chicago."

Dr. Fisher was the luncheon speaker at the inaugural meeting of Business Coalitions for Health Action, sponsored by the U.S. Chamber of Commerce at a Chicago hotel earlier this month.

Trustees of non-profit health care facilities have lost their concern to control health care costs because an overinsured society has become insulated from cost consequences, he said.

As a result, Dr. Fisher cautioned, many hospitals are in danger of becoming employee benevolent societies.

He criticized overstaffing, escalating salaries and competition for staff members among hospitals able to offer inflated salaries and enhancements at the expense of third parties.

Dr. Fisher also criticized hospital building programs that continue to crop up even in the face of slightly decreased usage in many hosptial areas.

He recommended that business coalitions start exploring with local non-profit hospitals the possibility of splitting each hospital organizational structure into two separate corporations.

The parent corporation, run by existing trustees, would concern itself solely with teaching, research, charity and supervision of the endowment fund.

The second corporation, a wholly owned subsidiary of the first, would issue dividend-paying stock to the first corporation and would administer the business affairs of the hospital.

Boards of trustees would be made up of local business people. Success would be measured by the size of the dividend paid annually to the parent corporation.

Within companies, Dr. Fisher recommended that employees be offered alternative benefit plans with rebates given to those who choose a deductible.

As an example, he told of the benefit program he has devised for his secretary.

Blue Cross/Blue Shield first-dollar coverage for his employee would cost $880 per year at present rates. Instead, he pays $180 for a plan with a $500 deductible and deposits $700 in an a separate retirement account in her name.

If she doesn't spend any of the account for health expenditures, it grows to $800 with accrued interest by the end of the year. If she stays well several years, her account will grow to several thousand dollars. The interest from the account then could pay the $180 annual premium perpetually, even if she quit working.

Dr. Fisher said he would like to see a change in tax laws to allow penalty-free withdrawals from an Individual Retirement Account for health hardships or to pay health care insurance premiums.

He said this would encourage deductibles, restore health insurance ownership to the employee and make it portable from job to job. It would also stimulate the patient's concern over health care costs, which would help bring costs down for everyone.

He suggested that a public campaign might be necessary to discredit and eventually abolish the health care cost reimbursement system.

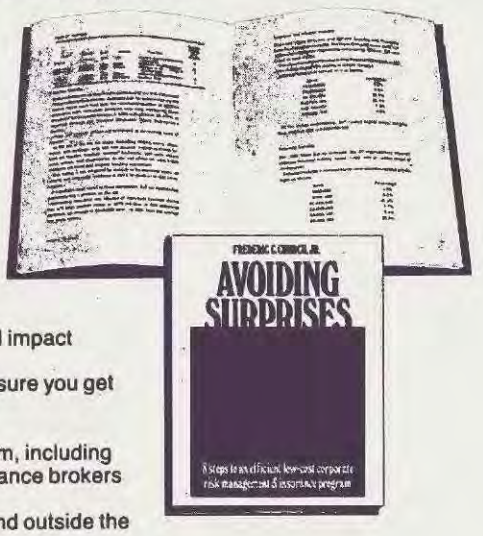
If so, he said, such a campaign should have two goals:

- Persuading Congress to abandon cost reimbursements through Medicare and Medicaid.
- Persuading state legislatures to enact legislation outlawing unequal reimbursement contracts between hospitals and third parties. ■

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Bill would indemnify contractors

WASHINGTON—Contractors working for the federal government are lobbying for legislation to make the government pay a fair share of liability costs when the government is at fault.

The legislation, H.R. 1504, proposed by Rep. Robert McClory, R-Ill., and backed by a special task force formed by the National Assn. of Manufacturers, would require the federal government to indemnify contractors to the extent the government's negligence caused an accident.

For example, if negligence by the government was determined to be one-third responsible for an accident, it would reimburse the contractor for one-third of a personal injury settlement.

The McClory legislation would overturn a 1977 Supreme Court decision.

The court at that time ruled that a contractor that was sued by an military officer injured in the crash of an Alabama National Guard plane could not be indemnified by the federal government even though faulty government specifications were responsible for the accident.

"It's obviously an unfair situation," said Fred Souk, an attorney with the law firm of Crowell & Moring, who helped draft the McClory legislation.

"It is entirely possible for a contractor to be held liable even though other parties are at fault," he added.

Military employees now are barred from suing the federal government. That increases the likelihood that servicemen will sue federal contractors if they are injured by defective products.

"This is a problem that occurs again and again unless corrective legislation is passed," Mr. Souk said. ■

Bill would block health care price-fixing probes

Continued from page 2
banding together to negotiate lower hospital rates and their effect on the consumer would be considered when determining whether to prosecute an anti-competitive practices case, Mr. Campbell said.

The FTC will answer two questions when considering the issue: "Is price the business of insurance? If it is not, then would we be interested in bringing a case?

"Efforts by insurers to lower rates might be closer to the business of insurance than other conduct clearly beyond," he said. Conduct beyond the business of insurance, he said, would include auto insurers appointing body shops to repair damaged cars.

Negotiating hospital rates "is not really restricting the business practices of those insured," Mr. Campbell noted.

Presented with the scenerio of insurers setting higher reimbursement rates for policyholders who use hospitals where they had negotiated lower rates, Mr. Campbell responded, "If they are doing it to preserve quality and keep rates down, it's one thing—and not necessarily OK—but if they are going to certain hospitals to cut out competition, it's anti-competitive."

Mr. Campbell admitted that it is difficult to determine "theoretically" if insurers banding together to lower hospital rates is or is not anti-competitive. "You have to look at the individual case. What was the intention? Choosing a hospital to facilitate one getting more business or were they dealing with the hospital to reduce the risk of resubmission?"

When pressed that both could be the reason, Mr. Campbell responded, "In between is the problem: To preserve quality, to limit claims for badly handled hospital care, it would be closer to exemption. If it is to preserve price, I'm not saying it's all right."

He added, however, "There is a view of the law and then what is sensible to prosecute within the law. I would be more inclined to bring a complaint against an insurer for going beyond its exemption."

When price is the insurers' only motive, one factor the FTC would consider would be the impact on the consumer, he said. How is the consumer hurt from it?

"The closer it is to the pooling of risk and business insurance, the less likely (we are to prosecute), and the more beneficial to consumers, the less likely," he said.

When reviewing insurance company mergers, the FTC will not use hard-and-fast rules on market shares to determine whether a merger would reduce competition. The FTC will investigate insurance company mergers that look troublesome under new Justice Department guidelines.

The market share of the merged insurers calculated under the Justice Department's Herfindahl index, however, would not necessarily be the determining factor in challenging a merger, Mr. Campbell said.

Although state insurance departments approve insurance company mergers, that is not considered regulation of mergers for antitrust purposes, he explained.

The FTC is not interested in seeing the McCarran-Ferguson Act repealed to exert more regulation over the insurance industry, he said. Nor is the FTC interested in launching any investigations of the insurance industry, which it is prohibited from doing without congressional approval.

But one area of investigation from which the FTC is now prohibited that Mr. Campbell would like the FTC to pursue is the merger of banks and lending institutions. "Antitrust is one area to look at for the reason that interest rates are staying up when inflation is going down," he said.

The bureau of competition has 200 attorneys in Washington and 80 others in regional offices.

Although there is complete overlap in the authority of the FTC and the Department of Justice to investigate anti-competitive developments, the two watchdogs historically have decided between themselves which should investigate a particular instance of alleged or perceived unfair methods of competition. ■

NYIE prepares rules for surplus risks

Continued from page 2
the end of the year," said John B. Ricker, Jr., a member of the NYIE rules committee and chairman and chief executive officer of Continental Corp., parent to the New York-based Continental Insurance Co.

"What the exchange is about to do is quite different. It hasn't been done here in the U.S. before. It's about to do what Lloyd's is doing. We want to make sure we're operating as efficiently as we can."

A rules working committee submitted proposals to the broker and underwriting membership for approval, made revisions and submitted them to a drafting committee. Now, the NYIE's board of trustees will finalize them, says Donald Reutershan, the NYIE's president.

It all took time because all of committee and members didn't always agree on how things should be done.

"There has been a problem satisfying all of the constituencies," Mr. Reutershan said. "I don't think there has been a significant problem."

One concern among syndicates was how to best meet the requirement that the syndicates pay a claim within 48 hours. Finally, the syndicates agreed to create a fund for claims payments, requiring an initial $500,000 contribution. Funds to cover claims would have to be deposited within 48 hours.

Procedures for notifying syndicates of claims and claims handling also had to be hammered out. It was decided each syndicate on a risk would be notified of a claim but the lead syndicate would handle the claim.

