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Update

Asbestos producers can assert state-of-art defense in California

SAN FRANCISCO—Asbestos producers can use a "state of the ar+" defense in asbestos bodily injury lawsuits that allege strict liability for failure to warn, the California Supreme Court ruled late last week.

The ruling, the first of its kind by the California court in asbestos litigation, resolves a split among state appellate courts.

The California Supreme Court found that when a plaintiff sues an asbestos producer for strict liability for failing to warn of the dangers of asbestos, evidence that the dan-

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Aviation rates see steady rise

AP/Wide World Photos

GRAPHIC BY JOHN HALL

The cause of the crash of a Lauda Air jet last week in Thailand, which killed all 223 people on board, is still uncertain.

Thai crash may boost underwriters' resolve

By STACY SHAPIRO

LONDON—The crash of a commercial airliner last week in Thailand, which killed all 223 people on board, will only strengthen aviation hull and liability underwriters' determination to increase rates this year.

Already, airline hull and liability rates have risen an average of 50% for airlines that have renewed coverage this year. Some airlines with July 1 renewals, like Air Canada, are also seeing increases, while other airline risk managers expect their rates to rise when they renew their coverage later this year.

Last week's explosion of an Austrian Lauda Air Luftfahrtgesellschaft Boeing 767, with a hull loss of $80 million and estimated liability losses of $20 million, would not increase rates by itself, brokers and underwriters say.

However, the loss "will increase the underwriters' resolve" to keep rates rising, summed up one London aviation broker.

And, it will not make a difference whether the crash—which may have been caused by a bomb—is considered a war risk loss or not.

"If it's a war loss, it will put pressure on (hull war risk) underwriters to increase rates," added an aviation underwriter. If the Lauda Air crash is covered by all-risk hull underwriters, "it will strengthen (those) underwriters' resolve to get rates up."

Last week, investigators were trying to discover what caused the almost new Air Lauda Boeing 767 to catch fire and explode above a jungle hilltop in Thailand about 18 minutes after it took off from Bangkok.

Immediately after the crash, a bomb was suspected, either to kill a drug enforcement official or mistakenly placed on the wrong flight. And, late last week, an engine implosion was suggested, which was labeled "speculative" by the Federal Aviation Administration.

Bangkok airport officials, meanwhile, deny that a bomb was on board and suggest that the crash was caused by an electrical storm in the area.

The disaster marks the first crash of a Boeing 767, one of the world's newest commercial passenger aircraft.

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Two more federal decisions uphold CGL pollution clause

By STACY ADLER

The pollution exclusion in comprehensive general liability policies bars coverage for toxic chemical spills that do not occur quickly or abruptly, two federal appellate courts ruled the same day.

The May 14 decisions by the 1st and 6th U.S. Circuit Courts of Appeals demonstrate a recent trend in the federal courts to favor insurers on this critical issue, according to attorneys who represent insurers in coverage litigation.

But attorneys who represent policyholders maintain that the two decisions do not make a trend and point out that other federal courts recently have rejected insurer arguments regarding the pollution exclusion.

Insurers embroiled in coverage litigation nationwide argue that the exclusion—which bars coverage for pollution that is not "sudden and accidental"—excludes coverage for all pollution that is not the result of an abrupt occurrence, like an explosion.

Policyholders, on the other hand, maintain that the exclusion only bars coverage for polluting events that are expected or intended.

The federal appellate courts that have ruled on the pollution exclusion are split on the issue.

The 1st Circuit and the 6th Circuit now have joined the 2nd Circuit and the 10th Circuit in ruling in favor of insurers on this critical issue, according to Thomas W. Brunner of Wiley, Rein & Fielding in Washington, D.C., who represents insurers in coverage litigation.

Meanwhile, the 3rd Circuit and

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Democrats unite behind play-or-pay proposal

Health care access plan

By JERRY GEISEL

WASHINGTON—A lack of bipartisan support could doom a sweeping new universal health care access proposal that Democratic leaders in the Senate are expected to unveil this month.

But the proposal—requiring employers, under a "play or pay" approach, to offer health care coverage or pay a new payroll tax—will mark the first time that Senate Democratic leaders have banded together behind a single health care access proposal.

"That a group of Democrats have hammered out differences among themselves is no insignificant accomplishment. It is a major step forward for Senate Democrats," said Ellen Goldstein, director of health care for the Assn. of Private Pension & Welfare Plans, a Washington-based benefits lobbyist.

Besides the "play or pay" mandate, the draft proposal would create a new program to replace Medicaid that would extend health care coverage to all uninsured Americans, no matter how high their income. It also would eliminate state mandated benefits rules for insured health plans.

The proposal—to be introduced by Senate Majority Leader George Mitchell, D-Maine, and Sens. Edward Kennedy, D-Mass.; John D. Rockefeller IV, D-W.Va.; and Donald Riegle Jr., D-Mich.—is expected to spark new interest in the

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Policyholder told to show insurers settlement files

By JUDY GREENWALD

SPRINGFIELD, Ill.—An Illinois Supreme Court ruling that policyholders in coverage disputes with insurers must turn over attorney documents generated in the underlying litigation is a severe blow for policyholders, some attorneys say.

The unanimous decision, which many attorneys expect will influence other state supreme courts, could have a chilling effect on defense of underlying litigation, attorneys say. Policyholder attorneys—knowing that whatever they write eventually could be turned over to the client's insurers and used against clients in coverage dispute litigation—may be inhibited in defending clients, attorneys say.

That ultimately could even hurt the client's insurer, said policyholder attorney Bill Greaney of Covington & Burling in Washington, D.C. "It could come back to bite them, although that's somewhat speculative at this point," he said.

Insurer attorney John Morrison with Altheimer & Gray in Chicago agrees. "I think it impacts on the entire adversarial litigation process," he said. "I see a certain amount of judicial myopia here."

However, other attorneys say it is reasonable to provide insurers with access to data related to settlements and that the ruling will not have a significant impact on policyholders' defense.

The May 20 decision, which partially affirms a lower court decision, stemmed from efforts by the environmental impairment liability insurers for Oak Brook, Ill.-based Waste Management Inc. and subsidiary Chemical Waste Management Inc. to obtain documents related to third-party suits the policyholders had settled.

Chicago-based International Surplus Lines Insurance Co. and Atlanta-based American Special Risk Insurance Co. wrote the claims-made EIL coverage in the early 1980s, which provided limits of $5 million and $10 million, according to Robert Marc Chelmers of Pretzel & Stouffer in Chicago, which represented the insurers.

Mr. Chelmers would not elaborate on policy details, noting that

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Update

Asbestos liability defense

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gers of asbestos were neither known or knowable is relevant and admissible during the trial.

"Exclusion of the state-of-the-art evidence, when the basis of liability is failure to warn, would make the manufacturer the virtual insurer of its product's safe use," said Judge Edward A. Panelli, writing for the majority. "How can one warn of something that is unknowable?"

The ruling will be extremely helpful to asbestos producers that claim that even those at the vanguard of scientific knowledge at the time the products were sold in the 1940s, 1950s and 1960s did not know asbestos was dangerous, said attorney Steve Snyder of Brobeck, Phleger & Harrison in San Francisco, who represented Fibreboard Corp. before the state Supreme Court.

This ruling "reflects the mainstream view" of the judiciary, he added.

The litigation stems from a lawsuit brought by Carl Anderson, a Navy shipyard worker from 1941 to 1976, who alleges he contracted asbestosis through exposure to asbestos products made by 12 manufacturers. Mr. Anderson claims the manufacturers should be held strictly liable for failing to warn of the dangers of asbestos.

Major bankruptcy ruling stands

WASHINGTON—A landmark ruling that insurance coverage litigation can be heard by a jury as part of a bankruptcy court proceeding became final last month when the U.S. Supreme Court refused to review the federal appellate court ruling.

The decision marks the first time a court has ordered a jury trial in bankruptcy court, according to attorneys.

The ruling has widespread implications, said Stuart Cotton of Mount, Cotton & Wollan in New York. "The entire concept of what types of cases can be heard in bankruptcy court is at stake," said Mr. Cotton, who represented the Insurance Co. of the State of Pennsylvania, a Philadelphia-based unit of American International Group Inc.

The February 1989 decision from the 2nd U.S. Circuit Court of Appeals involved Ben Cooper Inc., a manufacturer of Halloween costumes, which filed for reorganization under Chapter 11 of U.S. Bankruptcy Code in early 1988. As part of its reorganization, Ben Cooper purchased property insurance. Later, a plant in Rossville, Ga., suffered $2 million to $3 million in fire damage, but Insurance Co. of the State of Pennsylvania denied coverage and sought to terminate its policy.

Ben Cooper argued that since the insurance was purchased after the bankruptcy petition was filed, the coverage dispute was at the core of the bankruptcy proceeding and should be heard in bankruptcy court.

Views on federal regulation

WASHINGTON—Reversing its earlier stance, the American Council of Life Insurance said it will not back a legislative alternative to the McCarran-Ferguson Act, while the National Assn. of Insurance Brokers said it could support federal insurer solvency regulation.

The ACLI's directors unanimously voted against offering a proposal to strip the industry of its limited antitrust exemptions under the 1945 law while maintaining state regulation of insurers.

When the board in March approved the proposed McCarran-Ferguson alternative, which also called for exempting insurers from oversight by the Federal Trade Commission, it thought there was a consensus among members, an ACLI spokesman said (*BI*, April 1). But, feedback from members showed "the consensus was not to propose an alternative."

The ACLI reaffirmed its opposition to House bill H.R. 9, which would repeal several key antitrust exemptions for insurers (*BI*, Jan. 7).

The National Assn. of Independent Insurers also opposes any changes to the 1945 law. But, the American Insurance Assn. has proposed an alternative to McCarran-Ferguson (*BI*, May 20), while the Alliance of American Insurers says it will work with others on alternatives.

Meanwhile, last week outgoing NAIB President William D. Pringle, executive vp of Frank B. Hall & Co. of New York Inc., said: "The NAIB is prepared to support federal oversight of solvency regulation if needed to assure adequate uniform standards and effective enforcement."

Court alters Polaroid policy

CAMBRIDGE, Mass.—In what may be the first decision of its kind, a state court judge presiding over a pollution coverage dispute will allow a liability insurer to add a missing pollution exclusion to a policy.

Massachusetts Superior Court Judge Wendie I. Gershengorn ruled May 28 that it was the intent of Polaroid Corp. and its umbrella liability insurer, Lexington Insurance Co., that the policy contain a pollution exclusion, which bars coverage for all pollution that is not "sudden and accidental." The judge said she based her finding on: correspondence between Lexington and Polaroid indicating it was Polaroid's to obtain its prior coverage, which included the pollution exclusion; evidence that Polaroid also intended to purchase environmental impairment liability insurance and the premium charged for the policy.

"Taken as a whole, the evidence strongly suggests that Polaroid believed its policies. . .did not provide coverage for pollution damage other than that which was sudden and accidental," the judge said.

This ruling means that Lexington and several excess insurers that followed Lexington's form can rely on the pollution exclusion to deny coverage to Polaroid for millions of dollars in cleanup costs. Polaroid is litigating with approximately 20 liability insurers over coverage for the cost of cleaning up three hazardous waste sites (*BI*, March 4).

This could be the first time a court has allowed an insurer to reform its policy to include a pollution exclusion, said Lexington attorney Sheldon Karasick of Sheft & Sheft in New York.

Monarch receivership order

BOSTON—The Massachusetts Supreme Judicial Court last week ordered Monarch Life Insurance Co. into temporary receivership to separate the company from its financially troubled parent.

The order, which was requested by the state insurance division, also is intended to allow for the sale of the life and health insurer, possibly to Penn Mutual Life Insurance Co.

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Study says firms not hurt by parental leave laws

By MICHAEL SCHACHNER

NEW YORK—Parental leave laws do not financially hurt employers and are not difficult to implement, concludes a recent study of four states with such laws.

A large majority of 604 surveyed employers in Minnesota, Oregon, Rhode Island and Wisconsin said they experienced no increases in health and unemployment insurance costs, training costs and administrative costs after those states enacted parental leave laws, according to the survey.

And, of the 583 employers who commented on the ease of complying with the laws, 91%, or 531, reported no difficulty. Indeed, one-third of the responding employers characterized compliance with the new regulations as "extremely easy."

The three-year study "Beyond the Parental Leave Debate" was conducted by the Families & Work Institute of New York, a leading advocate of work and family-related legislation.

According to Dana Friedman, the group's co-president, the survey results fly in the face of the main argument offered by opponents of federal and state legislation that would require employers to grant workers family and medical leave: that such a mandate would severely drive up employers' costs, ultimately leading to layoffs.

However, employers—many of which have implemented parental and family leave policies on their own—still oppose federal and state leave laws, according to benefits consultants.

And, benefit consultants claim that one reason the institute's study found unpaid parental leave is less costly to the employer than previously thought is because many employees cannot afford to

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Reforms modified in Texas

By MICHAEL BRADFORD

AUSTIN, Texas—Massive insurance reform legislation modified by the Texas Legislature still may lead to higher commercial insurance rates in the state, but it is a vast improvement over the original bill, business groups and insurers agree.

In the closing hours of the legislative session last week, the Texas House of Representatives agreed to a reform bill, S.B. 1, passed by the Senate that scrapped several central features of an earlier measure passed by the House.

For example, higher capital and surplus requirements were dropped, as were proposals to scale back the premium tax deductions for guaranty fund assessments and a requirement that insurers write all lines of business in Texas that they write elsewhere.

Insurance interests had objected strongly to all three provisions.

However, S.B. 1 contains other provisions that would increase insurers' reporting requirements, which insurers and business groups say will increase insurers' costs and lead to higher rates.

Gov. Ann Richards, who championed insurance reform during her 1990 campaign, is expected to sign the 600-page bill this week. Most of its provisions would take effect Sept. 1.

On another front, the Legislature failed to act on a bill that would have deregulated workers compensation rates in Texas and would have created a competitive state workers compensation insurance fund to replace the overburdened assigned risk pool (*BI*, May 20).

Introduced late in the session,

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APIW honors Cheri Hawkins

By CHRISTINE WOOLSEY

Ms. Hawkins

Cheri J. Hawkins, assistant treasurer and director of insurance for Weyerhaeuser Co., will receive the 1991 Insurance Woman of the Year award from the Assn. of Professional Insurance Women Inc. this week in New York.

The APIW is recognizing Ms. Hawkins, who just ended her tenure as the first woman president of the Risk & Insurance Management Society Inc., for her service to RIMS and her professional achievements during her 20-year risk management career at Weyerhaeuser, an international forest products company based in Tacoma, Wash.

"RIMS is an extremely major and intellectual organization" and the fact that Ms. Hawkins served as the society's first woman president "was really the most distinguishing factor" in the APIW's selection of Ms. Hawkins for the award, said APIW President Louise A. Ryan, vp at St. Paul Reinsurance Management Corp. in New York.

Ms. Hawkins' election as RIMS president "recognizes the increasing leadership role of women within a rapidly changing industry," Ms. Ryan noted.

In addition, Ms. Hawkins "has developed a true international voice" for RIMS and has heightened risk managers' awareness of environmental risks that may pose liability problems for their corporations, Ms. Ryan said.

"Winning an award presented by your peers is a good feeling," Ms. Hawkins said.

The process, quipped the ever-colorful Ms. Hawkins, was a little like "Miss America with 28 essay questions."

Candidates for the award, who are nominated by members of APIW, are extensively interviewed on their professional and personal accomplishments.

Following her graduation from the University of Puget Sound in Tacoma, Wash. in 1971, Ms. Hawkins began her steady climb within Weyerhaeuser's corporate ranks. She joined the company as assistant to the insurance manager in 1971.

She became assistant director of insurance in 1973, the same year she received her Certified Public Accountant designation.

Ms. Hawkins was named director of insurance at Weyerhaeuser in January 1990. She was appointed to the additional post of assistant

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- A London-based consulting firm is setting up an information service on asbestos-related claims for reinsurers and ceding companies. **PAGE 53**
- Winterthur Swiss Insurance Co. Ltd. and American International Group Inc. plan to jointly market employee benefit and pension plans to multinationals. **PAGE 53**

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Property loss control

High-rise office buildings require special precautions

By MARK A. HOFMANN

Like beauty, a high-rise office building's appearance of invulnerability to fire is only skin deep.

In fact, fire protection experts say that one need only look a few feet beneath a high-rise's exterior panels to see that without proper precautions, even the most seemingly invincible building is a potential fire trap.

Recommended precautions include installing and maintaining proper sprinkler systems; assuring that columns, doors and other features are adequately fire resistant; taking steps to minimize the chance that a fire will travel up a building's exterior; and training personnel to respond to emergencies.

Fortunately, "fatal fires in office buildings are extremely rare," said James K. Lathrop, chief life safety engineer for the Quincy, Mass.-based National Fire Protection Assn. Fatal fires in high rises—which the NFPA defines as a building at least 75 feet tall—during business hours are even more rare.

But, as a recent high-rise fire at Philadelphia's One Meridian Plaza office tower demonstrated, incomplete precautions can result in tragedy (*BI*, March 4). One Meridian Plaza was a partially sprinklered building that caught fire on a Saturday night. The blaze left three firefighters dead.

"People don't believe their buildings can burn because they're built of concrete, glass and steel," said Thomas M. Campbell, director of customer training at Arkwright Mutual Insurance Co. in Waltham, Mass. "What they forget about is what's inside."

Mr. Campbell pointed out that offices are filled with paper and furniture, both of which can burst into flame from a stray cigarette or a minor electrical fire. If the fire isn't suppressed quickly, a skyscraper can turn into a chimney.

"The single biggest problem in high-rises is the lack of automatic sprinkler protection," according to Mr. Campbell. He noted that although building codes may require the installation of sprinklers in all new high-rises, codes don't necessarily require the retrofitting of older buildings. For example, a 1984 Philadelphia ordinance required sprinklers in all high-rise buildings built after its passage. That did nothing to protect One Meridian Plaza, which had been built more than a decade earlier.

"Building codes often encourage trade-offs," said Ken Linder, assistant director of research for Industrial Risk Insurers in Hartford, Conn. For example, a code might swap sprinklers for fire-resistant materials standards, or vice versa, he said.

In addition, economic factors make some building owners hesitant to retrofit, said Mr. Linder. The cost of the sprinklers and labor —added to the cost of lost revenues if a structure can't be used during installation— leads people to think, "This is what I've got and it's been OK for years, so why should I spend this money?" he said.

But not all building managers believe retrofitting means economic disadvantage.

John Buysschaert, risk manager for Calgary, Alberta-based real estate holding and management company Trizec Corp. Ltd., said his company believes in retrofitting not only for safety reasons but for competitive reasons as well. Mr. Buysschaert said retrofitting helps attract clients to a facility. "You have to keep up with the times," he said.

"Our basic tenor is (that) we believe in sprinklering," said Steven W. Sachs, vp-risk management services division of the Columbia, Md.-based Hobbs Group Inc., the brokerage arm of Arkwright Mutual. Mr. Sachs acts as corporate risk manager for the Rouse Co., a Columbia, Md.-based real estate holding company.

Rouse has retrofitted unsprinklered properties; however, Mr. Sachs added that current economics may dictate against doing so. For example, property insurance rates for office buildings already are so low that there's no payback for retrofitting, he said. In the existing depressed commercial real estate market, the owner who retrofits can end up in a competitive disadvantage with one who doesn't, he said.

"There's no mystery" about what building owners need to do to protect high-rises, said Charles Scawthorn, vp of San Francisco-based EQE International, an earthquake mitigation consultant and vice chairman of the fire committee of the Council on Tall Buildings and Urban Habitat. The council, which is based in Bethlehem, Pa., is a group of engineers, architects and other professionals who examine both physical and social aspects of high-rise buildings.

Photos by AP/Wide World Photos

Fires at the First Interstate Bank building in Los Angeles (left) and One Meridian Plaza in Philadelphia underscore loss control's value.

Mr. Scawthorn said buildings should have sprinklers, alarm systems and adequately trained building personnel.

"It's not a high-tech thing," he said. But "people think it costs a lot of money. You have decision-makers who have different agendas" who don't necessarily take a long-term view of the value of such safety measures into account when looking at short-term financial questions, he added.

Richard J. Davis, manager-construction section of Factory Mutual Research Corp. in Norwood, Mass., noted that retrofitting certain buildings built before 1970 presents an additional problem: asbestos exposure. Asbestos was widely used for fire-proofing before it was linked to asbestosis, he pointed out. The presence of asbestos "does complicate things" when someone attempts to retrofit a building with sprinklers, he said.

Buildings being renovated must be inspected for the presence of asbestos according to Environmental Protection Agency regulations, noted Peter Blaisdell, an architect with Kendall, Taylor & Co. Inc. in North Billerica, Mass. The chance of asbestos dust escaping during renovation must be "abated," he said.

But David G. Adler, risk manager for the Atlanta-based Portman Cos., which owns and manages high-rises in the Atlanta area, including the downtown Peachtree Center office towers, said that although his company has most of its property sprinklered, Portman considers asbestos abatement programs "a prime opportunity" to retrofit. "We look at it as a tag-on to an asbestos abatement program," he said.

In addition, Arkwright's Mr. Campbell said he thinks movies and television should do a more realistic job of representing how sprinklers work.

"The sprinkler head itself is one of the most technically perfect pieces of mechanical equipment ever made," said Arkwright's Mr. Campbell. But movie and television portrayals of how sprinklers respond to a fire are considerably more rooted in dramatic effect than in reality, he said. According to Hollywood, dozens of sprinklers react at once, deluging rooms and furniture, he said.

The fictional version of sprinkler science may lead some people to believe that the devices cause much more water damage than is necessary, he said.

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Recession is not dampening efforts

Impact of a loss far more costly than any savings from cutback, consultants, risk managers say

By MICHAEL BRADFORD

Businesses are not scrimping on property loss control programs, even though the economic recession is pinching some budgets and bottom lines.

Belt-tightening in the area of property loss control ultimately could result in a loss that is far more costly than what is spent on prevention, experts say.

And in an economic downturn, the expense of rebuilding, business interruption and regaining market share could be devastating, they add.

"The focus is on business continuation" in tough economic times, observed Bill Ramonas, senior vp and national manager of property loss control at Johnson & Higgins Loss Control Services Inc. in Parsippany, N.J.

Businesses are still putting in place systems to prevent property losses, and "economics is not an overriding factor," he said.

Mr. Ramonas pointed out that J&H Loss Control is not seeing its personnel sit idle.

"We've got 60 engineers in the U.S. and 150 worldwide and we've been pretty busy working with our clients on loss control," he said.

"I haven't seen any change" in companies' emphasis on property loss control, agreed Tony Hirsch, assistant vp-claims and loss control at Corroon & Black/Kendall Insurance Inc. in Rochester, N.H.

"Companies are still putting up the expense money to have the loss control folks visit them," Mr. Hirsch said. "It's pretty much business as usual."

Companies are looking at the "whole picture," he said. They realize that if they cut back on property loss control, then there is the potential for a large property loss that could impede the production of goods or lead to lost man-hours, he explained.

"Corporate America is slowly becoming more aware of loss prevention and property conservation," said Scott Grieb, highly protected risk staff development specialist at Kemper National Insurance Cos. of Long Grove, Ill.

"Sometimes there is more value in protecting what you have" than in producing more products to sell, said Mr. Grieb.

It is a "horrendous mistake" for a company to slash loss control expenditures and lay off risk management personnel during an economic downturn, said Ralph Mosely, president of consultant Mosely & Associates Inc. in Nashville, Tenn.

In fact, it is during such tough economic times that companies should increase their attention to loss control, he advised.

Most companies have learned that lesson, Mr. Mosely said.

However, he said he is aware of some businesses that have opted to save a few dollars on loss control. "That is the wrong direction."

A company that decides, for example, to delay installing a sprinkler system because profit margins are slim is asking for trouble, according to Mr. Mosely.

A fire could wipe out property and inventory, and subsequent delays in business could allow the competition to gain a foothold that might prove difficult to overcome, he pointed out.

Such a catastrophe during a recession is often more expensive because production is down, Mr. Mosely noted. If a catastrophe occurs when production levels are high, the expense of a loss is not as great in relation to income, he explained.

Risk managers agree that a recession is no time to cut back on loss control expenditures.

"You shouldn't let recessionary pressures affect what you spend on asset conservation," advised Edward A. Aiello, general manager-corporate insurance at H.J. Heinz Co. of Pittsburgh. "We keep pushing our people to maintain asset conservation and safety."

While the cost of property losses could be tremendous, those costs could be far outweighed by lost market share resulting from the loss, Mr. Aiello pointed out.

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High-rise fires

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People also tend to ignore the fact that fire can travel up the side of a building, Mr. Campbell said.

Such fire propagation can depend on the spacing of windows, pointed out FMRC's Mr. Davis.

Mr. Davis said that the exterior vertical spread of fire can be minimized when the distance between a floor and the bottom of a window on the next higher floor is at least 2.8 times the height of the window, provided the window is closed. For open windows, the recommended minimum distance is 3.8 times the window height, he said.

But Mr. Davis said he's disappointed that not many architects are following the FMRC recommendations on window spacing when designing high-rises.

He also noted that many older high-rises were built before central air conditioning was available, and thus have windows that can be opened. When those buildings are retrofitted with air conditioning, the windows should be bolted shut, he said.

Another area of major concern to Mr. Davis is fire codes that allow trade-offs on recommended fire resistance measures, provided that other safety measures are taken.

For example, he said some codes permit the building owners to meet lower standards of fire resistance for structural columns if their properties are sprinklered.

Mr. Davis said that FMRC's experience has been that two-hour fire resistance standards in high-rises can allow significant deformation and structural damage to the columns supporting the building.

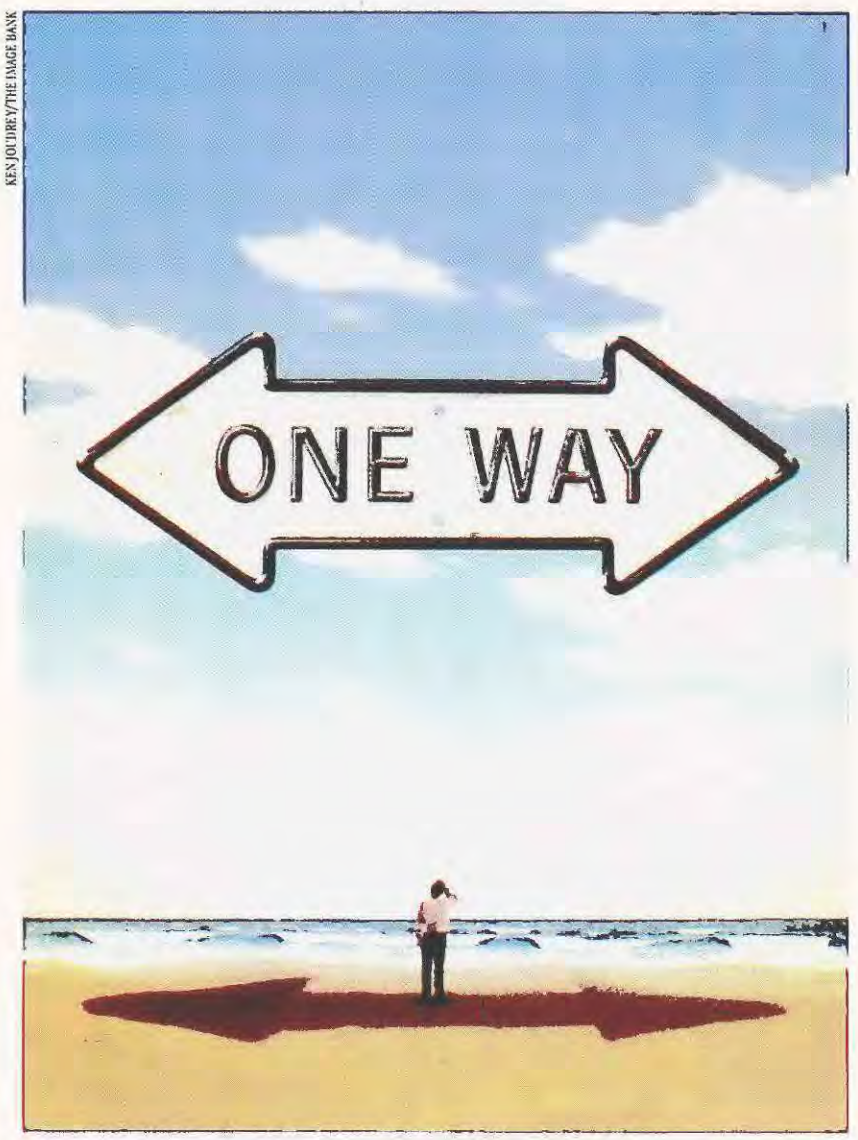
Even seemingly insignificant actions can have an impact on a high-rise's ability to withstand a fire, Mr. Davis said. For example, workers may scrape fire-resistant material from a steel beam so that something can be suspended from it and neglect to replace the material. If a significant amount is removed, the fire resistance of the steel may be severely compromised, he said.

People tend to ignore the fact that fire can travel up the side of a building, says Thomas M. Campbell.

Mike Berardi, property manager-loss control technical services for Schaumburg, Ill.-based Zurich-American Insurance Co. of Illinois, also urged building owners and managers to pay special attention to penetration of fire walls. For example, if electric wires and cables are put through walls without replacing any fireproofing material that has been removed, fire can spread through these gaps much more quickly, he said. A failure to adequately replace fireproofing material when fire walls are penetrated also raises the possibility that toxic and corrosive smoke will spread unabated through a building, he said.

Cole Emerson, program manager-business continuity and resumption planning for Menlo Park, Calif.-based consultant SRI International, also stressed that a building manager should also "understand whatever potential toxins might be present in the building" and make efforts to minimize their release in the event of a blaze. Mr. Emerson devised the successful emergency response plan that responded to the First Interstate Bank of California high-rise blaze in 1988 (*BI*, July 25, 1988).

Zurich's Mr. Berardi said that sprinklers and alarm systems should be tested regularly. Fire pumps should be tested weekly, and waterflow alarms need to be tested at least every six months, he said. ■



"Never say never."

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

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Drills key to office fire safety

By MARK A. HOFMANN

Even the best property loss control program is far from complete without a comprehensive and realistic strategy for ensuring the safety of human life, experts point out.

Integral to those efforts is educating a building's personnel about safe and effective evacuation procedures.

"You just don't evacuate a 50-, 60-, 70-story high-rise in two minutes," said Thomas M. Campbell, director of customer training at Arkwright Mutual Insurance Co. in Waltham, Mass.

In general, fire drills are "not as frequent as they should be," said Mr. Campbell. Arkwright asks its clients to perform such drills at regular intervals according to building size and other factors, he said.

Mr. Campbell said that if a blaze breaks out in a high-rise, the emphasis should be on preserving human life and not on suppressing the fire, which should be left to professional firefighters rather than well-meaning amateurs. "Get people out of the building safely and (without) panic, and let the pros handle it," he said.

Tenant turnover in high-rise office buildings means additional responsibilities for the building owners' loss-control officials and risk managers. "Somebody has to be responsible for telling new tenants what to do," Mr. Campbell said.

Arkwright began offering its "High-Rise Fire Prevention and Protection" program last year for both customers and non-customers. The 1½-day program is designed for people who are not necessarily fire safety engineers but have building management, security or fire protection responsibilities for buildings at least 75 feet tall.

The program mixes technical advice with videos of test burnings of office and hotel rooms conducted at the Factory Mutual Engineering test center at West Glocester, R.I. The program also includes a simulated fire called "Fire on the 14th Floor," which uses an audiotape narrative and a series of overhead projections to test reactions to an emergency.

The participants, who also receive a workbook describing the building and its contents, are asked questions like "What are the first four things you should do?" when a fire breaks out, Mr. Campbell explained. The exercise ends with one of five possible outcomes dictated by the participants' actions. The outcomes range from a successfully contained fire to a catastrophic blaze that takes dozens of lives.

Mr. Campbell said that the response to the program, which is scheduled to take place in about a half-dozen cities this year, has been very favorable. For example, a seminar held in Philadelphia in early May drew 48 people, including risk managers, building managers and fire fighters.

David G. Adler, risk manager for The Portman Cos., an Atlanta-based property manager and real estate developer, said that his company tries to hold a fire drill about once a year for every building. The drills are carried out on a rotating basis so that every floor or tenant has an opportunity to participate, he said. According to Mr. Adler, Portman gives advance notice of the drills and the drills are typically tied to a training class in which tenant representatives learn things like where exits are, how to respond and how to react to an alarm.

"We believe that one of the keys is having a trained security staff," said Mr. Adler. He said Portman has

Continued on page 6

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Fire safety

Continued from page 4

ongoing life-safety training for both its employees and contract security personnel. The training includes first aid and, in some cases, cardiopulmonary resuscitation training, he said.

The Rouse Co. of Columbia, Md., holds fire drills at its properties regularly, said Steven W. Sachs, vp-risk management services division of Columbia-based Hobbs Group Inc. who also acts as risk manager for Rouse. The drills serve to pinpoint potential evacuation problems, like overloaded stairwells, he said. In addition, the company has volunteer tenant "fire wardens" on each floor who help coordinate the evacuations.

John Buysschaert, risk manager for Calgary, Alberta-based Trizec Corp. Ltd., also holds fire drills at the company's high-rise office buildings, which are scattered over the United States and Canada. He said Trizec holds a drill about once a year at each of its more than 40 high-rise buildings.

To train employees on dealing with fire, Trizec holds a biennial loss-prevention seminar for all of its building managers, security officials and building engineers, Mr. Buysschaert said. The seminars, conducted on a rotating regional basis, deal with matters like what occurs during the first 10 minutes of a high-rise fire and how to respond to it, he said. The employees learn that everyone must have a specific role to fill in an emergency, whether that role is contacting the fire department or overseeing evacuation, he said.

The more data you can give the fire department on your building, the better, Mr. Emerson says.

Mike Berardi, property manager-loss control technical services for Schaumburg, Ill.-based Zurich-American Insurance Co. of Illinois, said his company has annual, unannounced fire drills at its Schaumburg headquarters. "Things go more smoothly with practice," he said. "You get to see where potential problems occur."

For example, during a fire drill, Zurich-American loss-control officials noticed that as people came down the stairs into the lobby, they all went out the front doors. To ease the crowding, the company put stair marshals at the bottom of the steps to direct people to alternate exits, which greatly improved later evacuation drills, he said.

But economic concerns also discourage fire drills, just as they discourage retrofitting with sprinklers, said James K. Lathrop, chief life safety engineer for the Quincy, Mass.-based National Fire Protection Assn. "Time is money" and "It can't happen to me" are common attitudes, he said.

The NFPA recently filmed a 22-minute video called "High Rise Evacuation" to explain how to deal with a high-rise blaze. For example, the film's narrator warns his viewers, "Don't be fooled by the stunts you see in the movies." Real people can't run through flames, and the high winds likely to be buffeting the roof of a burning high-rise make dramatic helicopter rescues difficult, he said.

Inside a burning high-rise, "the system that's most likely to fail is you," warned the narrator. He noted that as smoke settles on a floor, people become disoriented, with one doorway looking just like the next one when viewed from one's hands and knees. The NFPA video recommends that high-rise workers count the number of doorways from their desks to the exit just in case they ever have to make the trip by crawling along the floor.

Cole Emerson, program manager-business continuity and resumption planning for Menlo Park, Calif.-based consultant SRI International, stressed the need to have structural information readily available for firefighters. It's critical to deliver information on such things as the placement of standpipes and internal pumps for firefighters as soon as possible, yet it is often overlooked, he said.

"Get that set of information to the commander as soon as he gets to the site," advised Mr. Emerson. A building's own security director should take those documents with him when he leaves the burning building so they can be handed over to the fire commander on the spot, he said.

In addition, a building manager should make contact with local firefighters long before any fire breaks out, urged Mr. Emerson.

"Always encourage visits by the fire department" so fire officials can familiarize themselves with the structure's layout and fire-suppression equipment, he said. "The more information you can provide the fire department, the better."

Trizec's Mr. Buysschaert agreed. "We work closely with the fire department," he said. When Trizec opens or acquires a new building, local fire officials are invited to inspect the premises to see, for example, where connections for fire hoses are, he said.

Ben Garati, chief of the Chicago Fire Department's First District, which includes the Loop business district, said his department conducts public educational efforts at the request of high-rise owners. The educational team shows safety videos and offers instruction about forming building fire brigades, he said.

"Periodically we have walk-throughs," Chief Garati added. In the case of fire, the building engineer should meet the incident commander at the site to provide information about the building, he said.

Chief Garati said that some of the problems firefighters encounter include blocked exits, boxes and other materials in stairwells, and boxes placed too close to sprinklers, thus hampering their effectiveness. There should be at least 18 inches between the top of anything stored underneath a sprinkler and the sprinkler head, he said.

Citing an additional precaution that is often overlooked, SRI International's Mr. Emerson urged that all emergency announcements and emergency instructions should be bilingual if necessary. He said that although no one could be expected to list the information in every language known to man, in certain areas of the country a manager should at least provide the information in Spanish as well as English. ■

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No scrimping

Continued from page 3

"If we lost a plant, the cost of that plant would be small compared to the cost of re-entering the marketplace. A lot of times, people fail to look at the total loss," Mr. Aiello said.

"We demand quite a bit of service" on property loss control from insurers, he said. "We make sure that our plant locations are asking for all the services they need and that they're not bashful about it."

As part of its property loss control efforts, Heinz is working on an "asset conservation manual" to be sent to plants worldwide, Mr. Aiello said. The new manual is part of an effort to encourage foreign locations to more carefully consider property loss prevention, he explained.

Property loss control at Bandag Inc., the Muscatine, Iowa, manufacturer of tire retread materials, is "as high a priority as ever," said David Eaton, manager-risk and insurance. "It's always been one of our priorities."

In fact, because of recent plant expansions, Bandag has increased its spending for property loss control by upgrading sprinkler systems to protect the additional property, he said.

Altogether, Bandag's loss control program is responsible for protecting property valued at around $300 million worldwide.

Insurers 'wll push as hard as they can, even to the point of canceling policies,' says Ralph Mosely.

"We're an HPR, and we take HPR seriously," Mr. Eaton said. "We're dealing with a difficult risk because we're sitting on a million pounds of synthetic rubber."

A 1983 fire at a plant in Griffin, Ga., led Bandag to engage in large-scale fire-testing to determine whether its plants needed additional protection. What emerged was an upgraded sprinkler system that was installed in all of its North American rubber plants.

The fire, caused by a heater malfunction, destroyed the plant—a $13 million loss. Bandag later rebuilt the plant, which was insured by Factory Mutual Insurance Co.

Today's economic conditions do not influence ongoing loss control efforts, said John G. Watson, assistant treasurer and director of insurance at paper manufacturer Union Camp Corp. in Wayne, N.J.

"The type of projects we get involved in are multiyear and what is finishing up now started three or four years ago."

The risk manager of a large supermarket chain said senior management is well aware that property loss control is tied to the company's bottom line.

The supermarket's distribution centers, valued at around $800 million, are "an integral part" of its operation, the risk manager pointed out. "Senior management realizes what would happen if we lost one of those centers."

"Our company some years ago decided loss control was very important," the risk manager said.

In addition, "to lose a store affects not only the bottom line from a loss of sales," it could also harm employees and disrupt their families by eliminating jobs, he said.

The soft commercial insurance market also has not reduced commitments to property loss control, experts say.

Insurers can be quite demanding about loss control during a soft market because they, too, are concerned with profits when premium income is reduced, pointed out Mr. Mosely, the consultant.

"They're watching their bottom lines, too. They will push as hard as they can, even to the point of canceling policies of a policyholder that refuses to do things."

The risk manager at the large supermarket chain said his underwriters demand the chain maintain good loss control practices regardless of market conditions. The supermarket's property coverage is written by CIGNA Insurance Co. and Insurance Co. of North America, both CIGNA Corp. units, as well as syndicates at Lloyd's of London, he said.

"I've found their demands have not changed over the last four or five years," the risk manager said. "They are still requiring quite stringent loss control procedures."

Dennis Flynn, director of risk management at IMC Fertilizer Inc. in Mundelein, Ill., said the company's property loss control decisions "are not driven by the insurance market or lack of same."

"I've not seen any change in attitude" by insurers during the soft market, Mr. Flynn said.

Most IMC properties are highly protected risks insured by Arkwright Mutual Insurance Co., said Mr. Flynn. "We make a concentrated effort to keep those assets in shape."

At a production plant in Canada, for example, IMC recently spent more than $100,000 to install sprinklers and other equipment as part of a program to upgrade the facility's loss control systems.

The only "acceptable procedure is not to have a loss, whether it be a property loss or one related to people," Mr. Flynn said.

"The hard or soft market has no bearing" on property loss control, agreed Grant Johnson, risk manager at George A. Hormel & Co. in Austin, Minn.

In fact, Hormel, along with broker Alexander & Alexander Services Inc. and property insurer Industrial Risk Insurers, recently completed a semi-annual review of the food company's property exposures, which are insured to limits of $1.3 billion. The insurance covers property, inventory and business interruption exposures.

Each Hormel property is studied during the review to determine whether there are safety problems and the potential financial impact if a property loss occurs.

During the review, all loss prevention services at Hormel facilities are scrutinized, and recommendations for improvements or new projects are discussed, Mr. Johnson explained.

At its Austin plant, for example, Hormel decided it needed a new

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No scrimping

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pump with its own electrical feed to provide sufficient water pressure for the plant in the event a fire or other accident cut power to the facility, said Mr. Johnson.

The review also helps Hormel determine whether production can be made up at other facilities in theevent of a shutdown, he said.

Despite the soft property/casualty market, IRI—which began insuring Hormel in 1986—has not changed its attitude toward property loss control, according to Mr. Johnson. IRI has a "very good relationship with our engineers," he said.

Mr. Watson of Union Camp also has not seen a dropoff in insurers' property loss control demands in the soft market.

"I don't know that there's a lot of difference in a hard and soft market," he said, referring to insurers' loss control demands.

However, "through our own resources, we decide what level of protection to put in," he said.

Consultant Mr. Mosely advises that if a company's senior management decides to cut back on property loss control, the risk manager must be prepared to present a valid defense for keeping those procedures in place or instituting new procedures.

In many cases, risk managers are "excellent in the technical end, but not in the management end," Mr. Mosely said. "They can't get their points across to senior management" about how loss control saves the company money in the long run, he said.