"There have been days when I've been impatient, but looking at the process overall, I think they've made marvelous progress," said Mr. Reutershan.

All of the hoopla and mass advertising that immediately followed the signing of legislation announcing that the NYIE could accept direct surplus lines business from other states led some brokers to believe they could begin brokering the business right away.

That assumption also led a few brokers to launch a heavy advertising campaign prematurely, brokers contend.

"Things should have been carried on a little more quietly until the rules were put into place," says Walter S. Groden, president of the David C. White Agency, a wholesale surplus lines broker. "Luckily I didn't get too heavily involved because I knew it would take some time."

New surplus lines risks aren't expected to immediately produce a significant premium volume. They might generate only a few million dollars in premiums this year, says Mr. Reutershan.

Varying renewal dates, the competitiveness of admitted insurers and the exchange's status as the "newest market in town" will restrict busines this year, he said. "People will have to get used to us."

Meanwhile, reinsurance premiums at the exchange are expected to more than double this year. Written premiums from facultative and treaty reinsurance contracts are expected to total $150 million to $200 million.

Premium volume for the first three-month period which ended March 30, was more than $31.68 million, up significantly from the $14.7 million generated during the same period last year.

Reinsurance premiums are expected to increase this year primarly because renewals are strong and "more people are realizing we have a viable market," explains Mr. Reutershan.

Currently, treaty reinsurance underwritings, the reinsuring of a class or classes of insurance, generates two-thirds of all premiums. Facultative reinsurance, risks that are insured on an individual basis, produces nearly one-third of all premiums. New York based risks written by the exchange after they had been rejected by the Free Trade Zone generated less than 2% of all premiums. ■

Green sees 'new era' ahead

Continued from page 2
- The effects that divestment of underwriting management agencies from Lloyd's brokers, as proposed in the self-regulation bill, will have on the marketplace.
- Voting procedures for the proposed council, which will include eight external members.

Mr. Green said Lloyd's "new era" will also be fostered by its new building, currently under construction, and advanced data processing equipment that is now being installed.

Lloyd's is facing the future on a solid footing, Mr. Green said. The Corp. of Lloyd's earned a profit of 10.4 million pounds ($17.9 million) in 1981, a 169% increase over the 4 million pounds ($6.9 million) earned in 1980. Some 300,000 policies were written through Lloyd's last year, he said.

However, the corporation is still facing claims incurred in the mid-1970s by the former Sasse Syndicate, which went bankrupt after it overwrote U.S. fire risks.

Lloyd's only paid 45,000 pounds ($77,400) in Sasse claims last year, Mr. Green said, a sharp drop from the 6.7 million pounds ($11.5 million) it paid in 1980. But Lloyd's could be liable for more claims, especially amounts awarded in a lawsuit against Lloyd's over Sasse losses, which is scheduled to begin next April.

"It is anticipated that the money already provided by the 1980 membership and Sasse agents, plus recoveries due or being negotiated, will prove sufficient to meet all losses covered by the indemnity," Mr. Green said, although he did not rule out another assessment on members to pay Sasse claims.

Mr. Green also told the members that Lloyd's is donating 10,000 pounds ($17,200) for recreational facilities aboard the warship H.M.S. Illustrious.

"It is more than ever appropriate, bearing in mind the recent successful action in the South Atlantic, that Lloyd's should wish to maintain its close links with the Royal Navy," he said. ■

RIMS chapter elects new officers

MILWAUKEE—C. Dan Poole of The Falk Corp. has been elected president of the Wisconsin Chapter of the Risk & Insurance Management Society for 1982-83. He succeeds Robert K. Dreher of Western Publishing Co. Inc.

Other recently elected officers include: Gary W. Bemm of The Heil Co., vp; Allen Fruendt of George Banta Co., secretary; Gary J. Bridgeford of Johnson Controls Inc., treasurer; and Gordon J. Decker of Allis-Chalmers Corp., national representative.

Directors who were elected or re-elected at the recent chapter meeting include Frank J. Sprtel of Briggs & Stratton Corp., Jerald Mullane of Jockey International Co. and Frank E. Blau of the city of Milwaukee. ■



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Oil firms may risk cover cutbacks

KEYSTONE, Colo.—Fierce insurer competition and the worldwide oil glut is creating an explosive situation, says the risk manager for a major oil drilling company.

As the recession and overcapacity in the oil industry take their toll on income, oil companies will more frequently turn to cheaper rates, weaker coverages and poorer insurance security, according to William F. Tronnier, assistant vp and risk manager for Parker Drilling Co. in Tulsa, Okla.

Oil firms, especially drilling companies that have lost business, will be willing to take a long-term gamble for a short-term savings, despite the obvious risk management problems, he says.

"Recently I read that one-third of all U.S. oil drilling rigs are inactive. Though this varies across the country, this means that at least 1,500 rigs are unused and not producing income," Mr. Tronnier told the National Assn. of Insurance Brokers' annual meeting. "This reflects the financial condition of much of the oil industry.

"Under these conditions, even the stable, growing oil companies will become extremely cost-conscious in all areas of their business, including insurance.

"Those companies that have not taken undue advantage of the soft insurance markets will certainly do so now. And those companies who have already accepted cheap rates, poor service and poor security will be desperate because they are going down the tubes," he said.

Only better risk mangement can save the companies from disaster, he noted, and risk management skills in the oil industry are improving.

"It is still pretty true that the average risk manager in the oil business came out of engineering or accounting and has no training in insurance, but that is changing. I am pleased to say that we are seeing many more young people getting into the profession with degrees in risk management or insurance.

"And risk management is receiving more attention internally, giving the risk manager's advice more weight in corporate decision making," he said.

Brokers must share some blame: Jackson

Continued from page 3

10% of their capital and surplus. If they have done that for us, they have done it for 50 other insurers. What will they do if they must pay claims for something like asbestosis?"

Mr. Jackson agreed with Mr. Clements' complaints about outdated policy wordings, but added that brokers must share part of that blame, too.

"How can brokers sell a product when they don't know what it says?" he asked.

"Do we know what our own policies say? Maybe not, because the courts have made up their own meanings, and even if we in the industry all agree on policy wordings, the wording probably doesn't mean what we think it means when it comes through the courts," he said.

However, brokers and insurers should get together and redesign policies to resist reinterpretation by courts.

"Recent court decisions have made it clear that if the insurance industry cannot agree on what its policies mean—exposure vs. manifestation, for example—the consumer gets the coverage he wants," Mr. Jackson said. "I don't necessarily expect you to go along with everything we would want in a policy, like a full claims-made form for product liability coverage and maybe even for comprehensive general liability, but there must be some way we can come to an agreement."

Mr. Jackson called for more support and care by brokers in placing risks and reviewing bids from insurers. Security, he said, should be the brokers' paramount concern.

"It really is pretty bad right now, and that's a problem when you consider that the only thing an insurance company sells is a promise to pay," he said. ■

New policies needed

Continued from page 3

policy is considered paid with the commission or fee earned on that policy.

However, brokers' service expenses continues indefinitely, Mr. Clements noted, and may eventually cost the brokerage more than was actually earned from the sale.

"For example, we recently spent some $750,000 in collecting a claim payable on a policy that earned us some $16,000 in commissions some time ago," he remarked.

Mr. Clements recommended that broker compensation includes "an insurance factor" that would provide for additional revenue for long-term service and "especially for large losses." ■

OSHA plans to rescind 194 rules

WASHINGTON—The Occupational Health and Safety Administration is proposing to revoke 194 general safety and health standards that have been unenforceable in courts because they contain the word "should" instead of "shall."

"Not only have these standards been unenforceable," says OSHA chief Thorne G. Auchter, "but the independent Occupational Safety and Health Review Commission has repeatedly dismissed OSHA 'general duty' citations alleging violation of these standards."

Mr. Auchter said revoking these rules would aid OSHA's enforcement responsibilities and would allow the agency to propose more specific rules to replace the "should" standards.

Although OSHA has maintained that industry should abide by all standards adopted by the agency, employers have successfully challenged this position, and enforcement of the "should" standards has been repeatedly denied by the review commission and courts around the country.

Persons wishing to comment on the rule changes can submit data and views to OSHA Docket Office, Docket No, S-600, Room S-2612, U.S. Department of Labor, 200 Constitution Ave. N.W., Washington, D.C. 20210. All comments must be postmarked no late than July 27. ■

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Delaware refuses to OK risk retention group

Continued from page 1b
design or sale of a product.

Under the act, product liability includes damage to a product itself rather than just damage caused by a product, Mr. Schwartz points out.

In fact, in what appears to be a case of remarkable foresight, a 1981 Senate Commerce Committee report explaining the purpose of the Risk Retention Act said it "is our intention to permit home builders to establish a risk retention group under this act to insure against any potential product liability."

The battle over the HOW program has drawn national interest since it could lead to the first legal test of the Risk Retention Act, which Congress passed last year to pre-empt state laws that prohibited setting up captives to insure product liability exposures.

The act allows companies that receive an insurance charter in Bermuda, the Cayman Islands or any state to operate as a risk retention group as long as they meet the insurance capitalization requirements of at least one domestic state.

As risk retention groups, these companies can serve members in all states without being licensed in every state or having to use a fronting insurer to avoid run-ins with state regulators.

But some state insurance commissioners remain opposed to the law. For example, at a recent regional meeting of the National Assn. of Insurance Commissioners in Oklahoma City, Okla., several commissioners discussed how they might convince Congress to repeal the act, said Beth Kravetz, the NAIC's federal affairs counsel.

The commissioners, however, dropped that idea after they agreed that Congress was not likely to repeal legislation it passed just last year without major opposition.

Instead, the NAIC agreed at its annual meeting earlier this month in Philadelphia to set up a task force to draft model legislation to aid insurance commissioners in implementing the law.

If the Delaware dispute ends up in court, and a judge agrees that HOW is a risk retention group, the decision could defuse opposition.

But, a court decision that says state law determines whether a risk retention group is offering product liability coverage could lead to new state moves to restrict the groups.

Mr. Elliott's refusal to certify HOW as a risk retention group and recognize it as a licensed insurer already is causing other insurance commissioners to balk, too. They are delaying recognition of HOW as a risk retention group until the Delaware controversy is resolved.

"Mr. Elliott's opposition puts a cloud on HOW's operations," a government source said. "It raises questions with other state insurance commissioners."

For more than eight years, the HOW program, which provides a variety of warranty coverages, was fully insured through INA Corp. and generated $30 million in premium annually.

But INA wanted the home builders to assume more of the risk. Last year, the home builders began considering tapping the provisions of the Risk Retention Act to set up their own insurance company.

"This seemed the way to go. It was almost was as if the act was tailored around us," said Mr. Reid.

The home builders chose Delaware as the domicile for its new insurance company on the advice of INA, which thought there would be few regulatory problems there.

The new HOW Insurance Co., which is controlled by HOW Corp., a subsidiary of the Home Warranty Corp. that is owned by thousands of home builders, easily met Delaware insurance capitalization requirements.

HOW Insurance Co., whose risks are 60% reinsured by INA Reinsurance Corp., was started with $1.5 million in capital and paid-in surplus. This is double Delaware's $750,000 minimum requirement. HOW now has $4.5 million in capital and surplus. ■

Peeling marble sparks arbitration

ROCHESTER, N.Y.—A bank holding company is seeking $18 million from an architectural firm and a contractor because the marble siding on its 27-story office tower is beginning to peel off.

Lincoln First Bank Inc., parent of Lincoln First Bank N.A., has filed a claim with the American Arbitration Assn., charging that the building's architect, John Graham & Co. of Seattle, and its general contractor, John W. Cowper Co. of Amherst, N.Y., are responsible for the defects.

Bank officials contend that faulty construction has caused the marble facing to pull away from the 8-year-old building's wall structure, causing potential danger to passers-by.

To remedy the problem, contractors must remove the marble, put up temporary weatherproof paneling and repair the metal frames that support the building's facade. Permanent metal panels would then be installed to replace the marble, the spokesman says.

The cost of the restoration project, which is expected to begin in August and be completed sometime in 1984, is estimated at $18 million, the spokesman said.

The bank is financing the building restoration project itself, although it hopes expenditures will be repaid by the contractor and the architect, based on the ruling of the three-member arbitration panel.

Officials from Cowper, the contractor, could not be reached for comment. Officials from the bank and Graham, the architectural firm, would not comment on insurance or bonding arrangements.

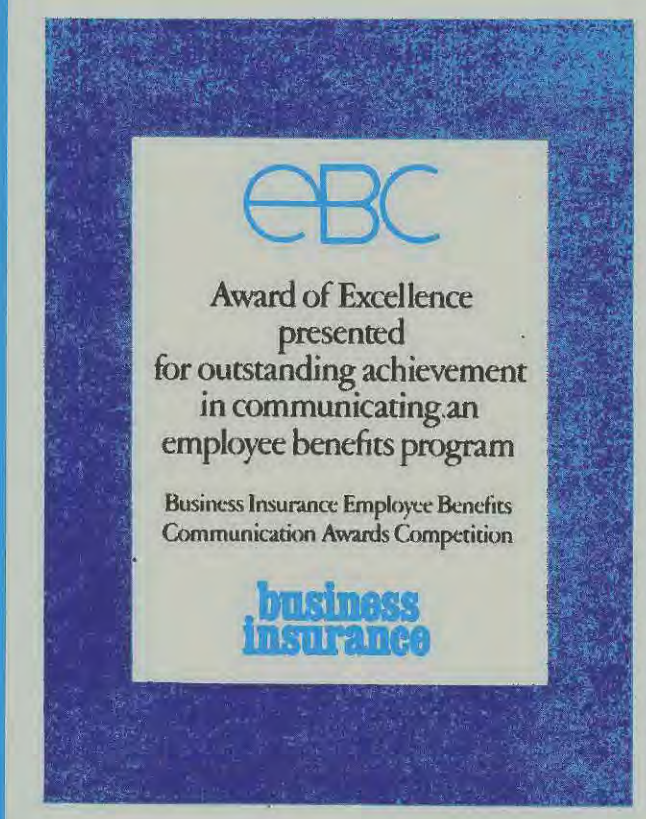
The bank filed the claim through the American Arbitration Assn. because of an agreement made by all three parties before construction on the building began in 1969.

The AAA, which hears civil cases and makes judgments like a conventional court, is considered to be a quicker and less-expensive forum for filing claims than state or federal judicial systems, bank and AAA officials contend.

Lincoln First sold the building and then leased it back in 1976. It was sold to another party last December, but according to the leasing agreement, Lincoln First continues to manage and maintain the building, including making any necessary repairs.

"It is very disappointing and disturbing that these defects have occurred on this relatively new building. However, there is no alternative but to get on with the job of fixing it properly and as rapidly as possible," Alexander D. Hargrave, the bank's chairman and chief executive officer, said in a statement announcing his company's legal intentions. ■

10th ANNUAL



The 10th Annual EMPLOYEE BENEFITS COMMUNICATION AWARDS will be presented on November 1st during the Business Insurance "Communicating Benefits" Conference in Chicago.

A panel of benefit managers, directors of communication and advertising specialists will select winners from five different categories of programs.

The Competition is open to all companies in the U.S. and Canada and has no restrictions as to the size of the company.

Entries will be accepted beginning July 1st. No entry will be accepted after July 30th.

To obtain rules and entry forms call Ann Vazquez, Communication Services Department, Business Insurance, 212/210-0137.

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EBC Awards/Business Insurance
Communications Services Dept., 220 E. 42nd Street, New York, N.Y. 10017

Home Insurance forms new reinsurer

The Home Insurance Co. has formed a wholly owned reinsurance subsidiary, Home Reinsurance Co.

Home Re, domiciled in New Hampshire with headquarters in New York, is approved for underwriting in 41 states and the District of Columbia, and company officials expect approval in the remaining states shortly.

The company is capitalized at $20 million.

Although The Home has had a reinsurance department for nearly 30 years, "Establishing a separate reinsurance entity will give us significant advantages, particularly as we introduce new products and expand out domestic and international marketing structure," says Home Re President Robert Seery.

"While we are pleased with the manner in which the reinsurance operation has grown and prospered as a department of The Home, we believe further growth will be timulated by focusing our expertise within a professional reinsurer," Mr. Seery adds.

In the past two years, The Home has collected about $100 million in reinsurance premiums.

markets

Illinois syndicate

Lincoln Union Syndicate Inc. has become the sixth syndicate eligible to underwrite business on the Illinois Insurance Exchange. The syndicate, a subsidiary of CIGNA Corp., was capitalized at $2.5 million.

"The addition of Lincoln Union to the five other syndicates truly makes the Illinois Insurance Exchange a viable market," says exchange Executive Director James M. Skelton.

With the addition of Lincoln Union, the exchange's underwriting capacity has risen to more than $15 million.

Reinsurance division

American International Group Inc. has formed a new reinsurance division to manage, coordinate and plan future activities of AIG's reinsurance operations.