A risk manager needs to be able to prove to senior management that keeping loss control procedures in place can save 10 times the amount the company would save by laying off personnel or slashing loss control expenditures, Mr. Mosely said.

Mr. Ramonas of J&H Loss Control agrees that risk management personnel sometimes have problems "communicating all the jargon" to senior management. Consultants have to help present property loss control information to senior management, he said.

And, he noted, risk managers have to be precise with senior management not only about exposures but also about options for protecting property. "There are always a multitude of options," Mr. Ramonas said.

"It's getting more sophisticated," Mr. Ramonas said of property loss control

"Our clients are looking for people like us to provide advice, to do things the client does not have the in-house capability to do. They're looking for the answers to the tough questions. Sprinklering a building is not tough. They can do that themselves." ■

Built-in systems aid loss control

By STACY ADLER

A growing number of companies are looking at ways to build loss control systems into industrial equipment.

By working with equipment manufacturers to design equipment that includes fire protection devices, companies can provide better fire protection for less money than retrofitting machinery to accommodate loss control equipment, safety experts explained.

'It is always cheaper to incorporate loss control from the start," explained Mike Burke, vp and chief engineer for Allendale Insurance Co. in Johnston, R.I.

"Traditionally, the fire protection engineer is brought in at the end when the structure is already complete," Mr. Burke explained.

Then the structure—either a piece of equipment or a building—is retrofitted to accommodate sprinklers and other fire protection devices. "This is expensive and it limits the engineer in what he can do," he pointed out.

The whole process of adding loss control devices to a structure that is already built is analogous "to building a house without bathrooms and asking a plumbing engineering to add bathrooms," Mr. Burke quipped. "It is very impractical."

"It is more cost-effective to have loss control built-in," agreed Jim Welsh, senior account engineer for Arkwright Mutual Insurance Co. "And, this gives more flexibility to the owner."

As a result, several companies are exploring ways to design property loss control systems into the equipment they use.

For example, at Gannett Co. Inc. and Times Mirror Co., two large newspaper publishing companies, printing presses were specially designed to accommodate sprinkler systems and other fire protection devices.

And, at Bell Atlantic Co., special cable coatings were designed to protect phone cables against fire.

Gannett now has a companywide mandate that printing operations continue every day no matter what the emergency, explained Rick Jarry, corporate risk manager for Gannett.

Gannett publishes 82 daily newspapers, including USA Today, and owns 10 television stations, 15 radio stations and a billboard advertising company, among other operations.

"We must operate under circumstances that absolutely allow us to publish every single day—regardless," Mr. Jarry said. That means proper fire protection is critical.

For years, Gannett, which operates 112 printing presses nationwide, purchased standardized presses from Goss Processing Systems, a division of Rockwell International Corp.

After installation, the presses were retrofitted with water sprinklers in and around them.

The inherent fire hazards of the press equipment stem from the relatively large amounts of ink and paper waste as well as the fact that many areas of the presses are enclosed and therefore shielded from ceiling sprinkler discharges.

But, retrofitting the presses presented two main problems, according to Mr. Jarry.

First, it was not possible to place the sprinkler heads in a way that would assure that areas inside the presses or inside shielded areas would be dampened.

"The potential existed for a fire to continue to grow in those spots," he said.

Second, the contractors that installed the sprinkler heads had a tendency to "ad-lib," according to Mr. Jarry. They did not always place the sprinkler heads in the exact spot where they were told to because they ran into installation problems, he explained.

That ad-libbing resulted in "less than optimal protection," he said.

Mr. Jarry said that because of those problems he decided there must be a better way to provide the necessary fire protection for the presses.

He assembled a team of safety

Continued on page 14

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Spotlight report

Technology enhances loss control devices

By ADRIENNE C. LOCKE

Loss control professionals are continuing to broaden the applications of existing technology, while redoubling their emphasis on developing preventive and predictive technology.

Loss control engineers are making "changes in technology in which we are trying to make the devices we use work better," said Joseph H. Talbert, professional engineer and branch manager at The FPE Group in Naperville, Ill.

Joseph Hankins, manager in the protection section of Factory Mutual Engineering Corp.'s standards division, agreed.

For example, loss control experts at Factory Mutual are looking to expand on their success with the early suppression fast response sprinkler system by better defining the limits of its effectiveness.

The ESFR was designed to suppress fires caused by ordinary combustibles and high-density and expanded plastics packed in cardboard and some aerosols, Mr. Hankins explained.

Factory Mutual originally said the effectiveness of the system would be optimal when warehouse storage height is limited to 25 feet and the building height is no more than 30 feet.

The configuration of the stored materials is important because "the size of the fire is a function of the storage height," Mr. Hankins said.

The building height also is an important factor because "the distance from the top of the fire to the sprinkler system determines how much water will reach the fire," he said.

However, after further intermediate and full-scale fire testing—which has not yet been completed—Factory Mutual this year has determined the system can be effective up to a maximum storage height of 35 feet and a maximum building height of 40 feet. But, that revision holds only when ordinary combustibles and high-density plastics are stored and if water pressure is increased, Mr. Hankins pointed out.

In addition, Factory Mutual has determined that the ESFR system can adequately suppress some higher-risk fires involving unboxed expanded plastics like styrofoam by reducing storage height and increasing water pressure, he said.

As a result of the additional testing, Factory Mutual has found the ESFR system can protect a larger number of possible storage scenarios —without changing the design of the sprinkler, Mr. Hankins said.

Mr. Hankins said Factory Mutual should complete the ESFR system standards testing by year-end.

He said that the tests probably will show the system is not effective in buildings taller than 40 feet. But, the tests may show the system is capable of suppressing fires involving a greater number of flammable materials than Factory Mutual engineers currently believe effective.

However, loss control consultants are still trying to shake the notion that the system causes more damage than it prevents, said Basil Holcomb, senior loss control consultant at FPE in Lafayette, Calif.

"There is a reluctance to use a proven fire suppression system because of fears of unreliability and that it will create more problems than it solves," he said.

In particular, the communications, electronics and utility industries resist installing sprinklers out of fear of the damage they could cause, Mr. Holcomb said.

However, there is no documented evidence that an accidental discharge of a sprinkler system has caused extensive damage, he said.

But for the commercial real estate industry, for example, the competitive marketplace—not building codes—makes the installation of sprinklers essential, said Donald Boehmer, vp/engineering manager in the Washington, D.C., office of Rolf Jensen & Associates Inc. in Deerfield, Ill.

"There is an expectation that sprinklers be installed. A lot more sophisticated tenants are asking for sprinklers," he said.

However, sprinkler systems are not foolproof, stressed David Grupp, senior property loss control specialist at Kemper National Insurance Cos. in Long Grove, Ill.

For example, even though the Central Storage & Warehouse Co. complex in Madison, Wis., had a sprinkler system, the complex was heavily damaged by fire last month (*BI*, May, 13).

Many factors could have contributed to the extensive loss in Madison despite the fact that the complex was protected by a sprinkler system, Mr. Grupp said.

For example, the way the materials were stored, what was being stored or the water pressure available to the sprinkler system all could have changed since the building was constructed and the sprinkler system was installed in 1985, he said.

This would affect the performance of a sprinkler system that might have been designed to operate under a different set of circumstances, Mr. Grupp said.

And, some fires cannot be suppressed by sprinkler systems alone, Mr. Grupp pointed out.

For example, designing a sprinkler system that would control a fire in a plastic container in which a flammable liquid like motor oil is stored is "extremely difficult," he said.

In that and similar scenarios, the fire progresses too quickly for the sprinkler system to keep up with it, agreed FPE's Mr. Holcomb.

"There needs to be some major thought given to alternative ways to address these fires other than just sprinklers," Mr. Holcomb said.

Engineers in other areas of loss control also have expanded the application of existing technology.

For example, by combining existing computer and fire alarm technology, manufacturers have developed

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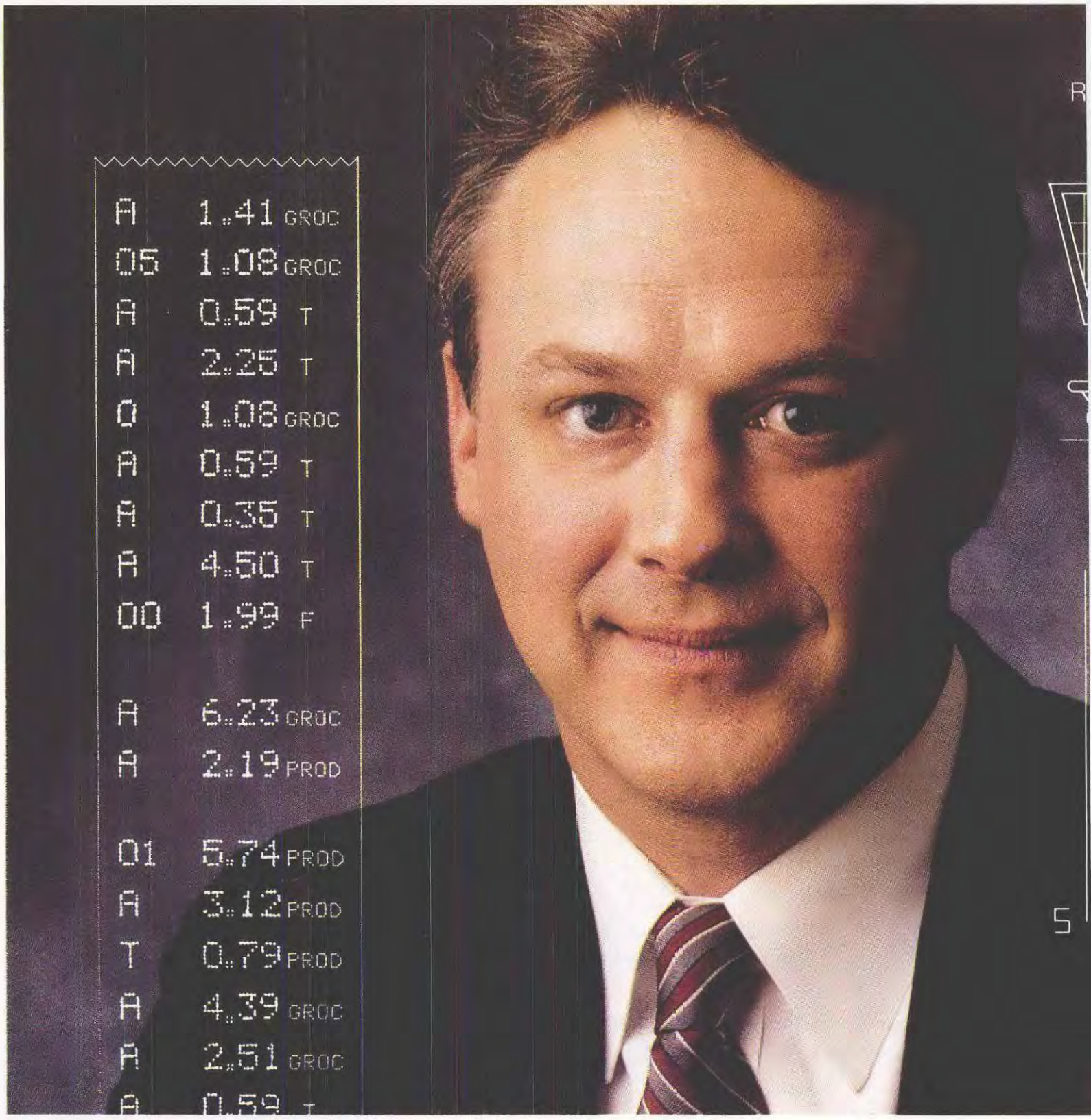
THE HOM



OLD PROS ON

Continued from previous page

in the past two years the so-called point addressable fire alarm system, which pinpoints the exact location of a fire—even if only a single smoke detector is activated, said Mark Dumais, a consulting technologist at Rolf Jensen.

The addressable alarm system uses an interactive computer program to keep in constant communication with smoke detector units on the network.

Instead of waiting for a smoke detector to signal an alarm, the computer continuously "asks" each unit what its status is, Mr. Dumais said.

If the unit has detected smoke, it tells the computer it has been activated. Since the computer communicates with every smoke detector unit on the network, it knows exactly where the unit that has detected smoke is located, Mr. Dumais said.

By contrast, more traditional computerized alarm systems, which respond to a signal emitted by an activated smoke detector, can only determine the approximate area of trouble.

Mr. Dumais said that to get individual responses from smoke detectors in older systems, each detector would require a direct connection to and from a central computer. This would more than double the amount of wiring needed, he said.

Flexibility is the greatest advantage of the addressable system, Mr. Dumais said.

"It's very expandable and easy to modify because the adjustments are made in the software," he said.

For example, additional smoke detector units can be added anywhere simply by wiring the new detectors anywhere on the main computer line to the existing detectors.

To add additional units to a traditional alarm system, a wire connection must be made from the last unit on the network to new detector, he said.

Mr. Dumais said that additional functions also can be programmed into the addressable system after installation.

For example, the system can be programmed to respond to an alarm in many different ways, like waiting for a second smoke detector to go off before sending an affirmative signal to the computer or triggering certain fire doors to close.

However, any changes to the original programming, if not made correctly, could hamper system performance, Mr. Dumais said.

"It's very easy to change the program. However, no one wants to do a 2,000-item test every time" it's changed, he said.

Programming tests require that someone be present at each separate alarm zone to acknowledge that the alarm system is responding to signals from the computer.

In a large high-rise, completing such a test in a timely manner could require additional manpower and would increase maintenance costs if the system had to be tested frequently, he said.

One way to reduce the chance of a programming error when amending the program is to ensure that the programming technician is qualified to work on an addressable system, Mr. Dumais said. "Often, the people who make the program change aren't the people who programmed the system," he said.

Another loss control specialist, Hartford Steam Boiler Inspection & Insurance Co. in Hartford, Conn., has taken loss prevention one step further with devices that can predict when equipment is ready to be replaced.

For example, one of its newest loss control systems, Remote Field Eddy Current, gauges the thickness of boiler tubes to predict where cracks and leaks are most likely to occur and to pinpoint the location of leaks, said William H. Bartley, manager-engineering services for Hartford Steam Boiler.

Because much of the tubing within a boiler is inaccessible, generally "you could only determine a problem with the tubes when they started to leak," he said.

And, even when a leak is discovered, pinpointing which tube is leaking is difficult, Mr. Bartley said.

RFEC works by creating a magnetic field that responds to and registers changes in the shape or character of the inner surface of the tube.

The RFEC probe is inserted into each individual tube to look for signs of thinning or cracking. As the probe passes through the tube, the magnetic field will react to those areas that are worn, pinpointing them for repair or replacement.

Before RFEC, maintenance crews would have to undergo a trial and error process of guessing which tubes needed to be replaced, then running the boiler to see whether they had caught the leak, he said.

Mr. Bartley said this meant additional time, expense and inconvenience, because a boiler often would have to be taken off-line repeatedly until the trouble spot was found.

The alternative of replacing all of the tubes in the boiler at one time also would be costly, he said.

Hartford Steam Boiler also has developed the DATALERT protective maintenance system to monitor and record the vibrations of rotating equipment, like turbines, pumps and generators, to look for existing and potential problems.

Many types of machinery vibrate at constant and distinctive frequencies when operating correctly, explained Donald A. Smith, director of research and development in the engineering/claims department at Hartford Steam Boiler.

However, "if there is a problem with the machine, if it is out of balance, then the vibration of the machine changes," he said.

With DATALERT, portable recording units are placed on the equipment being examined to monitor and record its vibrations.

The data is transferred via modem to Hartford Steam Boiler's computer, where it is analyzed.

The computer can identify abnormal vibrations and provide a diagnosis of the malfunction, Mr. Smith said.

Collected over time, the data can be used to find performance trends and determine at what stage regular maintenance should be performed, said William H. Klemm, second vp at Hartford Steam Boiler.

"We can see problems beginning to develop and anticipate how much useful life is left. It's an educated guess, but the maintenance is done when it's necessary and when it's convenient," he said.

In addition, "a well-executed predictive maintenance schedule will reduce the maintenance cost of the overall system," Mr. Klemm said. ■

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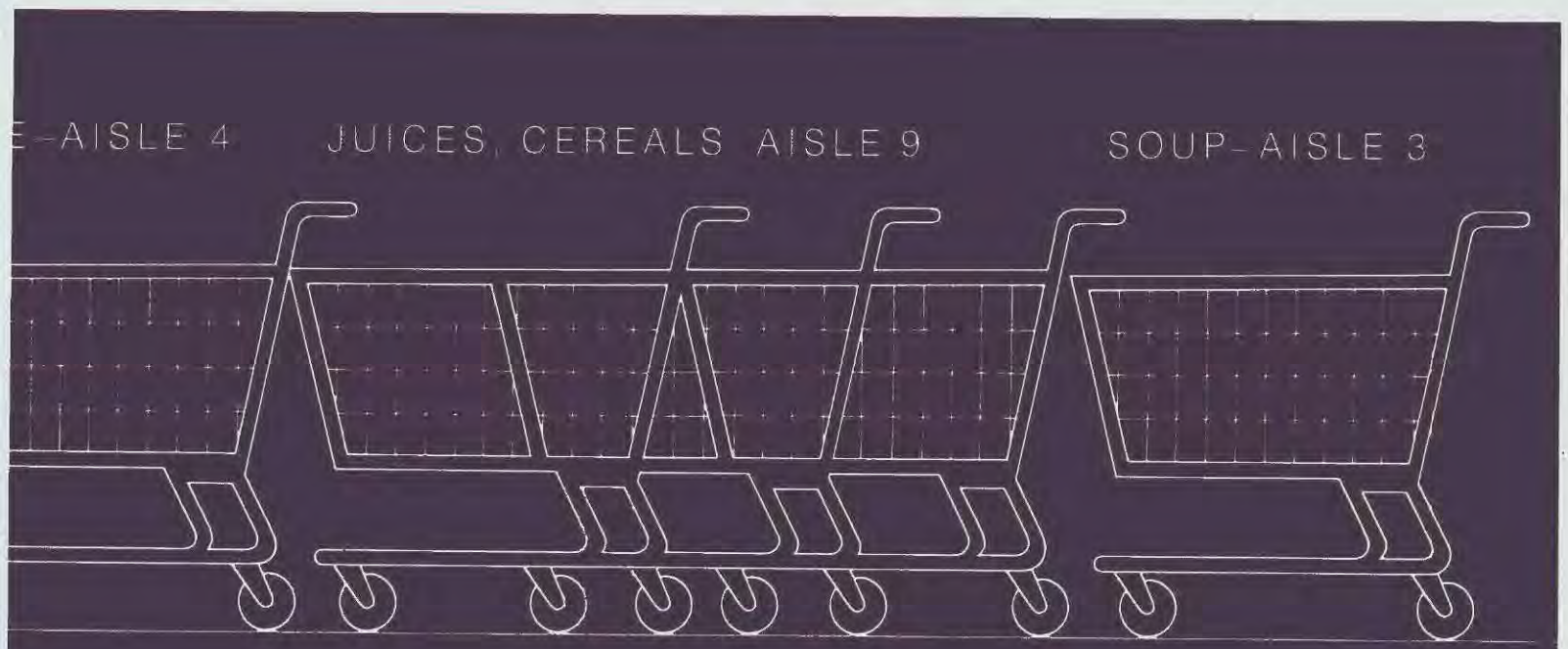

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Data equipment needs safety plan

By DEBORAH SHALOWITZ

Earthquakes, fires and floods all can wreak havoc as well as destroy a company's electronic data processing equipment and data, causing a company enormous economic loss and even threatening its existence.

"Any kind of fire of any magnitude will cost at least $250,000" to clean up, not including replacing equipment, pointed out Ray Howard, an industry services manager for technology at St. Paul Fire & Marine Insurance Co. in St. Paul, Minn.

However, there are many precautions a company can take—besides installing a fire protection system (see story, page 19)—to safeguard its EDP equipment and data.

These include duplicating data; implementing a good disaster preparedness plan, including arranging for a backup EDP site; and properly constructing and locating the computer facility.

"Bad things can happen that the data center people will never believe," said Richard Betterley, president of Betterley Risk Consultants Inc. in Worcester, Mass. This is an area that presents "a great opportunity for risk managers to make a notable contribution to their company's protection."

The most important precaution companies can take is to back up, or duplicate, all important data, experts agree.

Duplication is "the most obvious way, and still the most effective way," to protect data in the event of a natural disaster, said Steve Coombs, president of Corporate Policyholders Counsel Inc., a risk management consultant in Park Ridge, Ill.

Loss control experts agreed that daily backup is the safest way to protect vital data. Daily duplication, though, can be too expensive or too huge a task for some companies, some experts noted.

Those companies should prioritize their business data needs, duplicating daily only the most vital information, several experts suggested.

A company needs to recognize its "threshold of pain"—the amount of data it can afford to lose, Mr. Coombs explained.

Another alternative is backing up only data changes on a daily basis and completely duplicating all data once a week, said Melvyn Musson, national manager for crisis management and business continuation planning for Johnson & Higgins in St. Louis.

Experts recommend storing the duplicate data in a separate fire zone or a completely separate site from the original material.

"Have all your data backed up at a separate location," recommended H. Felix Kloman, a vp of the Tillinghast division of Towers, Perrin, Forster & Crosby Inc. in Stamford, Conn. In addition, "the backup site should not be affected by the same incident as the primary site," Mr. Musson noted. This is a particularly important consideration for companies located in areas subject to earthquakes and flooding, he said.

Digital Equipment Corp., which has thousands of computer rooms, follows these guidelines.

The Maynard, Mass.-based company backs up EDP tapes daily and stores them either in a separate building or another fire zone from the original tapes, according to Don Crowley, corporate loss prevention manager.

Daily tape backup "is, in our view, the absolutely most powerful thing we can do" to protect the data processing operation from a disaster, Mr. Crowley said.

The need to back up information extends beyond traditional EDP data, according to Vincent Scuoteguazza, a senior account engineer in the Lexington, Mass., office of Arkwright Mutual Insurance Co.

"People often don't copy (floppy disks) and their hard disks, or, if they do, they store copies in their desks," he noted. Both sets of disks could be destroyed at the same time in a disaster.

Companies also can implement a host of other safeguards including disaster preparedness plans, to protect EDP equipment and data, experts agree.

For example, Digital is in the process of making sure that each of its corporate locations has developed a disaster recovery plan, Mr. Crowley noted. "Every plant in the company either has one or is working on one," he said.

'Any kind of fire of any magnitude will cost at least $250,000' to clean up, says Mr. Howard.

"It's important for a facility to do disaster preparedness planning for the data processing function, but it is also important that there's a disaster preparedness plan for the whole facility and organization itself," said Elin Soderholm, a senior instructional designer in the training department of Norwood, Mass.-based Factory Mutual Engineering Corp.

Ms. Soderholm recommended that the staff in charge of developing a disaster preparedness plan brainstorm about the types of disasters that could befall their company and the consequences of each.

The staff then should work with departments that use EDP equipment and prioritize the data processing operations so companies know which operations they should concentrate on re-establishing first.

Having an arrangement for a backup EDP site can help a company quickly resume operations after a disaster, experts agree.

There are several ways to arrange for backup EDP facilities. One is to work out an arrangement with a local company with compatible computer equipment that allows the incapacitated company to use the other company's facility if necessary.

However, this kind of arrangement "may not work as smoothly as you'd hoped" if it has not been tested, Mr. Betterley noted.

And, the company that is still up and running may not have computer capacity available when the incapacitated company needs it, experts pointed out.

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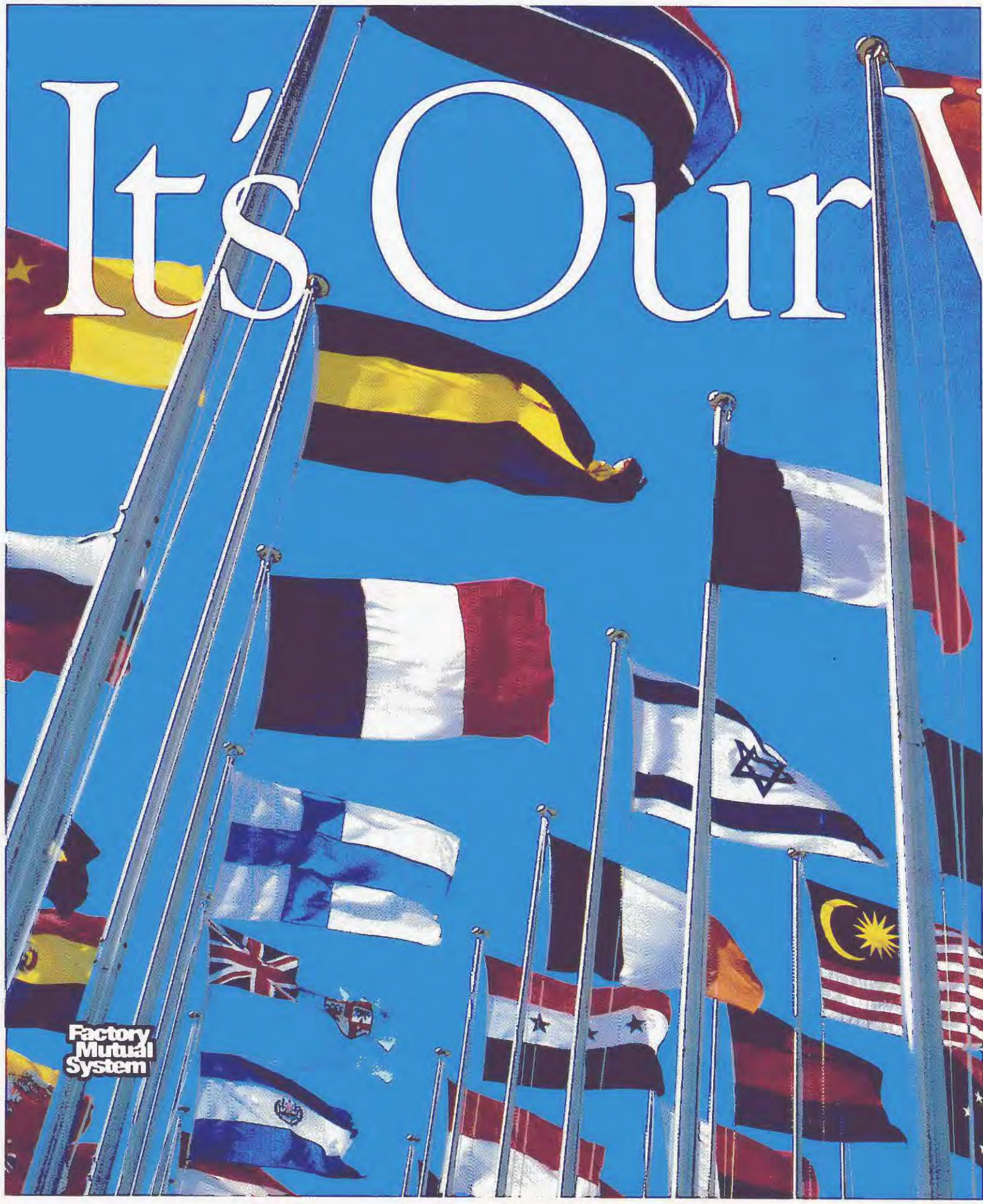


Continued from previous page

Another option is for companies to contract with a firm that is in the business of providing ready-to-use EDP facilities to companies in need.

Companies also can make arrangements with the vendors of their equipment to provide for emergency backups.

All means of preventing equipment and data damage and loss should be examined, as should recovery operations like salvage and repair, Factory Mutual's Ms. Soderholm said.

Some considerations that should be included in a disaster recovery plan, but that risk managers often overlook, include how staff will be moved to a temporary EDP site out of town, where they will be housed and arrangements for them to go home on weekends, Mr. Betterley noted.

Several experts pointed out that in the event of a major natural disaster, like an earthquake or a flood, a company s response might be limited and it might have to be coordinated with local authorities.

However, losses still can be mitigated in several ways.

For example, because natural disasters can disrupt power supplies, companies should have a source for uninterruptible power supply to their EDP operations, several experts advised.

J&H's Mr Musson noted that companies can have batteries connected to EDP equipment that allows staff to properly shut down equipment in the event of a power supply interruption.

Companies also can opt for generators that keep power flowing to the equipment indefinitely.

Factory Mutual's Ms. Soderholm also recommended that companies have lightning and electrical surge protection equipment, adequate grounding for electrical equipment and emergency power-off switches at exits of the EDP facility.

A lot of equipment damage can be prevented if employees are taught when and how to shut off the power of electrical equipment, she noted.

The construction and location of a computer room also can play an important part in preventing and mitigating disaster losses, experts agree. For example:

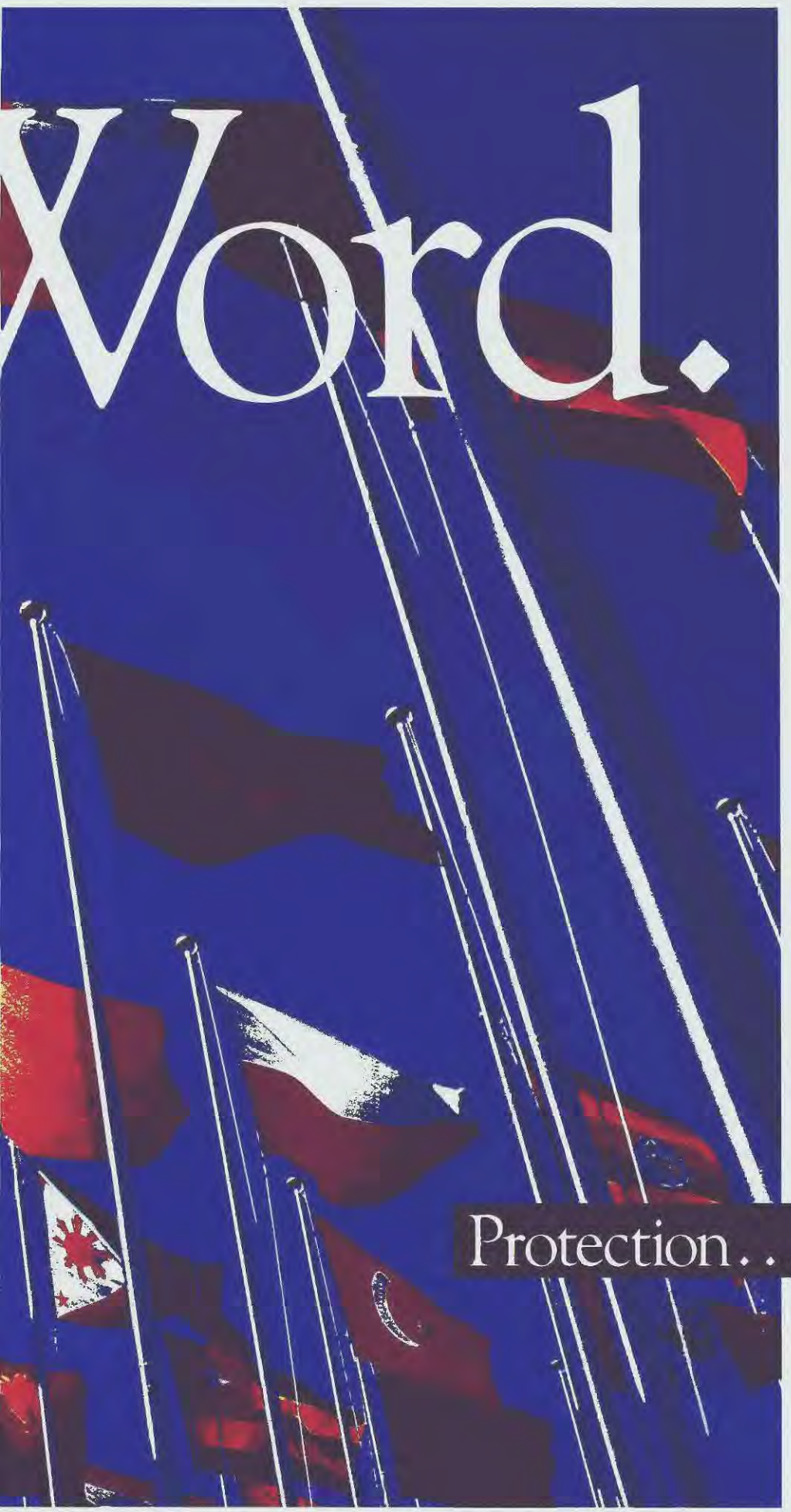
- To limit water damage from flooding, a computer room should not be located on the ground floor of a building, St. Paul's Mr. Howard pointed out. The floor above the computer facility also should be waterproof, he said.
- Companies should have tarpaulins on hand to cover equipment in case water does leak into the computer room, Arkwright's Mr. Scuoteguazza suggested.
- Raised floors, a necessity in computer rooms to cover cables and wiring, should be constructed of metal panels or metal-encased wood panels, and all floors should have floor drains, Mr. Howard noted.
- Raised floors and suspended ceilings should be installed so that they move together in the event of an earthquake instead of separately, Mr. Musson suggested.
- The area under the raised floors should be vacuumed periodically to stop rodents from destroying cables and to prevent the accumulation of dead rodents, which could pose a fire hazard, Mr. Howard said.
- The EDP facility also should not be located adjacent to a boiler room or warehouse, Mr. Howard said.
- A computer room's perimeter walls should be constructed to extend from floor to floor, not just from the floor to a false ceiling, to prevent fires from jumping over the wall, Mr. Howard pointed out.
- Combustible materials should be kept to a minimum in computer rooms, several experts cautioned. These materials include miscellaneous papers, computer printouts and even data tapes and computer disks.

It is a common mistake to store computer tapes and disks in the same area as the computer, Mr. Howard said.

Computer tapes and disks are "petroleum-based products that'll go pretty fast" in a fire, he said. Tapes and disks should be stored in an area with a very high sprinkler density, he recommended.

Mr. Howard also recommended that all combustibles in EDP facilities be stored in metal cabinets, that only self-closing metal wastebaskets be used, that garbage be removed daily and that only noncombustible cleaners be used.

- To prevent smoke damage to EDP equipment, computer rooms should have separate heating and air conditioning systems, experts advise. ■



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Firms seek substitute for halon

By COLLEEN JOHNSON

Progress is being made toward the development of a substitute for halon, a popular and effective fire suppressant whose production is being phased out because it damages the atmospheric ozone layer, experts say.

At least five companies are in various stages of formulating halon replacements but they face an array of challenges, including developing a product that equals halon's firefighting capabilities, making it reasonably affordable and achieving an ozone depletion potential lower than 0.2, the level that must be met by 2000 under the Clean Air Act. Halon has an ODP of around 10.

Halon for years has been widely used as a fire suppressant. Halon is non-corrosive and electrically non-conductive, dissipates quickly, does not leave a residue and is non-toxic when used correctly.

Unfortunately, halon also is highly hostile to the environment.

Under the Montreal Protocol of 1987, signed so far by 69 nations, production of halon is to cease by 2000, with limited exceptions.

So far, no restrictions have been placed on the use of halon, although some restriction on use could be implemented in the future, according to Daniel Blank, program analyst at the Environmental Protection Agency in Washington, D.C.

The parties to the Montreal Protocol will meet again in 1992 and may speed up the schedule for phasing out halons, Mr. Blank said.

Also, the Omnibus Budget Reconciliation Act of 1989 placed an excise tax on the sale of chemicals that deplete the ozone layer as well as products containing such chemicals.

While the tax will be fairly low until 1994, it will jump to $26.50 per pound in that year.

The problem in developing a halon alternative is a "major contradiction in objectives," said Ronald Alpert, manager of fire and explosion research at Factory Mutual Engineering & Research Corp. in Norwood, Mass.

Chemists must develop a product that is non-toxic and non-corrosive, and also not harmful to the ozone layer, Mr. Alpert said.

If a substance can be easily broken down in the atmosphere—and thereby not damage the ozone layer—then it may also easily

Continued on next page

Spotlight report

Halon

Continued from previous page
break down in human bodies and be toxic, he explained.

One possibility is to formulate a substance that would be broken down by sunlight, he speculated.

Also, a substance that puts out fires quickly is likely to be toxic, Mr. Alpert said.

Companies trying to develop a halon alternative must put huge sums into research and production, Mr. Alpert said. In addition, companies must determine if there are any long-term toxic effects that can take years to surface, he added.

E.I. du Pont de Nemours & Co. is developing two products to replace Halon 1301, the halon used to flood a room or an area to extinguish a fire, said Donald Dunn, market manager-fire extinguishers for the Wilmington, Del.-based company

FE 13, with an ODP of 0, became available commercially about three weeks ago, though it is unlikely a user would buy it at this time, Mr. Dunn said. More likely is that an equipment manufacturer would buy it and develop new equipment using the substance, since FE 13 would be used at a higher pressure than Halon 1301 and will probably not work in most systems designed for halon, he said.

FE 13 is the raw material used in Halon 1301, but does not contain bromine, which is also used in the making of halon and is the ingredient that makes halon harmful to the ozone, Mr. Dunn explained.

Two weeks ago, Kidde-Fenwal Protection Systems, a division of Ashland, Mass.-based Fenwal Inc., announced that it plans to look into developing equipment to accommodate FE 13 in a joint research project with Du Pont.

FM 100 is 'being sold on a regular basis, but it's just starting to gain widespread acceptance,' says Mr. Sweval. If 'categorized as the best available alternative' to halon, it could be produced under an exception to the Clean Air Act, he says.

Du Pont is working on another substance, FE 25, that is more similar to Halon 1301 and would be more likely to work in a system designed for halon, Mr. Dunn said. FE 25, which has an ODP of 0, will not be available commercially until 1993.

Both substances will cost more than Halon 1301: The per-pound cost will be higher and more of the new agents will be needed to do the same job as a smaller amount of halon, Mr. Dunn said.

Also, Du Pont is testing another substance, FE 232, that could replace Halon 1211, the chemical commonly used in portable fire extinguishers, according to Mr. Dunn.

Great Lakes Chemical Corp. in West Lafayette, Ind., already is offering a fire suppressant that it calls an alternative to halon. The product, FM 100, can replace either Halon 1301 or Halon 1211, said Mark Sweval, business manager of performance chemicals.

FM 100 works in the same way as halon in that it stops the chemical reaction in a fire, Mr. Sweval said. Like halon, it also is non-corrosive, non-conductive and leaves no residue, he noted. It differs from halon in that occupants must leave a room before it is used, he added.

However, various tests have shown FM 100 has an ODP level ranging from 0.19 to about 1.0—which would exceed the 0.2 level that will be required under the Clean Air Act, Mr. Sweval said.

FM 100 is "being sold on a regular basis, but it's just starting to gain widespread acceptance in the marketplace," Mr. Sweval said.

If FM 100 was "categorized as the best available alternative" to halon, it could be produced under an exception to the Clean Air Act, Mr. Sweval said, noting that FM 100's estimated atmospheric lifetime of seven to eight years is lower than halon's. Halon 1211 has an estimated atmospheric lifetime of 20 to 30 years, while Halon 1301's is 80 to 100 years, he said.

And "FM 100 just represents the first step" in Great Lakes' research into developing halon alternatives, Mr. Sweval said.

Atochem North America in Philadelphia, a subsidiary of Paris-based Societe Nationale Elf Aquitane is working on a substitute to Halon 1301 that the company believes could be used in an occupied room, said Bertrand Neusbaumer, business manager. The product has an ODP of 0, he said.

The product would be more expensive than halon, though the exact cost is not yet known, and a greater quantity would be needed to have the same effect as a smaller amount of halon, he said.

Atochem currently is testing the product for toxicity and foresees some sample quantities being available in 1992, with full production in 1994 or 1995, Mr. Neusbaumer said.

ICI Americas Inc. in Wilmington, Del., a subsidiary of Imperial Chemical Industries P.L.C. that manufactures Halon 1211, is now developing a replacement for that substance, said Tony Mash, commercial director of fluorochemicals.

The new product, called 124B1, is a "reasonable look-alike" for Halon 1211, but the problem is that it contains bromine, which gives it an estimated ODP between 0.4 and 0.5, Mr. Mash said.

Since the ODP level of the product can't be lowered, ICI Americas is holding back on product development until it sees if another, equally effective product with a lower ODP level is formulated, Mr. Mash said. If that doesn't happen, authorities may be willing to relax the 0.2 ODP level restriction, he said.

Minnesota Mining & Manufacturing Co. of St. Paul, Minn., has not yet developed a product to replace halon, but "we have a technology that we're looking at that we think could apply," a company spokesman said. He said 3M is studying the market to see exactly what kind of product is needed. ■

Some companies stick with halon

By COLLEEN JOHNSON

While researchers attempt to find an environmentally sound substitute for halon, businesses installing new fire protection systems face tough alternatives.

Some companies with fire exposures for which halon typically has been seen as most effective—like computer rooms, museums and aircraft—still are installing halon fire suppression systems, even if it means big changes in the future to accommodate a new substance.

Others, though, now are choosing alternatives to halon, like a sprinkler system.

Companies with new buildings or that are installing new fire protection systems are "sort of between a rock and a hard place," said James T. Lang, senior risk control consultant at Gallagher Bassett Services Inc. in Itasca, Ill. "The new technology is not out yet and the best technology available now is halon."

Mr. Lang said Gallagher Bassett still recommends halon systems in cases where they would be appropriate, but is telling clients about the upcoming restrictions on halon production (see story, page 19).

There are problems with using water to put out fires on "electrically energized" equipment that is plugged in, Mr. Lang noted. Water can be used if the power is turned off, but even employees trained in safety procedures may forget to do so during a fire, he said.

"I still go back to the old phrase, 'water and electricity don't mix,' " Mr. Lang said.

However, Scott Grieb, highly protected risk staff development specialist at Kemper National Insurance Cos. of Long Grove, Ill., said he thinks sprinklers can be an appropriate form of fire protection in computer rooms, when used in conjunction with carbon dioxide to flood the space under a raised floor in the computer room.

With most of today's computers, when water is poured on equipment, "you just have to dry it up and clean it off," Mr. Grieb said.

Continued on page 22

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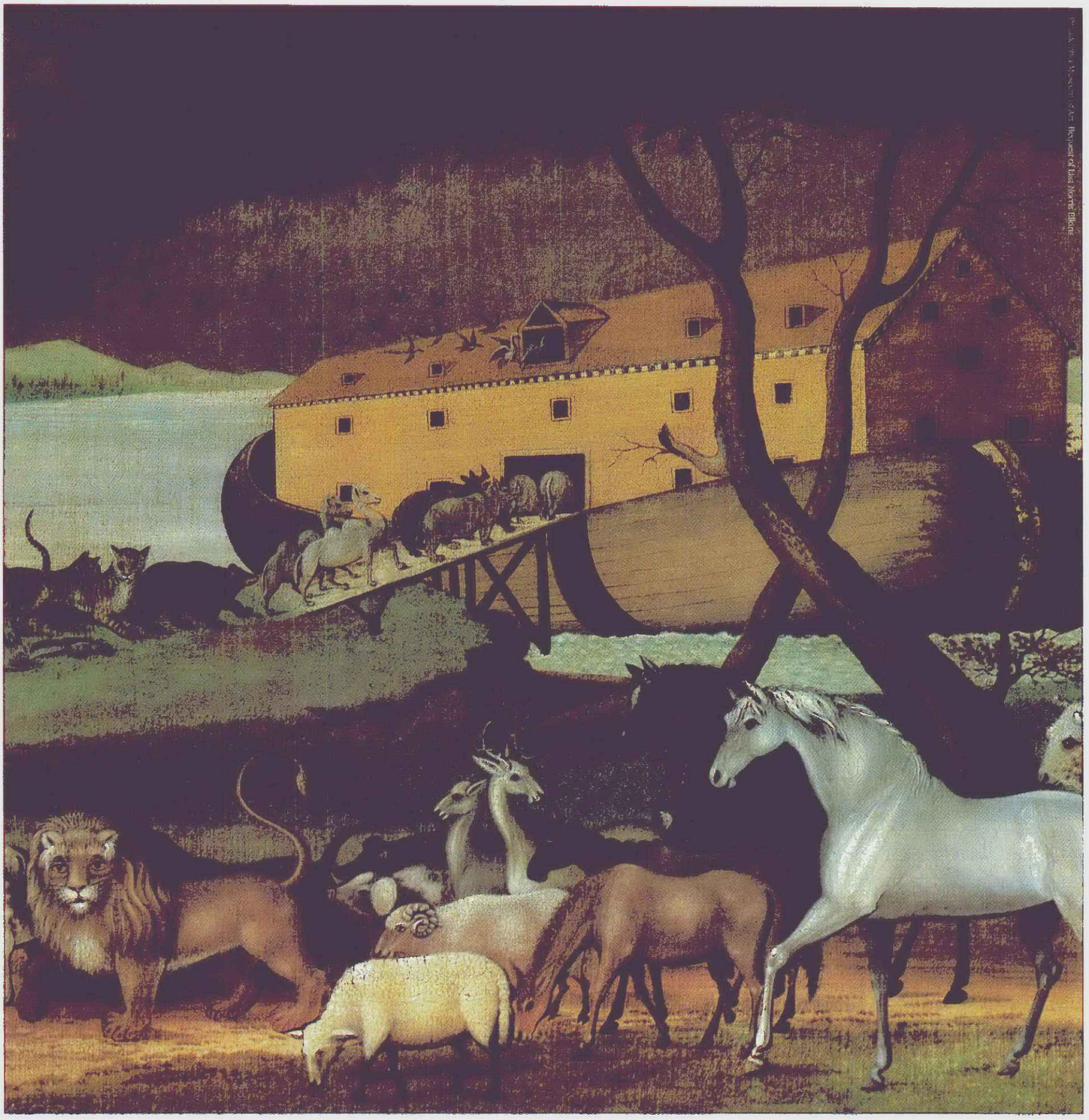

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Halon substitute

Continued from page 20

Richard Lyons, a fire protection consultant in the Philadelphia office of Chubb Corp., said he also is recommending sprinkler systems in areas where halon has been used, conceding that "I know many people get queasy about that."

"Halon allowed us to get lazy after the last few decades," said Michael Burke, vp and chief engineer at Allendale Mutual Insurance Co. in Johnston, R.I. But now that halon is being phased out, there is an increasing emphasis on "trying to design inherently safe occupancies" and on eliminating combustible objects where they're not needed, he said.

Companies that are building new facilities are designing them to minimize fire risk, Mr. Burke said.

While companies rarely install new halon systems now, it might be done in some cases—for example, in a chamber where a satellite is being tested, he said.

Another approach is to remove combustible objects—such as paper, tapes and cables—leaving only the computer in the room, said Frank Suppe, vp and chief engineering officer at Arkwright Mutual Insurance Co. in Waltham, Mass.

The risk of fire in the room containing the computer is thereby diminished and the combustible objects can be protected with sprinklers in adjacent rooms, he said.

"The big move, I think, is toward eliminating combustibles," Mr. Suppe said.

"I don't think many people are buying halon fire extinguishers anymore," said Edward J. Haas Jr., senior vp of property risk control services at Sedgwick James Inc. of New York.

Sedgwick James still recommends halon systems in some cases, like a computer room where a small halon fire extinguisher might be appropriate, Mr. Haas said. The broker also would recommend a halon flooding system in areas like a control room for computerized machinery, or in situations where a facility couldn't afford business interruption, he said.

Also, personal computers are becoming more powerful and are able to perform some tasks that previously had to be done through a mainframe protected by halon, he added.

And, computers are becoming "very resistant to water," Mr. Haas noted.

John A. Sileo, vp and manager of property loss control for New York-based Johnson & Higgins in Stamford, Conn., noted clients are looking at whether they really need halon for adequate fire protection. Some are installing halon systems "where they really, absolutely need it" and some say they have never really needed it, he said.

Clients that need the halon system are those that can't afford to have their operations stop, Mr. Sileo said. Those clients that are putting in halon systems realize that they may eventually have to get new systems if halon becomes unavailable, but that may not be for 20 years, Mr. Sileo said. "There's nothing mandating you have to get rid of it," he said.

Some companies are phasing out their halon systems, like Stamford, Conn.-based Xerox Corp.

Xerox, which uses halon systems for fire protection in computer rooms and in a few small manufacturing areas, is trying to phase out its halon systems by the end of 1991, but no replacement has been chosen, a spokesman said.

At Armonk, N.Y.-based International Business Machines Corp., "we don't permit the use of halons except in special situations" in which no other fire suppressant would be effective, an IBM spokeswoman said. This directive was issued in the late 1980s because of environmental concerns, she said.

Instead of using halon, IBM relies on "appropriate installation of sprinkler and alarm systems," she said.

Digital Equipment Corp., based in Maynard, Mass., uses halon for fire protection in computer areas, but is looking for a replacement that is effective in controlling fires and protecting people, said Fred Oldfield, corporate chlorofluorocarbons manager.

"As soon as we see something that is acceptable, we—and I'm sure other companies—will jump on it," Mr. Oldfield said. He said that an acceptable "interim" product may become available in the mid-1990s before a final product is developed.

As production of halon is curtailed because of environmental concerns, some companies are acting to safeguard their supply of halon.

Arkwright's Mr. Suppe said he thinks facilities with halon systems are improving the systems to cut down on false tripping. Some experts have estimated that false alarms and leakage account for 30% of the halon used (*BI,* May 28, 1990).

Companies that already have halon systems should try to conserve their halon by avoiding unnecessary discharges, Allendale's Mr. Burke agreed. They should make sure the systems are well-maintained and set up so that the release of halon can be delayed after an initial alarm. This allows personnel time to determine if there was a false alarm or if the fire is small enough to be put out with an extinguisher, he added.

Loss control experts agreed that facilities with halon systems are increasingly interested in recycling of halon, in which halon is removed from one system, extraneous substances are removed from the halon and then the halon is placed in another system.

For example, the Federal Aviation Administration contracted last September with Walter Kidde Aerospace in Winston-Salem, N.C., to look at ways of recycling Halon 1301 for use on commercial aircraft, said Thor Eklund, program manager for fire management research at the FAA facility in Atlantic City, N.J.

A number of clients that want to continue using halon are looking at developing a halon bank to ensure the supply, J&H's Mr. Sileo noted.

While eventually, "public pressure will force almost a total elimination of halon, some special exposures will require use of halon no matter what the expense," Mr. Suppe said, adding that an example would be aircraft.

"You're balancing the risk to the ozone to the risk of 500 people on a 747," Mr. Suppe said. ■

John R. Coleman
Vice President
RLI Northern California
Regional Office

At RLI, service in the field is measured by how promptly we respond to our customers' needs. Our fast quote turnaround and standard 15-day policy issuance are certainly part of this service. But I'm especially proud of RLI's reputation as a caring market that works with customers to help tailor special coverages.

How do I know we're measuring up? I hear it first-hand, from our valued customers. Here's what Jim Barnes, president of Sherwood Insurance Services of Northern California, had to say about RLI:

"Whenever I need a quick response to coverages that are unique and require exceptional creativity, my first call is to RLI. For example, I had a large course of construction risk that included earthquake. The client had several quotes, but none with a satisfactory deductible. I called RLI at 9:00 a.m. By 9:30 a.m. we had worked out a deductible buy-back policy that satisfied everyone."

We can be this responsive, flexible and decisive because the underwriting talent RLI hires is the best in the industry. Regional offices are empowered with full underwriting authority. That's a tremendous advantage, because it gives us a decided edge. We can present solutions to customers and bind coverage while competitors must wait for a decision from the home office.

It is exciting to bring this new benchmark of service to customers, especially in an industry that seems reluctant to shed its old image and change its old ways. I think it's time we as an industry realized that service isn't the only thing; it is everything.

RLI 9025 N. Lindbergh Drive Peoria, IL 61615
800/445-5468

Listing of property loss control consultants

A

AIG Consultants Inc.

72 Wall St., Ninth Floor, New York, N.Y. 10270; 212-770-3653; fax: 212-785-8287

Year founded: 1970.
Parent company: American International Group Inc.
Frequent services: General on-site plant loss prevention inspections, fire prevention inspections, plant security inspections, hazard identification, building plan reviews, real estate purchase, sale property surveys.
Occasional services: Loss prevention publications, client training.
Staff: 170; 40 professionals who hold seven ARM, four ALCM, 30 ASCE, 28 ASSE, 21 CSP, 12 PE, 30 SFPE and one CIHT designations.
Clients: 10% with gross revenues $200 million-$499 million, 90% exceeding $3.5 billion.
Specialties: Insurance companies.
Region served: Nationwide.
Branch offices: 25 locations in the United States and Canada.
1990 gross revenues: $24 million, 10% from unbundled property loss control consulting/engineering, 90% from other services, including insurance.
Principal officers: Arnold Goldberg, president; Jack Leonard and Robert Blaunstein, vps; Jan Andrew Young, assistant vp.
Contact: Jan Andrew Young.

Accredited Risk Management Specialists Inc.

P.O. Box 870971, Dallas, Texas 75287; 800-348-4866; fax: 214-306-6789

Year founded: 1990.
Frequent services: General on-site plant loss prevention inspections, hazard identification, loss prevention research, client training, validation studies, policy manuals, task analyses, management training and development.
Occasional services: Fire prevention inspections, plant security inspections, building plan reviews, loss prevention publications.
Staff: Eight; five professionals who hold two ASSE, two PE, four CFEI, two Ph.D., two MBA, one CHCM, one SSS, two ANSI, two NFPA, three NSC and two VOS designations.
Clients: 55% with gross revenues less than $200 million, 10% with $200 million-$499 million, 35% exceeding $3.5 billion.
Region served: Nationwide.
1990 gross revenues: 45% from unbundled property loss control consulting/engineering, 55% from other services, including industrial accident reconstruction, risk management, human resources management.
Principal officers: A.J. Scardino Jr., chairman/chief executive officer; Donna E. Ledgerwood, president; Don Godlewski, executive assistant.
Contact: A.J. Scardino Jr. or Donna E. Ledgerwood.

Paul Alamar, P.E., C.S.P.

P.O. Box 134, Scranton, Pa. 18501; 717-347-8665

Year founded: 1972.
Frequent services: Hazard identification, accident reconstruction.
Occasional services: General on-site plant loss prevention inspections, building plan reviews, client training.
Staff: One professional who holds ASSE, CSP and PE designations.
Clients: 95% with gross revenues less than $200 million, 5% with $200 million-$499 million.
Region served: Pennsylvania.
Principal officers: Paul Alamar, president.

Alexander & Alexander Services Inc.

1185 Ave. of the Americas, New York, N.Y. 10036; 212-575-8000

Year founded: 1899.
Frequent services: General on-site plant loss prevention surveys, fire prevention surveys, hazard identification, building plan reviews, loss prevention research, client training.
Occasional services: Plant security inspections, loss prevention publications, analysis of sprinkler and other fire protection systems, water supply testing and analysis, estimation of loss potential, business interruption studies.
Staff: 173; 127 professionals who hold 19 ARM, two ALCM, 56 ASCE, 30 ASSE, 30 CSP, 27 PE, 40 SFPE, five CHCM, three CPSM, 55 NFPA and 11 NSMS designations.
Branch offices: Located in the United States, Canada and worldwide.
Principal officers: Tinsley H. Irvin, chairman/chief executive officer; Michael K. White, executive vp.

Alexsis Risk Management Services

41000 W. Seven Mile Road, Northville, Mich. 48167; 313-348-2202

Year founded: 1932.
Parent company: Alexander & Alexander Services Inc.
Frequent services: General on-site plant loss prevention inspections, fire prevention surveys, hazard identification, client training.
Occasional services: Building plan reviews, loss prevention research.
Staff: 1,250; 12 professionals who hold 12 ASSE, four CSP, three NFPA and one CFPS designations.
Clients: 20; 79% with gross revenues less than $200 million, 7% with $200 million-$499 million, 7% with $500 million-$999 million, 7% with $1 billion-$3.5 billion.
Branch offices: Baton Rouge, La.; Chicago; Grand Rapids, Livonia and Saginaw, Mich.; Lakeland, Fla.; Louisville, Ky.; Philadelphia; Portland, Ore.; St. Louis.
1990 gross revenues: $65 million, 1% from unbundled property loss control consulting/engineering, 99% from other services, including claims administration, excess insurance placement, bundled loss control services.
Principal officers: John A. Malasky, national director; R.F. Proffer, president-CSI division; M. Ollie Parker, executive vp-Eastern division; Timothy Ermatinger, executive vp-Western division.

Anti Fire, P.E. Phillips & Associates

1963 Sycamore Trail, Las Vegas, Nev. 89108; 702-648-6757

Year founded: 1974.
Frequent services: General on-site plant loss prevention inspections, fire prevention inspections, plant security inspections, hazard identification, building plan reviews, client training, fire detection, fire suppression, fire code compliance, fire loss investigations.
Staff: One professional who holds ASSE, CSP, PE, SFPE, NAFI, NFPA, SSS and FDI designations.
Principal officers: Patrick E. Phillips, president.

Applied Risk Control Corp.

100 Dutch Hill Road, Suite 214, Orangeburg, N.Y. 10962; 914-365-2444; fax: 914-365-2494

Year founded: 1985.
Frequent services: General on-site plant loss prevention inspections, fire prevention inspections, plant security inspections, hazard identification, building plan reviews, loss prevention publications, loss prevention research, client training.
Staff: 16; three professionals who hold two ARM, three CSP, two PE and one SFPE designation.
Clients: 12; 40% with gross revenues less than $200 million, 50% with $200 million-$499 million, 10% with $500 million-$999 million.
Region served: Nationwide.
Branch offices: Atlanta, Chicago, Los Angeles.
Principal officers: Harry P. Miri-

Continued on page 25

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Media/Professional is a leader in libel and slander and errors and omissions coverages. For a lot of very sound reasons.

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Spotlight report

Guide to loss control consultant directory

The fifth annual directory of property loss control consultants and engineers lists companies that provide loss control services such as on-site plant loss prevention inspections, fire prevention inspections, plant security inspections, hazard identification, building plan reviews, loss prevention publications, loss prevention research and client training.

Many companies list additional specialty services they offer to clients.

Companies in the directory must provide these services on an unbundled basis directly to employers; companies that provide loss control services only in conjunction with other services, such as brokering insurance, are not listed.

Following the name, address, telephone and facsimile number of each company, the **year founded** and **parent company** (if any) are given.

Next, details on loss control **services** are noted. Information on **staff** members at year-end 1990 as well as the number of professionals assigned to property loss control consulting and engineering are provided. Professional designations and memberships held by staff members follow.

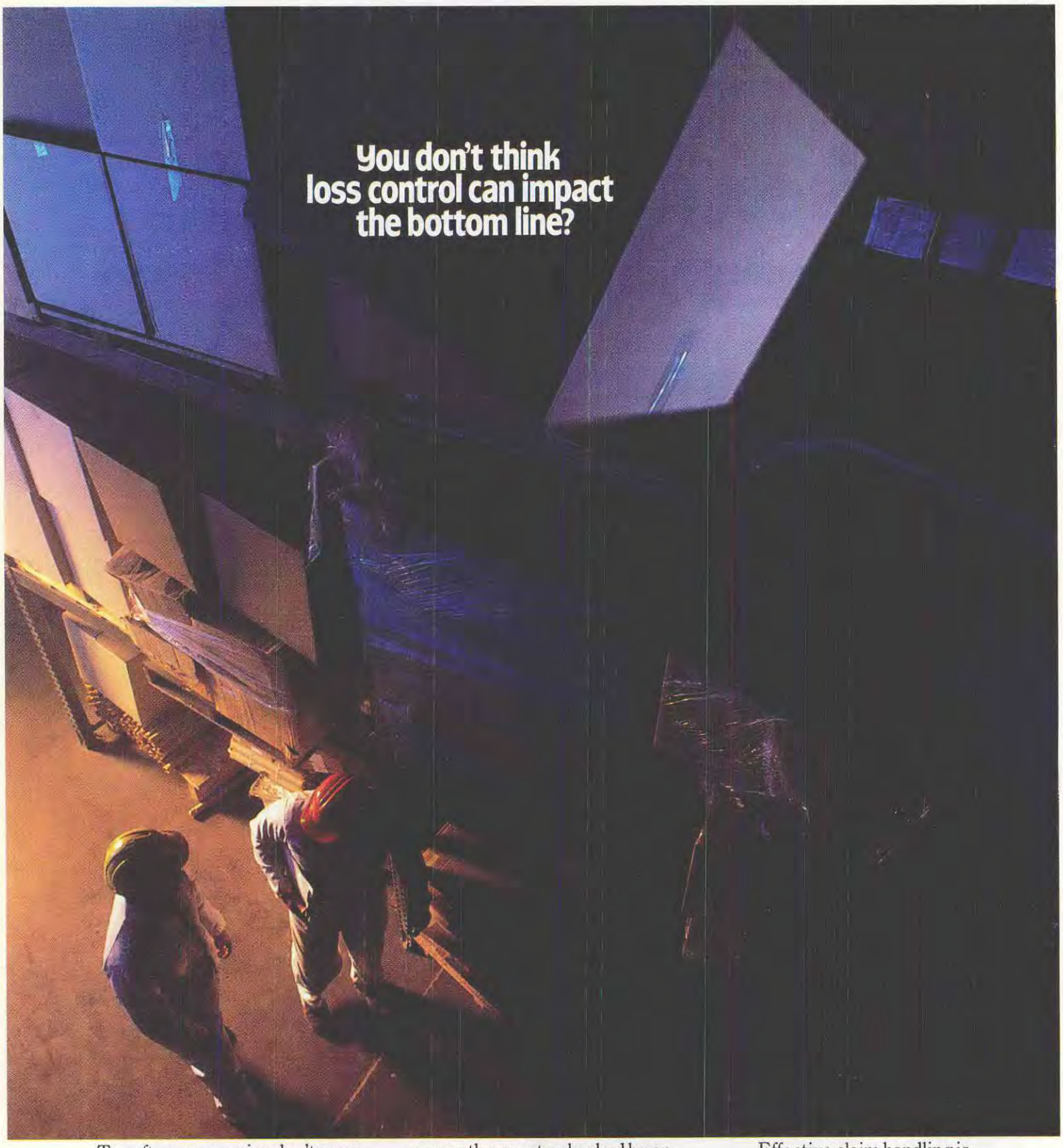
If a company specializes in consulting to a particular type of business or industry, it is noted under the **specialty** heading. The geographic **region served** and cities and states of **branch offices** providing property loss control services are then noted.

When reported by the company, **1990 gross revenues** are provided; names and titles of **principal officers** follow. For readers wanting more information on the company's services, the name of a **contact** person is provided. If the location and telephone number of the contact are different from those of the main office, they are also noted.

Business Insurance publishes the directory as an editorial service; there is no charge to be included. Listings are based on each company's response to a *Business Insurance* questionnaire. Although every effort is made to provide complete and accurate information, *Business Insurance* is unable to verify all information received.

Following are the full professional designations and organizations for those abbreviated under the staff heading:

AAA is Arbitrator, American Arbitration Assn.; **AAI** is Accredited Advisor in Insurance; **AAIH** is member, American Academy of Industrial Hygiene; **ABMA** is member, American Boiler Manufacturers Assn.; **ACCL** is member, American Conference on Chemical Labeling; **ACS** is member, American Chemical Society; **AICE** is member, American Institute of Chemical Engineers; **AIHA** is member, American Industrial Hygiene Assn.; **AISE** is member, Assn. of Iron and Steel Engineers; **ALCM** is Associate in Loss Control Management; **ANSI** is member, American National Standards Institute; **APA** is Associate in Premium Auditing; **API** is member, American Petroleum Institute; **ARM** is Associate in Risk Management; **ARP** is Associate in Research and Planning; **ASA** is member, American Society of Appraisers; **ASCE** is member, American Society of Civil Engineers; **ASIE** is member, American Society of Industrial Engineers; **ASIS** is member, American Society of Industrial Security; **ASME** is member, American Society of Mechanical Engineers; **ASP** is Associate Safety Professional; **ASQC** is member, American Society of Quality Control; **ASSE** is member, American Society of Safety Engineers; **CAI** is Certified Asbestos Inspector; **CAS** is Certified Appraisor, Senior; **CBI** is Certified Building Inspector; **CCM** is Certified Consulting Meteorologist; **CEI** is Certified Electric Inspector; **CET** is Certified Environmental Trainer; **CFEI** is Certified Fire and Explosion Investigator; **CFI** is Certified Fire Investigator; **CFPS** is Certified Fire Protection Specialist; **CFSR** is Certified Field Safety Representative (Fla.); **CHCM** is Certified Hazard Control Manager; **CHMM** is Certified Hazardous Materials Manager; **CHSP** is Certified Healthcare Safety Professional; **CIH** is Certified Industrial Hygienist; **CIPA** is Certified Insurance Premium Auditor; **CME** is Certified Manufacturing Engineer; **COHST** is Certified Occupational Health and Safety Technician; **CPCU** is Chartered Property/Casualty Underwriter; **CPIW** is member, Certified Professional Insurance Woman; **CPP** is Certified Protection Professional; **CPSM** is Certified Product Safety Manager; **CRM** is diploma in Canadian Risk Management; **CRSP** is Canadian Registered Safety Professional; **CSE** is Certified Safety Executive; **CSP** is Certified Safety Professional; **CSS** is Certified Safety Specialist; **CSSD** is Certified Safety and Security Director; **CSSE** is Canadian Society Safety Engineering; **CSSP** is Certified Safety and Security Professional; **CST** is Certified Safety Technician; **Ed.D.** Doctorate in Education; **FCAS** is Fellow, Casualty Actuarial Society; **FCII** is Fellow, Chartered Insurance Institute; **FIIC** is Fellow, Insurance Institute of Canada; **FRCS** is Fellow, Royal College of Surgeons; **GIFE** is member, Graduate Institute of Fire Engineers (Ireland); **HFS** is member, Human Factors Society; **HMT** is Hazardous Materials Technician; **HSP** is Healthcare Safety Professional; **IAAI** is member, International Assn. of Arson Investigators; **ICA** is member, Industrial Claims Assn.; **IE** is member, Institution of Engineers; **IEEE** is member, Institute of Electrical and Electronic Engineers; **MBA** is Master of Business Administration; **ME** is Marine Engineer; **NAFE** is member, National Academy of Forensic Engineers; **NAFI** is member, National Assn. of Fire Investigators; **NBBP** is member, National Board of Boiler and Pressure Vehicles/Vessels; **NFPA** is member, National Fire Protection Assn.; **NFSA** is member, National Fire Sprinkler Assn.; **NSC** is member, National Safety Council; **NSMS** is member, National Safety Management Society; **NSPE** is member, National Society of Professional Engineers; **OHST** is Occupational Health Safety Technician; **PE** is Professional Engineer; **Ph.D.** is Doctor of Philosophy; **REA** is Registered Environmental Assessor; **RME** is Registered Mechanical Engineer; **SCSE** is member, Society of Casual Safety Engineers; **SFPE** is member, Society of Fire Protection Engineers; **SSA** is member, Semiconductor Safety Assn.; **SSS** is member, System Safety Society; **VOS** is Veterans of Safety; **WSE** is member, Western Society of Engineers; **WSO** is member, World Safety Organization. ■



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AXIA SERVICES INC.

ONE OF THE ÆTNA LIFE & CASUALTY COMPANIES

Continued from page 23
janian, president.

Atlantic Inspection Co. Inc.

12300 Twinbrook Parkway, Suite 530, Rockville, Md. 20852; 301-468-3658; fax: 301-770-5639

Year founded: 1990.
Parent company: The Hudson Group.
Frequent services: General on-site plant loss prevention inspections, fire prevention inspections, hazard identification, insurance replacement cost appraisals, loss experience analysis.
Occasional services: Building plan reviews, client training.
Staff: Four; two professionals, including one WSO-CST designation.
Clients: 60; 80% with gross revenues less than $200 million, 20% with $200 million-$499 million.
Specialties: Insurance companies, real estate developers, construction firms, wholesalers, high technology companies.
Region served: Delaware, District of Columbia, Maryland. Pennsylvania, Virginia, West Virginia.
1990 gross revenues: $60,000, 95% from unbundled property loss control consulting/engineering, 5% from other services, including risk management and insurance consulting.
Principal officers: Peter M. Hudson, chairman; Tony A. Bennett, president.
Contact: Tony A. Bennett.

Axia Services Inc.

45 Glastonbury Blvd., Glastonbury, Conn. 06033; 800-332-2942; fax: 203-657-4461

Year founded: 1972.
Parent company: Aetna Life & Casualty Co.
Frequent services: General on-site plant loss prevention inspections, fire prevention inspections, hazard identification, building plan reviews, loss prevention publications, loss prevention research, client training, sprinkler testing and evaluation, water supply evaluation.
Occasional services: Plant security inspections.
Staff: 500; professional designations include eight ARM, 15 ALCM, 18 ASSE, 10 CSP, five PE, eight SFPE and one CPCU designations.
Clients: 53; 70% with gross revenues less than $200 million, 20% with $200 million-$499 million, 10% with $500 million-$999 million.
Region served: Nationwide.
Branch offices: 85 locations nationwide.
1990 gross revenues: $8.5 million, 5% from unbundled property loss control consulting/engineering, 95% from other services, including third-party property and casualty claims, industrial hygiene, lab and other engineering specialty services.
Principal officers: Susan M. Boyers, president; Jack E. Strohecker, vp-customer services; Vincent N. Pugliese, vp-sales; Robert F. Warner, director-engineering.

B

W.A. Bateman, P.E., C.S.P.

P.O. Box 10196, Midland, Texas 79702; 915-697-1243

Year founded: 1979.
Occasional services: General on-site plant loss prevention inspections, fire prevention inspections, hazard identification, building plan reviews, loss prevention research, client training.
Staff: One professional who holds ARM, ASSE, CSP, PE and NAFE designations.
Specialties: Petroleum and related industries.
Region served: Nationwide.
Principal officers: W.A. Bateman.

Biehl Engineering

N66W12659 Ravine Drive, Menomonee Falls, Wis. 53051; 414-251-8251

Year founded: 1960.
Frequent services: General on-site plant loss prevention inspections, fire prevention inspections, hazard identification, building plan reviews, technical insurance casualty loss investigations, technical forensic engineering.
Occasional services: Client training.
Staff: Five; two professionals who hold one ASCE, one ASSE, one CSP, two PE, one CBI, one CEI and one CFI designations plus one Registered Architect.
Clients: 40.
Region served: Nationwide, primarily Midwest.
Principal officers: Francis W. Biehl and Steven F. Biehl, consulting engineers; Marna J. Biehl, secretary.

Bigler Ketchum Inc.

1030 Fifth Ave., Pittsburgh, Pa. 15219; 412-391-5525; fax: 412-391-2424

Year founded: 1976.
Frequent services: General on-site plant loss prevention inspections, fire prevention inspections, hazard identification, building plan reviews, loss prevention publications, client training.
Staff: 21; two professionals who hold one ARM, two ASSE, one CSP, one SFPE, two CPCU and one CIC designations.
Clients: 10; 20% with gross revenues less than $200 million, 20% with $200 million-$499 million, 20% with $500 million-$999 million, 20% with $1 billion-$3.5 billion, 20% exceeding $3.5 billion.
Region served: Maryland, Michigan, New York, Ohio, Pennsylvania, West Virginia.
1990 gross revenues: 10% from unbundled property loss control consulting/engineering, 90% from other services, including insurance brokerage, risk management consulting, casualty loss control, employee benefit consulting.
Principal officers: Harold S. Bigler, president; Chandler G. Ketchum, chairman; David J. Hickey and Carlton Ketchum, vps.
Contact: Thomas F. Pegg, manager-engineering services.

B. Gawain Bonner

Route 2, Box 458, Huntsville, Texas 77340; 409-594-3804

Year founded: 1986.
Frequent services: General on-site plant loss prevention inspections.
Staff: One professionals who holds CSP and PE designations.
Specialties: Manufacturing and legal.
Region served: Nationwide.
Principal officers: B. Gawain Bonner, principal.

Gregory B. Bragg & Associates

4811 Chippendale Drive, Suite 707, Sacramento, Calif. 95841; 916-344-8035; fax: 916-344-2932

Year founded: 1986.
Frequent services: General on-site plant loss prevention inspections, fire prevention inspections, plant security inspections, hazard identification, loss prevention research, client training.
Occasional services: Building plan reviews, loss prevention publications.
Staff: 36; three professionals who hold two ARM, one ALCM, one ASSE and one CSP designations.
Clients: 79; 100% with gross revenues less than $200 million.
Region served: California, Nevada, Oregon.
Branch offices: Chico, Fairfield, Redding and Stockton, Calif.
1990 gross revenues: $1.8 million, 10% from unbundled property loss control consulting/engineering, 90% from other services, including claims administration, adjusting, investigation and risk management consulting.
Principal officers: Gregory B. Bragg, president; Lee Collins, vp.
Contact: Jack Kastorff, risk control manager.

Frank J. Breitsameter, P.E. & Associates

1005 E. Cardinal Lane, Mount Prospect, Ill. 60056; 708-259-8304

Year founded: 1982.
Frequent services: General on-site plant loss prevention inspections, hazard identification.
Occasional services: Building plan reviews, client training.
Staff: One professional who holds ASSE, PE, ASME, NSPE, SCSE and WSE designations.
Region served: Nationwide.
1990 gross revenues: 100% from unbundled property loss control consulting/engineering.
Principal officers: Frank J. Breitsameter.

Continued on next page

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JUNE CLOSINGS

SET YOUR DATES

issue:	June 17	Bonus Distribution: NAIW
closing:	June 5	
demographic section:	Insurer Topics: Advertising/Marketing/Sales Promotion	
issue:	June 24 — Reader Service	Bonus Distribution: GHAA; SHRM
closing:	June 11	
editorial feature:	Benefits: Mid-Year Market Report — Directory: EAPs & Mental Health Networks	
issue:	July 1 — Reader Service	Bonus Distribution: WIC
closing:	June 18	
editorial feature:	Agent/Broker Profiles — Directory: Agents & Brokers	
demographic section:	Agent/Broker Topics: Perpetuations & NAIB Conference Report	
issue:	July 8	
closing:	June 25	

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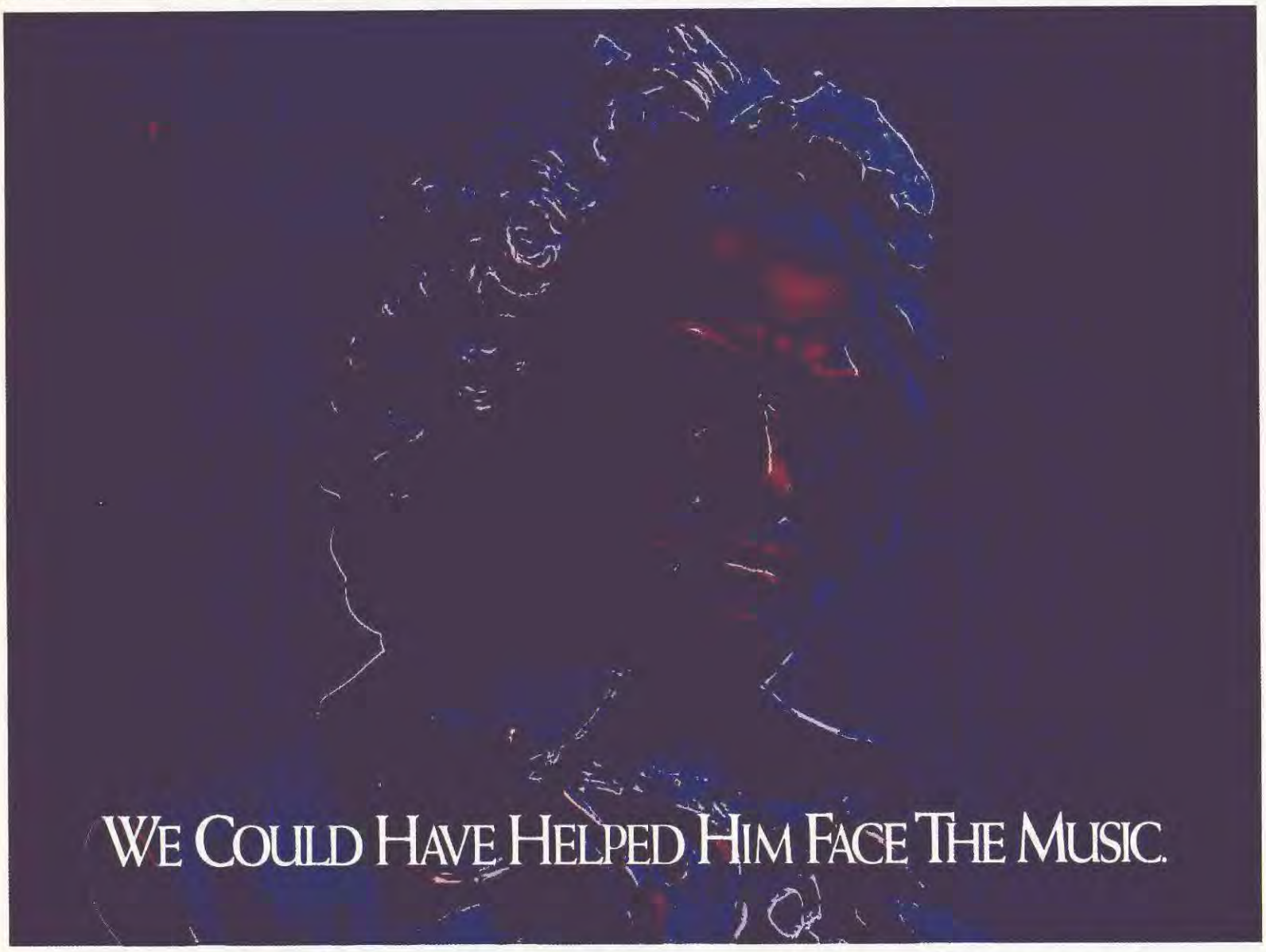

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Continued from previous page

Morley Brickman & Associates Ltd.

5340 Galitz, Skokie, Ill. 60077; 708-674-2664

Year founded: 1986.
Frequent services: General on-site plant loss prevention inspections, hazard identification, client training, forensic engineering.
Staff: One professional who holds ASSE, PE, NAFE and CSE designations.
Specialties: Construction, general industry.
Principal officers: Morley Brickman, president; Betty Brickman, secretary/treasurer.

British Safety Council

62-64 Chancellors Road, Hammersmith, London, England W6 9RS; 081-741-2131; fax: 081-741-4555

Year founded: 1957.
Frequent services: General on-site plant loss prevention inspections, fire prevention inspections, hazard identification, loss prevention publications, loss prevention research, client training, safety performance audits.
Staff: 120; 12 professionals who hold two ASSE and eight Diplomas in Safety Management designations.
Region served: 27 countries.
1990 gross revenues: $9 million, 30% from unbundled property loss control consulting/engineering, 60% from other services.
Principal officers: James Tye, director general; J. Brett, A. Matthews, G. Crockford, J. Simms, G. Trainer and C. Hedge.
Contact: James Tye.

Ken Buhler Associates Inc.

11 Erita Lane, Smithtown, N.Y. 11787; 516-360-3770

Year founded: 1976.
Frequent services: General on-site plant loss prevention inspections, fire prevention inspections, plant security inspections, hazard identification, building plan reviews, client training, sprinkler system and water supply design/review/analysis.
Occasional services: Loss prevention publications, loss prevention research.
Staff: Four; two professionals who hold ASSE, PE and SFPE designations.
Clients: 25% with gross revenues less than $200 million, 25% with $200 million-$499 million, 25% with $500 million-$999 million, 25% with $1 billion-$3.5 billion.
Specialties: Warehouse and storage facilities including plastics, roll paper, flammables, rubber tires.
Region served: Nationwide.
Principal officers: Kenneth Buhler, president; Randy Buhler and Sandy Relkin, vps.

C

Cannon-Cochran Management Services Inc.

2 E. Main St., Suite 208, Danville, Ill. 61832; 800-252-5059; fax: 217-443-0927

Year founded: 1978.
Parent company: ESOP Co.
Frequent services: General on-site plant loss prevention inspections, fire prevention inspections, hazard identification, loss prevention research, client training, existing program auditing, program development, implementation and monitoring.
Occasional services: Loss prevention publications.
Staff: 200; 11 professionals who hold four CSP and four CHCM designations.
Clients: 1,000; 100% with gross revenues less than $200 million.
Specialties: Government entities.
Region served: Illinois, Indiana, Iowa, Missouri.
Branch offices: Indianapolis; Oak Brook, Ill.; St. Louis.
Principal officers: Sam P. Cannon, chief executive officer; Robert Cowgill, president; Gary Schirmer, director; Jacque Cannon, director.
Contact: Steve Luebbert, Chouteau Center Building, Suite 430, 133 S. 11th St., St. Louis, Mo. 63102; 314-231-4094.

Paul Chamberlain International

9701 Wilshire Blvd., Suite 1201, Beverly Hills, Calif. 90212; 213-276-2601; fax: 213-276-4504

Year founded: 1981.
Frequent services: General on-site plant loss prevention inspections, plant security inspections, client training, litigation support, due diligence for venture capital companies.
Occasional services: Fire prevention inspections, hazard identification, building plan reviews, loss prevention publications, loss prevention research.
Staff: 26; five professionals.
Clients: 24; 74% with gross revenues less than $200 million, 24% with $200 million-$499 million, 2% with $500 million-$999 million.
Specialties: General corporations, high-technology start-up companies, museums, banks.
Region served: Worldwide.
Branch offices: Newport Beach, Calif.; McLean, Va.; London.
1990 gross revenues: $4.5 million, 8% from unbundled property loss control consulting/engineering, 92% from other services including kidnap and extortion response, executive protection,

Continued on next page

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crisis management program development, financial and insurance fraud investigations, travel risk analysis and intelligence reports, event security.

Principal officers: Paul Chamberlain, president; Herbert Clough, executive vp; Stephen Rybar, vp-financial investigations; John Morrison, manager-investigations; Sean McWeeney, managing director-East coast; James Annes, vp-Orange County, Calif.

Contact: Herbert Clough.

Chubb Services Corp.

25 Independence Blvd., Warren, N.J. 07059; 908-580-7170; fax: 908-580-7187

Year founded: 1991.
Parent company: Chubb Corp.
Frequent services: General on-site plant loss prevention inspections, fire prevention inspections, plant security inspections, hazard identification, building plan reviews, loss prevention publications, loss prevention research, client training, property conservation audits, emergency plan review and development, business interruption assessments.
Staff: 17; three professionals who hold three ASSE and three CSP designations.
Specialties: Electronics, printers, metal workers, plastics, warehouse and distribution, financial institutions.
Region served: Connecticut, Delaware, Maine, Maryland, Massachusetts, New Hampshire, New Jersey, New York, Ohio, Pennsylvania, Virginia.
Principal officers: William Frey, president.
Contact: Robert F. Santoro, marketing manager.

Cohen & Associates

4790 Mt. Helix Drive, La Mesa, Calif. 91941; 619-464-4427; fax: 619-464-4992

Year founded: 1988.
Frequent services: General on-site plant loss prevention inspections, hazard identification, loss prevention research, client training, human factors engineering and ergonomics.
Occasional services: Building plan reviews, loss prevention publications.
Staff: Six; four professionals who hold four ASSE, one CSP, one PE and one CHCM designations.
Clients: 100.
Region served: Nationwide.
1990 gross revenues: $375,000, 100% from unbundled property loss control consulting/engineering.
Principal officers: H. Harvey Cohen, principal and owner.

George B. Conniffe & Co.

P.O. Box 61020, Columbia, S.C. 29260-1020; 803-790-0030

Year founded: 1991.
Frequent services: General on-site plant loss prevention inspections, fire prevention inspections, hazard identification.
Staff: Six; four professionals who hold one ASSE designation.
Region served: South Carolina.
1990 gross revenues: 100% from unbundled property loss control consulting/engineering.
Principal officers: George Conniffe, owner.

Construction Technology Laboratories Inc.

5420 Old Orchard Road, Skokie, Ill. 60077-1030; 708-965-7500; fax: 708-965-6541

Year founded: 1987.
Parent company: Portland Cement Assn.
Frequent services: Building plan reviews.
Occasional services: General on-site plant loss prevention inspections, fire prevention inspections, hazard identification, loss prevention publications, loss prevention research, client training.
Staff: 123; 60 professionals who hold 12 ASCE, 36 PE and two RME designations.
Clients: 600; 50% with gross revenues less than $200 million, 15% with $200 million-$499 million, 15% with $500 million-$999 million, 10% with $1 billion-$3.5 billion, 10% exceeding $3.5 billion.
Region served: Nationwide.
Branch offices: Los Angeles, Seattle.
1990 gross revenues: $11.5 million, 26% from unbundled property loss control consulting/engineering, 74% from other services, including failure analysis, materials testing, structural analysis.
Principal officers: H.G. Russell, president; W. Gene Corley and Marion J. Szczech, vps.
Contact: W. Gene Corley.