Thomas R, Tizzio, president of Transatlantic Reinsurance Co., has been named a senior vp of AIG with responsibility for the reinsurance division.

New administrator

A&H Administrators Inc. has been formed in a Milwaukee suburb to process group medical, dental, vision, disability and life insurance claims for fully and partially self-funded employers.

The company is operated by Janice R. Yaeger, who was formerly manager of the CNA Insurance Cos.' group claim office in Milwaukee.

The company's address is 2515 N. 124th St., Suite 220, Brookfield, Wis. 53005; 414-785-1585.

Florida HMO

Capital Health Plan opened its doors earlier this month to become the first HMO in Tallahassee, Fla., and the 13th in the state.

The Tallahassee HMO, which is sponsored by Blue Cross/Blue Shield of Florida, expects to attract 23,000 members in the next five years, about 70% of them state employees.

The HMOs' current monthly rates are $54.50 for individual coverage; $113 for two people, like a husband and wife; and $134 for family coverage for three members or more.

Brokerage formed

G.H. Story & Co. Inc., an insurance consultant in Orlando, Fla., has formed a new brokerage operation called National Marketing Corp.

Although National Marketing will function primarily as an excess/surplus lines brokerage, it will offer primary markets in certain property lines.

The address of the new brokerage is 775 Kirkman Road, Box 16992, Orlando, Fla. 32811.

Syndicate manager

Continental Reed Stenhouse Management Co. Ltd. will assume management on July 1 of Realex Group N.V., a syndicate on the New York Insurance Exchange.

The management agreement between Continental Reed Stenhouse and Realex calls for the management company to underwrite facultative reinsurance and excess/surplus property/casualty risks for Realex's account.

Continental Reed Stenhouse also manages two other NYIE syndicates: Maiden Lane Syndicate and South Place Syndicate. ■

classified advertising

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Published every Monday. Copy in written form in Chicago office not later than noon Monday, 7 days preceding publication date. Display classified: takes card rate of $55.00 per column inch with card discounts on size and frequency. Straight classified: $5.00 per line, minimum of 5 lines. Additional $10.00 charge for blind box number. Cash with order. Responses to Business Insurance blind box ads are forwarded daily. Mail ads to Business Insurance, Classified Advertising Dept., 740 N. Rush St., Chicago, IL 60611. Call (312) 649-5340 for more information. Telex Number: 25-4248. No verbal phone copy accepted. Responses to Business Insurance blind box advertisements must fit into a regular business-size envelope.

Business Insurance Circulation Breakdown*

Commercial Consumers

Administrative Management: owners, presidents vps, etc.	6,823
Financial Management: chief financial officers, vps of finance, secretaries, treasurers, etc.	9,385
Insurance Management: vps, directors, managers of insurance, risk, benefits, compensation, safety, security, etc.	5,791
Government, Associations, Unions, Educational Institutions	1,001
Commercial Consumers Sub-total	**23,000**
Insurance Agents & Brokers	9,741
Insurance Cos	4,735
Financial Institutions	303
Actuaries, Attorneys, Adjusters, Appraisers & Consultants	2,208
Others allied to the field	776
TOTAL	**40,763**

*Source: Business/Occupational breakdown of qualified circulation Nov. 2, 1981 issue, as submitted to BPA for December 1981, BPA Publisher's Statement.

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BENEFITS SUPERVISOR.
Sunbelt corporate HO seeks individual with 5 years benefits experience at the corporate level. Must be experienced in the designing of EB packages to include A&S, Life, Dental coverages. Knowledge of costing factors and solid experience in self-insured programs desirable. Negotiable salary package. Contact Jim Gilbert in Dallas.

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Midwestern corp. seeks individual to handle large insurance portfolio. Requires 2-5 years of corp. exp. probably as #2 in the department but ready to assume top RM position. Strong knowledge of P&C coverages mandatory. Contact Travor Davis in our Chicago office.

COMMERCIAL PRODUCERS.
Leading broker seeks proven account executive whose experience lies in the area of production of commercial lines. Background should be either from an agency/brokerage background or with one of the leading national direct writers. Salary packages are negotiable. DOE, but will run a ceiling of around $75,000. Contact either Chicago or Dallas office for details.

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Cincinnati wants toxic substances labeled

Continued from page 3

The information either may be printed on the label in its entirety, or a coded number or color system can be used as the label if an explanatory data sheet is posted nearby.

The amendment specifies that violation can result in a fine of not more than $500.

Employers with 250 or more workers have eight months to comply with the new law, while employers of 25 to 250 have one year and those employing fewer than 25 people have 18 months.

"It (the ordinance) will affect not only chemical companies, but people who buy chemicals for use by workers in their plants," says Dori W. Seiter, administrative assistant to Councilman Brush.

The regulation applies to "any employer who manufactures, uses or stores toxic or hazardous substances in the city of Cincinnati," another city spokesman explains. "The main thrust is to protect workers and make them aware of what they're working with."

Mr. Brush says a major incentive for passage of the ordinance was the collapse of a city sewer in September.

A chemical company "had been discharging substances (into the city's sewer system) illegally and failed to make reports required under current law," Mr. Brush explains.

The sewer, which Mr. Brush's aide says was "completely eaten away by chemicals," collapsed and several sewer workers were injured. They were unaware of the substances they were working with, Mr. Brush says.

"Hopefully," he adds, "the ordinance will prevent these kinds of dumpings in the future. If a worker is aware that a substance is highly toxic, he may question orders to dump it."

"Everyone concedes that what (the company) did was irresponsible, but this ordinance will not prevent that," counters the chamber's Mr. Trice.

It won't prevent companies from dumping large amounts of corrosive materials into the sewer because those chemicals won't have labels, he points out.

Mr. Trice said the chamber also objects to the ordinance because its labeling policy "permits disclosure of trade secrets" by requiring the names of chemical components be made public.

The ordinance, however, states that if a manufacturer can successfully prove a trade secret exists, it may withhold the name of a toxic or hazardous substance from the label, but must provide sufficient safety information to health officials in case of an emergency.

And, the company must first prove the chemical is not a "suspected or recognized carcinogen."

"It (complying with the ordinance) will be more difficult for the smaller firms that don't have environmental specialists on board," Mr. Rowe says. "It'll be easier for the large companies to absorb the cost."

"In the long run, it's all going to be passed on to the consumer."

The new law will be enforced through routine safety inspections by the city's fire department every six months to a year, says Assistant Fire Chief Charles F. Collini. "To say it (the ordinance) is going to put a burden on us would be an understatement."

"The way I see it, it's going to put a much larger burden on the field inspector because it goes into more depth that we didn't have to before," he says.

He also says the city is considering cutting the fire department's budget, which would make enforcing the regulation more difficult because 98% of the budget pays for manpower.

Mr. Brush says he is setting up seminars and workshops to acquaint Cincinnati industry with the ordinance. "Unless we have these educative efforts, the rule may be ignored."

Will the ordinance drive business interests away from Cincinnati?

"I don't think this one issue is big enough to lead a firm to make that decision," Mr. Rowe says, adding that the city's climate, labor and land availability and the price of labor and raw materials are important factors in such a decision. ■

Illinois passes competitive rating law

Continued from page 1b

business, said Steve Millikan, director of workers compensation for the trade group.

"It's an unwise experiment," he said. "There's a concern that the small employer will not be as desirable to an insurer in a competitive market and that the small insurer will not be able to compete with Top 20 insurance companies, which have about 70% of the premium volume in Illinois," he added.

Mr. O'Connor, however, said small employers are not hurt by competitive rating in other lines of insurance in Illinois and shouldn't be in workers compensation coverage, either.

And he added that small insurers that can't compete probably don't belong in the workers compensation insurance market.

Competitive rating will reflect the true cost of workers compensation insurance, Mr. O'Connor believes.

Gov. James Thompson, who has promised to sign the bill, said employers can expect a 5% to 8% reduction in workers compensation rates, or an annual $50 million premium savings, through competitive rating.

Approval of the open rating bill follows an agreement a week earlier to slash workers compensation insurance rates by 8.4% beginning Aug. 1, a move that is estimated to save employers about $90 million annually in premium (*BI*, June 14).

Illinois' employers had been seeking an estimated $1.1 billion in refunds on premiums paid since 1979 when the Insurance Department approved a 23.8% rate increase without taking into account insurers' investment income. The 8.4% rate reduction was a compromise to settle the case, which was pending before the Illinois Supreme Court.

"What we're telling business and labor through these actions is that Illinois is a good place to work and live," Gov. Thompson said.