Consultant Services Institute Inc.

651 W. Mount Pleasant Ave., Livingston, N.J. 07039; 201-992-3811

Year founded: 1969.
Frequent services: Hazard identification, loss prevention research, litigation support.
Occasional services: General on-site plant loss prevention inspections, fire prevention inspections, building plan reviews.
Staff: 35; all professionals who hold five ASCE, 10 ASSE, 15 CSP, 25 PE, and ASME, IEEE and ASQC designations.
Clients: 300.
Region served: Nationwide.
Principal officers: Richard M. Jacobs, president.

Consulting Services

12 Jerrys Drive, Burlington, N.J. 08016; 609-386-3188; fax: 609-386-5639

Year founded: 1981.
Frequent services: General on-site plant loss prevention inspections, hazard identification, client training, compliance audits.
Occasional services: Fire prevention inspections, plant security inspections.
Staff: Two; one professional who holds ASSE, CHMM, REA and COHST designations.
Clients: 90% with gross revenues less than $200 million, 5% with $200 million-$499 million, 5% with $500 million-$999 million.
Specialties: Spill cleanup contractors, site remediation contractors.
Region served: Nationwide.
1990 gross revenues: $150,000, 40% from unbundled property loss control consulting/engineering, 60% from other services, including training.
Principal officers: Thomas F. Dalton, chairman; Sarah M. Dalton, administrative assistant.
Contact: Thomas F. Dalton.

Cost Control Concepts

26 Stone Ridge Drive, New Freedom, Pa. 17349; 717-235-3343

Year founded: 1990.
Frequent services: General on-site plant loss prevention inspections, fire prevention inspections, plant security inspections, hazard identification, building plan reviews, loss prevention publications, loss prevention research, client training, cost control evaluations, development of policies and procedures.
Staff: Two; one professional who holds PE and SFPE designations.
Clients: 30; 35% with gross revenues less than $200 million, 50% with $200 million-$499 million, 10% with $500 million-$999 million, 5% with $1 billion-$3.5 billion.
Region served: Nationwide.
Principal officers: John P. Hopkins, president.

Crawford & Co./ The FPE Group

5620 Glenridge Drive N.E., Atlanta, Ga. 30342; 404-256-0830; fax: 404-847-4028

Year founded: 1941.
Frequent services: General on-site plant loss prevention inspections, fire prevention inspections, hazard identification, building plan reviews, client training, fire protection systems design, boiler and machinery, single-site business interruption analysis, fire loss potential estimates, fire growth profile, fire spread profile, property risk control management studies.
Occasional services: Plant security inspections, loss prevention publications, loss prevention research.
Staff: 101; 65 professionals who hold four ARM, three ALCM, two ASCE, 41 ASSE, 22 CSP, 16 PE, 27 SFPE, three RN and 11 CIH designations.
Clients: 350; 61% with gross revenues less than $200 million, 10% with $200 million-$499 million, 15% with $500 million-$999 million, 10% with

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When a minor statement becomes a major issue.

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$1 billion-$3.5 billion, 4% exceeding $3.5 billion.

Region served: Nationwide.

Branch offices: 21 locations nationwide.

1990 gross revenues: $449.2 million, 1.5% from unbundled property loss control consulting/engineering, 98.5% from other services.

Principal officers: F.L. Minix, chairman/chief executive officer; F.J. Semancik, D.R. Chapman, P.A. Bollinger and C.C. Lefler, executive vps.

Contact: James G. Sybert, vp-risk control services.

Creative Solutions Unlimited

7865 Plains Road, Suite 2,
Mentor-on-the-Lake, Ohio 44060;
216-257-3411

Year founded: 1989.

Frequent services: General on-site plant loss prevention inspections, fire prevention inspections, hazard identification, loss prevention publications, loss prevention research, client training, risk management review.

Occasional services: Plant security inspections, building plan reviews.

Staff: Three; two professionals who hold ALCM, APA and CIPA designations.

Clients: 50; 90% with gross revenues less than $200 million, 9% with $200 million-$499 million, 1% with $500 million-$999 million.

Specialties: Boat dealers, marinas, urban public school systems, urban mass transit authorities, country clubs, plastics manufacturers and gear manufacturers.

Region served: District of Columbia, Indiana, Kentucky, Maryland, New York, Ohio, Pennsylvania, West Virginia.

1990 gross revenues: $200,000, 40% from unbundled property loss control consulting/engineering, 60% from other services including liability, crime, fleet, workers compensation loss control, OSHA and EPA compliance programs, hazardous waste training, employee right-to-know training, laboratory safety programs and training, industrial hygiene sampling and analysis.

Principal officers: Peter M. Dell, president; Nancy M. Dell, vp; Barbara A. Brown, executive assistant.

Cygan & Cygan Inc.

13423 DeMott Court, Warren, Mich.
48093; 313-757-2126

Year founded: 1991.

Frequent services: General on-site plant loss prevention inspections, loss prevention research, client training, development of seminars and workshops on wrongful termination.

Occasional services: Fire prevention inspections, loss prevention publications.

Staff: One professional who holds CSP, PE, HSP and CSSP designations.

Specialties: Industry, municipalities, hospital and nursing associations.

Region served: California, Indiana, Michigan, Ohio.

Principal officers: Walter Cygan, president; Beverly Cygan, vp; Julie Papagni, secretary/treasurer.

D

Dynamac Corp.

2275 Research Blvd., Suite 500,
Rockville, Md. 20850-3268;
301-417-9800; fax: 301-417-9801

Year founded: 1970.

Frequent services: General on-site plant loss prevention inspections, hazard identification, building plan reviews, loss prevention publications, client training, environmental engineering.

Staff: 500; 250 professionals who hold five ARM, five ASCE, one CSP, 10 PE, 40 CAI and two CIH designations.

Region served: Nationwide.

Branch offices: Ada, Okla.; Arlington and Dahlgren, Va.; Atlanta; Fort Lee, N.J.; Philadelphia; Randolph Air Force Base, Texas; Research Triangle Park, N.C.; Sacramento, San Diego, Santa Clara, Sonora and Westlake Village, Calif.

1990 gross revenues: $45 million, 20% from unbundled property loss control consulting/engineering, 80% from other services.

Principal officers: Diana MacArthur, chief executive officer; Jack Silvey, manager-engineering; Dave Lipsky, manager-Eastern operations; Russ Enos, manager-Western operations; John Lyons, risk manager.

Contact: Dave Lipsky, Environmental Risk Management Division, 2 Executive Drive, Fort Lee, N.J. 07024; 201-944-1177.

E

ESIS Inc.

1600 Arch St., Philadelphia, Pa.
19103; 215-523-2100

Year founded: 1955.

Parent company: CIGNA Corp.

Frequent services: General on-site plant loss prevention inspections, fire prevention inspections, plant security inspections, hazard identification, building plan reviews, client training, pre-emergency planning.

Occasional services: Loss prevention publications, loss prevention research.

Staff: 540; 140 professionals who hold 26 ARM, five ALCM, nine ASCE, 130 ASSE, 74 CSP, 28 PE, 49 SFPE, one CPCU, one NSPE and 39 CFPS designations.

Specialties: Petrochemical, utilities, heavy construction.

Region served: Nationwide.

Branch offices: Atlanta, Boston, Chicago, Dallas, Houston, Los Angeles, New York, Philadelphia, San Francisco.

Principal officers: Edward P. Holleran, president; George W. Putnam, vp; Brian P. O'Hara, director-product lines; Robert F. Bruce, manager-loss control.

EQE International

44 Montgomery St., 32nd Floor, San Francisco, Calif. 94105;
415-495-5500; fax: 415-495-5431

Year founded: 1981.

Frequent services: General on-site plant loss prevention inspections, hazard identification, building plan reviews, loss prevention publications, loss prevention research, earthquake loss control.

Occasional services: Fire prevention inspections, client training.

Staff: 220; 110 professionals who hold 70 ASCE, 100 PE and 29 SE designations.

Clients: 100; 15% with gross revenues less than $200 million, 20% with $200 million-$499 million, 10% with $500 million-$999 million, 20% with $1 billion-$3.5 billion, 35% exceeding $3.5 billion.

Region served: Nationwide.

Branch offices: Costa Mesa, Los Angeles and Sacramento, Calif.; Stratham, N.H.; Warrington and Cambridge, England.

1990 gross revenues: $19 million, 80% from unbundled property loss control consulting/engineering, 20% from other services, including safety and design engineering.

Principal officers: Peter Yanev, chairman; Douglas Frazier, president; Stephen Hom and James Johnson, senior vps.

Contact: Raymond H. Kincaid, vp, 3150 Briston St., Suite 350, Costa Mesa, Calif. 92626; 714-850-9299.

EnviroMed Services Inc.

25 Science Park, New Haven, Conn.
06511; 203-786-5580;
fax: 203-787-5580

Year founded: 1985.

Frequent services: General on-site plant loss prevention inspections, hazard identification, client training, safety/environmental audits, site assessments.

Occasional services: Fire prevention inspections, building plan reviews, loss prevention publications, loss prevention research.

Staff: 49; six professionals who hold two CSP, two PE, one Registered Sanitarian and one CIH designations.

Clients: 94% with gross revenues less than $200 million, 5% with $200 million-$499 million, 1% with $500 million-$999 million.

Region served: Northeast.

Branch offices: Waltham, Mass.; Middleton, Virginia.

1990 gross revenues: 30% from unbundled property loss control consulting/engineering, 70% from other services, including industrial hygiene,

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environmental and medical services.
Principal officers: Lawrence J. Cannon, president; Dr. Ronald T. Suski, vp.
Contact: Donna Warrington, marketing coordinator.

Environmental Risk Ltd.
120 Mountain Ave., Bloomfield, Conn. 06002; 203-242-9933; fax: 203-243-9055

Year founded: 1985.
Frequent services: General on-site plant loss prevention inspections, hazard identification, client training, environmental audits, risk assessment surveys, property site assessments, hazardous waste management.
Occasional services: Loss prevention publications, loss prevention research.
Staff: 50; 35 professionals who hold two PE and one CCM designations plus one attorney.
Clients: 30% with gross revenues less than $200 million, 25% with $200 million-$499 million, 25% with $500 million-$999 million, 10% with $1 billion-$3.5 billion, 10% exceeding $3.5 billion.
Specialties: Environmental impairment liability insurance carriers, financial institutions, real estate developers, general manufacturing, chemical, petroleum, waste management.
Region served: Nationwide.
Branch offices: Clifton, N.J.
1990 gross revenues: 50% from unbundled property loss control consulting/engineering, 50% from other services, including environmental permitting, air pollution control, wastewater treatment, energy facility licensing.
Principal officers: David I. Brandwein, principal.

F

Failsafe Inc.
P.O. Box 165, Portland, Ore. 97207; 503-245-4296; fax: 503-243-3549

Year founded: 1983.
Frequent services: Client training, strategic planning for loss control.
Occasional services: General on-site plant loss prevention inspections, hazard identification, loss prevention publications, loss prevention research.
Staff: Three; two professionals who hold two ASSE designations.
Clients: 15; 6% with gross revenues less than $200 million, 40% with $200 million-$499 million, 7% with $500 million-$999 million, 27% with $1 billion-$3.5 billion, 20% exceeding $3.5 billion.
Specialties: Manufacturing, petroleum, utilities, wood products.
Region served: Nationwide.
Principal officers: Robert Pater, president; Robert Button, director-product development.

Farinacci & Associates Inc.
180 N. Riverview Drive, Suite 260, Anaheim, Calif. 92808; 714-283-8025; fax: 714-283-8029

Year founded: 1981.
Frequent services: General on-site plant loss prevention inspections, fire prevention inspections, hazard identification, client training.
Occasional services: Plant security inspections, building plan reviews, loss prevention publications, loss prevention research.
Staff: Five; three professionals who hold three ASSE and one PE designations.
Specialties: School districts, municipalities, hospitals.
Region served: California.
1990 gross revenues: 100% from unbundled property loss control consulting/engineering.
Principal officers: John J. Farinacci, president; Marie J. Farinacci, vp/secretary.

FIRECON
P.O. Box 231, East Earl, Pa. 17519; 717-354-2411; fax: 717-354-7233

Year founded: 1980.
Frequent services: Hazard identification, client training.
Occasional services: General on-site plant loss prevention inspections, fire prevention inspections, plant security inspections, loss prevention publications, loss prevention research.
Staff: Two; one professional who holds ASSE, CSP and CET designations.
Region served: Nationwide.
Principal officers: R. Craig Schroll, president.

Flex Fire Protection Design
201 Naperville Road, First Floor East, Wheaton, Ill. 60187; 708-668-8998; fax: 708-653-5260

Year founded: 1986.
Frequent services: General on-site plant loss prevention inspections, fire prevention inspections, hazard identification, building plan reviews, automatic fire suppression system design, hydraulic calculations, project management.
Staff: Seven; three professionals.
Clients: 16; 100% with gross revenues less than $200 million.
Region served: Nationwide.
1990 gross revenues: $175,000, 100% from unbundled property loss control consulting/engineering.
Principal officers: Mark Bromann, president; Tim Ringness, vp.

Fyrsafe Engineering Inc.
1225 Carnegie St., Suite 108, Rolling Meadows, Ill. 60008; 708-392-1111

Frequent services: General on-site plant loss prevention inspections, fire prevention inspections, client training.
Occasional services: Hazard identification, building plan reviews, loss prevention publications, loss prevention research, fire and explosion investigations, fire protection and safety engineering, expert witness testimony.
Staff: Five; three professionals who hold three ASSE, two CSP, two PE, two SFPE, three NFPA, one NSC and one IAAI designations.
Clients: 80.
Region served: Nationwide.
Principal officers: John M. Mertens, president.

Fulton Fire Engineering Inc.
1005 Basetdale, Whittier, Calif. 90601; 818-369-4343

Year founded: 1989.
Frequent services: General on-site plant loss prevention inspections, fire prevention inspections, hazard identification, building plan reviews, loss prevention research, fire/explosion investigations, expert witness, fire suppression system design and review, fire code analysis.
Occasional services: Plant security inspections, loss prevention publications, client training.
Staff: Two; one professional who holds ARM, PE and SFPE designations.
Clients: 60; 56% with gross revenues less than $200 million, 12% with $200 million-$499 million, 16% with $500 million-$999 million, 12% with $1 billion-$3.5 billion, 4% exceeding $3.5 billion.
Region served: Nationwide.
1990 gross revenues: $150,000, 100% from unbundled property loss control consulting/engineering.
Principal officers: John C. Fulton, president; N.J. Fulton, vp.

G

Gallagher Bassett Services Inc.
The Gallagher Centre-2 Pierce Place, Itasca, Ill. 60143-3141; 708-773-3800; fax: 708-285-4000

Year founded: 1962.
Parent company: Arthur J. Gallagher & Co.
Frequent services: General on-site plant loss prevention inspections, fire prevention inspections, plant security inspections, hazard identification, building plan reviews, client training.
Occasional services: Loss prevention publications, loss prevention research.
Staff: 920; 50 professionals who hold nine ARM, one ALCM, 20 ASSE, 10 CSP, one PE, three SFPE one AIHP, three ASP, four CHCM. two NSMS and three CFPS designations.
Clients: 391.
Specialties: Institutional, municipal, religious, manufacturing, food services and printing industries.
Region served: Nationwide.
Branch offices: Los Angeles; Miami; St. Louis; Schaumburg, Ill.
1990 gross revenues: $5.8 million, 42% from unbundled property loss control consulting/engineering, 58% from other services, including package programs.
Principal officers: John G. Campbell, chairman; Peter J. Durkalski, pres-

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ident; Rich McKenna, Fred Potenza and Rick Rothman, executive vps.

Contact: Fred Potenza, Risk Management Consulting Services.

David Goodwin & Associates

P.O. Drawer 54-6661, Surfside, Fla. 33154; 305-531-0071; fax: 305-531-5490

Year founded: 1963.
Frequent services: General on-site plant loss prevention inspections, fire prevention inspections, plant security inspections, hazard identification.
Occasional services: Building plan reviews, loss prevention research, client training, publication of disaster manuals.
Staff: Three; one professional.
Clients: 90% with gross revenues less than $200 million, 10% with $200 million-$499 million.
Region served: Nationwide.
1990 gross revenues: 10% from unbundled property loss control consulting/engineering, 90% from other services.
Principal officers: David Goodwin, owner.

Gow Management Services Inc.

344 Delaware Ave., Buffalo, N.Y. 14202; 716-856-1100; fax: 716-856-6179

Year founded: 1982.
Parent company: S.H. Gow & Co. Inc.
Frequent services: General on-site plant loss prevention inspections, fire prevention inspections, plant security inspections, hazard identification, building plan reviews, loss prevention publications, loss prevention research, client training, environmental compliance.
Staff: Five; all professionals who hold two ARM, one ALCM, two ASSE, one CIC and one AIC designations.
Clients: 80% with gross revenues less than $200 million, 10% with $200 million-$499 million, 5% with $500 million-$999 million, 2% with $1 billion-$3.5 billion, 3% exceeding $3.5 billion.
Specialties: Heavy industry, bridge and highway construction, municipalities, high-technology and aerospace, schools.
Region served: Nationwide.
Branch offices: Albany, Buffalo, Rochester and Syracuse, N.Y.
1990 gross revenues: $525,000, 60% from unbundled property loss control consulting/engineering, 40% from other services, including safety consulting, third party administration, claims adjusting, claims consulting.
Principal officers: Jeffrey J. Gow, president; Michael Gow, executive vp; Richard Mason, senior vp; Steven D. McCullough, assistant vp/manager.
Contact: Steven D. McCullough.

Great Lakes Educational Consultants Inc.

3324 Olney St., Kalamazoo, Mich. 49007; 616-382-2314; fax: 616-382-6495

Year founded: 1978.
Frequent services: Emergency plan development and maintenance.
Occasional services: Plant security inspections, hazard identification, building plan reviews.
Staff: Three; one professional who is a CSE.
Clients: 100% with gross revenues less than $200 million.
Specialties: Educational institutions.
Region served: Nationwide.
1990 gross revenues: $230,000, 100% from unbundled property loss control consulting/engineering.
Principal officers: Robert F. Jonaitis, president.

H

Harrington Group Inc.

3732 Highway 78, Suite 104, Snellville, Ga. 30278; 404-985-1272; fax: 404-985-1282

Year founded: 1986.
Frequent services: General on-site plant loss prevention inspections; fire prevention inspections; hazard identification; building plan reviews; special systems design; water supply testing and analysis; evaluation of insurance carrier recommendations and development of cost-effective alternatives; supervision of system design, installation and testing; development of written property conservation programs.
Occasional services: Plant security inspections, loss prevention publications, loss prevention research, client training, nuclear annual and triennial audits and appendix R evaluations.
Staff: Six; four professionals who hold four PE and four SFPE designations.
Clients: 25; 50% with gross revenues less than $200 million, 30% with $200 million-$499 million, 10% with $500 million-$999 million, 10% with $1 billion-$3.5 billion.
Specialties: Industrial and commercial property, nuclear power.
Region served: Nationwide.
1990 gross revenues: $294,840, 100% from unbundled property loss control consulting/engineering.
Principal officers: Jeff L. Harrington, president; James M. Rucci, executive vp.
Contact: Jeff Harrington.

Hartford Specialty Co./Specialty Risk Services

155 Pitkin St., East Hartford, Conn. 06108; 203-275-1351; fax: 203-275-1396

Year founded: 1981.
Parent company: Hartford Insurance Group/ITT Corp.
Frequent services: General on-site plant loss prevention inspections, fire prevention inspections, hazard identification, loss prevention research, fire training laboratory, flow tests, value appraisals.
Occasional services: Plant security inspections, building plan reviews, loss prevention publications, client training.
Staff: 495; 30 professionals who hold 17 ARM, 13 ALCM, 76 CSP, four PE, 23 SFPE, eight CIH and four CPCU designations.
Region served: Nationwide.
Branch offices: 78 offices in 39 states, including Chicago, Dallas, Los Angeles and New York.
Principal officers: David Bradley, president; J. Philip Griffin Jr., senior executive vp; Frederic W. Baker, executive vp; John A. MacDonald, senior vp; Lonnie Maytubby, vp.
Contact: Billy R. Boguski, assistant vp.

Daniel J. Hartwig Associates Inc.

P.O. Box 80, Oregon, Wis. 53575-0080; 800-837-4411; fax: 608-835-3222

Year founded: 1978.
Occasional services: General on-site plant loss prevention inspections, hazard identification, client training, accident analysis, expert witness, product safety, air testing, industrial hygiene surveys, engineering, human factors evaluation, asbestos identification, project design, air quality monitoring.
Staff: 10; four professionals who hold two CSP, one CIH and one CHCM designations.
Region served: Nationwide.
1990 gross revenues: $1 million, 30% from unbundled property loss control consulting/engineering, 70% from other services.
Principal officers: Daniel J. Hartwig, president.

Hastings-Tapley Services Inc.

60 Gore St., P.O. Box 240, Cambridge, Mass. 02141; 617-876-7510; fax: 617-494-1608

Year founded: 1987.
Parent company: Hastings-Tapley Insurance Agency Inc.
Frequent services: General on-site plant loss prevention inspections, fire prevention inspections.
Occasional services: Plant security inspections, hazard identification, building plan reviews, loss prevention publications, loss prevention research, client training.
Staff: 22; three professionals who hold three ARM, one ALCM, two ASSE and two SFPE designations.
Clients: 100% with gross revenues less than $200 million.
Specialties: Municipalities.
Region served: Connecticut, Maine, Massachusetts, New Hampshire, New York, Rhode Island, Vermont.
1990 gross revenues: $2 million, 3% from unbundled property loss control consulting/engineering, 92% from other

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services, including claims administration.

Principal officers: David J. Lane, chairman; Frederick J. England Jr., president; Marsha K. Burridge and E. Donald Lewis, executive vps; Ralph Gemelli, vp.

Contact: Ralph Gemelli.

The Hidden Group

6670 Kerry Lane, Riverside, Calif. 92509; 714-685-6404

Year founded: 1984.

Frequent services: General on-site plant loss prevention inspections, fire prevention inspections, plant security inspections, hazard identification, loss prevention publications, client training, playground and athletic facility audits, hazardous materials and hazardous waste surveys and control programs, security system implementation.

Occasional services: Building plan reviews, loss prevention research.

Staff: Three; two professionals who hold one ARM, one ASSE, one AAI, one CPIW and one HMT designations.

Clients: 14; 65% with gross revenues less than $200 million, 34% with $200 million-$499 million, 1% with $500 million-$999 million.

Specialties: Transportation, distribution and government entities.

Region served: Arizona, California, Colorado, Nevada, Texas.

Branch offices: Dallas; Longmont, Colo.

1990 gross revenues: 65% from unbundled property loss control consulting/engineering, 35% from other services, including risk management consulting, strategic management audits, liability and workers compensation programs, custom training sessions, advising U.S. Olympic Ice Hockey program.

Principal officers: Gregory F. Hidden, president/chief executive officer; Gloria J. Hidden, vp; Ralph M. Hidden, director; Mark Spigner, chief financial officer.

Contact: Gregory F. Hidden.

High-Point Schaer

12526 High Bluff Drive, San Diego, Calif. 92130; 619-792-3581; fax: 619-793-2646

Year founded: 1980.

Parent company: High-Point P.L.C.

Frequent services: General on-site plant loss prevention inspections, hazard identification, building plan reviews, loss prevention research, client training, financial reviews and management, consulting engineering, architectural and inspection services, surety and fidelity.

Staff: 200 professionals who hold 33 SFPE designations.

Clients: 10% with gross revenues less than $200 million, 30% with $200 million-$499 million, 25% with $500 million-$999 million, 20% with $1 billion-$3.5 billion, 15% exceeding $3.5 billion.

Specialties: Insurance companies, attorneys, banks, developers, architectural/engineering firms, contractors, municipalities, home owners associations.

Region served: International.

Branch offices: Alexandria and Williamsburg, Va.; Boston; Clearwater, Fla.; Irvine, Los Angeles and San Francisco, Calif; Laconia, N.H.; Phoenix; Roseland, N.J.; Seattle.

1990 gross revenues: 100% from unbundled property loss control consulting/engineering.

Principal officers: M. Gene Bennett, chief executive officer-Western group; Darrell L. Hall, chief financial officer; Barry R. Smith, chief executive officer-Eastern group.

Contact: L. Adam Winegard, manager-property loss services.

Hischar Associates

502 Amboy Ave., Perth Amboy, N.J. 08861; 908-324-7714

Frequent services: General on-site plant loss prevention inspections, fire prevention inspections, plant security inspections, hazard identification, loss prevention publications, loss prevention research, client training, pre-OSHA consulting.

Staff: Eight professionals who hold one CSP and two CFSR designations.

Clients: 60% with gross revenues less than $200 million, 40% with $200 million-$499 million.

Specialties: Petroleum industry, coal mines, textiles, hazardous waste, food industry, amusement parks, phase J environmental.

Region served: California, Florida, Georgia, Illinois, Louisiana, New Jersey, North Carolina, South Carolina, Tennessee, Texas.

1990 gross revenues: 90% from unbundled property loss control consulting/engineering, 10% from other services, including, security, liability, safety and insurance companies.

Principal officers: J. John Hischar, president; Donald Sheppard, vp; Deborah Higgins, secretary/treasurer.

Contact: J. John Hischar.

I

Information Security International Inc.

9086 Junction Drive, Suite 2, Annapolis Junction, Md. 20701; 301-498-8453; fax: 301-498-0125

Year founded: 1986.

Frequent services: General on-site plant loss prevention inspections, plant security inspections, loss prevention publications, loss prevention research, client training.

Occasional services: Hazard identification, building plan reviews.

Staff: 19; 17 professionals.

Clients: Six; 83% with gross revenues less than $200 million, 17% exceeding $3.5 billion.

Specialties: Financial institutions, law firms, telecommunications, insurance, accounting, computer, U.S. government and international (NATO) security and intelligence programs.

Region served: Worldwide.

Branch offices: New York.

1990 gross revenues: $1 million, 100% from unbundled property loss control consulting/engineering.

Principal officers: Gerard P. Burke, chief executive officer; William H. Jenkins, president/chief operating officer; Eugene P. McAllister, vp-technical services; Michael J. Burke, chief financial officer; Robert A. Fisher, vp-OPSEC.

Inservco Insurance Services

3461 Market St., Suite 201, Camphill, Pa. 17011; 717-761-8018; fax: 717-763-5732

Year founded: 1980.

Parent company: Pennsylvania National Insurance Co.

Frequent services: General on-site plant loss prevention inspections, fire prevention inspections, plant security inspections, hazard identification, client training, safety management consulting, fire protection systems evaluation.

Occasional services: Building plan reviews, loss prevention publications, loss prevention research.

Staff: 125; seven professionals who hold three ARM, four ALCM, three ASSE, one CSP, one PE, two SFPE and two CPCU designations.

Specialties: Government, trade associations, franchised automobile dealers, institutes, education.

Region served: Delaware, Maryland, New Jersey, North Carolina, Pennsylvania, South Carolina, Virginia.

Branch offices: Greenboro, N.C.

Principal officers: Daniel Walters, president; Robert Conrad, executive vp; Kenneth Shaffer, treasurer; Kenneth Shutts, secretary/general counsel; Michael Scheib, vp-operations.

Contact: Joseph M. Boslet, Pennsylvania National Insurance Co., 1900 Derry St., P.O. Box 2361, Harrisburg, Pa. 17105-2361.

Insurance Control Systems Inc.

1118 N. LaBrea Ave., Inglewood, Calif. 90302; 213-678-7115; fax: 213-673-3350

Year founded: 1989.

Frequent services: General on-site plant loss prevention inspections, fire prevention inspections, hazard identification, loss prevention publications, loss prevention research, client training, worker safety training and education, claims management, crisis response program development, workers compensation risk protection.

Occasional services: Plant security inspections, building plan reviews.

Staff: 14; four professionals who hold one ARM, two ALCM, three ASSE and two CSP designations.

Clients: 49; 100% with gross revenues less than $200 million.

Region served: Nationwide.

Branch offices: Atlanta, Dallas and Reno, Nev.

1990 gross revenues: $1.4 million,

Continued on page 36

In 1866, when the transatlantic cable linked two continents,

The telegraph. In the mid 1800's, engineers dreamed of using it to bridge the gap between Europe and North America—to cut communication time from one month to seconds. But it wasn't until after nearly an eight-year saga of dedication and persistence that an Atlantic telegraph cable was successfully laid. And when the *Great Eastern* anchored at Heart's Content to send the first message, Allendale had been listening and responding to clients for 31 years.

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Allendale had been in touch with its customers for 31 years.

ing expertise to clients around the world. We continue to shape the history of loss control with engineering, training, research and testing, responsiveness and fairness in the way we do business.

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Hong Kong's economy at risk

By Douglas N. Smith

International issues

WHILE MUCH ATTENTION HAS been focused on the single market set to occur in Europe in 1992, risk managers are faced with questions from the opposite side of the world. In Hong Kong, the issue is not how a restrictive economy will evolve to a more consumer-oriented capitalistic base, but what will happen to a free economy when it is operating in a potentially restrictive environment.

Under treaty provisions between Great Britain and the People's Republic of China, Hong Kong will revert to Chinese control on July 1, 1997. "One country, two systems" is the simplistic catch phrase for the complex process that is under way. Under the treaty, the Beijing government is pledged to maintain Hong Kong's capitalistic system for 50 years after 1997, but many details were left to be worked out between the two governments.

The process was going well until April 1989, when Beijing university students promoting democracy occupied Tiananmen Square. The students were allowed to peacefully continue their occupation until the central government authorities authorized the June 4 crackdown—with tragic consequences. Now, the fate of Hong Kong is viewed in an entirely different perspective which can range from very pessimistic to "cautiously optimistic."

Risk managers whose credo is managing change will be especially challenged during the next decade in Hong Kong. The watch signs will be diplomatic, political and economic. Diplomatically, the progress toward working out the details of the colony's transfer will be an indicator of future stability.

A new constitution, the Basic Law, is in place. Although many Hong Kong residents are not happy about the final provisions, which reflect the domination of the majority delegates from China on the constitutional committee, there is a plan for a limited democracy. The Basic Law guarantees the sanctity of private property, which may alleviate some concern about expropriation and confiscation. However, there remains friction between Britain and Beijing on many issues. Major infrastructure projects needed for the colony's future are mired in disagreement. A new airport, redevelopment of the waterfront and new tunnel links between Hong Kong and the mainland are in diplomatic limbo. It seems Britain wishes to press ahead to leave the colony in a viable economic position, while Beijing seems concerned that the economic burden of such commitments may hamper future opportunities. Risk managers should monitor the development of such projects as signals of future events.

Politically, events in Beijing, as well as in the United States, will be integral to the future viability of Hong Kong. Beijing is nearing a transition period during which younger leaders will be selected to replace octogenarians. These new leaders will set the tone of future developments. In the 1980s, Deng Xiaoping moved China toward a freer economy. The creation of economic free trade zones spurred economic expansion and Western and Japanese investment. However, in the last few years, hard-liners seem to be steering the country back to a more conservative approach.

Hong Kong remains an economic powerhouse in the Far East. It is a financial center with a growing service industry sector. However, Hong Kong has its roots in trade. Hong Kong is one of the world's most active container ports with many manufactured goods and textile products being moved from China to Hong Kong for marine shipment. The manufacturing base in Hong Kong is slowly moving north to China to take advantage of the wage differential.

Risk managers should watch trends with care. Approximately 50,000 middle managers have emigrated from Hong Kong each year since 1989. This has depleted the workforce of educated, English-speaking talent, increased the wages of those who remain in Hong Kong and, in the long term, will restrict the pool of talent available to assume senior management positions.

In the meantime, risk managers and Hong Kong companies benefit from one of the most competitive and free insurance markets in the world. The laissez-faire approach to business in Hong Kong allows freedom of form, reduced rating and opportunity for non-admitted insurance programs. There are currently 276 authorized insurers operating in the colony, of which 28 are U.S.-based. The largest insurers include American International Underwriters Corp., a unit of American International Group Inc.; CIGNA Corp.; Carlingford Insurance Co. Ltd.; Commercial Union Assurance Co. P.L.C.; Sun Alliance and London Insurance P.L.C.; New Zealand Insurance P.L.C.; and Ming An Insurance Co. (HK) Ltd., a subsidiary of the state-owned People's Insurance Co. of China. However, there are many local companies, often undercapitalized, that can be very aggressive. Risk managers should be wary of any proposal from local managers for insurance programs placed with unknown companies.

Hong Kong's non-life premium volume is over $1 billion, and the loss ratios would make any Western-based insurer envious. In 1988, the largest non-life line—fire—was the most profitable line with a 23.11% loss ratio. However, the past few years have been free of major typhoon damage which could adversely skew those results. Automobile and workers compensation loss ratios were 59.14% and 48.10% respectively.

However, trends for the future may project a worsening condition. Workers comp awards are on the increase. With heightened social awareness and less reliance on the traditional notion that the "fates" are involved in human affairs, claims are becoming more frequent. The sharp increase in wages has resulted in higher claim awards: As a claim matures through the system, the eventual award is commensurate with the new salary scale rather than with salaries when the accident occurred and on which the original premium was based.

Also, Hong Kong has no social security system. Injured workers will look to "deep pockets" for financial security, particularly if their working life is impaired or shortened. Another factor exacerbating this trend in workers comp is the abysmal safety standards easily apparent to the casual visitor of construction sites. It is not uncommon to see elderly workers clinging to bamboo scaffolding without safety protection. The local press has noted that many construction managers view construction workers as a "renewable resource" not requiring any particular safeguards, but life is no longer cheap in Hong Kong. The workers comp experience is expected to show signs of deterioration.

Automobile insurance is becoming as difficult a problem to manage in Hong Kong as it has been in some states in the United States. The situation is fueled by an extraordinary theft problem and sophisticated smuggling operations into China. Luxury cars, which are common in Hong Kong, are prime targets. Risk managers should be aware that the colony's overall adverse automobile loss experience may spill over into ratings for company cars.

As every question in Hong Kong revolves around 1997, risk managers should wonder what will happen to the insurance industry at the time of transfer. Beijing's commitment to maintain "one country, two systems" can be taken at face value or viewed with distrust. Rationally, Beijing has a great stake in the success of Hong Kong. It has been a window on China through which has flowed technology, Western management concepts and capital. Beijing has significant investments in the Hong Kong economy estimated at times to be about $12 billion. This commitment is underscored by the Bank of China building which dominates the Hong Kong skyline and is one of the tallest buildings outside of North America.

Yet the shadow of 1997 falls over all Hong Kong activities. Recently it was announced that Hong Kong-owned toy manufacturers with operations in China's free trade zones must insure their enterprises with a mainland China insurance company or have the certificates of origin for their goods withheld. Previously, Hong Kong companies were free to choose any Hong Kong or Chinese insurer. One cannot help but wonder if this is a harbinger of policies to come. ■

Douglas N. Smith is vp and manager of the International Department of Johnson & Higgins in New York. His column appears the first Monday of every month.

Sneeze-related injury is compensable

Legal briefs

An employee who dislocated his shoulder when he sneezed while holding his arms in a raised position at his work station sustained an injury that arose out of his employment within the meaning of the Workers Compensation Act, according to an Ohio appellate court.

Michael Grimes was employed as a press operator. In 1985, while operating his press, Mr. Grimes dislocated his right shoulder.

Mr. Grimes sneezed while his arms were in a raised position while he was operating the machine. After he sneezed, Mr. Grimes felt a sudden pain in his shoulder and fell to the ground.

He applied for workers compensation benefits, but a jury found against him.

On appeal, his employer maintained that Mr. Grimes' injury did not arise out of his employment because he did not demonstrate that the shoulder dislocation occurred as a result of some hazard or risk pertaining to his employment.

However, the Court of Appeals of Ohio believed that where idiopathic causes for an unexplained sneeze have been eliminated, an inference arises that the sneeze was traceable to some ordinary risk, albeit unidentified, to which the employee was exposed at the employment premises.

The Court of Appeals of Ohio reversed the decision denying workers compensation benefits to Mr. Grimes and referred the matter back for further proceedings.

Grimes vs. Mayfield, Court of Appeals of Ohio, Jan. 19, 1989 (*BI*/05/Jy.-$10). ■

These abstracts were prepared by Cases Unlimited Inc. Copies of these decisions are available by sending a $10 check payable to Cases Unlimited to Business Insurance, *740 N. Rush St., Chicago, Ill. 60611-2590. List the number for each opinion.*

Continued from page 31
95% from unbundled property loss control consulting/engineering, 5% from other services, including occasional legal witness fees.

Principal officers: Alfred Kirkpatrick, president; Valeta Paganelli, vp; Laura Patten, vp-operations; Horacio Cruz, service manager; Gordon K. Gordon, new business director.

Contact: Laura Patten.

Insurance Restoration Specialists

777 New Durham Road, Edison, N.J. 08817; 908-549-3666; fax: 908-548-0778

Year founded: 1961.

Parent company: Private.

Frequent services: General on-site plant loss prevention inspections, fire prevention inspections, plant security inspections, hazard identification, building plan reviews, loss prevention research, client training.

Staff: 73; nine professionals who hold one ASSE, one PE designations.

Region served: New Jersey, Pennsylvania, New York.

Principal officers: Dr. Willard R. Kleckner, manager-consulting services; Jack O'Krepky.

Contact: Willard R. Kleckner.

Insurance & Risk Management

3811 Illinois Road, P.O. Box 1705, Fort Wayne, Ind. 46801; 219-436-1616; fax: 219-432-4083

Year founded: 1960.

Frequent services: General on-site plant loss prevention inspections, hazard identification, client training.

Occasional services: Fire prevention inspections, plant security inspections, building plan reviews.

Staff: Five; including one ARM, one ALCM, three ASSE, two CSP, one CPCU and one OHST designations.

Clients: 60% with gross revenues less than $200 million, 20% with $200 million-$499 million, 10% with $1 billion-$3.5 billion.

Region served: Nationwide.

Branch offices: Indianapolis and Muncie, Ind.; Defiance and Toledo, Ohio.

1990 gross revenues: $200,000; 100% from unbundled property loss control consulting/engineering.

Principal officers: Bart Bircheff, chief operating officer.

Contact: Bart Bircheff or James E. Krouse.

Insurers Technical Services Inc.

8600 N.W. 36th St., Miami, Fla. 33166; 305-599-7410; fax: 305-599-7424

Year founded: 1983.

Parent company: Skandia Group.

Frequent services: Fire prevention inspections, hazard identification, insurance underwriting surveys.

Occasional services: General on-site plant loss prevention inspections, building plan reviews, loss prevention research, client training.

Staff: 12; 10 professionals who hold four ASSE, two CSP, one OHST and one CST designations.

Clients: 15; 50% with gross revenues less than $200 million, 20% with $200 million-$499 million, 20% with $500 million-$999 million, 10% with $1 billion-$3.5 billion.

Specialties: Property and casualty insurance companies.

Region served: Florida.

Branch offices: Maitland, Fla.

1990 gross revenues: $400,000, 50% from unbundled property loss control consulting/engineering, 50% from other services, including casualty insurance consulting and appraisal services.

Principal officers: R.C. Chaffin, president; John Marshall, vp; Martin Lerner, manager.

Contact: Martin Lerner.

International Adjusters Ltd.

80 Maiden Lane, New York, N.Y. 10038; 212-509-0555; fax: 212-344-4422

Year founded: 1954.

Frequent services: General on-site plant loss prevention inspections, hazard identification, marine cargo claim loss prevention stowage.

Occasional services: Plant security inspections, loss prevention publications, loss prevention research, client training.

Staff: 24; four professionals including Certified Cargo Surveyor, New York general adjuster.

Specialties: Marine insurance industries, importers and exporters.

Region served: Nationwide.

Branch offices: Long Beach, Calif.

1990 gross revenues: $1.4 million, 10% from unbundled property loss control consulting/engineering, 90% from other services, including claims adjusting, recovery action, general average review.

Principal officers: Robert J. Ianniello, chairman; Henry Cappy, president; Robert Fennell, vp.

International Loss Control Institute

4546 Atlanta Highway, P.O. Box 1898, Loganville, Ga. 30249; 404-466-2208; fax: 404-466-4318

Year founded: 1974.

Parent company: Det Norske Veritas Inudstries A/S.

Frequent services: Loss prevention publications, loss prevention research, client training, public seminars on safety/loss control management, auditing and consulting services.

Occasional services: General on-site plant loss prevention inspections, hazard identification.

Staff: 115; 40 professionals who hold six ALCM, four ASSE, six CSP, three PE, three CSSE, four CRSP, 10 Certified Hazardous Chemical Manager designations.

Region served: Worldwide.

1990 gross revenues: $7.1 million.

Principal officers: Per Olaf Brett, president; David McCollough, senior vp.

Contact: Susan B. Arnold, executive director.

International Loss Control Services Ltd.

FBD House, Bluebell, Dublin 12, Ireland; 353-1-504800; fax: 353-1-783108

Year founded: 1983.

Parent company: FBD Holdings P.L.C.

Frequent services: General on-site plant loss prevention inspections, fire prevention inspections, total loss control audits.

Occasional services: Hazard identification, loss prevention research, client training.

Staff: Seven; two professionals who hold one ACII and one GIFE designations.

Clients: 20% with gross revenues less than $200 million, 20% with $200 million-$499 million, 60% with $500 million-$999 million.

Region served: Europe.

1990 gross revenues: $400,000, 10% from unbundled property loss control consulting/engineering, 90% from other services, including contingency loss control programs and insurance-related fees.

Principal officers: Patrick J. O'Reilly, executive director; Eamonn Bergin; Martin Carr.

Contact: Patrick J. O'Reilly.

International Risk Management Group

P.O. Box 660, Belvedere Building, Hamilton 5, Bermuda; 809-295-0713; fax: 809-295-1712

Year founded: 1988.

Parent company: Swiss Reinsurance Co.

Frequent services: General on-site plant loss prevention inspections, fire prevention inspections, plant security inspections, hazard identification, building plan reviews, infrared thermographic scanning, halon integrity testing, pressure vessel and tank testing, chemical industry process safety reviews.

Occasional services: Loss prevention publications, loss prevention research, client training.

Staff: 350; 80 professionals who hold eight ARM, four CSP, 10 PE, 40 SFPE and 10 CPCU designations.

Clients: 5% with gross revenues less than $200 million, 10% with $200 million-$499 million, 10% with $500 million-$999 million, 25% with $1 billion-$3.5 billion, 50% exceeding $3.5 billion.

Specialties: Chemical, food and grain, nuclear power, banking, pulp and paper, wood products.

Region served: Worldwide.

Branch offices: Atlanta; Bridgewater and Fort Lee, N.J.; Chicago; Cleveland; Dallas, Fort Worth and San Antonio, Texas; Detroit; Kansas City, Kan.; Louisville, Ky.; Minneapolis; Nashville, Tenn.; Walnut Creek, Calif.; Seattle; West Brookfield, Mass.; Frankfurt, Germany; Weybridge, England.

1990 gross revenues: 10% from unbundled property loss control consulting/engineering, 90% from other services, including risk management consulting, alternate risk funding, environmental and safety risk assessments.

Principal officers: Arthur H. Deters, chief executive officer; Brian D. Murphy and William F. Nehls, executive vps; Thomas G. Grilli, chief financial officer; John J. Ryan, president.

Contact: J.S. Armstrong, 4807 Rockside Road, Suite 500, Cleveland, Ohio 44131; 216-447-1600 or 800-882-5528.

Investigative Research Group Inc.

P.O. Box 24013, Columbia, S.C. 29224; 803-736-9861

Year founded: 1989.

Frequent services: Plant security inspections, loss prevention research, client training.

Occasional services: General on-site plant loss prevention inspections, hazard identification, building plan reviews, loss prevention publications.

Region served: Nationwide.

1990 gross revenues: $50,000.

Principal officers: Lyle Hendrick, president.

J

JDW Risk Services Association Inc.

P.O. Box 193, El Paso, Texas 79942; 915-533-2614; fax: 915-532-9182

Year founded: 1985.

Parent company: John D. Williams Co.

Frequent services: General on-site plant loss prevention inspections, hazard identification, client training, safety manuals.

Occasional services: Plant security inspections, loss prevention research.

Staff: Four; one professional who holds an ARM designation.

Clients: 11; 100% with gross revenues less than $200 million.

Region served: New Mexico and Texas.

1990 gross revenues: $100,000, 25% from unbundled property loss control consulting/engineering, 75% from other services, including risk management, claims management, medical case management, proprietary information for workers compensation act rejection.

Principal officers: Darrell W. Burton, president; D.R. Margo II, vp.

Contact: Darrell W. Burton.

William L. Jacobs Enterprises Inc.

P.O. Box 7333, Fort Lauderdale, Fla. 33338; 305-766-9910

Year founded: 1987.

Frequent services: General on-site plant loss prevention inspections, hazard identification, loss prevention publications, loss prevention research, client training, customer safety for retail operations.

Occasional services: Fire prevention inspections.

Staff: Four; three professionals who hold ASSE, CSP and PE designations.

Clients: 100% with gross revenues less than $200 million.

Specialties: Retail safety, supermarkets, shopping centers, construction, municipalities.

Region served: Alabama, Florida, Georgia, Louisiana, Mississippi.

Branch offices: Osteen, Fla.

1990 gross revenues: 100% from unbundled property loss control consulting/engineering.

Principal officers: William L. Jacobs, president.

Jardine Insurance Brokers Inc.

333 Bush St., Suite 500, San Francisco, Calif. 94104-2878; 415-391-2600; fax: 415-773-4475

Parent company: Jardine Insurance Brokers Group.

Frequent services: General on-site plant loss prevention inspections, fire prevention inspections, plant security inspections, hazard identification, HPR engineering, boiler and machinery exposures, chemical safety review.

Occasional services: Building plan reviews, loss prevention publications, loss prevention research, client training.

Staff: 1,027; nine professionals who hold one ARM, four ASSE, one CSP, three PE, two SFPE, one AIHA, four NFPA, four NSC, one API, one ASA and one ICA designations.

Region served: Nationwide.

Branch offices: Boston; Houston; Los Angeles, San Jose and Stockton, Calif.; New York and Schenectady, N.Y.; Phoenix.

Principal officers: George W. Brown, president/chief executive officer; Donald R. Weber, executive vp/chief operating officer; Richard A. Archer, chairman; Leonard P. Lawrence, executive vp.

Jarry Associates

108 Commonwealth Drive, Basking Ridge, N.J. 07920; 908-647-9031

Year founded: 1979.

Frequent services: General on-site plant loss prevention inspections, hazard identification, client training.

Occasional services: Plant security inspections, building plan reviews, loss prevention publications.

Staff: Three; two professionals who hold two PE and one SFPE designations.

Clients: 80% with gross revenues less than $200 million, 15% with $200 million-$499 million, 5% with $500 million-$999 million.

Specialties: Industrial manufacturing.

Region served: Nationwide.

Branch offices: Center Conway, N.H.

1990 gross revenues: $120,000, 100% from unbundled property loss control consulting/engineering.

Principal officers: Harry J. Eiermann, principal consultant.

Jay & Renfro

4667 MacArthur Blvd., Suite 300, Newport Beach, Calif. 92660; 714-852-5555; fax: 714-852-5559

Year founded: 1924.

Frequent services: General on-site plant loss prevention inspections, fire prevention inspections, hazard identification, client training, property insurance contract audits.

Occasional services: Plant security inspections, building plan reviews.

Staff: 23; two professionals.

Clients: 100% with gross revenues less than $200 million.

Specialties: Health care providers, industrial, manufacturing, regional shopping centers.

Region served: Southern California.

Principal officers: Dee R. Renfro, chief executive officer; Dale A. Dodge, chief operating officer.

Contact: Dee R. Renfro.

Jerico International Ltd.

203 Gibbons Building, 10 Queen St., Hamilton HM11, Bermuda; 809-295-0850; fax: 809-292-3704

Year founded: 1986.

Occasional services: General on-site plant loss prevention inspections, plant security inspections, hazard identification, building plan reviews, loss prevention publications, loss prevention research, client training.

Staff: Five; three professionals.

Clients: 12.

Specialties: Insurance, law, accounting, financial services.

Region served: Worldwide.

Branch offices: Cambridge, Md.

1990 gross revenues: $1.3 million, 20% from unbundled property loss control consulting/engineering, 80% from other services, including investigations, crisis management, risk and vulnerability assessments.

Principal officers: Gerard P. Burke, president; Andrew Sinclair, director and operations manager; Ann M. Burke, director-marketing.

Contact: Gerard P. Burke.

Johnson & Higgins

125 Broad St., New York, N.Y. 10004; 212-574-7000; fax: 212-574-7676

Year founded: 1884.

Frequent services: Building plan reviews, loss prevention publications, client training, program coordination, customized database systems, program insurance impact studies, business interruption studies, earthquake loss control and disaster planning, boiler and machinery loss control management consulting.

Occasional services: General on-site plant loss prevention inspections, fire prevention inspections, plant security inspections, hazard identification.

Staff: 78 (United States), 60 professionals who hold two ASCE, 10 ASSE, nine CSP, 25 PE, 42 SFPE, one ABBA, one ACS, nine AICE, one AISE, one ASA, one ASIE, two ASIS, three ASME, one CPCU, one CPP, one CSSP, two IEEE, one NBBI, 45 NFPA, five NFSA and four SSA designations.

Clients: 1750.

Region served: Nationwide.

Branch offices: Atlanta; Baltimore; Boston; Charlotte, N.C.; Chicago; Cleveland; Costa Mesa, Los Angeles, San Diego and San Francisco, Calif.; Dallas; Detroit; Hartford and Stamford, Conn.; Honolulu; Houston; Minneapolis; Nashville, Tenn.; New York; Parsippany, N.J.; Philadelphia; Phoenix; Pittsburgh; Richmond, Va.; St. Louis; Seattle.

Principal officers: Norman Barham, director/senior vp; William F. Ramonas, national manager-property loss control; Glenn H. Giles, James C. Deaton, Ralph P. Dellinger, Michael E. Gerdts, Paul F. Helweg Jr. and Stephen M. Stuart, regional managers-property loss control.

Contact: William F. Ramonas, 201-292-5230; Glenn H. Giles, 201-292-5231; James C. Deaton, 404-586-8326; Ralph P. Dellinger, 213-552-8875; Michael E. Gerdts, 415-296-3470; Paul F. Helweg Jr., 203-241-8555; Stephen M. Stuart, 313-393-6974.

K

Kemper National Insurance Cos.

Route 22, Kemper Drive, Long Grove, Ill. 60049-0001; 708-540-2000; fax: 708-540-4271

Year founded: 1912.

Frequent services: General on-site plant loss prevention inspections, fire prevention inspections, plant security inspections, hazard identification, building plan reviews, loss prevention publications, client training.

Occasional services: Loss prevention research.

Staff: 8,800; 500 professionals who hold 50 ASCE, 100 ASSE, 25 CSP, 25 PE, 100 SFPE designations.

Region served: Nationwide.

Branch offices: Atlanta; Charlotte, N.C.; Chicago; Edina, Minn.; Garland, Texas; Los Angeles Menlo Park, San Francisco, Calif.; Mansfield, Ohio; New York, Syracuse, N.Y.; North Quincy, Mass.; Orlando, Fla.; Repentigny, Quebec; Seattle; St. Louis; Summit, N.J.

1990 gross revenues: $2.9 billion.

Principal officers: Joseph E. Luecke, chairman; Gerald L. Maatman, president/chief executive officer; Alfred K. Kenyon, executive vp; R. Keith Like, executive vp; Peter T. Standbridge, executive vp.

Contact: Dee Atkinson, manager-customer relations/communication services.

L

Las Vegas Audit & Inspection Service

1050 E. Flamingo Road, Suite 333, Las Vegas, Nev. 89119; 702-369-7475; fax: 702-796-7475

Year founded: 1986.

Frequent services: General on-site plant loss prevention inspections, fire prevention inspections.

Occasional services: Plant security inspections, hazard identification, building plan reviews, loss prevention research, client training.

Staff: Two; one professional.

Clients: 50% with gross revenues less than $200 million, 40% with $200 million-$499 million, 10% with $500 million-$999 million.

Region served: Arizona, California, Nevada, Utah.

Principal officers: Brenda Atwood-Kawa, president.

Contact: K. Steven Kawa.

Leggett & Associates

P.O. Box 1298-545, Phelan, Calif. 92371; 619-868-4846; fax: 619-868-4861

Frequent services: General on-site plant loss prevention inspections, fire prevention inspections, hazard identification, loss prevention publications, client training, disaster preparedness, SARA Title III contingency plans, life safety surveys, fleet safety program.

Occasional services: Plant security inspections, building plan reviews, loss prevention research.

Staff: Two; one professional who

Continued on next page

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holds an ARM designation.
Region served: California.
Principal officers: Michael D. Leggett, owner.
Contact: Peggy R. Leggett, contract administrator or Michael D. Leggett.

Collin A. Lewis-Fire Protection & Code Consultant

P.O. Box 11792, Santa Rosa, Calif. 95406; 707-528-9617; fax: 707-528-1363

Year founded: 1986.
Frequent services: Hazard identification, building plan reviews, building and fire code inspection, loss investigation, PLC system specification preparation, audits.
Occasional services: General on-site plant loss prevention inspections, fire prevention inspections, loss prevention research, client training.
Staff: One professional who holds ARM and SFPE designations.
Clients: 100% with gross revenues less than $200 million.
Region served: Nationwide.

Loss Control Associates Inc.

172 Middletown Blvd., Suite 204(B), Langhorne, Pa. 19047; 215-949-0670; fax: 215-750-6845

Year founded: 1986.
Frequent services: General on-site plant loss prevention inspections, fire prevention inspections, hazard identification, building plan reviews, client training, HAZOPS, what if studies.
Occasional services: Loss prevention publications, loss prevention research, expert witness testimony.
Staff: Five; three professionals who hold one ASSE, two PE, three SFPE, four NFPA, two AICE designations.
Clients: 80; 5% with gross revenues less than $200 million, 10% with $200 million-$499 million, 10% with $500 million-$999 million, 15% with $1 billion-$3.5 billion, 60% exceeding $3.5 billion.
Specialties: Petroleum, petrochemical and chemical industries, hazardous materials industry.
Region served: Worldwide.
1990 gross revenues: $480,000, 100% from unbundled property loss control consulting/engineering.
Principal officers: Orville M. Slye Jr., president.

Loss Prevention Consultants Inc.

P.O. Box 54012, Jackson, Miss. 39288-4012; 601-878-2138; fax: 601-878-2394

Year founded: 1984.
Frequent services: General on-site plant loss prevention inspections, fire prevention inspections, hazard identification, loss prevention research, client training.
Occasional services: Plant security inspections, building plan reviews, loss prevention publications.
Staff: Two professionals who hold one ASSE, one NFPA and one ASIS designation.
Clients: 25; 90% with gross revenues less than $200 million, 10% with $200 million-$499 million.
Specialties: Transportation industry, marine, heavy trucking.
Region served: Nationwide.
1990 gross revenues: 100% from unbundled property loss control consulting/engineering.
Principal officers: John R. Eubanks Jr., president.

M

Management Services Inc.

Towne Centre Bldg., Suite 208, 2 E. Main St., Danville, Ill. 61832; 800-252-5059; fax: 217-443-0427

Year founded: 1976.
Frequent services: General on-site plant loss prevention inspections, fire prevention inspections, hazard identification, loss prevention publications, client training, property valuation.
Occasional services: Loss prevention research.
Staff: 15; 11 professionals who hold five ASSE, four CSP and four CHCM designations.
Clients: 100% with gross revenues less than $200 million.
Specialties: Government entities.
Region served: Nationwide.
Branch offices: Oak Brook, Ill.; St. Louis.
Principal officers: Sam Cannon, chief executive officer; Bob Cowgill, president; Gary Schirmer, director; Jacques Camon, vp.
Contact: Bonnie Gotham, sales associate.

Donald Mayo-Fire Protection Consultant

2300 Contra Costa Blvd., Suite 430, Pleasant Hill, Calif. 94523; 415-685-3733

Year founded: 1987.
Frequent services: General on-site plant loss prevention inspections, fire prevention inspections, hazard identification, building plan reviews, fire protection systems design specifications, field quality control inspections of fire protection systems.
Occasional services: Loss prevention research, client training.
Staff: Four; three professionals who hold one ARM, three SFPE and one CPCU designation.
Clients: Four; 10% with gross revenues $1 billion-$3.5 billion, 90% exceeding $3.5 billion.
Region served: Nationwide.
1990 gross revenues: $302,000, 100% from unbundled property loss control consulting/engineering.
Principal officers: Donald Mayo, president/treasurer; Linda Mayo, vp/secretary.
Contact: Donald Mayo.

Mead Loss Control Consultants Inc.

Courthouse Plaza NE, Dayton, Ohio 54563; 513-495-7200; fax: 513-495-6299

Year founded: 1972.
Parent company: The Mead Corp.
Frequent services: General on-site plant loss prevention inspections, fire prevention inspections, hazard identification, building plan reviews, client training, fire brigade training, infrared thermographic inspections for electrical hotspot detection.
Occasional services: Plant security inspections, loss prevention publications, loss prevention research.
Staff: 21; nine professionals who hold two ARM and one PE designation.
Clients: 14; 9% with gross revenues less than $200 million, 18% with $200 million-$499 million, 18% with $500 million-$999 million, 18% with $1 billion-$3.5 billion, 37% exceeding $3.5 billion.
Region served: Worldwide.
Branch offices: Buford, Ga.
1990 gross revenues: $2.3 million, 50% from unbundled property loss control consulting/engineering, 50% from other services, including fire brigade and infrared inspections.
Principal officers: Chet Richards, president; Don Longston, vp-finance; Walter Luker, vp/manager; Larry Jones, vp-engineering; Curtis Doyle, vp-extended services.
Contact: Walt Luker.

Michigan Hospital Assn. Service Corp./ Loss Prevention Services

6215 W. St. Joseph Highway, Lansing, Mich. 48917; 517-323-3443; fax: 517-323-0913

Year founded: 1978.
Parent company: Michigan Hospital Assn.
Frequent services: General on-site plant loss prevention inspections, hazard identification, loss prevention publications, loss prevention research, client training.
Occasional services: Fire prevention inspections, plant security inspections, building plan reviews.
Staff: Eight; six professionals who hold one PE designation.
Clients: 90% with gross revenues less than $200 million, 10% with $200 million-$499 million.
Specialties: Health care.
Region served: Indiana and Michigan.
Branch offices: Southfield, Mich.
1990 gross revenues: $555,000, 50% from unbundled property loss control consulting/engineering, 50% from other services, including industrial hygiene monitoring, occupational health and safety services, environmental services.
Principal officers: Fritz Kellerman, senior vp/chief operating officer; Kathy Dickinson, senior vp-workers compensation; Pier George Zanoni, assistant director-loss prevention services.

Continued on next page

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Spotlight report

Continued from previous page
Contact: Pier George Zanoni.

N

National Safety Council

444 N. Michigan Ave., Chicago, Ill. 60611; 312-527-4800; fax: 312-527-9381

Year founded: 1912.
Frequent services: Hazard identification, loss prevention publications, loss prevention research, client training.
Occasional services: General on-site plant loss prevention inspections, fire prevention inspections, building plan reviews.
Staff: 300; 15 professionals who hold one ARM, six CSP and two CIH designations.
Clients: 65; 20% with gross revenues less than $200 million, 50% with $200 million-$499 million, 10% with $500 million-$999 million, 10% with $1 billion-$3.5 billion, 10% exceeding $3.5 billion.
Specialties: Manufacturing, public entities, commercial auto fleets.
Region served: Nationwide.
Branch offices: Foster City, Calif.; Syracuse, N.Y.; Washington D.C.
Principal officers: Charles Gilchrest, president; Irvin Etter, senior vp; Thomas Decker, vp-corporate relations/secretary; Roger Pomerance, treasurer; James Kaletta, director-loss control.
Contact: Robert C. Bucci, Don Ostrander, James Kaletta.

O

Occupational Safety & Health Advisors Inc.

Elmwood Station, P.O. Box 16167, Minneapolis, Minn. 55416; 612-444-4775

Year founded: 1989.
Frequent services: General on-site plant loss prevention inspections.
Occasional services: Hazard identification, loss prevention research, client training.
Staff: One professional who holds ASSE and CSP designations.
Clients: 10; 90% with gross revenues less than $200 million, 10% with $1 billion-$3.5 billion.
Region served: Nationwide.
1990 gross revenues: $50,000, 50% from unbundled property loss control consulting/engineering, 50% from other services, including expert advisory service.
Principal officers: Ivan W. Russell, president.

Omni Tech International Ltd.

2715 Ashman St., Suite 100, Midland, Mich. 48640; 517-631-3377; fax: 517-631-7360

Year founded: 1986.
Occasional services: General on-site plant loss prevention inspections, fire prevention inspections, plant security inspections, hazard identification, building plan reviews, loss prevention research, client training, environmental and waste control activities.
Staff: 150; 45 professionals who hold six ASCE and 28 PE designations.
Clients: 12; 24% with gross revenues less than $200 million, 16% with $200 million-$499 million, 24% with $500 million-$999 million, 10% with $1 billion-$3.5 billion, 26% exceeding $3.5 billion.
Specialties: Chemical companies.
Region served: Nationwide.
Branch offices: Houston and Lake Jackson, Texas.
Principal officers: Robert W. Belft Jr., president; Richard L. Heiny, Winfred C. Zacharias, Richard K. Avitabile and James Hanes, executive vps.
Contact: Winfred C. Zacharias.

Walter J. Orey Co.

The Orchard 104-I, Cranbury, N.J. 08512; 609-426-4977

Year founded: 1984.
Frequent services: General on-site plant loss prevention inspections, fire prevention inspections, hazard identification.
Occasional services: Client training.
Staff: Two; one professional who holds CSP and SFPE designations.
Clients: 10% with gross revenues $200 million-$499 million, 90% with $500 million-$999 million.
Specialties: Pulp and paper manufacturing, public utilities, petroleum handling, distribution operations.
Region served: Connecticut, New Jersey, New York, Pennsylvania.
1990 gross revenues: $50,000, 90% from unbundled property loss control consulting/engineering, 10% from other services.
Principal officers: Walter J. Orey, owner.

Organizational Safety Services Inc.

159 Iroquois Trail, Ona, W. Va. 25545; 304-736-4920

Year founded: 1987.
Frequent services: General on-site plant loss prevention inspections, fire prevention inspections, hazard identification, client training, training program development, safety program development.
Occasional services: Plant security inspections, loss prevention publications, loss prevention research.
Staff: Four; two professionals who hold CSP and PE designations.
Clients: 39; 10% with gross revenues less than $200 million, 20% with $200 million-$499 million, 30% with $500 million-$999 million, 35% with $1 billion-$3.5 billion, 5% exceeding $3.5 billion.
Specialties: Pulp and paper, chemical, general industry.
Region served: Nationwide.
1990 gross revenues: 45% from unbundled property loss control consulting/engineering, 55% from other services, including safety management training, forensics.
Principal officers: Keith E. Barenklau, president; L.V. Abbott and L.C. Abbott, vps; Eric E. Barenklau, secretary
Contact: Keith E. Barenklau.

P

Palmer & Cay/Carswell Inc.

P.O. Box 847, 25 Bull St., Savannah, Ga. 31402; 912-234-6621; fax: 912-234-5427

Year founded: 1868.
Frequent services: General on-site plant loss prevention inspections, fire prevention inspections, hazard identification, property appraisals for insurance replacement cost purposes.
Occasional services: Building plan reviews, client training.
Staff: Two professionals who hold two ASSE, one WSO-CSE/CSM and one ASP designations.
Region served: Southeast United States.
Principal officers: John E Cay III, president/chief executive officer; Lewis H. Oden III, executive vp/chief operating officer; F. Michael Crowley, president-Georgia division; Cecil R. Cooke, president-Carolinas division; F. Michael Strohsahl, president-Florida division.
Contact: Robert E. Simmons, assistant vp.

The Parvus Co.

1700 Elton Road, Suite 100, Silver Spring, Md. 20903; 301-431-1200; fax: 301-431-0007

Year founded: 1984.
Occasional services: General on-site plant loss prevention inspections, plant security inspections, hazard identification, building plan reviews, loss prevention publications, loss prevention research, client training.
Staff: Six professionals.
Clients: 40% with gross revenues less than $200 million, 20% with $200 million-$499 million, 20% with $500 million-$999 million, 12% with $1 billion-$3.5 billion, 8% exceeding $3.5 billion.
Specialties: Security consulting in hostile areas.
Region served: Worldwide.
Branch offices: New York.
1990 gross revenues: $1.8 million, 25% from unbundled property loss control consulting/engineering, 75% from other services, including investigations.
Principal officers: Gerard P. Burke, chairman/chief executive officer; Lawrence C. Laser, president; Michael J. Burke, chief financial officer.
Contact: Patti Thomas or Gerard P. Burke.

Penco

400 W. Wilson Bridge, Worthington, Ohio 43085; 614-436-2424; fax: 614-436-7672

Parent company: Willis Corroon.
Frequent services: General on-site

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plant loss prevention inspections, fire prevention inspections.

Occasional services: Plant security inspections, loss prevention publications, client training.

Staff: Two professionals who hold two ASSE designations.

Clients: 100; 100% with gross revenues less than $200 million.

Specialties: Public and government entities.

Region served: Nationwide.

Branch offices: Columbus, Ohio.

1990 gross revenues: $250,000, 50% from unbundled property loss control consulting/engineering, 50% from other services, including general liability, workers compensation, police professional and fleet safety.

Principal officers: Ken Pinkston, president; Dan Lee, chief operating officer; Dave Rich, senior vp; Gene Roche and Anita Bourke, regional vps.

Contact: Tony Patire, assistant vp.

Penrim Ltd.

16 Oaken Gateway, North York, Ontario M2P 2A1; 416-733-3100; fax: 416-733-3519

Year founded: 1984.

Frequent services: General on-site plant loss prevention inspections, fire prevention inspections, plant security inspections, hazard identification, fire protection project specifications and tenders, water supply tests and hydraulic analysis, hydraulic sprinkler specifications.

Occasional services: Building plan reviews, client training.

Staff: Two; one professional who holds one CRM, one PE and one FIIC designations.

Clients: Eight; 100% with gross revenues less than $200 million.

Specialties: Chemical, oil and petrochemical industries, high hazard, fine arts and jewelry, hotels and hospitality industry, manufacturing, electronics/EDP centers.

Region served: Nationwide and Canada.

1990 gross revenues: 25% from unbundled property loss control consulting/engineering, 75% from other services, including risk management consulting.

Principal officers: Owen Kurin, president.

Glenn D. Peterson, P.E.

2651 Carisbrook Drive, Oakland, Calif. 95611; 415-482-2704; fax: 415-482-2704

Year founded: 1983.

Frequent services: Building plan reviews, loss investigation, expert testimony.

Occasional services: Fire prevention inspections, hazard identification.

Staff: One professional who holds PE, SFPE, NFPA and NSPE designations.

Clients: 80% with gross revenues less than $200 million, 10% with $200 million-$499 million, 10% with $500 million-$999 million.

Specialties: Schools, hospitals, high-rise buildings, warehouses, shopping centers, wineries.

Region served: Alaska, California, Nevada.

1990 gross revenues: $100,000, 100% from unbundled property loss control consulting/engineering.

Principal officers: Glenn D. Peterson, principal.

Professional Loss Control Inc.

P.O. Box 585, Kingston, Tenn. 37763; 615-376-1131

Year founded: 1976.

Parent company: Hartford Steam Boiler Inspection and Insurance Co.

Frequent services: Fire prevention inspections, hazard identification, building plan reviews. client training, fire protection code compliance.

Occasional services: General on-site plant loss prevention inspections, loss prevention publications, loss prevention research, risk assessments.

Staff: 60; 50 professionals who hold two ASSE, two CSP. 29 PE and 36 SFPE designations.

Clients: 10% with gross revenues less than $200 million, 10% with $200 million-$499 million, 10% with $500 million-$999 million, 30% with $1 billion-$3.5 billion, 40% exceeding $3.5 billion.

Region served: Nationwide.

Branch offices: Chicago; Fredericton and Toronto, Canada; Hong Kong; Houston; Los Angeles; Philadelphia.

1990 gross revenues: 100% from unbundled property loss control consulting/engineering.

Principal officers: K.W. Dungan, president; M.E. Mowrer, J.M. Dewey and W. Wolfe, vps.

Professional Safety Consultant Service Inc.

424 S.E. 30th Ave., Ocala, Fla. 32671; 904-694-4601

Year founded: 1975.

Frequent services: General on-site plant loss prevention inspections, fire prevention inspections, hazard identification, building plan reviews, loss prevention research, client training, product safety program management consultation, litigation support services, expert witness.

Occasional services: Plant security inspections, loss prevention publications .

Staff: One professional who holds ASSE, CSP, PE, SFPE, CPSM, CHCM, CHSP, SHMM, CSE, CSM, CSS and CSSD designations.

Clients: 25; 100% with gross revenues less than $200 million.

Specialties: Industrial, construction, agricultural, manufacturers, designers, law firms, insurance organizations.

Region served: Nationwide.

1990 gross revenues: 100% from unbundled property loss control consulting/engineering.

Principal officers: Herbert T. Bogert, president.

R

RPF Associates

20 Leroy St., Dix Hills, N.Y. 11746; 516-586-0778

Year founded: 1985.

Frequent services: General on-site plant loss prevention inspections, fire prevention inspections, hazard identification, client training, fire brigade training, building evacuation plans, training and drills and hazard materials handling and storage.

Occasional services: Plant security inspections, building plan reviews, loss prevention publications, loss prevention research.

Staff: Four; two professionals who hold one ARM, two ASSE and one SFPE designations.

Clients: 40% with gross revenues less than $200 million, 45% with $200 million-$499 million, 15% with $1 billion-$3.5 billion.

Specialties: Insurance companies, printers, electronics, retail stores, motor truck fleets, warehouses, general industry.

Region served: Nationwide.

Branch offices: Hauppauge, N.Y.

1990 gross revenues: $160,000, 40% from unbundled property loss control consulting/engineering, 60% from other services, including OSHA compliance consulting, DOT compliance, consulting training in OSHA and driver safety, Right to Know program development, noise surveys, lockout tagout program development, fork lift safety training, expert testimony.

Principal officers: Robert P. Firmbach, president.

Rahn & Co. Inc. Healthcare Risk Management Services

1809 Seventh Ave., Seattle, Wash. 98010; 206-624-7917; 800-426-5223; 800-437-7717

Year founded: 1928.

Parent company: Rahn & C. Inc.

Frequent services: Environmental impairment liability audits; hazardous chemical surveys; evaluation of use, storage and disposal of hazardous chemicals; loss control surveys and consulting; safety surveys and consulting; occupational health exposure evaluations; policy and procedure reviews.

Staff: Six; four professionals who hold one ASSE, one CIH, one ASP and one CPCU designation.

Clients: 22.

Specialties: Health care.

Region served: Primarily Alaska, California, Oregon and Washington.

Branch offices: Gold Beach, Ore.

Principal officers: Frederick J. Rahn, president; David L. Bosworth, vp.

Frederick Rauh & Co.

3300 Central Parkway, Cincinnati, Ohio 45225-2384; 513-559-0500; fax: 513-559-7093

Year founded: 1870.

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Continued from previous page

Parent company: American Business Insurance.

Frequent services: General on-site plant loss prevention inspections, fire prevention inspections, hazard identification, building plan reviews, preparation of design specifications for fire protection, detection and supervisory systems, inspections for construction sites, water supply and analysis, fire insurance rate reduction analysis, fee inspection for insurance companies.

Occasional services: Plant security inspections, loss prevention publications, loss prevention research, client training.

Staff: 78; three professionals who hold two ASSE, one CSP, one SFPE, two WSO-CSS, one WSO-CSE and one CAS designation.

Clients: 23; 47% with gross revenues less than $200 million, 26% with $200 million-$499 million, 9% with $500 million-$999 million, 9% with $1 billion-$3.5 billion, 9% exceeding $3.5 billion.

Specialties: Amusement and water parks, apparel manufacturers and uniform rental firms, contractors, developers.

Region served: Nationwide and Canada.

Branch offices: Albuquerque, N.M.; Chicago; Grass Valley, Los Angeles and San Francisco, Calif.; Minneapolis; Morristown, N.J.; Overland Park, Kan.; Tampa, Fla.

1990 gross revenues: 3% from unbundled property loss control consulting/engineering, 97% from other services, including real property appraisals; video contents inventories; safety consulting; program design, development, implementation and audits; amusement park ride safety inspections; brokering insurance.

Principal officers: Steve Wolter, president/chief executive officer; Al Brown, chairman; Mark Erion, executive vp/chief financial officer; Tom Schaefer, executive vp; Robert J. Stone, vp/technical services manager.

Contact: Robert J. Stone, 513-559-7055.

Republic Hogg Robinson Inc./Penn General Service Corp.

20 Custom House St., Boston, Mass. 02110; 617-330-5100;
fax: 617-330-6940

Year founded: 1970.

Parent company: Hogg Robinson P.L.C.

Frequent services: General on-site plant loss prevention inspections, fire prevention inspections, plant security inspections, hazard identification, building plan reviews, loss prevention research, client training.

Occasional services: Loss prevention publications.

Staff: 850; eight professionals who hold five ASSE, two CSP and three PE designations.

Clients: 20; 15% with gross revenues less than $200 million, 50% with $200 million-$499 million, 15% with $500 million-$999 million, 20% with $1 billion-$3.5 billion.

Specialties: Retail, wholesale, manufacturing, food industry, hotels, hospitals, contractors, airlines.

Region served: Nationwide.

Branch offices: Atlanta; Cleveland; Irving, Texas; Southfield, Mich.

1990 gross revenues: $67 million.

Principal officers: Arnold Bergson, chairman; Charles Keller, president; Donald Benyas, regional vp/president-Penn General Service Corp.; Don Bercu, Louis Kohn and Eugene Oberdorfer, regional vps.

Risk Consultants Inc.

P.O. Box 490850, Atlanta, Ga. 30349;
404-964-1226;
fax: 404-969-7301

Year founded: 1978.

Frequent services: General on-site plant loss prevention inspections, fire prevention inspections, hazard identification, loss prevention publications, loss prevention research, client training, environmental study, EPA testing and monitoring of underground storage tanks.

Occasional services: Plant security inspections, building plan reviews.

Staff: 75; 60 professionals who hold seven ARM, four ALCM, 60 ASSE, 25 CSSP and five PE designations.

Clients: 100% with gross revenues less than $200 million.

Specialties: Manufacturing, retail, construction, governmental entities and municipalities.

Region served: Nationwide.

Branch offices: Houston; Jackson, Miss.; Richmond, Va.; Winter Park, Fla.

1990 gross revenues: $3.5 million, 98% from unbundled property loss control consulting/engineering, 2% from other services, including environmental studies.

Principal officers: Michael Malone, president; Michael D. Williford, vp.

Contact: Michael D. Williford.

Risk Engineering Inc.

10370 Richmond Ave., Suite 755, Houston, Texas 77042-4137;
713-952-3334; fax: 713-952-3337

Year founded: 1985.

Frequent services: General on-site plant loss prevention inspections, fire prevention inspections, hazard identification, building plan reviews, underwriting risk analysis, evaluation of HPR loss control programs, business interruption assessments, review of automatic extinguishing systems, water supply testing and analysis.

Occasional services: Plant security inspections, loss prevention publications, loss prevention research, client training.

Staff: Six; three professionals who hold one ASSE, one CSP, one PE, two SFPE, two NFPA, one ASME, one SSS, one NSPE, one NSMS, one ASSE and one VOS designation.

Clients: 20.

Region served: Nationwide.

1990 gross revenues: 80% from unbundled property loss control consulting/engineering, 20% from other services, including casualty loss control services.

Principal officers: Peter Rollinger, president.

Risk Engineering Ltd.

Surrey Lodge, Hop Gardens, Henley-on-Thames, Oxon RG9 2EH, England; 0491-57301;
fax: 0491-410526

Year founded: 1980.

Frequent services: General on-site plant loss prevention inspections, fire prevention inspections, hazard identification, building plan reviews, design, bid specification and project management for fire protection projects.

Occasional services: Loss prevention research, client training.

Staff: Six; four professionals who hold one PE, three SFPE, one IE, one FCII and one FRCS designation.

Clients: 29; 14% with gross revenues less than $200 million, 16% with $200 million-$499 million, 34% with $500 million-$999 million, 32% with $1 billion-$3.5 billion, 4% exceeding $3.5 billion.

Specialties: Manufacturing and distribution industries.

Region served: Worldwide, particularly Europe, Africa, Australia, Asia and the Middle East.

Branch offices: Malmo, Sweden and Australia.

1990 gross revenues: $507,000, 100% from unbundled property loss control consulting/engineering.

Principal officers: R. Kendrick, chairman; J.A. Rayner, managing director; J.L. Rayner, director; C. Schofield, senior design engineer; I. East, program engineer.

Contact: John Rayner, 0491-410809 or 0491-573101.

Roth Asbestos & Environmental Consultants

1900 W. 47th Place, Suite 100, Westwood, Kan. 66205;
913-831-4795; fax: 913-831-0138

Year founded: 1985.

Frequent services: Hazard identification, building plan reviews, client training, environmental assessments, hazardous materials inspection and training.

Staff: 45; eight professionals who hold one PE and one CIH designation.

Clients: 75% with gross revenues less than $200 million, 10% with $200 million-$499 million, 5% with $500 million-$999 million, 5% with $1 billion-$3.5 billion, 5% exceeding $3.5 billion.

Specialties: Commercial, industry, power plants, pulp and paper mills.

Region served: Nationwide.

Branch offices: Dallas, Denver, St. Louis.

1990 gross revenues: $2.8 million, 80% from unbundled property loss control consulting/engineering, 20% from other services.

Continued on next page

HOW ARKWRIGHT MINIMIZE YOUR COST OF RISK.

Continued from previous page

Principal officers: E. Allen Roth, president; Tim Maupin, vp.
Contact: Allen Roth.

S

Safety & Hazard Associates

P.O. Box 249, Annapolis, Md. 21404; 301-267-7171; fax: 301-544-5126

Year founded: 1984.
Frequent services: General on-site plant loss prevention inspections, hazard identification, loss prevention publications, client training.
Occasional services: Fire prevention inspections, building plan reviews, loss prevention research.
Staff: Two; one professional who holds ASSE and SFPE designations.
Clients: Seven; 90% with gross revenues less than $200 million, 10% with $1 billion-$3.5 billion.
Specialties: Roofing, tobacco.
Region served: Maryland, Virginia, Washington D.C.
1990 gross revenues: $110,080, 85% from unbundled property loss control consulting/engineering, 15% from other services, including OSHA compliance hearings.
Principal officers: Richard C. Knapp.

Safety & Loss Control Associates

P.O. Box 440, Prospect Heights, Ill. 60070; 708-296-5989

Year founded: 1984.
Frequent services: Plant security inspections, hazard identification, loss prevention publications, client training.
Occasional services: Fire prevention inspections, building plan reviews, loss prevention research.
Staff: Two professionals, one CSE designation.
Clients: 100% with gross revenues less than $200 million.
Specialties: Heavy industry, construction.
1990 gross revenues: 100% from unbundled property loss control consulting/engineering.
Principal officers: Donald A. Neslund, owner.

Safety Management Associates

P.O. Box 693, Springfield, Va. 22150-0693; 703-978-3000

Year founded: 1981.
Frequent services: Fire prevention inspections, hazard identification, building plan reviews, loss prevention research, client training.
Staff: Three; two professionals who hold two CSP and one CHCM designation.
Clients: 10, 100% with gross revenues less than $200 million.
1990 gross revenues: 30% from unbundled property loss control consulting/engineering, 70% from other services, including accident reconstruction.
Principal officers: Neil R. Temple, president.

Safety Management Services

13647 Purple Sage Road, Dallas, Texas 75240; 214-661-1941

Year founded: 1985.
Frequent services: General on-site plant loss prevention inspections, hazard identification, client training, hazardous waste management.
Occasional services: Plant security inspections, building plan reviews, loss prevention publications, loss prevention research.
Staff: Four; three professionals who hold three ASSE, three CSP and three PE designations.
Clients: 24; 100% with gross revenues less than $200 million.
Specialties: High technology, food processing, cosmetic manufacturing.
Region served: Arkansas, Louisiana, New Mexico, Oklahoma, Texas.
1990 gross revenues: $450,000, 90% from unbundled property loss control consulting/engineering, 10% from other services, including expert witness testimony.
Principal officers: Roy H. Kinslow, president.

Safety Management Systems

250 Honey Jane Drive, Beavercreek, Ohio 45385; 513-429-2943

Year founded: 1985.
Frequent services: Hazard identification, loss prevention publications, loss prevention research, client training.
Occasional services: Fire prevention inspections, plant security inspections, building plan reviews.
Staff: One professional who holds ASSE, CSP and CHCM designations.
Clients: 40; 20% with gross revenues less than $200 million, 20% with $200 million-$499 million, 20% with $500 million-$999 million, 20% with $1 billion-$3.5 billion, 20% exceeding $3.5 billion.
Principal officers: Jack Truitt, president.

Safety & Risk Control Services Inc.

395 Main St., Suite 4, Metuchen, N.J. 08840; 908-906-2244; fax: 908-906-2045

Year founded: 1989.
Frequent services: General on-site plant loss prevention inspections, fire prevention inspections, hazard identification, client training.
Occasional services: Plant security inspections, building plan reviews, loss prevention research.
Staff: Seven; three professionals who hold one ARM, five ASSE, two CSP and one PE designation.
Clients: Eight.
Specialties: Industrial and commercial operations.
Region served: Nationwide.
1990 gross revenues: 10% from unbundled property loss control consulting/engineering, 90% from other services, including safety consulting, employee safety training, fleet safety consulting and training, safety program development and auditing, risk assessment surveys for underwriters and risk managers.
Principal officers: Harvey S. Staple, president.

Schaible Associates

900 Center St., Mount Joy, Pa. 17552-9371; 717-684-6045; fax: 717-898-9302

Year founded: 1982.
Frequent services: General on-site plant loss prevention inspections, hazard identification, client training, training material development, OSHA compliance, IH testing, risk evaluation/improvement surveys.
Occasional services: Building plan reviews.
Staff: Four; all professionals who hold three ASSE, two CSP, three AIHA, one CHCM, one Ph.D., one AAIH, one ACCL, one HFS, one WSO-CSE and one CIH designation.
Clients: 100% with gross revenues less than $200 million.
Region served: Delaware, Kentucky, Maryland, New Jersey, New York, Ohio, Pennsylvania, Virginia.
Principal officers: Ronald D. Schaible, president.

Schirmer Engineering Corp.

707 Lake Cook Road, Deerfield, Ill. 60015-4997; 708-272-8340; fax: 708-272-2639

Year founded: 1939.
Frequent services: General on-site plant loss prevention inspections, fire prevention inspections, building plan reviews, client training, building and fire code consultations, fire suppression system design, fire and security alarm system design.
Occasional services: Plant security inspections, hazard identification, loss prevention publications, loss prevention research, litigation support services.
Staff: 121; 71 professionals who hold two ARM, four ASSE, nine CSP, 27 PE, 33 SFPE, 53 NFPA and two AICE designations.
Specialties: Commercial, industrial and public entities.
Region served: Nationwide.
Branch offices: Dallas, Los Angeles and San Francisco, Washington, D.C.
1990 gross revenues: $8.8 million, 50% from unbundled property loss control consulting/engineering, 50% from other services, including building and fire code consultation, fire suppression system design, fire and security alarm system design, litigation support services.
Principal officers: Chester W. Schirmer, chairman; Richard R. Osman, president; Raymond G. Weigand and Gary L. Jordon, vps; Carl F. Baldassarra, vp/manager-inspection department.
Contact: Raymond G. Weigand.

Continued on next page

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ARKWRIGHT

Arkwright Mutual Insurance Company
Hobbs Group, Inc.

Continued from previous page

Scott Wetzel Services Inc.