"Overall, and considering both reductions, employers can expect a 16% decrease or a savings of about $140 million in workers compensation insurance by March 1983," he said.

But not everyone is that hopeful about lower premiums.

Orville Bergren, president of the Illinois Manufacturers' Assn., said the total savings may be less than the governor's estimates.

"The August decrease of 8.4% may reduce the percent of total savings (from competitive rating) because insurers will be starting out that much lower," Mr. Bergren said.

But, at the very least, a free market promises the opportunity of reduced costs for employers, he admitted.

"It will be more of an opportunity for employers to shop around," said Leonard Day, labor relations director for the Illinois Chamber of Commerce.

"Adjusting the rates in August and a competitive market will help to scale down the costs of doing business in Illinois," he added.

"It's a definite step in the right direction." ■

Florida governor acts to ease malpractice insurance rates

Continued from page 3

Instead of offering policies with unlimited coverage, which have been eliminated, the state fund will provide policies with per-claim limits of $1 million, $2 million, $3 million, $5 million, $8 million and $10 million.

Although the exact rates were still being calculated last week by actuaries, doctors and hospitals will be charged smaller premiums than what they would have faced if only unlimited coverage had been offered.

Doctors and hospitals still could be hit with a special assessment equal to 200% of their premium if the fund needs more revenues. However, state Insurance Department officials hope this won't occur since the new rates are based on actuarial projections of anticipated claims.

In addition, the legislation also gives doctors the option of buying coverage from another liability pool, the Florida Medical Malpractice Joint Underwriting Assn., to cover a possible special assessment. The premium for that coverage, however, could not exceed one-third of the premium the doctors regularly pay for the excess coverage.

The emergency legislation expires on July 1, 1983. But that gives a special blue-ribbon panel of hospital administrators, physicians, attorneys and insurers, appointed by Gov. Graham, time to work out long-term solutions to rising malpractice insurance rates before the Legislature reconvenes next April.

The South Florida Hospital Assn., a trade group representing 46 hospitals in Dade, Broward and Monroe counties, favors a comprehensive package of tort reform legislation to hold down rates.

The trade group would like to see:

- A limitation on the amount of damages that can be awarded for pain and suffering.
- Limitations on plaintiff attorneys' contingency fees.
- A mechanism to screen out "nuisance" suits.
- Controls on the use of expert witnesses during trials.

"Tort reform has to be part of the solution," a spokesman for the hospital group says.

Although no one can say why, the size and number of malpractice awards in Florida is on the rise.

For example, the number of medical malpractice cases filed in federal courts has more than doubled during the last five years. Last year, 32 medical malpractice cases were filed in Florida federal courts, up from 14 in 1975, according to the Administrative Office of the U.S. Courts.

And recently, a Broward County jury handed down what could be the nation's largest malpractice award when it awarded $12.4 million to a 26-year-old woman who suffered brain damage when her respirator stopped supplying oxygen for 28 minutes while she was recovering from surgery. ■

Settlements in DC-10 crash average $400,000: Lawyer

NEW YORK—Families of the 272 people killed in the nation's worst air disaster are receiving average awards or settlements exceeding $400,000 per death, says a claims lawyer for the American Airline's lead underwriter.

Although more than 170 claims in the May 25, 1979, crash of an American DC-10 near Chicago's O'Hare International Airport have been disposed of, 93 cases remain unresolved, says Robert L. Alpert, a senior vp with U.S. Aviation Underwriters Inc. of New York.

The $400,000 figure is a record for average claims paid in a major air disaster, Mr. Alpert says, but he notes that amount is about what was expected, based upon the rate of inflation since previous commercial air disasters.

Of the 170 passenger and 9 crew cases closed, 19 were submitted to juries in state courts in California, where many of the passengers aboard the Chicago-to-Los Angeles flight lived, he says. One case was tried before a U.S. District Court jury in Chicago within a year of the crash, he added. The rest involve out-of-court settlements.

The largest number of cases still unresolved—42—are currently in U.S. District Court in Chicago before Judges Hubert L. Will and Edwin A. Robson, he says. Sixteen cases have been lodged in California state courts and 23 in California federal courts. Twelve cases are divided between courts in New York, Michigan, Texas and Hawaii.

The DC-10 crash also killed two people on the ground. Mr. Alpert said one of those cases has been settled, while another is unresolved. ■

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Keene insurers must rely on policy language

Continued from page 3
when more than one policy is triggered for a particular asbestos injury.

The "other insurance" clauses will be used to determine how the insurer defending Keene will be reimbursed by Keene's other insurers for their share of indemnification and legal costs.

"The court holds that contribution from each insurer whose coverage has been triggered is mandatory in each asbestos case," the opinion says.

"Therefore, whichever insurer is or has been selected by Keene to defend a suit must file for contribution from all or the other insurance companies whose coverage is triggered."

Insurers involved in the dispute are Liberty Mutual Insurance Co., Hartford Accident & Indemnity Co., Aetna Casualty & Surety Co. and Insurance Co. of North America. They insured Keene from 1961 to 1980.

An attorney for Keene called Judge Green's order "eminently correct" and conforming to the intent of the appellate court decision.

"It requires insurance companies to honor their obligations to Keene as set forth in the insurance policies and in the Court of Appeals' decision," said Jerold Oshinsky of the Washington law firm of Anderson Baker Kill & Olick.

"It correctly obligates the insurance companies to pay all moneys for Keene's defense and indemnities."

However, the decision was not a total victory for Keene. The judge also ruled that Liberty Mutual can continue its legal fight against Keene for $14 million it says Keene owes in deductibles and retrospective premium payments.

And while the appellate decision permits Keene to select any of the insurers on the risk to defend and indemnify it, Judge Green also rejected Keene's contention it could assign the defense of a case to one insurer and indemnification to another.

Insurers feared that Keene could assign defense to an insurer that wrote a policy with very low limits and make it pay exorbitant defense costs beyond its limits.

"Keene must assign the defense and indemnification for a case to the same insurer and allow that insurer to collect from the other insurers via the 'other insurance' clauses," the court said.

Judge Green also ordered Liberty Mutual to pay overdue bills to certain attorneys it had hired to defend Keene who are threatening to withdraw their representation.

"If these counsel should withdraw, Keene would be left undefended," Judge Green said. "The situation cannot be permitted."

Liberty Mutual should pay the bills now despite the fact that Hartford, Aetna and INA will ultimately have to reimburse Liberty Mutual for their shares, Judge Green added.

In the June 21 order, Judge Green also spelled out how current and future suits against Keene should be handled.

Liberty Mutual, which is currently handling about 10,000 Keene cases, should not be assigned any new cases by Keene until Liberty Mutual receives money due from the other insurance companies under the "other insurance" clauses, the order said.

In pending cases that are easily reassignable, Liberty should turn them back to Keene for reassignment to other insurers. These insurers should pay for defense and indemnification costs and then seek contribution from the other insurers.

Pending cases, in which Keene has handled the defense itself without reimbursement from its insurers, should be assigned to an insurer whose coverage has been triggered, the court said.

The insurer should reimburse Keene for its expenses and then seek contributions from the other insurers, the court said.

An attorney for Liberty Mutual called the judge's decision a "mixed bag."

"Portions of it make us quite happy," Christopher Mansfield said. "There was something for every party and something every party could object to."

Liberty Mutual, for example, can press Keene for the $14 million but it has to pay overdue attorneys' bills.

Another attorney close to the litigation described the opinion as a first step toward bringing the appellate court decision into the "real world" of the particular disputes facing the parties.

"It (the opinion) is a recognition by the court that the Court of Appeals' decision needs further clarification," the attorney said.

All of the parties have 30 days to appeal Judge Green's order. ■

Dalkon class action overturned

Continued from page 1
pending as of March, the spokesman says.

With the rejection of the class-action certifications, plaintiffs can pursue punitive damages claims individually, says John Anton, of the Sacramento, Calif., law firm of Klein & DeBries. "This gives each considerably more clout for the purposes of settlement."

He says the opinion is so broad it leaves Robins with few avenues for further appeal.

"The company is left with trying cases before juries piecemeal," he says. "Only about 17 cases have actually gone to trial and, of those, Robins has won about half."

The largest judgment in a Dalkon Shield case totaled $600,000 in compensatory and $6.2 million in punitive damages to the plaintiff. The judgment, by a court in Denver, is on appeal.

As for the possibility cited by Judge Williams that punitive damages could force Robins into bankruptcy, Mr. Anton points out that Robins has only paid about $75,000 in punitive damages to date.

And he notes that litigation involving the Dalkon Shield is bound to wind down before long.

"The statute of limitations applies two years after a woman discovers she has been injured," Mr. Anton says. "The device was taken off the market in 1974 and they are being removed by doctors. There aren't many of them out there now."

A.H. Robins acquired rights to the birth-control device in June 1970 from Dalkon Corp., which first developed and marketed it, the company spokesman says. Robins began marketing the Dalkon Shield in 1971 and voluntarily stopped selling it in June 1974. ■

info

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• To assist banks in **developing secure system software,** Bank Administration Institute has published "System Software Security." The bulletin provides practical guidelines for banks to initiate and maintain data security programs. For a copy, send $12 (Institute members, send $6) to BAI, 60 Gould Center, Rolling Meadows, Ill.

• A free copy of the speech reprint "Benefit Statements: The Second Generation" is available from Kwasha Lipton. The speech discusses contemporary benefits issues, particularly ERISA, HMOs and IRAs. For a copy, write Dept. M, Kwasha Lipton, Box 1400, Fort Lee, N.J. 07024.

• The fundamental principles of **workers' compensation programs** are outlined in a booklet available for $2 from the National Council on Compensation Insurance. Included are the contrasting workers' compensation situations for small businesses and large corporations. To order, write NCCI, Box 6585, Church Street Station, New York, N.Y. 10249.

• An employee assistance booklet on **alcoholism and drug addiction** is published by Kemper Group. "The Kemper Approach to Alcoholism, Drug Addiction and Other Living Problems" discusses Kemper's 20-year-old program for its employees and suggests seven criteria for a successful program in any company. Up to 25 copies may be ordered free of charge; additional copies are 15 cents each. Write Public Requests Desk, Corporate Relations Dept., D-5, Kemper Group, Long Grove, Ill.

• A technical catalog sheet describes the Grinnell Fire Protection Systems Co. Inc.'s new **small frame sprinkler** for small building fires. For a free copy of the descriptive sheet, write Advertising Dept., Grinnell Fire Protection Co. Inc., 10 Dorrance St., Providence, R.I. 02903.

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• "Actuarial Data Requirements and Principles of Reserving" explains **the technique of setting loss and loss-expense reserves** in non-technical language. For a free copy, write Allan Schwartz, senior actuary, Woodward & Fondiller Inc., 130 E. 59th St., New York, N.Y. 10022.

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N.J. Blues increase small group rates

TRENTON, N.J.—Small employers with fewer than 49 employees have been hit with an average 19.5% health insurance rate hike by Blue Cross of New Jersey.

The new rates, granted by the New Jersey Insurance Commission to help offset Blue Cross budget deficits, went into effect earlier this month.

The increased premiums, a Blue Cross spokesman says, are expected to produce an additional $58 million, which should be enough to wipe out a budget deficit of $4.2 million at year-end 1981 and help offset a $55.3 million loss that Blue Cross suffered in its individual and small group programs.

Presently, small group subscribers pay about $110 per employee for basic health coverage.

Under the Blue Cross basic plan, the annual premium breaks down to:

- $66 per employe annually for 120 days of hospitalization coverage.
- $10.71 for Blue Shield surgical coverage.
- $5.40 for outpatient coverage.
- $27.55 for major medical coverage for plans with a $100 deductibles and 80/20 coinsurance provisions.

Blue Cross had originally asked the Insurance Commisson to approve a 27.8% rate increase.

The health insurer also is currently seeking an average 12.6% increase for its direct-pay complimentatry subscribers. Such an increase, if approved, would become effective Jan. 1, 1983. ■

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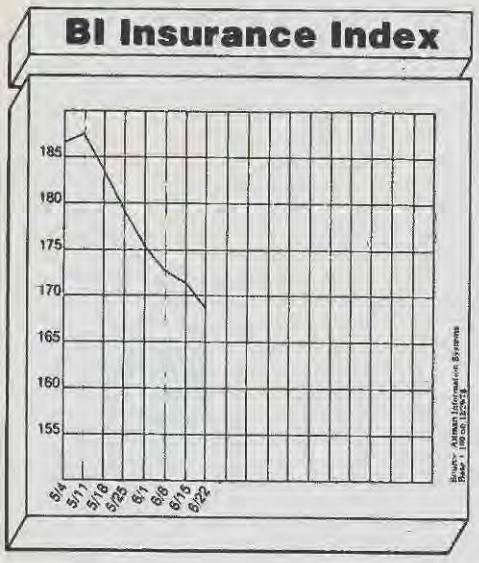
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Insurance industry stocks dropped again in the period ending June 22 as the *Business Insurance* stock index fell 2.4 points, sliding to 168.8 from 171.2. Twelve stocks rose, 41 declined and 15 remained unchanged. The largest declines were reported by Crown Life Insurance Co., 12.4%; General Re Corp., 7.1%; American Bankers Insurance Group, 6.6%; American International Group Inc. 6.3%; and Continental Corp., 6.1%. The largest gains were reported by Gulf United Corp., 7.4%; Integrated Resources Inc., 5.1%; American General Corp., 4.1%; Farmers Group Inc., 2.6%; and Ryan Insurance Group Inc., 2.5%.

British Issues

June 22 Companies	Price pence	P/E	Div. pence	Yield %	1 Week High—Low pence pence
Comml Union	129	11.0	16.60	1.6	134—127
Eagle Star	329	11.0	21.40	.2	347—325
Gen! Accident	302	7.8	23.21	7.7	306—300
Gdn Royal Exch	280	7.1	25.00	8.9	284—280
Phoenix	248	9.9	24.00	9.7	248—244
Royal	332	8.6	36.07	10.9	345—332
Sun Alliance	742	9.5	61.43	8.3	760—738
Brokers					
CE Heath	323	8.8	18.71	5.8	323—320
Hogg Robinson	99	7.6	8.57	8.6	101— 90
JH Minet*	144	13.0	5.40	4.0	146—136
Sedg Grp	164	10.6	0.5	5.2	166—160
Stenhouse Hldg	111	8.7	0.2	6.5	112—111
Stew Wrightson	245	8.7	18.5	0.6	245—240
Willis Faber	470	11.8	21.43	4.5	480—470

*Minet's price, high-low and dividend have been adjusted for a 50-pence stock dividend.

Source: Philip Olsen/Alan Clifton, Insurance Industry Specialists Kitcat & Aitken Stockbrokers, London

Insurers' cut-rate pricing poses danger to all parties

By MYRON PICOULT

Special to Business Insurance

THE PROPERTY/CASUALTY insurance industry has an incredible propensity to shoot itself in the foot. In fact, it appears that it keeps aiming for the same foot, and this time around, it looks as if it used a blunderbuss.

The key question now being asked by industry observers, including casualty company executives, is just when the current underwriting cycle will improve.



Mr. Picoult

There are three basic scenarios.

The most optimistic is that the cycle has bottomed because of the insurers' poor first-quarter underwriting results, and that some firming of prices has already begun and will be evident by the third quarter. Although there is no question about the pain contained in the first-quarter results, evidence is at best sparse that an upturn in commercial pricing levels is taking place.

The more pessimistic scenario is that the underwriting results will continue to deteriorate over the next few years as cash-flow underwriters seek to replenish their drained coffers by cutting further into rates. Part and parcel of this theory is that insurers will be reticent to lead the way with commercial rate increases, continuing to believe that improvement in pricing is close at hand and not wanting to risk market share before that day arrives.

The third theory tends to draw a little on both scenarios. It basically calls for some price firming in the later part of this year and continuing through 1983 and 1984, although the industry's combined ratio would remain relatively high.

A turn in the underwriting cycle is, of course, tied to pricing. As we noted in our last column, industry perspectives on pricing vary considerably. Part of the problem is the apparent reluctance or inability of the industry to define pricing.

BI ticker

In addition, too many companies, both stock and mutuals, do not know where they are on the pricing scale and, thus, have no point of reference.

There are two other factors to be recognized in the pricing controversy affecting commercial lines in addition to the Insurance Services Office manual rate: the rate departure factor and the modification factor. While both factors quantify a percentage relationship with a given norm, there is a difference.

A rate departure is a deviation decided upon by underwriters and actuaries and describes the difference between an insurer's and the ISO's manual rates. A modification factor relates to an individual policy; examples include experience-rating factors, schedule credit and package discounts.

Price reductions in a highly competitive and premium-hungry market can be generated by either or both of these methods of adjusting premiums. While we suspect much of the price cutting of recent years has been in the form of discounts and credits, we believe the failure of some companies to implement manual rate increases has seriously compounded the problem, especially in commercial automobile coverages.