500 Pacific Ave., Suite 700, Bremerton, Wash. 98310; 800-426-5990; fax: 206-479-8297

Year founded: 1941.
Frequent services: General on-site plant loss prevention inspections, fire prevention inspections, plant security inspections, hazard identification, loss prevention research, client training, safety program development, fleet loss control, regulatory compliance, accident investigations, disaster recovery planning.
Occasional services: Building plan reviews, loss prevention publications, product audits, statistical analyses.
Staff: 350; five professionals who hold five ARM, three ALCM, 14 CSP, eight PE and four CIH designations.
Clients: 100; 86% with gross revenues less than $200 million, 5% with $200 million-$499 million, 6% with $500 million-$999 million, 3% with $1 billion-$3.5 billion.
Specialties: Municipalities, food processing, retail, metal workers, transportation, health care, utilities, construction.
Region served: Nationwide.
Branch offices: Anchorage, Alaska; Atlanta; Chicago; Concord and Orange, Calif.; Dallas; Houston; Little Rock, Ark.; Manchester, N.H.; Middletown, Conn.; Mountainside, N.J.; Portland, Ore.; Rockville, Md.; Salt Lake City; Seattle and Spokane, Wash.; Tampa, Fla.
Principal officers: John Harrold, president/chief executive officer; Terry Neal, executive vp-finance; Ed Kocott, vp-operations; Doug Alsop, vp-marketing; Vic Teti, vp-information systems.
Contact: Valerie Williams, loss control administrator; Doug Alsop.

Sedgwick James Inc.-Property Risk Control Services

211 House Ave., Camp Hill, Pa. 17011; 717-730-6561; fax: 717-763-8575 or 1285 Ave. of the Americas, New York, N.Y. 10019; 212-333-8900; fax: 212-977-9153

Year founded: 1858.
Parent company: Sedgwick Group, P.L.C.
Frequent services: General on-site plant loss prevention inspections, fire prevention inspections, plant security inspections, hazard identification, building plan reviews, loss prevention publications, client training, disaster recovery/contingency planning, loss estimates, rate analysis, code review and analysis, protection system design and specification.
Occasional services: Loss prevention research.
Staff: 99; 86 professionals who hold 20 ARM, three ALCM, 40 ASSE, 32 CSP, five PE, 25 SFPE, one ARP, one ASP, four CHCM, one CSE, four CPCU, one Ed.D, one ME, one RN, five AIHA, one NBBP, five NSMS and two NSPE designations.
Clients: 300.
Specialties: Public entities, health care, retail, warehouse/distribution, utilities, construction wrap-up.
Region served: Worldwide.
Branch offices: Atlanta; Boston; Chicago; Columbia, S.C.; Dallas; Darien, Conn.; Detroit; Fort Lauderdale and Orlando, Fla.; Harrisburg, Pa.; Irvine and San Francisco, Calif.; Kansas City, Mo.; Little Rock, Ark.; Memphis and Nashville, Tenn.; Minneapolis; New York and Rochester, N.Y.; Philadelphia; Phoenix; Pittsburgh; Portland, Ore.; St. Louis; Seattle; Short Hills, N.J.
1990 gross revenues: 40% from unbundled property loss control consulting/engineering, 60% from other services, including casualty consultation, protection system design, loss investigation and analysis, speciality consultation.
Principal officers: Richard E. Botts, national director-property; J. Steven Hunt, national director-casualty.
Contact: Richard E. Botts, P.O. Box 1675, Harrisburg, Pa. 17105; 717-730-6561.

Sigma Associates Ltd.

105 Timber Ridge Blvd., Pass Christian, Miss. 39571; 601-452-4866; fax: 601-452-7202

Year founded: 1978.
Frequent services: General on-site plant loss prevention inspections, fire prevention inspections, hazard identification, building plan reviews, risk assessments, validations, risk analyses.
Occasional services: Plant security inspections, loss prevention publications, loss prevention research, client training.
Staff: Five; three professionals who hold one ASSE, one PE, three CFEI, one CHCM, one CSSD designations.
Clients: 15% with gross revenues less than $200 million, 10% with $200 million-$499 million, 10% with $500 million-$999 million, 65% with $1 billion-$3.5 billion.
Region served: Nationwide.
1990 gross revenues: 100% from unbundled property loss control consulting/engineering.
Principal officers: A.J. Scardino Jr., president; Donald J. Godlewski, executive assistant.
Contact: A.J. Scardino Jr.

Stogniew & Associates

12225 28th St. N., St. Petersburg, Fla. 33716; 813-572-7400; fax: 813-572-7457

Year founded: 1980.
Frequent services: General on-site plant loss prevention inspections, plant security inspections, profit improvement studies, risk management organization, assessment of broker services and insurance coverages.
Occasional services: Fire prevention inspections, hazard identification.
Staff: 27; four professionals.
Clients: Five; 40% with gross revenues $200 million-$499 million, 20% with $500 million-$999 million, 20% with $1 billion-$3.5 billion, 20% exceeding $3.5 billion.
Specialties: Financial institutions, hospitals, nursing homes, data processing service bureaus.
Region served: Nationwide.
Branch offices: Atlanta; Charlotte, N.C.; Dallas; Los Angeles.
1990 gross revenues: $2.5 million, 15% from unbundled property loss control consulting/engineering, 85% from other services, including risk surveys for insurance companies.
Principal officers: Gerald F. Stogniew, president; Richard L. Junkermann, Joe C. Minor and Robert L. Niemann, directors; Rosemary Stogniew, vp.
Contact: Gerald F. Stogniew.

System Engineering & Laboratories Corp.

12785 Highway 64 East, Route 7, Box 917, Tyler, Texas 75707; 903-566-1980; fax: 903-566-4504

Year founded: 1981.
Frequent services: Hazard identification.
Occasional services: General on-site plant loss prevention inspections, fire prevention inspections, loss prevention publications, client training.
Staff: 20; five professionals who hold three ASSE, two CSP, seven PE, four NAFE and two NAFI designations.
Region served: Nationwide.
Branch offices: Houston; Kenner, La.
Principal officers: Frank Johnson, chief executive officer/president; Dixie Johnson, executive vp.
Contact: Tracie Bolton, manager-business development.

F.J. Szymanski Safety Services

5258 Forest Circle S., Stevens Point, Wis. 54481; 715-344-4127

Year founded: 1984.
Frequent services: General on-site plant loss prevention inspections, hazard identification, client training.
Occasional services: Fire prevention inspections, plant security inspections, loss prevention research.
Staff: Three; one professional.
Clients: 35; 100% with gross revenues less than $200 million.
Specialties: Insurance companies, concrete industry.
Region served: Nationwide.
1990 gross revenues: $55,000, 100% from unbundled property loss control consulting/engineering.
Principal officers: Frank J. Szymanski.

T

Tiller Consulting Group Inc.

2833 N. Geyer Road, St. Louis, Mo. 63131; 314-567-7480; fax: 314-567-4199

Year founded: 1986.
Frequent services: General on-site plant loss prevention inspections, hazard identification, environmental risk control.
Staff: Two; one professional who holds ARM, ASCE, FCAS and AAA designations.
Specialties: Chemical, public entities.
Region served: Nationwide.
Principal officers: Margaret Tiller, president; Michael Tiller, principal.

Traverse Group Inc.

3772 Plaza Drive, Suite S, Ann Arbor, Mich. 48108; 313-747-9300; fax: 313-747-9229

Year founded: 1975.
Frequent services: General on-site plant loss prevention inspections, hazard identification, environmental site assessments and environmental risk management programs.
Occasional services: Loss prevention publications, loss prevention research, client training.
Staff: 50; six professionals who hold four PE designations.
Clients: 50% with gross revenues less than $200 million, 25% with $200 million-$499 million, 25% with $500 million-$999 million.
Specialties: Industry, government, commercial banking institutions, real estate, insurance companies, oil and gas companies, schools.
Region served: Nationwide.
Branch offices: Traverse City, Mich.
1990 gross revenues: $5 million, 25% from unbundled property loss control consulting/engineering, 75% from other services, including environmental cleanup and environmental risk management services.
Principal officers: John M. Armstrong, president/chief executive officer; Steven J. Koster, vp-Eastern operations; Laura A. Armstrong, vp-finance & marketing; Bill Korreck, vp-Western operations.
Contact: Laura A. Armstrong, vp-marketing.

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Continued from previous page

V

VAE Consulting
1311 Fall River Road, Idaho Springs, Colo. 80452; 303-567-2813

Year founded: 1988.
Frequent services: General on-site plant loss prevention inspections.
Occasional services: Hazard identification, loss prevention publications, loss prevention research, client training.
Staff: One professional.
Clients: One with gross revenues less than $200 million.
Specialties: Schools, governmental entities.
Region served: Nationwide.
1990 gross revenues: $105,300, 100% from unbundled property loss control consulting/engineering.
Principal officers: Venancio A. Esparza, president.

Vernon Associates
1003 Hereford St., College Station, Texas 77840; 409-696-3871

Year founded: 1990.
Frequent services: Hazard identification, loss prevention research, client training, quantitative assessment of risks.
Occasional services: General on-site plant loss prevention inspections, fire prevention inspections, building plan reviews, loss prevention publications.
Staff: Two; one professional who holds ASSE, CSP, PE, CIH and CME designations.
Specialties: Manufacturers of wood and metal products, petroleum refining, petrochemicals, lumbering.
Region served: Nationwide.
Principal officers: Ralph J. Vernon, president.

W

Waite Hill Services
1063 Technology Park Drive, Glen Allen, Va. 23060; 804-261-7041; fax: 804-266-4458

Parent company: Figgie International.
Frequent services: General on-site plant loss prevention inspections, fire prevention inspections, hazard identification, loss prevention research, client training, industrial hygiene, OSHA/EPA compliance evaluations and assistance, hazardous waste management, policy/procedure development.
Occasional services: Plant security inspections, building plan reviews, loss prevention publications.
Staff: Five; four professionals who hold four ASSE, one CSP and one CHCM designations.
Clients: 60% with gross revenues less than $200 million, 30% with $200 million-$499 million, 10% exceeding $3.5 billion.
Specialties: Health care, truck and tractor manufacturers, sporting goods manufacturers, instrumentation manufacturers, brass foundries, oil and gas exploration, fire protection manufacturing.
Region served: Nationwide.
Branch offices: Atlanta, Cleveland.
1990 gross revenues: $35 million, 3% from unbundled property loss control consulting/engineering, 97% from other services.
Principal officers: Dave Kluitz, president; Mac Simpson, vp-underwriting/marketing; Howard Lutz, vp-claims; Dennis Miller, vp/controller; S. Black, loss control.
Contact: Joseph S. Black Jr., manager-safety, health and environmental services.

Consultants listed geographically

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Anchorage
Scott Wetzel Services Inc.

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Property Loss Control
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Sedgwick James Inc.
(Risk Control Services)

Arkansas

Little Rock

Continued on next page

Webb, Murray & Associates Inc.
1730 NASA Road One, Suite 202, Houston, Texas 77586; 713-335-1668; fax: 713-335-1682

Year founded: 1975.
Frequent services: General on-site plant loss prevention inspections, fire prevention inspections, hazard identification, building plan reviews, loss prevention publications, client training.
Occasional services: Plant security inspections, loss prevention research, water flow testing, hydraulic calculations, design, installation, testing and maintenance of fire detection and suppression systems, development and auditing of contingency and emergency service adequacy plans.
Staff: 106; 32 professionals who hold one ARM, nine ASSE, five CSP, eight PE, 12 SFPE, one CIH and four SSS designations.
Clients: 10% with gross revenues less than $200 million, 15% with $200 million-$499 million, 15% with $500 million-$999 million, 35% with $1 billion-$3.5 billion, 25% exceeding $3.5 billion.
Specialties: Aerospace, chemical, educational, medical, offshore structures and marine vessels, petrochemical industry, public utilities, research and development operations.
Region served: Worldwide.
Branch offices: Nassau Bay, La Porte, Freeport and Corpus Christi, Texas.
1990 gross revenues: $7.2 million, 35% from unbundled property loss control consulting/engineering, 65% from other services.
Principal officers: Robert M. Webb, president/treasurer; Robert W. Murray, senior vp/secretary; Billy C. Magee, vp.
Contact: Robert W. Murray, Kevin J. O'Neill or Barry Richard. ■

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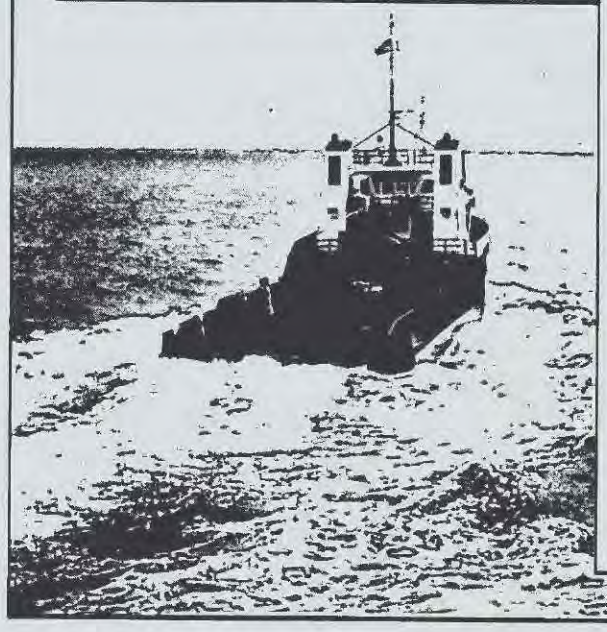

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Connecticut

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Glastonbury
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Middletown
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AIG Consultants Inc.
Schirmer Engineering Corp.

Florida

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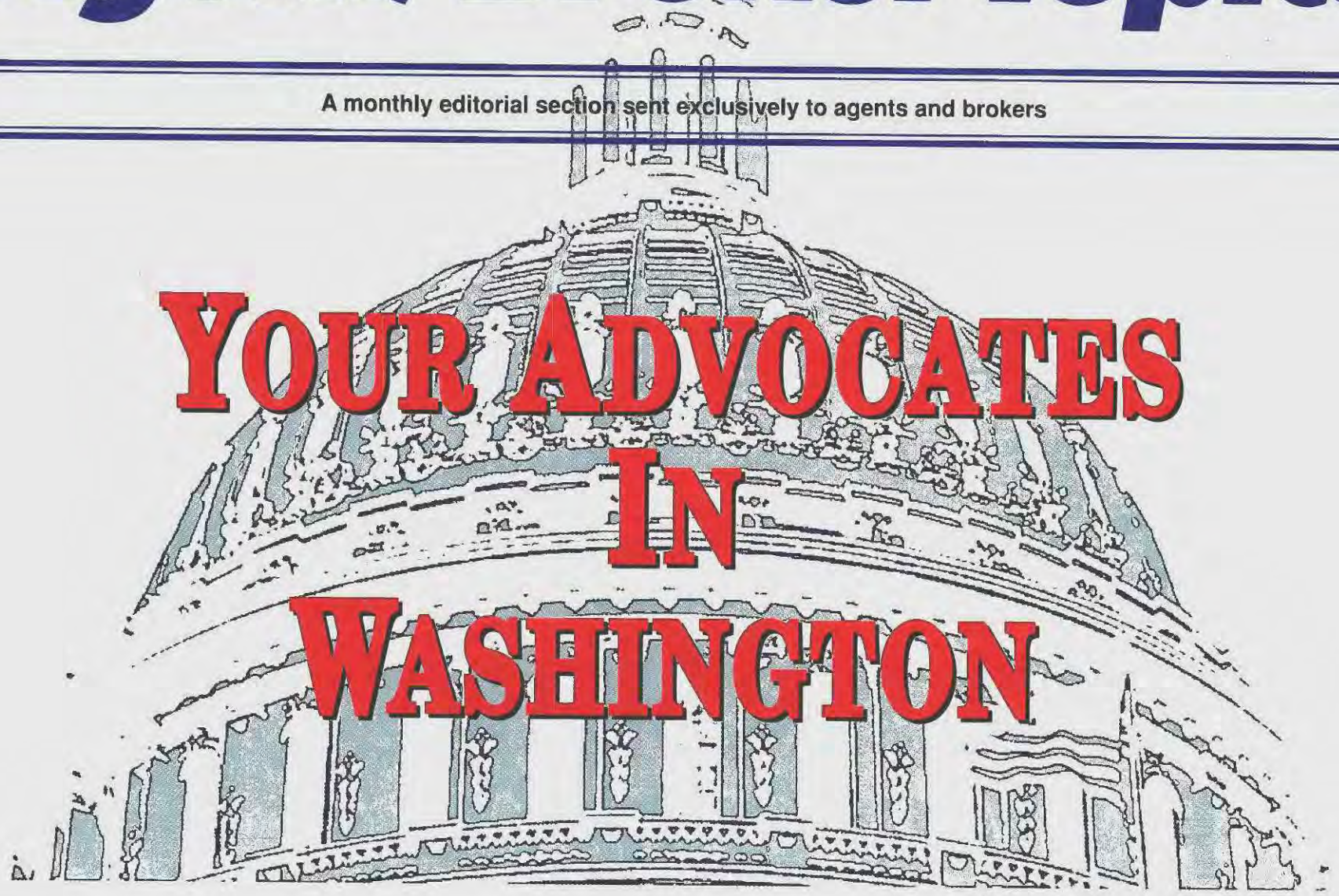
Agent/Broker Topics

A monthly editorial section sent exclusively to agents and brokers



YOUR ADVOCATES IN WASHINGTON

Just who carries the water for independent agents? And how do they do it?

By LAURA MAZZUCA

WASHINGTON—You know the lobbyist. He prefers "Washington representative." Smooth and well-dressed—red suspenders, Presidential seal cufflinks—he's at the trade group legislative session every year.

Often you get a chance to watch him in action. This usually means trailing along in a pack to a congressman's office and watching him pitch an issue, or listening to him hitting up agents for political action committee contributions.

Even agents that miss the live show can see their well-tailored representatives in the association magazines. At glitzy fund-raising galas, they're shaking hands with the same big-name politicians you see on the evening news.

No wonder that, to the uninitiated, the job seems either fast-paced and glamorous—or, more recently, in the wake of the Keating Five investigations, simply sleazy. Either way, as a popular rock song has it, it looks like "that ain't working'. . .it's money for nothin.' "

Old-time politicking

Ken A. Crerar, head lobbyist for the National Assn. of Casualty & Surety Agents, harbors few illusions about public opinion.

"People think of lobbyists as sleazing, schmoozing and slithering their way through the halls of Congress," conceded Mr. Crerar, whose title is vp of government affairs.

Admittedly, cocktail party banter, backslapping camaraderie and old-fashioned "politicking" are alive and well. But those techniques, says Mr. Crerar, are like a neat suit and a fresh shoeshine at an initial job interview: "It's just what gets you in the door."

WHAT'S INSIDE

Specialties of the house

Long before it became a tired cliche, niche marketing was the preferred technique for agents like Tom Garvey, William H. Alger III and Sandy Baldinger.

See page 44G

Once they are admitted to the inner circle, reputation and knowledge of both Washington's political structure and industry issues make or break lobbyists. "And if your reputation is ruined over an issue, you're dead for a long, long time. You can't live in this town unless you play it straight," Mr. Crerar added.

Trade group lobbyists say they have two basic jobs: Persuading Congress to accept their point of view through technical analysis of legislation; and educating their own members to the mood and operation of Congress.

No place for lightweights

Because lobbyists must be savvy about how to work both sides of that fence, lightweights simply don't last long in the business, said Paul A. Equale, senior vp of government affairs for the Independent Insurance Agents of America.

When it comes to "convincing," times have

Continued on next page

Favor-seekers with flare

Watch as agent lobbyists ply their trade with tact and (sort of) subtlety

By LAURA MAZZUCA

WASHINGTON—It all started more than 100 years ago in the Willard Hotel on Pennsylvania Avenue. Businessmen, anxious to buttonhole the president and lesser lights, hung around the lobby waiting for the chief executive or a cabinet member to stroll through.

Lobbying has changed a lot since then. Today, political action committees mete out the cash; ethical rules theoretically prevent conflicts of interest; and there is even a fair number of women in the ranks.

Even the name of the game itself has changed. More image-conscious today than in years past, lobbyists now fashion themselves "congressional representatives" or "government affairs managers" or "Washington representatives."

But the Willard Hotel still stands in all its renovated glory down the street from the White House. And today Capitol Hill is home to more favor-seekers than could ever have crammed into the hotel's august confines.

Photo by Maureen Keating

IIAA's Robert Rusbuldt confers with Rep. Peter Hoagland on the Capitol subway.

Making a good job great

For a lobbyist, the most exciting and gratifying part of the job is actually being able to lobby on the Hill. "It's what makes the difference between a good job and a great one," said Peter A. Lefkin, vp of federal and eastern states government affairs for Fireman's

Continued on page 44C

Photo by Maureen Keating

Helping out a few friends. Robert Rusbuldt, Paul Equale and Ishak Magenta, all of the IIAA, discuss upcoming political fund-raisers.

Lobbyists' day

Continued from previous page
placed with jokes and banter.

Moments later, Mr. Hoagland bursts out of the committee meeting room, striding to the bank of elevators and the House's underground subway system that will take him to the floor to cast his vote. En route, Mr. Equale presents him with the issue and a brief typewritten summary of the agency-proposed amendment.

Mr. Hoagland seems inclined to support it, and he and the lobbyists keep talking before the doors of the "members only" elevator close on the representative.

12:30. No enemies. . .or friends

On the way to a luncheon appointment at the Members' Dining Room in the Capitol Building, the lobbyists get into a crammed elevator and squeeze toward the back, making room for a harried, rumpled-looking man in half-glasses munching on a sandwich. "Good afternoon, Representative," Mr. Equale says. "Glad to see you have time for lunch, but it doesn't look as good as dinner last night."

Rep. John D. Dingell, D-Mich., the much-feared head of the House Oversight and Investigations Subcommittee probing insurer solvency questions, nods to Mr. Equale, his dinner companion of the previous night. "Thank you, it was a very good dinner," he replies.

In spite of the common perception that Mr. Dingell and Mr. Brooks are sworn enemies of the insurance industry, the fact is that insurance lobbyists have cordial, sometimes even friendly, relationships with them, Mr. Equale says.

"It's like two lawyers who go to it in court," he says. "There are times they might be against us, but in this business there's no such thing as a personal 'friend' or 'enemy.' There's a small town atmosphere here. You can't personalize every issue."

'In a lot of ways, (Washington) is like a college town,' the IIAA's Mr. Equale points out.

On the way to lunch, Mr. Equale stops in at the offices of Speaker of the House Thomas S. Foley, D-Wash., and Mr. Rusbuldt goes in the opposite direction to pay his respects to Newt Gingrich, R-Ga., the House Minority Whip.

12:45. Bland food, spicy gossip

Lunch is in the Members' Dining Room with Rep. Dan Glickman, D-Kan. All around, legislators and their guests grumble about the slow service and mediocre food.

Rep. Glickman, who is contemplating a run for the Senate, discusses a variety of issues, but the conversational time is split about evenly between business and Capitol Hill gossip.

Like denizens of any other one-company town, citizens of Washington, D.C., love to chat among themselves about daily goings-on. Lobbyists and legislators keep up a running commentary on the members who stroll in and out of the dining room. Rep. Tom McMillen, D-Md., a former pro basketball player who now sits on the House Energy and Commerce Committee, stops by the table to say hello, and all heads turn when Olympic track star Florence Griffith-Joyner, looking subdued in a red Nancy Reagan-esque suit, walks in.

2:30. Taking a pass

Next is the second in a series of Senate Energy and Commerce Committee hearings on the Executive Life Insurance Co. debacle. Before a room packed with reporters and C-SPAN cameramen, a policyholder tells his tale of woe. Tim McKone, another of the four IIAA lobbyists, is there to listen in on the proceedings, so Messrs. Equale and Rusbuldt duck back to the offices to catch up on paperwork and phone calls.

3:30. Hard questions

Mr. McKone heads back to the Rayburn building to discuss insurer solvency with Rep. Billy Tauzin, D.-La.

Mr. Tauzin has the manner of a Cajun "good old boy," but after a spate of social small-talk, he asks some pointed questions about the current state of solvency regulation. He points to his home state as an example of regulation that needs improving.

4:15. Which way will he go?

Mr. McKone heads back to the IIAA's Pennsylvania Avenue offices to return his own stack of phone calls, and Mr. Rusbuldt is on the phone trying to line up support for the banking amendment. Mr. Equale, meanwhile, is soothing the ruffled feathers of several other agent and insurer group heads who are worried about an impending McCarran-Ferguson repeal.

In 45 minutes on the phone, Mr. Rusbuldt hears that Mr. Annunzio has changed his mind again and plans to sponsor the amendment after all, along with Reps. Wylie and Doug Barnard Jr., D-Ga.

But before the lobbyists walk out the door at about 5 p.m. for the evening's fund-raisers and gatherings, there are other indications that Mr. Annunzio may yet change his mind again.

5:00. Making an appearance

At the Capitol, a farewell party is being given for an aide to Rep. Joseph P. Kennedy II, D-Mass.

Guests without access to the members' entrances must pass through a metal detector, have their purses or briefcases X-rayed, and finally are required to stand on a floor mark while a device screens them for explosives.

Inside, several such gatherings are in full swing. They are not fund-raisers, however, which are prohibited from this historic building.

The farewell party is packed with well-wishers, staffers, politicians and other lobbyists. Rep. Kennedy comes in and works the crowd, and Mr. Equale hands him a political action committee contribution for a representative who's facing re-election.

Staying only long enough to press some flesh and finish a drink, the IIAA lobbyists head back to their cars. It's been a light night for social events; there are usually several events to attend before they can go home.

Strolling back to his car from the Capitol in the balmy spring evening, Mr. Equale runs into several acquaintances who stop to say hello and indulge in small talk.

When the bustle dies down, there's something very much like a college town about Washington. Right now, after class, students are walking back across the quadrangle to their dorms or down the street for a few cold ones.

"In a lot of ways, it is like a college town," Mr. Equale points out. "Only nobody graduates, unless they don't get re-elected." ■

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Agent/Broker Topics

In the halls of power, agents are outmanned

So veteran lobbyists rely on access, moxie

By LAURA MAZZUCA

Mr. Crerar

Mr. Equale

Ms. Haugen

Mr. Lefkin

Mr. Rusbuldt

Compared with groups like the American Bar Assn., which has 75 lobbyists, insurance agents travel light.

Their biggest gun on Capitol Hill is the Independent Insurance Agents of America, which has only four full-time lobbyists. But experience and high profiles in Congress make them aggressive, says Paul Equale, the IIAA's senior vp of government affairs. "Like the Viet Cong," he said.

Their political moxie and an insider's knowledge of Capitol Hill have afforded the insurance industry a fair amount of clout and good access to legislators, said Ken A. Crerar, vp of government affairs for the National Assn. of Casualty & Surety Agents.

Here are the backgrounds of a few top association and insurer lobbyists:

Veteran agent lobbyists have become aggressive, says Paul Equale. 'Like the Viet Cong.'

KEN A. CRERAR
Vp-government affairs
National Assn. of
Casualty & Surety Agents

A four-year veteran of NACSA, Mr. Crerar manages its government affairs office on Capitol Hill, acts as chief lobbyist and directs NACSAPAC, its political action committee.

He also serves as chairman of the Alliance for the Separation of Banking & Insurance, an ad hoc lobbying coalition of agent trade groups including IIAA, the National Assn. of Life Underwriters, the National Assn. of Professional Insurance Agents, the National Assn. of Surety Bond Producers and NACSA.

Before joining NACSA, Mr. Crerar served as vp and legislative affairs director for the Footwear Industries of America, where he co-directed an issue management campaign for taxes on imported shoes.

From 1978 to 1981, he was special assistant to Sen. Christopher J. Dodd, D-Conn., and assistant director of admissions for Connecticut College in New London, Conn. He has also been active in many national Democratic campaigns.

PAUL A. EQUALE
Vp-government affairs
IIAA

A lawyer by training, Mr. Equale, who joined IIAA in 1982, also has a background in political science.

He received a bachelor's degree in political sociology from the State University of New York at Buffalo in 1972. In 1976, he graduated from the university's law school.

His tenure in Washington includes work done for several presidential campaigns, and a special assignment in the Carter White House during the energy crisis of 1979. For two years at the U.S. Department of Energy, Mr. Equale was an attorney in the congressional relations division of the general counsel's office.

BARBARA S. HAUGEN
Director of federal affairs
National Assn. of
Insurance Brokers

Ms. Haugen has more than 20 years of Washington experience in government relations and public affairs.

Before joining the NAIB in 1981, she worked in the White House as a director of information services for a senior adviser to President Carter from 1979 to 1981.

From 1969 to 1976, Ms. Haugen was the Washington editor of regulatory affairs for the Research Institute of America, a business news and advisory service. In 1977, she served as editor of corporate reports and publications for American Management Systems, a management consulting firm that specializes in custom-designed computer systems. She acted as executive editor of the Product Safety Letter from 1978 to 1979.

Ms. Haugen holds a degree in journalism from the University of Minnesota in Minneapolis.

PETER A. LEFKIN
Vp-federal and eastern
states government affairs
Fireman's Fund
Insurance Co.

Like many industry lobbyists, Mr. Lefkin has experience on Capitol Hill as a congressional staff member.

Mr. Lefkin came to Fireman's Fund in 1988 after three years as a federal affairs counsel for the American Insurance Assn.

Before that, he was legal counsel in the office of Rep. Matthew J. Rinaldo, R-N.J., from 1983 to 1985. From 1980 to 1983, he was a staff attorney for the Federal Energy Regulatory Commission.

After receiving a bachelor's degree in economics from Georgetown University in Washington, D.C., he earned a juris doctorate at Syracuse University in Syracuse, N.Y.

ROBERT A. RUSBULDT
Vp-federal affairs,
IIAA

Before joining IIAA in May 1986, Mr. Rusbuldt was the legislative director for the American Insurance Assn. in Washington, D.C.

He graduated summa cum laude from King's College in Briarcliff Manor, N.Y. with a degree in history and political science and earned a master's degree in political science from American University in Washington, D.C. His Washington experience includes five years as legislative director for then-Rep. Carroll Campbell, R-S.C., where he was responsible for House Ways and Means Committee work.

Mr. Rusbuldt also worked for the U.S. Department of Labor as a program analyst and spent a year as a research analyst for the Feder-

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Agent/Broker Topics

Lobbyists focus on those who count—staffers

By LAURA MAZZUCA

WASHINGTON—Senators and representatives get all the glory, but lobbyists know where much of the real power lies: at the staff level.

Most members of Congress rely heavily on their staff, especially their administrative assistants. Sitting in on all interviews, they act as technical experts and closely monitor issues.

Lobbyists and staffers have a symbiotic relationship. Without staffers, lobbyists would lose access to members; without lobbyists, staffers would lack accurate, concise information on issues.

"Your staffer is a much better advocate than a member whom you're trying to pitch," said Ken A. Crerar, head lobbyist for the National Assn. of Casualty & Surety Agents.

"And lobbyists serve as the experts around here for the staffers," Mr. Crerar added.

Because the work is hard and the salaries slim—they start at $14,000 a year and only a few very senior aides ever hit $100,000—staffers tend to move on quickly. While the recession has slowed down the annual Capitol Hill turnover to about 20% over the last 12 months, the average is closer to 45%, Mr. Crerar commented.

But even the lower-level aides are treated with a certain respect by lobbyists. "You're nice to the 25-year-old staffer, because you never know where he'll be in a couple of years," he noted.

Young staffers are treated with respect. You don't know where they'll go, says Mr. Crerar.

Dealing with lobbyists from a range of industries almost daily, staffers have a clear idea of what separates the good from the bad.

"The key really is knowing when to ask for something and when to back off, and asking for things that are doable," said Jason Isaacson, administrative assistant to Sen. Christopher J. Dodd, D.-Conn. "So much of how this place operates is knowing what is in the member's best interest."

Because Sen. Dodd's state is synonymous with insurance, his staff deals regularly with industry lobbyists—on the whole, an impressive lot, says Mr. Isaacson.

"An impressive group of experts" who are also "politically sensitive" is how he describes insurance industry lobbyists. "They understand the conflicting demands on members and staff."

His sentiments are shared by staffers on committees that deal with insurance issues.

"I've dealt with other industries, and I find that the significant part of the insurance industry is very easy to deal with," agreed a subcommittee staffer who did not want to be identified.

Lack of consensus can sometimes hurt the insurance industry's cause. Yet divergent views can also help the industry because a staffer can get all the angles on insurance issues by listening to pitches from a range of trade group and insurance company lobbyists.

Staffers agree that the worst lobbyist is the absent lobbyist.

"The biggest problem you can have is a lack of communication," the subcommittee staffer said.

"Absence just doesn't make the heart grow fonder. A good lobbyist will stay in touch and find out what we're up to."

He praised groups such as NACSA, the American Insurance Assn., the Independent Insurance Agents of America and the National Assn. of Professional Insurance Agents for testifying last year before the House Subcommittee on Oversight and Investigations (*BI*, Sept. 24, 1990). Doing so showed a willingness to work with the panel—an important attitude, since efficient and persistent lobbyists can win over members or staffers on various issues, he said.

"Not being experts in the industry, we sometimes run the risk of coming up with stuff that won't work," he said. "When I started with insurance, I knew zero, but then they (insurance lobbyists) don't understand the policy aspects of an issue."

Other lobbyists and organizations "just choose not to participate in the process; they just aren't here," the subcommittee staffer said. "To my mind, that's not good lobbying, because the process moves on with or without you."

Good lobbyists work with committee staffers "early and continually," he said. To those lobbyists who will deal only with members, he offers this: "They just come back to us, anyway."

Continual contact is important even before an issue has reached the public forum, Mr. Isaacson said.

With Sen. Dodd active in benefits for AIDS patients, product liability and other issues related to insurance, his staffers "routinely" call lobbyists "on issues that may not even be hot at the moment," Mr. Isaacson said.

But too much of a good thing doesn't work, either. Pests who phone every day, approach a staffer too late in the legislative process or expect the staffer to drop everything and talk to them are just as bad as the "invisible men."

Lobbyists who don't understand the legislative calendar, the flow of a bill or constituent needs are useless, Mr. Isaacson said.

Staffers also appreciate hearing about insurance issues from other sources in the industry.

"Part of a good lobbyist's job is to broaden the member's exposure to the industry," Mr. Isaacson said. Sen. Dodd and his staffers spend time "staying close to the constituent level of the insurance industry" with help from lobbyists who help set up appointments for the senator, both in Washington or back home, with insurer officials.

And the subcommittee staffer especially enjoys hearing from agents, whose opinions are "a reality check" against the public relations hype he gets from insurer executives.

In general, staffers genuinely like working with lobbyists who are straight with them.

"You expect lobbyists to be self-interested, and that's healthy if it goes hand in hand with the public interest," the subcommittee source said.

"It's like every other business," Mr. Isaacson agreed. "If people trust you, your point of view will tend to do well." ■

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Agent/Broker Topics

Specialty agents putting expertise to work

By LAURA MAZZUCA

NICHE Marketing

Neophyte novelists all hear the refrain. "Write about what you know," the old-timers caution.

Agents and brokers who want to target narrow, specialty markets would do well to heed similar advice. "Know what you niche," so to speak.

That knowledge can come easily, like from the personal experience of a producer, or it can come the hard way, perhaps from previous exposure to placing a difficult or esoteric line.

Either way, the experience can prove valuable. The more agents learn about the field, the more business they can wrest away from inexperienced competitors.

Many agencies with strong niche markets launched their specialty lines during hard markets, when businesses could not get specialized coverage—in some cases, at any cost.

Others have been honing their specialties for generations.

And still others are using established niches to leverage their way into related areas before the market hardens again.

Here are the stories of some agency principals who turned their expertise into dollars.

High returns from the high seas

For Tom Garvey, a devoted yachtsman, boating became much more than a hobby.

Yacht clubs, in fact, become the single most lucrative speciality for his Costa Mesa, Calif., agency. With $3.5 million in annual premium volume, The Garvey Co. now places coverage for 85 of the 280 yacht clubs in California.

Mr. Garvey had been a commercial property/casualty agent who placed business for developers, manufacturers and smaller businesses in the region. An active member of the Newport Harbor Yacht Club, he was asked by the club executives to try to create general coverage for the club, recalled Gordon Johnson, who took over as agency president after Mr. Garvey's death three years ago.

But this was the mid-1980s, when a large club like Newport needed seven or eight policies to cover all its needs, including risks like a restaurant and bar, a junior yacht club and special races.

Working closely with Fireman's Fund Insurance Co., Mr. Garvey designed a streamlined form that included a commercial package for both ground and marine coverage, Mr. Johnson said.

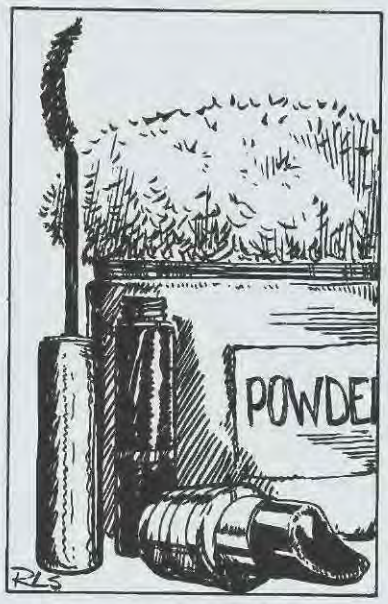
Specialization seemed to come naturally. The form can be modified to suit clubs ranging from Newport, which has more than 1,000 members, to groups with as few as 15 members, he noted.

Other clubs are targeted through a direct mail marketing program.

When Mr. Garvey died in 1988, his estate asked Mr. Johnson, a life producer and financial services salesman for another agency, to take over the business.

A common interest in boating had brought the two men together, said Mr. Johnson. "He always helped out in fund-raising and was very involved in junior sailing."

Mr. Johnson accepted the offer because the "staff was outstanding" and because he knew many of the clients, who promised their support. Insurers, too, offered cooperation, especially Fireman's Fund, Hartford Insurance Group and Chubb Corp., he said.



As a result, the only change Mr. Johnson had to make to the agency was to add a computer system.

With five employees, the agency today has about 700 accounts on its books, 70% of them commercial. Nearly a fifth of those commercial accounts are yacht clubs; no other California agency counts more than a handful of clubs among its clientele, Mr. Johnson said.

Boating also plays a key role in the agency's personal lines operations.

Although the clubs bar solicitation of their members, Mr. Garvey's reputation still brings in customers seeking personal coverage on their yachts, Mr. Johnson said. The agency places coverage for 200 yachts of various sizes.

And while a few competitors sell similar types of coverage, Garvey has an edge because of its reputation and because "we really try to slather them with service," Mr. Johnson said.

Using service and expertise as a competitive edge, he hopes to increase the agency's number of California yacht clubs to 150 in the near future, he added.

A near permanent where fads rule

In a business prone to fads and styles of the moment, the Alger family has been a constant fixture since 1922.

That was the year William H. Alger III's grandfather founded the Glenview, Ill., agency that bears the family name.

Before long, says the president, the agency began developing the specialty it retains to this day: the beauty industry.

Like many agencies, Alger Inc. began target marketing because of one big client with a special need.

Starting out as an accident and health agent, William H. Alger one day landed a new client, a company that made beauty products and needed professional and product liability coverage.

After learning about the company and its insurance needs, the senior Mr. Alger turned this into an expertise.

Coverage in those days was marketed directly to manufacturers, frequently on a monoline basis. Even in 1961, when Mr. Alger III returned from the U.S. Army to join his father and grandfather in business, the agency was still selling monoline coverage.

Beauty salons were offered $30 malpractice policies; beauty distributor coverage cost $50.

"We had those accounts by the hundreds," recalls Mr. Alger.

Today, only package coverage is offered.

Alger, which works almost exclusively with brokers for beauty salons or hair and skin care products manufacturers, places business owner and malpractice coverage for beauty salons, schools, electrolysis clinics and nail care salons.

But service companies are only a portion of its business.

More than half of the agency's premiums come from foreign and domestic hair and skin care products manufacturers.

For manufacturers, Mr. Alger said, the agency offers packages that may include auto and workers comp coverages. Umbrella coverages also are available for companies that meet the standards of CNA Financial Corp., the agency's lead insurer.

Standard forms are used for general liability coverage, and for malpractice coverage for salons, the agency uses a form it developed, Mr. Alger said.

Alger Inc. has eight employees and an annual premium volume of between $1 million and $5 million.

CNA has been underwriting coverage for the Algers since the agency began specializing, Mr. Alger said.

The agency also represents an RLI Group unit, Mt. Hawley Insurance Co.

Alger's manufacturing clients are "not the biggies," he adds. No Revlons or Avons here. Instead the focus is on those with annual sales of $250,000 to $10 million.

Much has changed since Mr. Alger's grandfather ran things, yet the basic products and how they are applied are essentially the same.

"In this business, there's not a lot of innovation, but there is a lot of imitation and evolution," said Mr. Alger.

And there is a lot of growth. Because "it's a relatively easy business to get into," many people leave the major companies to start their own specialty firms, Mr. Alger said. "We're seeing a proliferation of manufacturers."

Salons, too, are big business, much of which he attributes to two changes. Career men—and women—are opting for permanents which require little in the way of daily maintenance, he said. And hair re-

Continued on next page

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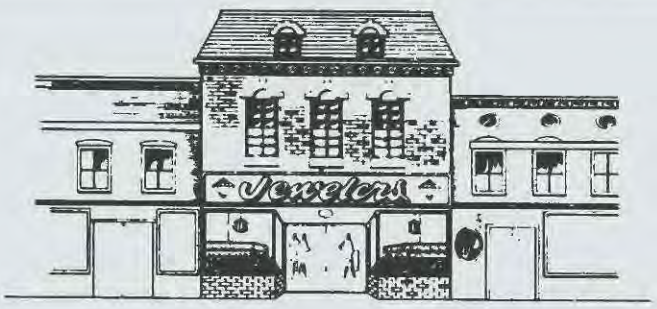

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Agent/Broker Topics

Niche marketing

Continued from previous page

laxers, widely shunned by African-Americans in the 1960s and 1970s, are staging a comeback.

Renewed growth brings with it renewed interest from other agents.

"The market is soft now, so there are a lot of people playing in our marketplace," said Mr. Alger, adding that he is confident that competition will "evaporate" when the market turns.

On the ground floor of the fitness craze

As a rule, insurers shy away from health clubs and tanning spas.