Where price reductions and failure to implement manual rates exist, pricing could firm more quickly than some suspect by changes in a company's comeptitive pricing philosophy in either or both of them—influenced perhaps by a weakening in the balance sheet. Hence, the inability of managements to "firm" their prices may be more a factor of their own inertia than anything else.

While one can understand the inability of a smaller company to develop the statistical base and necessary computer programs to provide it with a constant monitoring of its pricing trends, it is inexcusable for a major property/casualty underwriter not to have such data readily available. The Insurance Services Office, through its Commercial Statistical Plan, provides a framework within which both large and small underwriters can develop monitoring systems.

Who really benefits from the industry's pricing buffoonery? While low prices may appear to be a near-term delight for the buyer of insurance, there are clearly some dire consequences that must be recognized.

We believe there is a distinct possibility that some sizable property/casualty insurance companies could ultimately be forced into insolvency, or at least into "shotgun marriages." While an insolvency is obviously an indictment of the company's management, it is also an indictment of the regulatory process, notwithstanding political implications.

From the point of view of the insurance agent, whether an independent or one who works for a national broker, this scenario would seemingly behoove him to ascertain the solvency, strength and staying power of the company with which the clients' business is placed. If, in fact, an insurance company cannot make good on a loss, we would suspect that some brokers could be held liable. If nothing else, we would expect that the brokers' errors and omissions policies will be reviewed very closely by both policyholders and underwriters.

Finally, from the insurer's perspective, by underpricing its book of business on a continuing basis, it is not only undermining the integrity of its book of business, but also is taking a high-stakes gamble on its very existence.

Perhaps the answer to these questions is for everyone involved—the agents, the underwriters and the regulators—to purchase great big rubber stamps embossed with the words "caveat emptor." Hence, the insurance companies can stamp the statement on the front of their insurance policies, insurance brokers can stamp it on the front of their billing statements and insurance commissioners could stamp it on any inquiries they receive from concerned and confused policyholders.

This seemingly would exonerate everyone from blame should an insurer go belly up. ■

BI Industry Stock Report

JUNE 22, 1982 6/16/82 THRU 6/22/82

Insurance Cos.		Price	% Chg	P/E	$ Div	% Yld	High	Low	Vol (000)
Aetna Life & Cas Co	NYSE	33.75	-1.8	5.5	2.52	7.5	34.50	33.13*	738.7
American Bankers Ins Group	OTC	7.13	-6.6	5.6	0.48	6.7	7.63	6.75*	75.4
American Gen Ins Co	NYSE	38.50	4.1	5.6	2.20	5.7	39.25	38.00	108.5
American Indty Finl Corp	OTC	13.00	-1.0	7.6	1.12	8.6	13.13	13.00*	16.4
American Intl Group Inc	OTC	56.25	-6.2	8.9	0.48	0.9	60.00	56.25*	536.3
American Natl Ins Co	OTC	14.00	0.0	6.1	0.76	5.4	14.00	14.00	26.9
American Sts Life Ins Co	OTC	17.00	-1.4	5.4	0.80	4.7	17.25	17.00	1.5
Aneco Reins Ltd	OTC	2.63	0.0	0.0	0.00	0.0	2.75	2.63	4.2
Avemco Corp	AMEX	12.25	-2.0	7.6	0.54	4.4	12.50	12.25	7.3
Banks Iowa Inc	OTC	35.50	-2.7	6.2	1.48	4.2	36.50	35.50	11.1
Bitco Corp	OTC	28.00	-3.4	4.2	1.92	6.9	28.50	28.00*	5.8
Carolina Cas Ins Co	OTC	6.50	0.0	6.0	0.32	4.9	6.50	6.50	0.1
Chubb Corp	OTC	37.13	-0.3	4.6	2.92	7.9	37.50	37.00*	165.9
Combined Intl Corp	NYSE	18.88	-3.2	5.1	1.80	9.5	19.25	18.75*	169.1
Continental Corp	NYSE	23.00	-6.1	6.4	2.60	11.3	24.25	23.00*	141.8
Crawford & Co	OTC	13.75	-1.8	10.3	0.56	4.1	13.75	13.75	11.6
Crown Life Ins Co	OTC	74.50	-12.4	5.5	3.10	4.2	85.00	74.50*	0.0
Crum & Forster	NYSE	24.88	0.0	4.4	1.64	6.6	24.88	24.38	147.0
Employers Cas Co	OTC	28.00	-2.6	6.1	1.20	4.3	28.50	28.00	2.7
Equifax Inc	NYSE	30.63	1.7	9.2	2.60	8.5	30.63	30.00	14.7
Excelsior Ins Co	OTC	15.00	-1.6	39.1	0.70	4.7	15.25	15.00*	0.0
Farmers Group Inc	OTC	30.00	2.6	8.4	1.24	4.1	30.00	29.38	132.3
First Colony Life Ins Co	OTC	66.25	0.0	18.8	1.02	1.5	DID NOT TRADE		
Foremost Corp Amer	OTC	27.25	0.0	7.6	1.12	4.1	27.25	27.25	3.6
Great West Life Assurn Co	OTC	190.00	-5.0	7.2	10.00	5.3	200.00	190.00*	3.9
Hanover Ins Co	OTC	27.25	1.9	3.7	0.88	3.2	27.25	26.75	13.0
Hartford Steam Boiler Insptn	OTC	36.50	-3.9	6.8	2.80	7.7	38.00	36.50*	21.3
Jefferson Natl Life Ins Co	OTC	36.50	-1.4	10.0	0.76	2.1	37.00	36.50	2.7
Kemper Corp	OTC	28.88	-3.7	4.7	1.80	6.2	30.38	28.88*	53.5
Lincoln Natl Corp Ind	NYSE	38.00	-2.9	6.2	3.00	7.9	39.50	38.00*	26.7
Mission Ins Group Inc	NYSE	22.00	-1.1	5.6	0.80	3.6	22.75	21.38*	100.9
Nationwide Corp Ohio	OTC	26.75	0.0	7.8	0.70	2.6	26.75	26.75	1.5
Northwestern Natl Life Ins	OTC	21.63	-2.3	4.5	1.50	6.9	22.13	21.63*	7.5
Ohio Cas Corp	OTC	36.13	1.4	5.4	2.36	6.5	36.25	36.13	70.3
Old Rep Intl Corp	OTC	17.75	-4.1	4.2	0.92	5.2	18.50	17.50	112.6
Preferred Risk Life Ins Co	OTC	20.75	0.0	6.0	0.92	4.4	20.75	20.75	0.8
Provident Life & Acc Ins Co	OTC	42.50	0.0	5.3	2.44	5.7	42.50	42.50	19.1
Ryan Ins Group Inc	OTC	20.50	2.5	8.5	0.16	0.8	20.50	20.25	4.4
St Paul Cos Inc	OTC	36.00	-4.6	4.8	2.60	7.2	37.88	35.88*	212.5
Safeco Corp	OTC	32.50	-1.5	5.9	2.20	6.8	33.25	32.50*	123.7
Sri Corp	OTC	17.75	-5.3	3.9	1.00	5.6	18.50	17.50*	20.4
Seibels Bruce Group Inc	OTC	18.38	-9.3	9.8	0.80	4.4	19.63	18.38*	38.0
Statesman Group Inc	OTC	5.50	0.0	4.7	0.15	2.7	5.50	5.50	5.4
Tokio Marine & Fire Ins Co	OTC	88.00	-2.5	7.0	1.00	1.1	89.75	87.50*	0.0
Travelers Corp	NYSE	20.88	2.5	5.2	1.64	7.9	21.00	20.50	423.7
United Fire & Cas Co	OTC	29.50	0.0	8.5	0.88	3.0	29.50	29.50	0.5
United States Fid & Gty Co	NYSE	38.63	-2.2	6.9	3.60	9.3	39.13	38.13*	118.2
United Svcs Life Ins Co	OTC	14.50	-2.5	5.4	1.00	6.9	15.00	14.50	9.2
Uslife Corp	NYSE	16.13	-3.7	3.3	0.84	5.2	17.00	16.13*	145.5
Washington Natl Corp	NYSE	16.38	2.3	6.9	1.08	6.6	16.38	15.50	25.4
Zenith Natl Ins Corp	OTC	13.75	-5.2	6.6	0.76	5.5	14.50	13.75*	24.8
INSURANCE COMPANIES	AVERAGE			6.3		5.1			
Agents/Brokers									
Alexander & Alexander Svcs	NYSE	24.63	1.5	8.5	1.98	7.9	24.75	23.75*	173.0
Baldwin & Lyons Inc	OTC	34.50	-1.4	6.4	0.80	2.3	34.50	34.50	0.2
Corroon & Black Corp	NYSE	20.00	-2.4	10.4	1.76	8.8	20.38	19.88	12.4
Crump E H Cos Inc	OTC	8.63	0.0	18.4	0.40	4.6	8.63	8.63	13.2
Emett & Chandler Cos Inc	OTC	8.50	-1.4	9.6	0.00	0.0	8.75	8.50	9.6
Hall Frank B & Co Inc	NYSE	24.25	-1.0	9.1	1.70	7.0	24.75	23.63*	106.5
Integrated Res Inc	AMEX	15.50	5.1	5.8	0.00	0.0	15.75	14.63	108.9
James Fred S & Co Inc	NYSE	19.50	-2.5	9.3	1.60	8.2	20.13	19.50	39.2
Marsh & Mclennan Cos Inc	NYSE	32.75	-1.9	10.0	2.20	6.7	33.63	32.75	376.8
Penncorp Fincl Inc	NYSE	8.13	1.6	6.3	0.16	2.0	8.13	7.63	169.1
Poe & Assoc Inc	OTC	9.00	0.0	10.1	0.80	8.9	9.00	9.00	0.0
Reed Stenhouse Cos Ltd	OTC	11.00	-4.3	9.5	0.60	5.5	11.50	11.00	11.1
Rollins Burdick Hunter Co	OTC	17.25	1.5	11.3	1.32	7.7	17.25	17.00	8.0
AGENTS/BROKERS	AVERAGE			8.6		5.7			
Conglomerates/Holding Cos.									
American Express(Fireman's Fd)	NYSE	41.00	-3.0	7.3	2.20	5.4	42.13	40.63	1,322.2
Anderson Clayton(Ranger/PanAm)	NYSE	27.13	0.0	5.4	1.32	4.9	27.75	27.00	26.6
Armco Inc	NYSE	17.13	-3.5	4.3	1.80	10.5	17.25	16.00*	416.3
City Investing Co. (Home Ins.)	NYSE	20.50	-5.2	6.4	1.70	8.3	21.00	20.50	275.7
CNA Finl Corp (CNA)	NYSE	10.75	-1.1	4.2	0.00	0.0	10.75	10.50	120.4
Control Data (Comml. Credit)	NYSE	24.25	3.7	5.5	0.55	2.3	24.25	23.25	1,094.5
General Re Corp	NYSE	34.50	-7.1	8.1	1.08	3.1	37.75	34.50*	323.7
Gulf Utd Corp	NYSE	20.00	7.4	7.0	1.32	6.6	20.25	19.13	187.5
Cigna Corp	NYSE	33.38	-1.1	4.3	2.30	6.9	33.88	32.00*	1,223.5
ITT (Hartford Group)	NYSE	23.00	1.1	5.1	2.68	11.7	23.00	22.38*	608.4
Optimum Hldg Corp	OTC	8.75	0.0	6.6	0.00	0.0	9.00	8.75	3.9
Sears Roebuck & Co. (Allstate)	NYSE	19.13	1.3	9.2	1.36	7.1	19.13	18.75	1,310.9
Baldwin Utd Corp	NYSE	51.75	-10.0	6.5	1.60	3.1	56.75	51.75*	185.2
Teledyne Inc (Argonaut)	NYSE	98.13	-2.1	5.0	0.00	0.0	98.75	96.00*	550.2
Transamerica Corp (Occidental)	NYSE	19.50	0.0	5.8	1.40	7.2	19.50	19.25	248.0
CONGLOMERATES/HOLDING COS.	AVERAGE			5.7		4.3			

*Record high/low since Jan. 1, 1982

System design: Altman Information Systems

Financial briefs

E.H. Crump

E.H. Crump Cos. Inc. has declared a regular quarterly dividend of 10 cents per share of common stock, payable July 9 to shareholders of record June 30.

General Re

General Re Corp. has declared a regular quarterly dividend of 27 cents cents per share of common stock, payable June 30 to shareholders of record June 21. The dividend takes into account a two-for-one Gen Re common stock split that was approved by shareholders at the company's May 7 annual meeting.

Delta Dental of Minnesota

Delta Dental Plan of Minnesota has reported $8.7 million in gross revenues for the first quarter of 1982, including results for Deltanet Inc., a subsidiary that provides computerized claims processing to Delta Dental Plans in more than 20 states.

Company assets stood at $9.9 million at the end of the first quarter, compared with $9.5 million after the first three months of 1981.

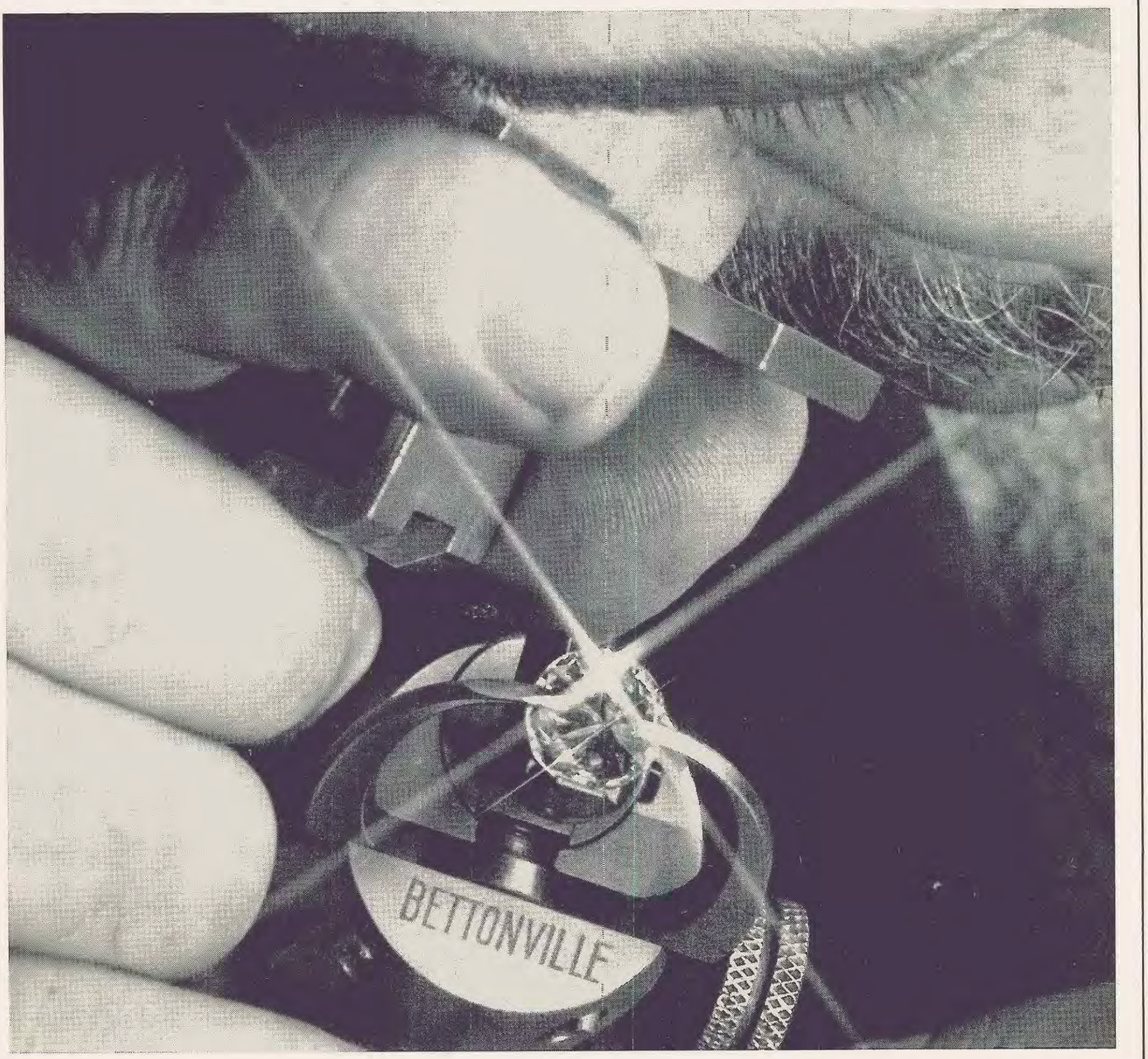
RGAF Underwriters

RGAF Underwriters, a reciprocal insurance company formed in October to provide workers compensation coverage to Florida's food industry, reported first-quarter earnings of $122,266 on net earned premium of $403,767.

RGAF Underwriters was formed after the Retail Grocers Assn. of Florida decided to convert its self-insurance fund into a reciprocal insurer. ■

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