"They assume that machines are snapping, dumbbells are falling apart and people are drowning in swimming pools," said Sandy Baldinger, self-described "exercise fanatic" and president of the Santa Monica, Calif., agency that bears his name.

No doubt about it, accidents do happen. But, adds Mr. Baldinger, proper risk management and careful underwriting can make health clubs a very profitable business.

For nine of its 18 years, Baldinger Insurance Services has specialized in health clubs. Today, Baldinger places coverage for about 1,800 clubs and tanning spas across the country. They range from "mom and pop iron gyms" (those using only free weights) to full-service facilities with complex equipment, restaurants and bars.

Health clubs generate about 80% of the agency's $10 million annual premium volume; tanning spas make up the other 20%.

Mr. Baldinger is not overly concerned about the risks. In the agency's nine years of specialization, its worst loss ratio for tanning salon accounts was 5% and its worst for health clubs was 11%.

"We all admit it's a potential business for shock losses, but most of the business is very profitable," he added.

Like other successful specialty agencies, Mr. Baldinger stumbled into his niche quite by accident.

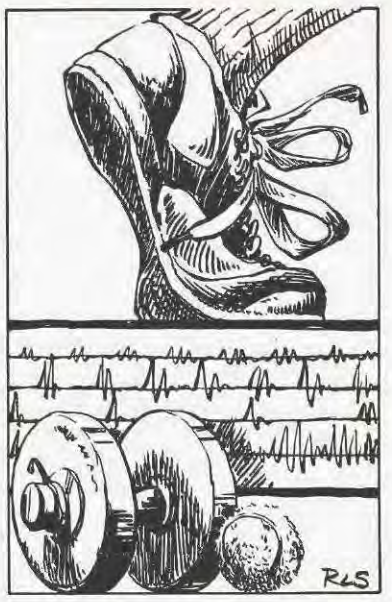
Trendy health clubs were still years in the future when his father, Joseph, opened a basic commercial property/casualty agency in New York in 1973. An exercise enthusiast himself, Joe Baldinger belonged to a small health club in the city. Pinched in a hard market, the club's association soon approached him about finding coverage.

At the time, said Mr. Baldinger, health clubs had only one option—Lloyd's of London. Prices were, not surprisingly, prohibitive.

After starting with B-rated insurers, the agency moved up. Today it uses General Star Indemnity Co. primarily for bodybuilding clubs and Continental Insurance Co. for full-amenity clubs. For tanning salons, it uses Essex Insurance Co. or Century Surety Co.

Large clubs find the standard Continental program ideal because it includes coverages for locker liability, sewer backup (which is typically excluded), trees and shrubs and even liquor liability, said Mr. Baldinger.

Sedgwick James Inc. manages the Continental health club program, and Baldinger Agency is its largest producer. Eighty percent of the agency's business is client-direct, while 20% is brokered by other producers.



Only two years ago the agency moved to California, "the health club capital of the world." It was a natural choice because most of its business is on the West and East coasts, Mr. Baldinger said.

At the heart of agency operations is risk management. For clubs covered by General Star, Equifax Inc. conducts on-site inspections; Continental has its own inspectors and issues a detailed manual on health club safety, Mr. Baldinger said. Under the Continental coverage, the client is entitled to a safety group dividend at year-end.

Another of Mr. Baldinger's central tenets is advertising, especially for specialization. Among his many trade publication ads is an application tucked in the centerfold of a health club publication.

But Mr. Baldinger is careful not to underestimate the risks of specialization. "The bottom line is, it takes guts."

Costs can be steep: In his first year alone, he spent $25,000 on marketing for health clubs.

Profits eluded him for three years. But the gamble paid off, and today the agency is setting up a national program for restaurants, motels, hotels and taverns.

"Marketing is marketing," he said. "If you can specialize in one area, you can specialize in anything." ■

July

Perpetuations/NAIB Conference Report

Perpetuation is an important topic among agents who want their legacy to endure. Insurers have a vested interest too, because they want stable outlets to distribute their products. Focusing particularly on the help insurers can provide, BI editors will examine the different — and best — ways agents can perpetuate their business. BI will also wrap up coverage of the annual National Association of Insurance Brokers conference.

Issue: July 1
Ad Closing: June 18

August

New Selling Opportunities

As the soft commercial insurance market continues, agents and brokers are forced to search out new selling opportunities. BI editors will examine the hows and whys of identifying and following through on new market niches and target audiences. Articles will share the secrets of success for those agents who have already taken advantage of new opportunities to sell their products.

Issue: August 5
Ad Closing: July 24

September

Automation & Most Productive Agencies

How do America's most productive insurance agencies generate huge amounts of revenue per employee? And what do computer hardware and software manufacturers have in their plans to help surge agency productivity? BI will rank and profile the nation's most productive agencies and examine how automation can help agents boost their output.

Issue: September 2
Ad Closing: August 20

Agent/Broker Topics

Agent/Broker Topics is a monthly demographic section published within the pages of Business Insurance, and sent exclusively to BI's agent/broker subscribers.

Advertisers in Agent/Broker Topics are positioned within an unparalleled editorial environment and reach an undiluted audience representing a wealth of purchasing power for insurance products and services. With an average premium volume of $14.91* million, 94%* of these influential readers take action as a direct result of the articles or advertisements they read in Business Insurance.

* An Audience Profile of the Business Insurance 'Agent/Broker' Subscriber, 1990.

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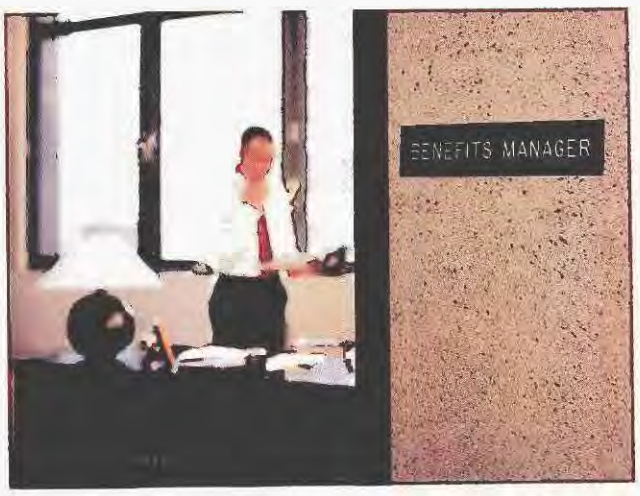

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Afternoon breakout sessions will focus on more specialized subjects: Professional Liability, Financial Reinsurance, Global Insurance Programs, Banking & Insurance, Claims Handling Following a Disaster, The LMX Market, Toxic Torts & Product Liability, Insurance Regulation Worldwide, The Green Movement and EC Directives.

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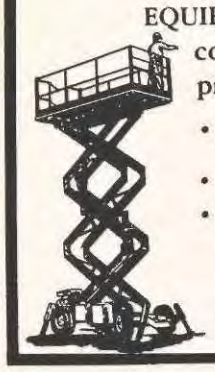

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Study ranks comp costs

LOS ANGELES—Workers compensation insurance costs in California are among the highest in the nation, both as a percentage of payroll and in weekly premium per worker, a new study shows.

California employers in 1988 paid an average of 3.075% of payroll for works comp insurance, 53% above the norm, said the study by John F. Burton Jr., director of the Institute of Management and Labor Relations at Rutgers University in Brunswick, N.J.

The average weekly cost per employee was $13.99 for California employers, an amount 66% higher than the average for employers in other states, the study showed.

The national average was 2.005% of payroll, or $3.41 per week.

Following are the adjusted premium rates per $100 of payroll for the top five states, followed by the average weekly cost per employee:

- Montana, 4.201%; $18.50.
- California, 3.075%; $13.99.
- Texas, 3.042%; $12.32.
- New Mexico, 2.898%; $10.90.
- Alaska, 2.817%; $18.38. ■

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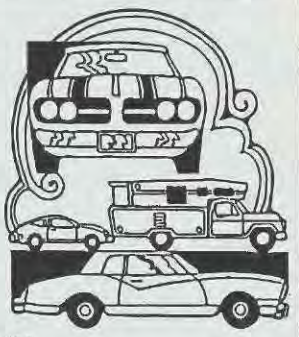

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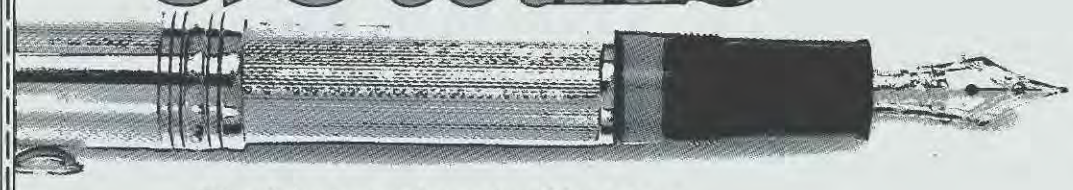

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NAIC proposal challenged

By MEG FLETCHER

Risk managers should be concerned about a proposal pending before the National Assn. of Insurance Commissioners that would grant immunity to the receiver of an insolvent insurer and his employees, warns a policyholder attorney familiar with insolvencies.

"If it is adopted and enacted, the risk managers' companies will have no remedy for a receiver's negligence," said Richard A. Brown, an attorney with Spiegel & McDiarmid in Washington, D.C. Mr. Brown represents the court-appointed policyholder creditor committee in the rehabilitation of Mutual Fire, Marine & Inland Insurance Co.

However, Vincent Vaccarello, who chairs the six-member NAIC working group that developed the proposed amendments to the Rehabilitators and Liquidators Model Act and is special deputy receiver for Mutual Fire, said the changes are needed to ensure that governmental immunity applies uniformly to all state insurance commissioners and all their employees when they act as receivers.

The policyholder creditors' committee in the Mutual Fire rehabilitation is challenging the appropriateness of an indemnity clause in Mr. Vaccarello's contract approved by Pennsylvania Insurance Commissioner Constance B. Foster.

A lower court upheld the contract. The case currently is before the Pennsylvania Supreme Court.

The amendments proposed by Mr. Vaccarello's working group were adopted for discussion by the NAIC's Rehabilitators and Liquidators Task Force in April. They would grant immunity to receivers—both personally and in their official capacity—from lawsuits and liability for damages or personal injury due to "any act, error or omission" in connection with their duties, unless it was caused "solely by intentional or willful and wanton misconduct."

In addition, the amendments require that the receiver's attorneys' fees and all other defense-related expenses be paid as they are incurred—even in pending cases—as administrative expenses of the receivership.

However, if it is determined that the damages were caused solely by the receiver's intentional or willful and wanton misconduct, the receiver could be required to repay any defense and settlement costs.

The proposed amendments also extend the same protections to the receiver's employees, who are defined as "all present and former special deputies and assistant special deputies appointed by the commissioner of insurance and all persons whom the commissioner, special deputies or assistant special deputies have employed as employees to assist in the liquidation, rehabilitation, reorganization or conservation of an insurer. . ."

Without a promise of immunity, receivers and their employees may be afraid to act in the best interests of the insolvent insurer's estate and its policyholders, Mr. Vaccarello said.

But Mr. Brown charges there is no apparent need for amendments that undermine the accountability of receivers to creditors and provide "an unnecessary and improper benefit" to receivers. Instead, he recommended that a receiver protect himself from liability for his actions through the traditional practice of having them approved in advance by the court supervising the receivership.

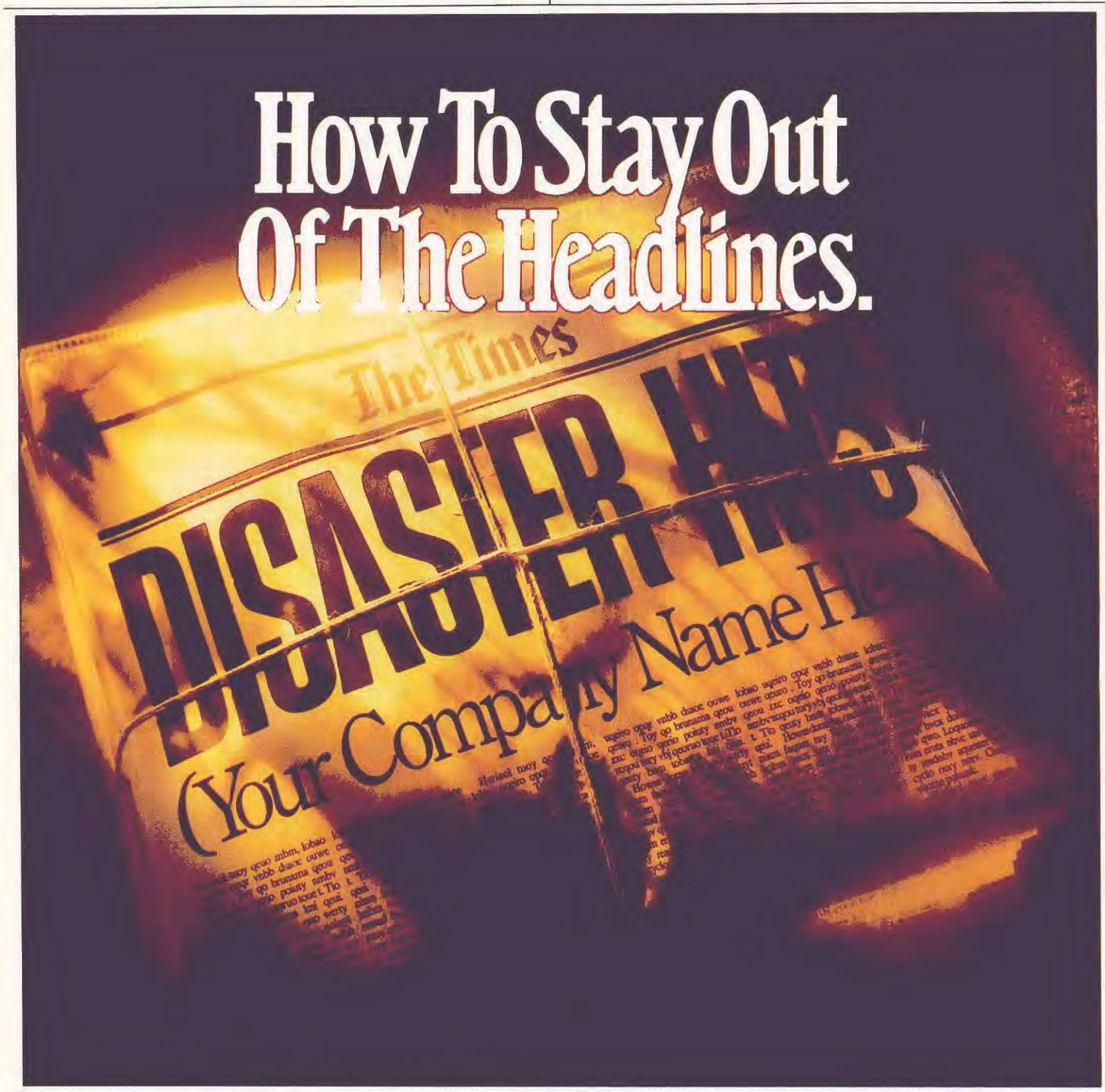
In addition, he challenged the appropriateness of Mr. Vaccarello chairing the working group because he is not a regulator and has a monetary interest in the issue's outcome.

The version of the proposed amendments released at the NAIC's spring meeting in April contained some editor's notes, including one that elaborated on the definition of "employee" by saying that "consideration should be given to whether the definition of 'employee' protects individuals who may provide 'in-house' services to the receiver on a contract basis." In addition, the note stated that the definition of employee "is not intended to provide protection for special counsel, independent auditors, consulting firms or other outside consulting or professional operations or firms—or their employees—with whom the receiver contracts for services."

A later draft, though, contains the same definition of employee but eliminates the editor's notes.

The task force is expected to recommend that the amendments be formally adopted at the NAIC summer meeting June 9-13 in Indianapolis, said Mr. Vaccarello.

However, Thomas G. Goddard, counsel-government and media relations for the NAIC, said that a formal vote by all commissioners at the June meeting is "uncertain" because commissioners may want to allow more time for comment. Mr. Brown's comments, which were contained in a letter to NAIC President James E. Long, are the only ones the NAIC has received, Mr. Goddard said. ■



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INTERNATIONAL

Asbestos claim information service unveiled

London firm refurbishes plan to service small, medium-sized companies

By GAVIN SOUTER

HAMBURG, Germany—A London-based consulting firm is setting up an information service for asbestos-related claims.

The announcement from accounting and technical consultant Chiltington Intermediaries Ltd. comes three years after a more extensive market-backed service was proposed at a London conference (*BI*, March 21, 1988).

The original plan—under which a clearinghouse would gather information about asbestos claims for reinsurers from around the world—was shot down by strong opposition from London market underwriters and brokers, who viewed it as a means to delay claims payments.

The new service is the brainchild of Jack Koepke, director of legal and claims at Gerling-Konzern Globale Reinsurance A.G. in Cologne, Germany.

The service will be provided by two new Chiltington companies: International Reinsurance Advisory Service GmbH and Chiltington International Reinsurance Advisory Service GmbH, both based in Hamburg, Germany.

IRAS will gather and summarize information on asbestos claims, while CIRAS will provide in-depth analysis for individual clients, Mr. Koepke said.

Mr. Koepke will leave Gerling on Oct. 1 to join Chiltington as a director to manage the service.

Since the 1988 conference at which an asbestos claims clearinghouse was originally proposed, four major European reinsurers have been discussing the idea: Munich Reinsurance Co., Swiss Reinsurance Co., Cologne Reinsurance Co. and Gerling.

However, all of these reinsurers are large enough to provide clients with information from their own resources and would not require a marketwide and market financed alternative, Mr. Koepke said.

However, among small and medium-sized reinsurers, there is a need for an independent subscription-based asbestos claims information consultant because "it is not practical for their claims departments to go through claims for the details of the numerous reinsurers that may be on a claim," Mr. Koepke said.

The larger reinsurers could not supply this service to smaller reinsurers because they may be in conflict with them over a claim, he added.

"The time has come and we have the infrastructure to do it."

The information will come mainly from the London Market Claims Service, he said. However, the supply of information is not yet guaranteed by the LMCS, a market-supported organization that distributes legal information on claims to those who have a legitimate interest in a claim.

IRAS is a private initiative by Chiltington and it is not clear whether it will be entitled to the asbestos information provided by the LMCS, said Philip Frost, manager of the LMCS asbestos department.

However, IRAS officials are meeting with LMCS this week to discuss the service.

IRAS has a threefold purpose, according to Mr. Koepke. It aims to find out the facts behind a claim, create an environment for decision-making, and support a responsible working relationship between the London market and other reinsurers and insurers.

"We want to create dialogue and bring a breath of fresh air," Mr. Koepke said. The service will be offered to both reinsurers and cedants, he said.

"We do not want to be connected with down-and-out companies who are looking to avoid paying claims for a decade without any good reason," he added.

Business for CIRAS will flow from companies subscribing to the IRAS service, Mr. Koepke said.

CIRAS will trace the chain of reinsurance coverages in and out of London for individual companies seeking to settle claims, he said.

When a market-financed service was proposed in London in 1988, London underwriters were immediately hostile.

They objected that the proposed service:

- Would delay claims for two years while the system was set up.
- Is unnecessary because brokers and underwriters already have facilities to deal with asbestos claims.
- Would bypass brokers who were coping admirably with the problems.
- Would run into disclosure problems.
- Would be unable to obtain the information without London market support.
- Is irrelevant because the decision to pay claims would still rest with individual reinsurers. ■

Iraq ordered to pay Kuwait for aircraft

GLOBAL BRIEFS

LONDON—Kuwait Airways has been awarded judgments against the Republic of Iraq and Iraqi Airways for the loss of 10 of its 15 aircraft that were stolen during Iraq's invasion of Kuwait last year.

London's High Court last week issued a judgment for an unspecified sum against the Republic of Iraq for the value of the 10 aircraft. The court on Feb. 26 had issued a judgment against Iraqi Airways for $489.5 million, the actual value of the 10 aircraft at the time they were stolen.

Whether aviation hull war risk underwriters receive any of the award depends on many factors, such as whether any of the planes are recoverable or salvageable or whether the Iraqis will even pay the award, said Christopher Gooding, a partner of Clyde & Co., a London law firm representing Kuwait Air.

The underwriters paid just less than $300 million of the loss of the planes, the limit in the policy for any one ground loss, plus another $150 million for lost parts.

It is not certain where the aircraft are at the moment. Some of the 10 aircraft have been destroyed while others may be in Iran, said Mr. Gooding.

Kuwait Airways sued Iraqi Airways and the Republic of Iraq on Jan. 11 in London's High Court for the loss of the 10 aircraft with a total insured value of $630 million, the writ said. The judgments, however, are only for the actual value of the aircraft, he said.

Kuwait Air only sued for the 10 aircraft delivered to Iraqi Airways. Of the other five aircraft seized by the Iraqis during the invasion, one has been returned to the airline and the whereabouts of the other four are unknown, he said.

He added that suing Iraqi Airways was the only way Kuwait Air could gain permission to sue the Iraqi government, which, according to the writ, "unlawfully transferred possession and control of the aircraft" to its national airline.

The judgment will be registered in Europe and "wherever we can find Iraqi assets," said Mr. Gooding. Even if Kuwait Air does not receive any money, which is a substantial amount for the bankrupt Iraq, "we intend to make it very difficult for (Iraqi Air) to start up business again," he said.

—By Stacy Shapiro

Continued on next page

Winterthur, AIG to jointly market benefit plans to multinationals

By DON LEWIS KIRK

WINTERTHUR, Switzerland—Winterthur Swiss Insurance Co. Ltd. will work with American International Group Inc. of New York to jointly market employee benefit and pension plans to multinational corporations worldwide.

The agreement unites AIG's extensive benefit networks in the Far East, Middle East, Africa and Latin America with one of Europe's leaders in benefit coverages.

The two insurers will begin marketing the program next month in Europe and the United States, according to AIG.

"For multinational corporations, this joint venture will eliminate the need for multiple pools with difference companies, while allowing them to maximize the savings that are inherent in international pooling," said Robert J. O'Connell, senior vp of AIG's Group Management Division.

"The primary purpose of this joint venture is customer service," said Winterthur Group Vice Director Thomas Erny.

"We will significantly enhance the services that customers will receive by having standardized reports, procedures, underwriting rules, reinsurance parameters, dividend rules and coordinated sales and service reports," he said.

Mr. Erny told *Business Insurance* the agreement with AIG is particularly significant in light of events in Eastern Europe.

"As state monopolies crumble, countries will be looking to private industry to take on much of the burden of its employee benefits plans. When they do, AIG and Winterthur expect to play an important role," he said.

Winterthur also hopes to take advantage of the opportunities posed by an open market in the European Community, even though Switzerland is not an E.C. member. Through an established office in Brussels, Belgium, the insurer will be able to write coverages in all E.C. countries when economic barriers fall.

These expectations for growth come on the heels of a slow year for the Swiss insurance group due to catastrophic losses and adverse currency exchange rate fluctuations for the Swiss franc.

Last year, the group posted a 4.2% increase in gross premiums to 12.48 billion Swiss francs ($9.79 billion at year-end 1990 exchange rate) from 11.98 billion Swiss francs in 1989 ($7.77 billion at year-end 1989 exchange rate), which was up 12.1% over 1988 premiums.

Winterthur Group's profit after taxes last year was 236 million Swiss francs ($185.2 million) in 1990, down 12.7% from 270.3 million Swiss francs ($175.3 million) in 1989.

In addition to its joint benefits venture with AIG, Winterthur is looking for growth in international commercial lines and reinsurance operations, according to International Division Director Willi Schurpf.

Increasing liability for environmental impairment and product injury in Europe "demand insurers come up with coverage in increasingly large amounts," he said.

"We've got the financial base to do that. Our strategy is to address key accounts and offer central underwriting while increasing our network and the kinds of policies we write," he said.

Winterthur was among the first insurers to offer a so-called Europolicy, which provides policyholders with uniform coverage levels throughout Eu-

Continued on page 55

Merrett syndicate to keep 1985 year open

By GAVIN SOUTER and STACY SHAPIRO

LONDON

LONDON—Merrett Underwriting Agency Management Ltd. has decided to keep the 1985 underwriting year of Lloyd's of London's largest syndicate 418/417 open even though all of its runoff policy disputes have been resolved.

The agency's sister company, Merrett Syndicates Ltd., had indicated earlier this year that the syndicate's open year would be closed, albeit with a cash call of 40% of the syndicate's 1985 capacity, or 69.9 million pounds ($122.3 million) (*BI*, Feb. 25).

However, MUAM told syndicate 418/417 members recently that the 1985 underwriting year would be left open with a 25% cash call, or 43.7 million pounds ($76.5 million), confirmed Ken Randall, managing director of MUAM's parent company, Merrett Holdings P.L.C.

Of the disputes over eight unlimited runoff reinsurance policies placed with syndicate 418/417, one policy has been avoided; three have been capped; three have been negotiated to provide higher excess points; and one remains untouched after an arbitration that Merrett lost, according to Mr. Randall.

The 1985 year was left open "because of our concerns about the required level of reserving on pollution claims," said Mr. Randall. "It was our hope to close the syndicate" but increased pollution claims notices prevented the agency from doing so, he said.

Mr. Randall "categorically denies" speculation that MUAM kept the syndicate open because of pressure by members' agencies to reduce this year's cash call.

Meanwhile, MUAM's non-marine syndicate 799, formerly underwritten by Robin A.G. Jackson, has announced a 9.7% overall loss —or 22 million pounds ($48.5 million)—for the 1988 underwriting year that is now closing, confirmed Mr. Randall.

The syndicate was broken up into three separate syndicates at the end of 1988.

In addition, syndicate 317/661 managed by R.H.M. Outhwaite (Underwriting Agencies) Ltd. last month announced that it is making a cash call on its still-open 1982 underwriting year of 17.5 million pounds ($30.6 million). This cash call represents half of the loss declared at the end of 1989 plus another 4.4 million pounds ($7.7 million) accumulated at the end of last year. Another 13.1 million pounds ($22.9 million) carried over from the end of 1989 will be called in 1992 or 1993, the syndicate added.

The total loss on the 1982 underwriting year of the Outhwaite syndicate now totals 486% of the original stamp capacity of the syndicate, or 200.7 million pounds ($351.2 million). The losses stem

Continued on next page

INTERNATIONAL

GLOBAL BRIEFS

Continued from previous page

Russian bank venture

LONDON—Royal Insurance Holdings P.L.C. is considering linking up with a Moscow bank to provide insurance for Soviet companies.

A feasibility study on a joint venture with Promstroybank, a state-owned industrial development bank, is near completion and will be presented to Royal directors "in the near future," said a spokesman.

Should the deal eventually go through, a Royal unit, Royal Insurance International, would provide capital, computers and training for the operation, he said.

The joint company originally planned to have authorized capital of 50 million rubles ($29.8 million at current exchange rates), but the feasibility study will recommend a "significantly lower" figure, the spokesman said.

Big plans at Capital Re

PARIS—Capital Reinsurance Co. has opened an office in Paris as part of a program to boost its international business more than tenfold.

The office will offer financial guarantee insurance to European insurers and reinsurers. It will also serve European clients of Credit Reinsurance Co. Ltd., an affiliate based in Bermuda.

Credit Re provides coverage for financial guarantee risks that cannot be covered in the domestic U.S. market.

"We intend to enter the European market not as a competitor but as a partner with European insurers and reinsurers," said Michael Satz, chairman of Capital Re Corp., the parent of both companies.

Those "partners" will allow Capital Re to provide U.S. insurance companies with access to European markets, said a spokeswoman.

The spokeswoman added that the types of risk covered include: mortgage guarantee insurance; programs backing municipal and non-municipal financial guarantee policies; miscellaneous surety products; trade and export credit coverages; loss portfolio transfers; and pools, either of consumer and commercial receivables or financial asset portfolios.

Only 2% to 3% of Capital Re's premium income now comes from international business.

But within five years, according to the spokeswoman, international business is projected to account for 50% of new writings.

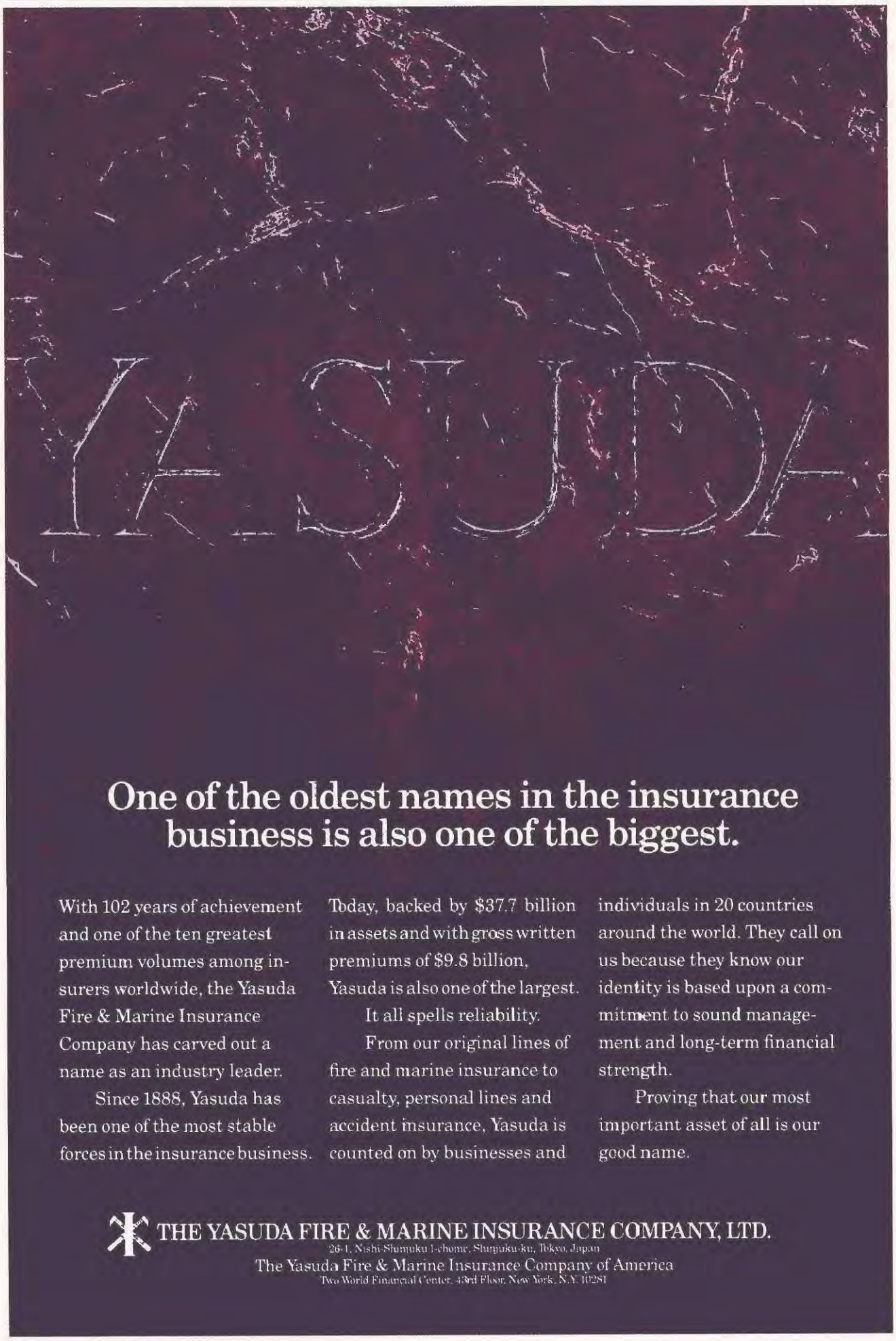
HDI enters Spain

MADRID, Spain—German insurer Haftpflichtverband der Deutschen Industrie VVaG has been authorized to write non-life insurance in Spain and has set up an office in Madrid.

At first, Hannover-based HDI will write risks for German clients with operations in Spain, but it hopes to develop indigenous Spanish business as well, said Uwe Deumann, manager of the international department.

The Madrid office has seven staff members, including two general managers: Wolfgang Cellarius, who heads the property department, and Santiago Martin Gil, who heads the casualty department.

The branch will deal mainly with medium to large industrial clients, but it may develop personal lines services in the long term, Mr. Deumann said. ■



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LONDON

Continued from previous page

from 31 runoff reinsurance policies placed with the Outhwaite syndicate during or prior to 1982.

Despite the losses, the Outhwaite syndicate continues to underwrite and will produce a 9.7% pretax profit on the syndicate's written premium of 75 million pounds ($131.2 million) in 1988, the year just closing.

A.J. Archer results

Profit commissions were slashed in half for the 1988 underwriting year at A.J. Archer Holdings P.L.C., the Lloyd's of London underwriting agent has announced.

Results are unlikely to improve in 1989 and 1990 but the current hardening of rates in all markets will continue into 1992 and 1993 and boost earnings in the mid-1990s, said Chairman Richard Maylam.

Revenues, operating profit and pretax profit for the half-year to March 31, 1991, increased slightly. This is mainly due of increased fees from members, Mr. Maylam added.

Profit commissions for A.J. Archer-managed syndicates in 1988, the year now closing at Lloyd's, dropped to 2.2 million pounds ($4 million at year-end 1988 exchange rate) from 4.4 million in 1987 ($8.2 million at year-end 1987 exchange rate).

This reflects the "less favorable" underwriting conditions which have reduced the profit commission on pure year underwriting—taking 1988 as a stand-alone year—and the syndicate cash available for investment, Mr. Maylam said.

"Furthermore, it has been necessary to strengthen the reserves on certain syndicates for the back years due to increased liabilities arising on environmental pollution and casualty business," he said.

Revenues for the half-year increased to 1.32 million pounds ($2.3 million at appropriate exchange rate) from 1.17 million pounds in 1990 ($1.92 million at appropriate exchange rate), operating profit increased to 340,000 pounds ($605,200) from 280,000 pounds ($460,000), and pre-tax profit increased to 710,000 pounds ($1.3 million) from 650,000 pounds ($1.1 million).

The 1988 underwriting year resulted in losses for A.J. Archer's marine syndicates but profits for non-marine and aviation syndicates, Mr. Maylam said.

"The 1988, 1989 and 1990 underwriting years have been extremely difficult for underwriters due to increased worldwide underwriting capacity causing increased competition and, hence, a substantial reduction in premium rates," he said.

And, "it has been necessary to strengthen the reserves on certain syndicates for the back years due to increased liabilities arising on environmental pollution and casualty business," Mr. Maylam said.

A.J. Archer's results will be hurt in financial years 1992 and 1993 as well, he predicted.

However, results should improve in 1994, when 1991 underwriting year results are posted, due to the current hardening of all markets, he added.

"The reinsurance market has been charging substantial increases in premium which together with probable further reductions in reinsurance capacity and more reinsurance premium increases at Jan. 1, 1992, will force the direct market to continue to increase their premium rates, not only this year but also again in 1992 and 1993," Mr. Maylam said.

During 1990 A.J. Archer syndicates wrote substantially less in premiums than their 305 million pounds ($533.8 million) total capacity, but in anticipation of increased premiums in 1991 the agent has increased total capacity to 330 million pounds ($577.5 million), he said. ■

Winterthur

Continued from page 53

rope.

Winterthur offers two such products that each cover liability, property damage, business interruption, marine and contractors/erectors all-risk in multiple countries.

The "EuroWin" policy uniformly covers risks throughout the European Community, but can include specific clauses to provide additional coverage that is only required in a particular country or location. A product called "GlobalWin" covers internationally coordinated insurance programs.

The pending removal of trade barriers within the European Community makes Europe the insurance group's natural focus. More than 40% of Winterthur's business is now conducted in Europe, while domestic business accounts for about another 42% of sales. North American risks account for 12% of premiums and Japan and other countries account for the remainder.

Southern European countries, like Spain, Portugal and Italy, gave Winterthur its strongest non-domestic growth last year. For example, Winterthur's premium income in Spain grew 10% to about 726 million Swiss francs ($569.6 million), up from 660 million Swiss francs in 1989 ($428 million). Although commercial lines business accounts for nearly 75% of Winterthur's premiums in Spain, more than 25% growth last year in both life and homeowners lines fueled the overall increase.

To avoid being left out of the economic development that is expected to occur in the European Community as trade barriers fall, Swiss companies—like Winterthur—have been strengthening their operations in E.C. countries. Its Europolicies, for example, rely on local claims handling and service, although the actual underwriting is done at the insurer's Switzerland headquarters.

In the United States, Winterthur has decided to change its strategy following heavy losses in 1989. Previously, the insurer's U.S. operations were largely limited to property insurance in Southern states. But a series of natural disasters that year, including Hurricane Hugo, have the insurer looking to other regions for expansion, Mr. Schurpf said.

Winterthur has a large presence in the United States, where it wrote $631.8 million in direct premiums in 1989, the most recent figures available from analyst A.M. Best Co. Winterthur acquired General Casualty Co. of Wisconsin and its subsidiaries from Reliance Group Holdings Inc. last year. In addition, it operates several property/casualty and life insurers under the direction of Winterthur Reinsurance Corp. of America.

In the Far East, Winterthur says it will soon acquire the non-life Hong Kong and Singapore operations of Norwich Winterthur Holdings Ltd. Winterthur has a branch in Japan, representative offices in South Korea and Taiwan and offices servicing multinational clients in Singapore, Hong Kong and Sydney.

Meanwhile, Mr. Schurpf said that no other acquisitions are planned by Winterthur Group. Instead, the insurance group will rely heavily on existing subsidiaries to service industrial clients as they move to new markets—particularly in Eastern Europe.

To facilitate its entry into Eastern Europe, the insurer will look to its German subsidiary, Winterthur-Versicherungen Direktionen fur Deutschland.

The last two years were not Winterthur Group's best. Following 1989's natural disasters in North America, 1990 was marked by a devastating series of winter storms in Europe. Also, rising inflation in Switzerland has narrowed profit margins.

'The primary purpose of this joint venture is customer service,' says Mr. Erny of Winterthur.

Gross premiums of the group's lead non-life insurer, Winterthur Swiss Insurance Co., advanced by a slight 0.4%, or 18.3 million Swiss francs, to 4.83 billion Swiss francs ($3.79 billion), up slightly from 4.81 billion Swiss francs ($3.12 billion) in 1989. Here, too, a major contributor to sluggish growth came from the weakening of most foreign currencies against the Swiss franc. The non-life insurer's profits after taxes totaled 133.2 million Swiss francs ($104.5 million), down 4.6% from 139.6 million Swiss francs ($90.5 million) in 1989.

Winterthur Life Insurance Co., though, remained the group's largest subsidiary, with roughly double the assets of the non-life company. In 1989, according to A.M. Best, Winterthur Life had $13.17 billion in assets vs. Winterthur Swiss Insurance's $6.71 billion in assets.

Winterthur Life's premium income amounted to 3.57 billion Swiss francs in 1990 ($2.8 billion), unchanged from 1989.

Here, too, financial results were affected by developments in capital markets, which led to a decline in investment income and currency exchange losses. Winterthur Life's profits amounted to 15.6 million Swiss francs ($12.2 million) in 1990, up slightly from 15.4 million Swiss francs ($10 million) the previous year.

While the condition of finance and currency markets hurt Winterthur Group's overall results last year, its status as a commercial lines insurer is improving, according to Hansjorg Nuesch, vp and head of safety engineering.

"Comprehensive insurance solutions for international companies become more important with increased technical, economic, social and political risk," he said. "In the last two years, we have dramatically increased our risk management operations. It's become a priority and marks a change in insurance strategy, not just for Winterthur but for all insurers in Europe."

Winterthur also wants to continue to increase its reinsurance volume until it becomes what it calls a "medium-sized reinsurer." That goal has gradually developed over the last three years and reinsurance now accounts for 9% of the group's gross premium income.

Winterthur emphasized that its reinsurance business will be marked by a cautious expansion and that its aim is to be a specialized reinsurer in certain niche areas, like aviation reinsurance.

Winterthur appears to be progressing smoothly along the route of its corporate strategy for growth.

In the European Community, the second non-life insurance directive generally eliminates the need for issuing a separate policy in each E.C. country, boosting the appeal of its Europolicies.

Nevertheless, in addition to the main coverage conditions applicable in all countries, Winterthur has been integrating local clauses into its EuroWin policies that pertain to individual countries. That way, Winterthur explained, the EuroWin policy ensures that each of a policyholder's foreign subsidiaries have roughly the same coverage as if they had purchased their policies locally.

And, if a policyholder's subsidiaries in non-E.C. countries need coverage, the EuroWin policy can be easily integrated into the GlobalWin policy.

In addition to its property/casualty Europolicies, Winterthur has been particularly strong at setting up multinational employee benefit plans, according to Mr. Schurpf.

"International companies have to establish pension fund plans that take into account specific local requirements. such as the labor market, national social security schemes, tax laws and labor laws," he said. "Companies want an overall picture of employee benefit commitments and to maintain control over the cost of such programs while implementing cross-border risk management concepts. We do that," Mr. Schurpf said. ■

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Airline rates

Continued from page 1

The jetliner, Flight NG004, began in Hong Kong and was bound for Vienna, Austria, with a stopover in Bangkok. There were 213 passengers and 10 crew members on board, consisting of many nationalities, including Thai, Chinese, Italian, Swiss, German, Yugoslavian, Portugese, British, American, Hungarian, Polish, Turkish, Brazilian and Australian.

If it is determined that a bomb caused the disaster, then hull war risk underwriters will pay the $80 million hull claim. If it is determined that an electrical storm caused the explosion, then all-risk hull underwriters will pay.

In either case, all-risk liability underwriters will pay for the liabilities from the disaster, since the coverage includes a liability war risk clause.

Both the all-risk and hull war risk policies have clauses that state that if it cannot be determined within 21 days of the disaster what caused the crash, the all-risk underwriters will pay 50% and the war risk underwriters will pay 50% of the hull loss until the cause can be determined.

Air Lauda's coverage is written in Austria by Vienna-based Wiener Stadtische Wechselseitige Versicherungsanstalt. However, 62.5% of the all-risk hull and liability coverage, renewed last October, is reinsured into the London market through broker C.E. Heath P.L.C. and led by English & American Insurance Group P.L.C.

E&A is the claims lead on the coverage worldwide and last week put into effect its complex catastrophe plan that included sending investigators to the site.

Air Lauda's hull war risk reinsurance is led at Lloyd's, though members of the Institute of London Underwriters also participate on the coverage, led by E&A.

All-risk liability underwriters estimated initially that liability claims from the crash would total about $20 million. However, total liability losses will depend on where the passengers were ticketed and the legal liability limitations that apply, according to D.A. Kilbride, aviation partner for Beaumont & Son, a London law firm.

For example, if a passenger bought his ticket in Hong Kong, his "carriage of contract" would be governed by the Warsaw Convention as amended by the Hague Protocol since Hong Kong is a British colony, said Mr. Kilbride. This agreement limits liability to 100,000 special drawing rights ($134,600).

If, however, a passenger started his trip in Los Angeles, and this was only one leg of his destination, then the liability limit of $75,000 per passenger under the Warsaw Convention as amended by the Montreal Agreement would apply, according to Mr. Kilbride.

The airline's liability for passengers ticketed in Thailand would not be limited because Thailand is not a party to any international aviation-related convention, he added.

"It's confusing at first sight. But once you get into it, it's very straightforward," said Mr. Kilbride.

The Air Lauda crash brings the number of total losses this year to seven, the same number of commercial airliners that crashed throughout all of 1989, underwriters say.

According to one broker, hull and liability losses—including hull war risk losses—this year total $314.4 million. That is already more than the $275 million in total worldwide aviation insurance premiums collected last year and approaching the $350 million estimated for this year.

The Air Lauda loss therefore gives extra impetus for airline underwriters to increase rates, said the broker.

"If rates are rising and there are losses, then it strengthens underwriters' resolve to put rates up further," added a London underwriter.

During the annual conference of the Aviation Insurance Assn. held last month in Savannah, Ga., aviation insurers and brokers pointed out that airline hull and liability premium rates have been declining since the market last hardened dramatically in 1986, although annual airline losses have fluctuated during the same period (see chart).

In 1986, worldwide airline premium income hit an all-time high of $1.25 billion, while losses that year only reached to $238.9 million, according to Bain Clarkson Reinsurance Brokers Ltd.'s quarterly aviation market report published in March.

Since then, worldwide premium income has dropped every year, until it reached a low of $275 million last year, while airline losses worth more than $10 million totaled $773.8 million last year.

Already this year there have been signs that rates are hardening. On Feb. 1, USAir Group Inc.'s hull rates increased 119% and its liability rate increased 135% (*BI*, Feb. 11). Because hull rates are multiplied by USAir's fleet value, which was reduced from the previous year, and liability rates are multiplied by revenue passenger miles, which were also reduced, USAir's premium increased only 28% from last year, sources say.

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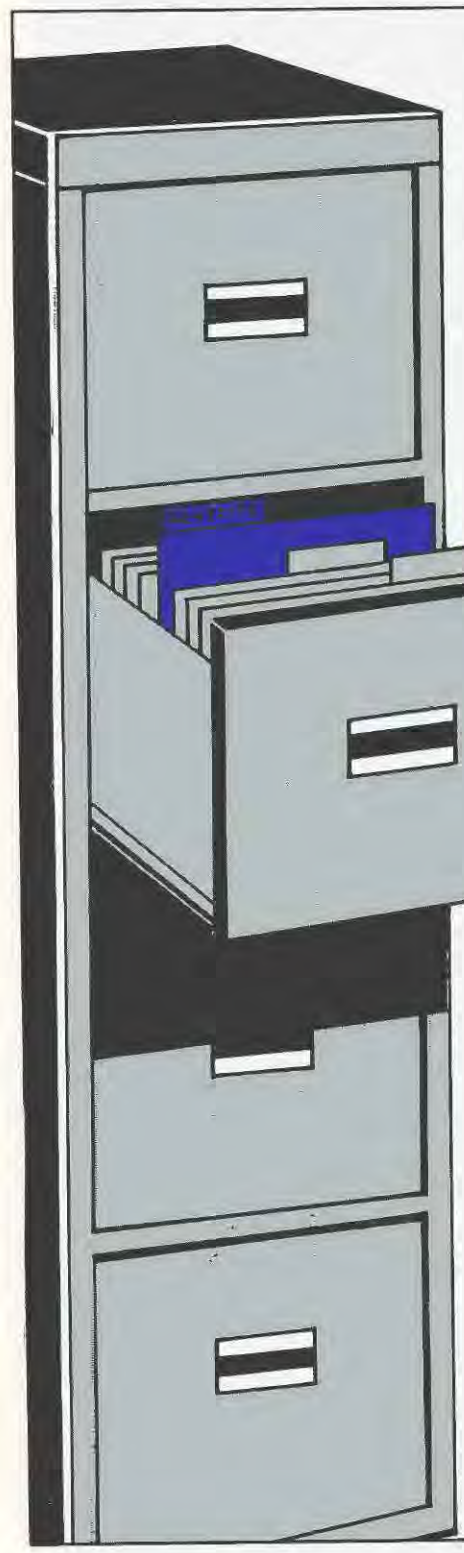

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*Source: An Audience Profile of the Business Insurance "Buyer" Reader 1990

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Continued from previous page

Overall, hull rates have risen by an average of 46% this year, while liability rates have increased by an average of 48%, Martin Belcher, aviation underwriter for Polygon Insurance Co. Ltd., said at the AIA conference.

Polygon is a captive insurance company in Guernsey that is owned by major European airlines and writes a portion of the insurance program for 42 airlines, known as the "KSSAF" insurance placement.

Air Canada is currently being quoted rate increases as it places its July 1 hull and liability insurance renewal, of which at least 65% is written in London, *Business Insurance* has learned.

Air Canada's hull rate is increasing by 78% over last year's rate, while its liability rate is increasing 117%, sources say, though these increases only bring Air Canada's rates back to their levels prior to its 1990 renewal.

Air Canada's coverage is placed in London by Willis Corroon P.L.C.

The test for rate increases, however, will come in the last three or four months of this year when the vast majority of major airlines—including Atlanta-based Delta Air Lines—renew their hull and liability coverage, aviation insurers agree.

"I expect rates to go up close to USAir's, but it's hard to say (definitely what they will be) at this point because we're six months away from renewal," Floy Oliver, Delta's risk manager, said at the AIA conference. "Most airlines realize there needs to be more premium in the market to pay for losses."

Delta's hull and liability premium, however, will still only be about half as much as its workers compensation costs, she noted.

But London underwriters and brokers say that the rate increases that airlines are being assessed this year will not be enough make the aviation market profitable.

Airline hull and liability rates should increase by at least 75% in each of the next two years for airline insurance to be profitable, said Mr. Belcher of Polygon at the AIA conference.

If so-called burning costs—the ratio of losses to premium—remain consistent, current rate increases won't stem aviation underwriters' red ink, Mr. Belcher said.

"The situation is obviously in need of a desperate resolution," said Mr. Belcher. "But simply raising rate levels to burning cost figures—if we are able to achieve it—is not necessarily the solution."

Instead, aviation underwriters could increase rates by at least 75% next year and 75% in 1993, which would ensure profitability, said Mr. Belcher. Once that occurs, the situation is "considerably improved," he said.

One way to force up airline premium rates would be for many of the small and medium reinsurance players to withdraw from the aviation market, thus reducing capacity in the airline hull and liability insurance market, said John Chapman, director of Bain Clarkson Reinsurance Brokers at the AIA conference.

"For what seems to be an eternity but is in fact only two years or so, the (aviation) market has been waiting for reinsurers to react in a way that would force rates up dramatically," noted Bain Clarkson Reinsurance Brokers in its quarterly aviation market report.

"If it is ever going to happen, it will be at this year-end, but that may be too late to bring about any more than fairly small increases during the important autumn airline renewal season," said the report.

It is not certain, however, whether the rate increases that are expected this year will be as a reaction to last year's horrendous losses and low premium volume, or because underwriters have decided once and for all to improve how airline rates are determined.

"The fear must be that the initial round of increases will be purely a 'knee-jerk' reaction to a bad situation and that the necessary market ingredients for steady and long-term rate increases are simply not there," said the Bain Clarkson Reinsurance Brokers report. "On the positive side, recent airline renewals have attracted an average increase of about 50%, but this is simply not enough in either percentage, or more particularly in money terms, to have any real effect."

Contraction of the aviation reinsurance market at year-end would reduce some of the capacity feeding the aviation insurance market and force rates still higher next year, says the report. However, "there is also a great deal of dormant capacity" at the moment that is waiting for the market to harden before entering the field, the report adds.

Therefore, "real change (i.e. dramatic increase in rates) may well be postponed until 1992 and another year will have drifted by," said the report. "Whether everybody will survive this further delay remains to be seen."

Mr. Belcher also added that much of the current aviation insurance capacity has been generated by excess-of-loss reinsurance, which is written by marine and non-marine underwriters as well as aviation underwriters. Since marine underwriters are suffering severe excess-of-loss catastrophic reinsurance losses this year, they are withdrawing capacity at the moment, he said.

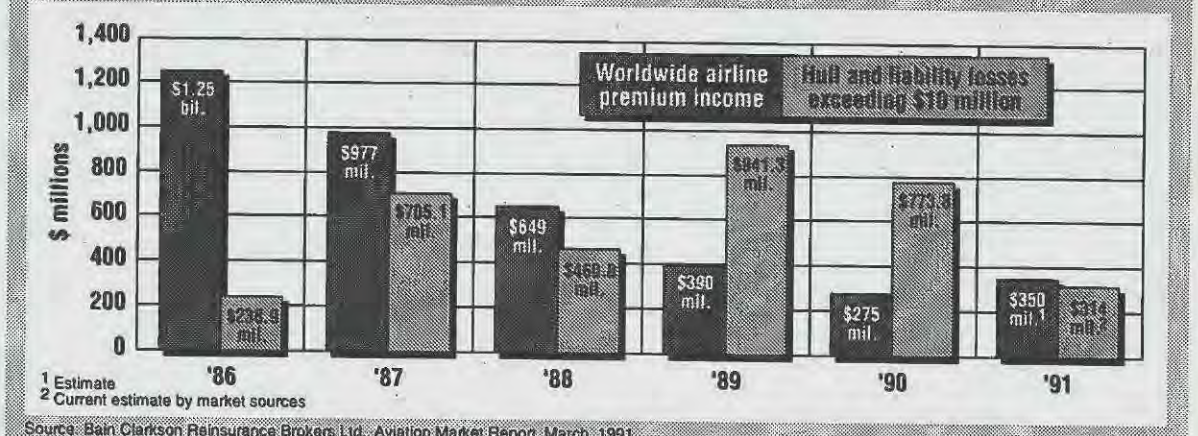
When this capacity is gone, aviation insurance underwriters will have to return to proper technical underwriting, according to Mr. Belcher.

However, "if we put rates up again without technical reasoning and a sound statistical base, then we're in danger of repeating the mistakes of the past: alienating our clients (and) producing one or two years of substantial feast followed by many years of famine," said Mr. Belcher.

"Our clients, shareholders, management and (Lloyd's) names all need a healthy, stable insurance market without the wild gyrations of the last decade," he said. ■

Airline premiums fall short

Major airline losses have exceeded premiums in 1989 and 1990 and could exceed premiums again this year if another disaster occurs.



Source: Bain Clarkson Reinsurance Brokers Ltd., Aviation Market Report, March, 1991

GRAPHIC BY JOHN HALL

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NOTICES

IN THE CIRCUIT COURT OF COOK COUNTY, ILLINOIS COUNTY DEPARTMENT, CHANCERY DIVISION

IN THE MATER OF THE LIQUIDATION OF INDUSTRIAL FIRE & CASUALTY INSURANCE COMPANY } **NO. 91CH 02081**

PLEASE TAKE NOTICE, that on March 6, 1991, an Agreed Order of Liquidation With A Finding of Insolvency was entered against Industrial Fire and Casualty Insurance Company ("Industrial") by the Honorable Lester D. Foreman, Judge of the Circuit Court of Cook County, Illinois. James W. Schacht, Acting Director of Insurance of the State of Illinois is the statutory and court affirmed Liquidator of Industrial.

TAKE FURTHER NOTICE that pursuant to the Order of said court, all rights and liabilities of Industrial and its creditors, policyholders and all other persons interested in its assets are fixed as of March 6, 1991 unless otherwise provided by such other Order of the Court.

TAKE FURTHER NOTICE that any and all persons, partnerships, corporations, associations, estates, trusts and governmental units having or claiming to have any accounts, debts, claims or demands against Industrial or claiming any right, title or interest in or to any funds on property of Industrial in the possession of the Liquidator are required to file a Proof of Claim with the Liquidator on or before 4:30 p.m. Chicago Time, March 6, 1992.

TAKE FURTHER NOTICE that the form of and required content of all proofs of claims are described in the **Illinois Revised Statutes**, 1989, Ch. 73, Par. 821. Proofs of claim together with supporting documents, if any, are to be filed with and may be secured from the Liquidator of Industrial Fire & Casualty Insurance Company, in Liquidation, 446 East Ontario Street, Suite 700, Chicago, Illinois, 60611. Filing shall occur upon the receipt of Proof of Claim by the Liquidator. The Liquidator reserves the right to require such additional information with respect to any claims as he may deem necessary. The Liquidator further reserves all rights to any and all defenses of Industrial concerning such claims. All Proofs of Claim must be duly sworn to before an Officer authorized to take oaths.

THE LAST DATE FOR THE FILING OF PROOFS OF CLAIM WITH LIQUIDATOR AT HIS ABOVE-MENTIONED OFFICES is March 6, 1992, at 4:30 p.m. Chicago Time. No person having or claiming to have any claims against Industrial Fire & Casualty Insurance Company SHALL PARTICIPATE IN ANY DISTRIBUTION OF THE ASSETS OF THE COMPANY UNLESS SUCH CLAIMS ARE FILED WITH THE LIQUIDATOR ON OR BEFORE March 6, 1992, at 4:30 p.m.

James W. Schacht, Liquidator; Office of the Special Deputy, 446 E. Ontario, Suite 700, Chicago, Illinois 60611 (312) 915-4700

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SEALED BID # 91-1

REQUEST FOR BIDS TO INSURE FIFTY THREE (53) DWELLING UNITS IN THE OJO CALIENTE AND TIERRA AMARILLA HOUSING PROJECT.

SEALED BIDS ADDRESSED TO: E. ROSINA SALAZAR, DIRECTOR, RIO ARRIBA COUNTY HOUSING AUTHORITY, P.O. BOX 310, ESPANOLA, NEW MEXICO 87532, WILL BE ACCEPTED BY THE DIRECTOR UNTIL THE FOLLOWING DATE:

JUNE 19, 1991
2:00 PM

BID SPECIFICATIONS MAY BE OBTAINED FROM THE DIRECTOR.

BIDS WILL BE OPENED AND REVIEWED BY THE BOARD OF HOUSING COMMISSIONERS AT THE RIO ARRIBA COUNTY HOUSING AUTHORITY OFFICE, 435 ONATE STREET, ESPANOLA, NEW MEXICO, AT 2:00 PM ON WEDNESDAY, JUNE 19, 1991.

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Commercial Consumers

Administrative:
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Financial:
Chief Financial Officers and Vice-presidents of Finance 2,581
Secretaries, Treasurers, controllers and other Financial Personnel 4,349

Risk/Employee Benefits:
Vice-presidents, directors, managers, and other related department personnel of: insurance, risk, employee benefits, personnel, compensation, pension, safety, security, industrial relations, human resources and employee/labor relations 10,606

Sub-total 24,591

Associations 488
Government, unions and Educational Institutions 1,275

Commercial Consumers
Sub-total 26,354

Insurance Agents and Brokers 9,651
Insurance Companies .. 8,074
Accountants, Actuaries, Attorneys & Consultants 3,438
Adjusters, Appraisers, TPA's, Captive Managers & Health Care Providers 1,294
Others Allied to the Field 1,365

TOTAL 50,176

* Source Business/Occupational breakdown of qualified circulation, November 26, 1990 issue, as submitted to BPA for December 1990 BPA Publisher's Statement.

APIW award

Continued from page 2

treasurer in June 1990, the first woman named to that officer's position with the company.

"Cheri has done a wonderful job at Weyerhaeuser—running the insurance department and leading her team here," said Dave Edwards, vp and treasurer.

Ms. Hawkins, who supervises a staff of 11 at Weyerhaeuser, "took over the department about a year ago and—it's a typical attribute of hers—she initiated, along with the insurance group, some reasonably significant changes," he said.

Those changes were built "on the strengths of the department—but in a fresh way," Mr. Edwards said. For example, Weyerhaeuser's insurance department had been organized by classes of business, like property, marine, casualty and bonds. Ms. Hawkins reviewed that organization and decided it would be more effective to organize the department by risk management processes like loss control, risk management and underwriting.

Ms. Hawkins also applied the concept of total quality management to Weyerhaeuser's risk management department, Mr. Edwards said, noting that the insurance and risk management operations are now even more efficient.

Total quality management is using reliable methods to fully satisfy customer needs while ensuring that everyone involved in the risk management function is performing his or her duties correctly the first time, Ms. Hawkins explains.

She also wears many other hats for Weyerhaeuser. For example, Ms. Hawkins is:

- The executive vp and treasurer of Weyerhaeuser's captive insurance subsidiaries in Bermuda and Vermont.
- Vp of the company's captive insurance agency in California.
- A director of Forest Insurance Ltd., a Bermuda-based captive.
- A member of the board of governors and treasurer of Bermuda's Risk Exchange Assn. Rather than pooling and reallocating all of the property, casualty and marine business that flows to the exchange, members select the classes of insurance they want to reinsure and can turn down individual risks that are presented to them (*BI*, April 29).

In addition, Ms. Hawkins is a director of Panol Insurance Co., the U.S. Olympic Committee's wholly owned captive, which is domiciled in Colorado.

She also is a member of the Risk Management Steering Committee of the American Paper Institute.

During Ms. Hawkins' tenure as RIMS president, she has been a speaker at conferences in the United States, Canada, Singapore and Australia and has lectured in Tokyo before more than 300 top executives and insurance experts.

Ms. Hawkins also is the chairwoman of the RIMS Goodell Award, chairwoman of the Student Involvement Committee and a member of the Advisory Committee, which she established a year ago. The committee consists of the two immediate past presidents of RIMS who will offer advice to the current RIMS president.

Before being elected RIMS president in 1990, Ms. Hawkins served as a RIMS first vp.

Ms. Hawkins also was a member of RIMS' Ad Hoc Committee on Risk Financing Alternatives, which in 1986 developed the Insurance Availability Study. The study surveys RIMS members annually to evaluate current insurance market conditions for major commercial coverages (*BI*, April 30, 1990).

Ms. Hawkins was elected to the RIMS National Executive Council in 1984 and has served terms as vp of research, vp of conferences and vp-finance/treasurer.

She also formed the RIMS Western Regional Conference Committee in 1980 and chaired it until 1984. The committee arranges an annual conference for 16 RIMS chapters in the western United States and Canada.

Ms. Hawkins has been a member of the Washington chapter of RIMS since 1972 and has served as the chapter's president and society director.

"We are all very pleased for her and proud of her" for winning the APIW award, Mr. Edwards said.

"I'm delighted that Cheri has gotten this recognition. It's a tremendous end to a tremendous year for her," said newly elected RIMS President Robert W. Esenberg, risk manager for the City of Virginia Beach, Va.

Mr. Esenberg will present Ms. Hawkins with the APIW Merit award during a reception Wednesday in New York.

"Cheri is a very unique person is so many areas," Mr. Esenberg said, noting that the APIW generally does not award the honor to women employed outside of the insurance industry.

Kathryn J. McIntyre, editor and associate publisher of *Business Insurance*, won the award in 1989, and Edith F. Lichota, former senior vp-risk management of Irving Trust Corp. in New York and now head of Lichota & Associates Inc. in Norwalk, Conn., won the award in 1986.

"It shows that the APIW recognizes that Cheri has some tremendous abilities, and although she may criticize" the insurance industry, Ms. Hawkins "is deeply interested in what they are doing and how they are doing it," Mr. Esenberg said.

Ms. Hawkins—known to speak candidly on current risk management and insurance issues—said she considers herself part of the insurance industry, adding that any of her criticism of the industry was "customer feedback" aimed at prodding insurers to respond to buyers' needs.

Insurance buyers increasingly are becoming more "sophisticated" in financing risk, Ms. Ryan said.

She pointed out that "there is an increasing percentage of insurance being placed in the alternative market. The growing and burgeoning alternative risk market is a factor contributing to our recognition of RIMS."

Ms. Hawkins, whose enthusiasm for serving as RIMS president and representing the society at numerous risk management and industry functions was obvious to all who met her, said the APIW award is especially uplifting because stepping down from her post as RIMS president left her feeling "a bit like Christmas was over."

However, Ms. Hawkins said, she has no plans to slow down. "I am shifting and perhaps pacing better, but I'm not going from activity to inactivity by any means," she said.

"I will devote my efforts back into the projects at Weyerhaeuser Co. that have been waiting for me. And, I will devote my energy to the captive movement, which I strongly believe in," she noted. ■

Parental leave

Continued from page 2

take long unpaid leaves of absence.

In January, both the House of Representatives and the Senate introduced family leave bills that are virtually identical to measures passed by Congress last year but vetoed by President Bush (*BI*, July 9, 1990).

H.R. 2 and S. 5 would require employers with at least 50 workers to provide employees with up to 12 weeks of job-protected leave to care for a newborn or adopted child or an ill family member or for the employee's own medical needs.

Both bills also would require employers to continue an employee's health insurance at the same level and under the same conditions as if the employee were working (*BI*, Jan. 21; Jan. 14).

The House bill is awaiting action by the Personnel and Police Subcommittee of the House Administration Committee, while the Senate bill is awaiting action by the full Senate.

In addition, 16 states and the District of Columbia now have parental, family and medical leave laws.

The four states covered by the study enacted parental and family leave laws between July 1987 and April 1988, though the study only considered the cost of parental leave mandates.

Provisions of the four statutes vary, but all require employers to provide workers job-guaranteed leave to care for a newborn or adopted child.

In Minnesota, employers with 21 or more workers must provide all employees up to six weeks of unpaid leave to care for a newborn or adopted child.

H.R. 2 and S. 5 would require employers with at least 50 workers to provide employees with up to 12 weeks of job-protected leave to care for a newborn or adopted child or an ill family member or for the employee's own medical needs.

The Oregon law requires employers with 25 or more employees to provide up to 12 weeks of parental leave.

In Rhode Island, employers with 50 or more workers must provide to up to 13 weeks of leave over a two-year period to workers to care for any family member.

In Wisconsin, employers with 50 or more workers must provide up to six weeks of leave to workers to care for a newborn or adopted child as well as up to two weeks of leave to care for an ill family member or for the employee's own illness.

Although employers commonly argue that parental leave laws will increase their costs, the study found otherwise.

Health and unemployment insurance coverage costs did not increase in most cases, according to the study.

Overall, 73% of the respondents reported no increase in their health insurance costs after the leave laws were enacted.

Neither Oregon nor Minnesota requires employers to extend health benefits to employees on leave, but the study's findings were comparable in all four states: 81% of the respondents in Oregon and 66% in Minnesota reported no health insurance cost hikes, while 83% of the respondents in Wisconsin and 69% of those in Rhode Island reported no health insurance cost hikes.

Eighty-one percent of the respondents said their unemployment insurance rates did not rise as a result of the laws. But, only 67% of the respondents in Rhode Island said their unemployment insurance costs did not increase after that state's law was enacted.

Continued on next page

Women in insurance

APIW provides network of support

The Assn. of Professional Insurance Women, founded in 1976, provides a professional network for women in the insurance industry to enhance their opportunities for career advancement and increase recognition of their contribution to the industry.

The New York-based APIW has more than 125 members nationwide who are employed by primary insurers and reinsurers, brokers and reinsurance intermediaries and insurance specialists in other service and financial institutions.

Members generally are individuals in managerial and decision-making positions.

The APIW each year honors a woman in a senior management position with the Insurance Woman of the Year award for her career achievements.

"We feel there are more and more women achieving higher levels in this industry," said APIW President Louise A. Ryan, vp at St. Paul Reinsurance Management Corp. in New York.

Indeed, awarding the honor is becoming "more challenging and exciting to us because we have more women in the industry to choose from," she said.

The organization holds monthly luncheons with guest speakers addressing special topics and the industry in general. Luncheon speakers "focus on insurance issues, rather than women's issues," Ms. Ryan pointed out.

The APIW this week will present its 15th Woman of the Year Award to Cheri J. Hawkins, assistant treasurer and director of insurance for Weyerhaeuser Co. of Tacoma, Wash. (see story, page 2).

Ms. Ryan said the APIW's longevity reflects "the fact that there is such a high number of senior level women in the insurance industry compared to 1976."

And, Ms. Ryan said, the APIW "is now recognized as a major organization. I anticipate the number of members will continue to grow."

For more information on the association, contact Cathryn Curia, Second Vp, Assn. of Professional Insurance Women, Peck Slip Station, P.O. Box 752, New York, N.Y. 10272; 212-238-9243.

—By Christine Woolsey

Insurance services guide

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Parental leave

Continued from previous page

The study also found that the training costs for 71% of the 591 employers that responded to the question—or 420 employers—did not increase as a result of the laws. The study found that 26% of respondents reported some increase in training costs, and 4% more reported a significant increase.

Ninety percent of the study's respondents said they either temporarily assigned work to another employee or hired a temporary employee to fill in for the employee taking a leave.

'Fortunately for employers, employees can't afford to take a lot of unpaid time off,' says Jane Ginsburg, a consultant in the San Francisco office of The Wyatt Co., referring to lower-than-expected cost increases caused by parental leave laws.

"Fortunately for employers, employees can't afford to take a lot of unpaid time off," said Jane Ginsburg, a consultant in the San Francisco office of The Wyatt Co., referring to lower-than-expected cost increases.

Indeed, state leave laws had little effect on the overall number of mothers taking parental leave. Before the laws were passed, 78.6% of new mothers said they took a leave, and the average leave was 12.6 weeks. After the leave laws became effective, the percentage of working women who took parental leaves slipped slightly to 78.4%, and duration of the average leave dipped to 12.1 weeks.

But, the number of working men who took unpaid parental leave jumped to 22% from 19% after the leave laws were enacted, and the average length of the leave they took increased to 4.7 days from 3.7 days.

"These may not seem like overwhelming changes based on a percentage, but they are significant increases," according to Ms. Friedman.

The study also found that administrative costs did not increase for 55% of the 597 employers that responded to this question. However, 39% did say they experienced "some" increases and 6% more reported they experienced "significant" increases.

"Most of our clients already offer parental leave, so all it takes is a little redesigning to fall into compliance," said Wyatt's Ms. Ginsburg.

In the four states covered by the study, 83% of employers said they had implemented job-protected leaves for biological mothers before the state-mandated leave laws were enacted.

As a result, the study found, employers had a relatively easy time complying with the mandated leave laws. Only 9% reported any difficulty in implementing and complying with the laws, while 33% said it was extremely easy, 19% said it was moderately easy and 39% said it was neither easy nor difficult.

Most of the difficulties were encountered by businesses that had never had a person take unpaid leave, said the institute's Ms. Friedman.

But, the survey found that small businesses reported no greater difficulty in implementing the laws than was reported by larger employers.

Despite the study's findings, employers still oppose laws mandating that they offer workers parental leave, consultants say.

"Nobody likes to be told how to run their business," said Bill Danish, a consultant with Kwasha Lipton in Fort Lee, N.J. "What we hear from employers is that they feel they're already accommodating their employees," Mr. Danish added.

"Employers typically would prefer to make decisions on their own, although a few of our clients with multi-state operations might actually benefit from federal legislation," Ms. Ginsburg said. "It would provide them with a blanket for all their states."

"We can't argue with the study's conclusion that the vast majority of employers are already accommodating the needs of their workers," according to Tracy Wurzel, a legislative representative for the National Federation of Independent Business in Washington, D.C.

Indeed, the NFIB's own recent study found that 93% of employers nationwide have some form of parental leave policy in place. "So, why is federal legislation necessary?" Ms. Wurzel asked. "It rubs employers the wrong way to be told what is best for their business."

Still, a federal parental leave law is important to women, Ms. Friedman said. "In the four states we studied, 17% of working women had no job-protected leave prior to the statutes and 41% still don't receive health insurance if they take a leave of absence. These are reasons enough to pursue federal legislation."

The survey also noted, among other things, that in Rhode Island, low-income women—those with household incomes of less than $20,000—take at least six weeks of leave after the leave law was enacted. However, 19% of all low-income women in the other three states studied by the institute took less than six weeks of leave after the birth of a child.

The authors of the study believe this is because Rhode Island state law requires employees to purchase temporary disability insurance from the state through payroll deductions, unless employers opt to cover the cost. New mothers are eligible for the coverage.

"This shows that there are ways to mitigate the potential of leave laws being construed as yuppie laws that only women with high incomes can take advantage of," Ms. Friedman said.

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Copies of "Beyond the Parental Leave Debate" are available for $30 each by writing or calling the Families & Work Institute, 330 Seventh Ave., 14th floor, New York, N.Y. 10001; 212-465-2044.

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Pollution ruling

Continued from page 1

the 11th Circuit have issued pollution exclusion rulings in favor of policyholders, said Mr. Brunner (*BI*, July 3, 1989).

In fact, the 3rd Circuit's pro-policyholder ruling came only a few weeks before the recent pro-insurer rulings from the 1st Circuit and the 6th Circuit (*BI*, May 6).

"Clearly, there is a trend in the federal appellate courts to read the policy language as it is written" and rule in favor of insurers on the pollution exclusion, said Mr. Brunner, who filed amicus curiae briefs on behalf of the Insurance Environmental Litigation Assn., a consortium of 20 insurers, in the two recent cases.

Benjamin Cowgill of Landrum & Shouse in Lexington, Ky., agreed.

When litigation over the pollution exclusion first began five or six years ago, many courts struggled with how to define "sudden and accidental" and, finding the exclusion ambiguous, ruled in favor of policyholders, he said. More recently, courts have tended to favor insurers and give the exclusion a temporal definition, he explained.

"Today the trend is to find the pollution exclusion is not ambiguous" and deny coverage, said Mr. Cowgill, who represented United States Fidelity & Guaranty Co. in the 6th Circuit case.

Furthermore, when the pollution is the result of a policyholder's regular business operations courts are even more likely to deny coverage based on the pollution exclusion, said John Graceffa of Gallagher & Gallagher in Boston.

But policyholder attorneys say it is too soon to tell what will emerge as the majority viewpoint.

"A trend does not happen in a week," said Robert L. Ciociola of Casner & Edwards in Boston.

"There is a fairly even split of authority" on the pollution exclusion, said Mr. Ciociola, who represented New York-based A. Johnson & Co. Inc. in the 1st Circuit case. "Who can say what the trend is?"

Policyholders attorney Wallace K. Sagendorph agreed: "I don't think the final chapter has been written."

Coverage litigation is ultimately a matter of state law and state supreme courts will be the final arbiters of these disputes, explained Mr. Sagendorph of Barry, Moorman, King & Hudson in Troy, Mich.

Although interpretation of insurance contracts is a matter of state law, federal courts can maintain jurisdiction over these disputes when the parties are from different states.

In its May 14 ruling, the 1st U.S. Circuit Court of Appeals in Boston attempted to predict how the Maine Supreme Court would interpret the pollution exclusion.

The litigation involved a dispute between Johnson and its subsidiary, A. Johnson Energy Marketing Inc., and Aetna Casualty & Surety Co. over whether the company could tap its CGL policies to pay for cleaning a hazardous waste site near Gray, Maine.

Corporate predecessors of Johnson operated a tank cleaning and waste disposal facility near Gray between 1974 and 1976. The U.S. Environmental Protection Agency and the Maine Department of Environmental Protection have alleged that the hazardous wastes that were disposed of at the site have contaminated the underlying groundwater, which in turn contaminated Gray's water supply.

Both agencies named Johnson, along with 300 other companies that sent their waste to the site, as potentially responsible parties for cleaning the site. Each potentially responsible party is jointly and severally liable for the entire cleanup under the Comprehensive Environmental Response, Compensation and Liability Act, better known as the Superfund act.

In November 1988, many of the 300 potentially responsible parties, including Johnson, entered into a consent decree with the federal and state environmental authorities by agreeing to pay $3 million to settle their claims. Johnson's share of the settlement was $515,895.

Johnson then sought indemnification for the settlement and $117,107 in defense costs from Aetna, which wrote primary CGL coverage for Johnson's corporate predecessors from 1973 to 1978, with annual aggregate limits of $1 million.

Each Aetna policy contained the standard form pollution exclusion that states the insurance does not apply "to bodily injury or property damage arising out of the discharge, dispersal, release or escape" of pollutants unless such "discharge, dispersal, release or escape is sudden and accidental."

'The trend is to find the pollution exclusion is not ambiguous,' says attorney Mr. Cowgill.

Affirming a U.S. District Court decision, the 1st Circuit held that the clause has a temporal meaning that bars coverage for pollution that is not abrupt.

"We think that the Maine will likely join the jurisdictions which accord 'sudden' its unambiguous, plain and commonly accepted meaning of temporally abrupt," wrote Judge Levin H. Campbell for the three-member panel.

"To find otherwise would ignore the significance of the 'accidental' dimension of the exception, which seems to plainly encompass the unintentional or unexpected nature of the discharge," said the court.

To interpret the exclusion to bar coverage only for expected or intended pollution, as Johnson argues, "would render the word 'sudden' superfluous," added Judge Campbell.

The court then went on to look at the allegations in the PRP letters from the state and federal environmental agencies to determine if there was coverage.

The court found that the pollution exclusion barred coverage to Johnson for both the settlement and defense costs because both PRP letters allege that the site became polluted as a result of the regular business activities of Johnson's corporate predecessors over a long period of time.

"Based on the allegations in the PRP letters, the pollution exclusion provisions of the Aetna policies preclude coverage," wrote Judge Campbell.

On the same day that the 1st Circuit handed down its ruling, the 6th Circuit in Cincinnati issued a virtually identical interpretation to the pollution exclusion.

The 6th Circuit opinion stemmed from a dispute between George W. Whitesides Co. Inc., a small solvent recovery company in Louisville, Ky., and its CGL insurer, USF&G.

USF&G wrote primary CGL coverage for Whitesides from 1978 to 1983 with annual limits of $100,000 for property damage and $300,000 for bodily injury.

Whitesides received contaminated products like paint and separated the usable solvents, which it sold, from the waste products, which it gave to a third-party waste transporter for disposal.

The wastes were taken to three sites in the Louisville area. One site, known as the Valley of the Drums, is one of the worst hazardous waste sites in the nation and helped lead to the passage of the Superfund act.

The EPA identified Whitesides as one of more than 200 potentially responsible parties for cleaning the three sites where it had shipped its waste.

When Whitesides called upon USF&G to defend and indemnify it, USF&G denied coverage, pointing to the pollution exclusion.

Whitesides argued that because it had only delivered the toxic waste to a third-party transporter for disposal and had not itself released any pollutants into the environment, USF&G could not rely upon the pollution exclusion to deny coverage.

The 6th Circuit did not agree. Affirming and quoting from the lower court opinion, Judge Alan E. Norris wrote: "The policy does not say the USF&G will not insure against liability for Whitesides' release. Rather it says it will not insure against liability for *the* release. Whitesides' liability to EPA arises out of the release of the substance."

Judge Norris, writing for the three-member panel, went on to note that this case is very similar to an earlier decision from the 6th Circuit in which the court interpreted the pollution exclusion to bar coverage for all pollution that does not occur abruptly (*BI*, March 12, 1990).

Whitesides attorney Victor Baltzell of Miller, Mosley, Clare & Townes in Louisville, Ky., criticized the court's ruling for saying that a company that generates waste is the equivalent of a company that releases waste into the environment.

He said coverage should not depend on what type of business the policyholder engaged in, but only on whether the policyholder intended to release hazardous waste into the environment.

However, USF&G attorney Mr. Cowgill said that "Superfund claims by definition fall within the standard form pollution exclusion."

"Every day carriers are confronted with demands for coverage for Superfund cleanups," said Mr. Cowgill. "These decisions can give carriers greater confidence in their positions that a Superfund cleanup claim is not covered by a CGL policy with a standard-form pollution exclusion."

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A. Johnson & Co. Inc. and A. Johnson Energy Marketing Inc. vs. Aetna Casualty & Surety Co., U.S. Court of Appeals for the 1st Circuit, No. 90-1753. United States Fidelity & Guaranty Co. vs. George W. Whitesides Co. Inc., U.S. Court of Appeals for the 6th Circuit, No. 90-5965.

Democratic proposal

Continued from page 1

debate on how to improve access to health care for the 31 million to 34 million Americans without health insurance.

"This is an important proposal. It will stimulate national debate. It will be the lead Democratic proposal," said Dr. Roger Taylor, national leader for health care consulting at The Wyatt Co. in Washington, D.C.

"The fact that the Senate majority leader will push this proposal will elevate it above all other proposals," said Frank McArdle, a consultant in the Washington, D.C., office of Hewitt Associates.

Politically, however, the proposal is given no chance of enactment during the current congressional session.

"Because of a lack of consensus, this proposal, like every health care access proposal, is dead on arrival," said Dallas Salisbury, president of the Employee Benefit Research Institute, a benefits think tank in Washington, D.C.

Democratic leaders had sought Republican support for the proposal. But Republican leaders refused to back it because of the Democrats' insistence on a mandatory payroll tax for employers that fail to offer plans that do not meet specified federal standards, benefit lobbyists said.

The proposal is being advanced by Democrats not with any real hope of passage, but as a vehicle to illustrate the domestic political differences between the Democratic and Republican parties, observers say.

"It is a way of focusing attention on the differences between the two parties on a key domestic issue," said Sharon Canner, assistant vp at the National Assn. of Manufacturers in Washington, D.C.

"The Democrats are trying to shape the public view that it is the party of universal health care access while trying to present Republicans as the party. . .that doesn't care about access," said EBRI's Mr. Salisbury.

"The Democrats want to use the proposal to show that the administration lacks a health care access program. There is a lot of politics involved," agreed Mr. McArdle of Hewitt Associates.

The proposal is only in draft stage, and the release of an outline last month may have been precipitated by Democratic concern over negative publicity generated last month by a so-called Democratic Leadership Plan for Economic Recovery. That proposal, unveiled earlier in May by Sen. Mitchell and House Speaker Thomas Foley, D-Wash., was ridiculed by Republicans for its vague provisions.

"The Democrats are saying: 'Here is the beef,' " Mr. McArdle said.

In its current draft form, the Democratic proposal is not a dramatic departure from earlier access proposals endorsed by the Pepper Commission last year and by Sen. Kennedy over the past several years (*BI*, March 12, 1990).

As the Pepper Commission's proposal, the Democratic proposal would require most employers to offer a health care plan meeting minimum federal standards or pay a new payroll tax. The size of this payroll tax has not yet been agreed upon, but is expected to be in the 7.5% to 8% range.

"The contribution will be set at a level that will maximize private coverage for the working population without imposing an excessive burden on employers," according to a draft summary.

Employers that offer a health care plan that provides comprehensive coverage would not pay the tax.

Under the draft summary, employees could not be asked to pay more than 20% of the premium. In addition, deductibles generally could not exceed $250 for individual coverage and $500 for family coverage. Also, employees could not be asked to pay more than a 20% copayment, with an annual $3,000 cap on out-of-pocket expenses. No copayments or deductibles, though, could be imposed on prenatal and well-baby care.

In addition, the maximum waiting period for coverage would be 30 days, while coverage could not be limited by pre-existing medical condition exclusions.

However, according to the draft summary, an employer could offer a health care plan that does not meet minimum standards as long as its plan is "actuarially equivalent" to the minimum plan.

"For example, an employer that offered a service that was not required to be covered could require his employees to pay a larger share of the premium or charge a higher deductible. An employer with a lower deductible could have a higher catastrophic cap," according to the draft summary.

While this provision is intended to give employers flexibility, it could lead to complications.

"While appealing in concept, an actuarial equivalency standard could be reminiscent of Section 89 in terms of assigning values to benefits," said Mr. McArdle.

Section 89 was a provision of the tax code governing non-discrimination in employee benefit plans. It was repealed after employers complained that it created an administrative nightmare.

Like the Pepper Commission's plan, the Democratic proposal would give small employers more time to comply with the mandate.

Under one option being considered, employers with fewer than 26 employees would have five years to comply. If, at the end of five years, less than 75% of workers employed at these firms are receiving coverage, the employers would either have to offer a health plan or be subject to the payroll tax.

This same requirement would apply to employers with between 26 and 100 employees, except they would have only four years to voluntarily provide coverage.

Under another option under consideration, the "play or pay" rules only would apply to small employers if the rate of health care cost increases slowed to an unspecified level.

The proposal also would allow the self-employed to take a 100% tax deduction for their health insurance premiums, up from the current 25% of premiums.

In addition, the proposal would exempt health insurance policies sold by commercial insurers from state-mandated benefit rules. This exemption from state benefit requirements now only applies to employers that self-fund their health care plans.

Also, a new "Health Care Cost Inflation Review Commission" would be established as part of the congressional Office of Technology Assessment. The commission would establish annual voluntary targets for national health care spending.

Such voluntary targets would do little to stem health care inflation, benefit observers say.

"At this point, there really is no teeth in the cost containment provision," said Ms. Canner of the National Assn. of Manufacturers.

"Voluntary targets are about as firm as sand," said Ms. Goldstein of the Assn. of Private Pension & Welfare Plans.

However, noting that as much as $18 billion may be wasted annually on unnecessary health care services, the draft proposal envisions boosting federal funding on medical outcomes research to find ways to reduce unnecessary services.

In addition, the secretary of the Department of Health and Human Services would be required to develop new standardized billing forms to help consumers compare providers on the basis of cost and quality of care.

The Democratic proposal would replace the current Medicaid program, which provides coverage to the poor, with a new joint state and federal program called AmeriCare. The plan would be administered by the states.

This new program would provide health care coverage to those lacking employment-based coverage. Generally, benefits would be the same as the minimum plan offered by employers.

Under the draft proposal, premiums charged for AmeriCare coverage would be based on an individual's ability pay. Those earning below 200% of the federal poverty level would not pay premiums.

In addition, those earning less than 100% of the poverty level would be exempt from deductibles and coinsurance. Those earning between 100% and 200% of the federal poverty level would pay one-half of the normal cost-sharing requirements, while those earning more than 200% of the poverty level would be subject to the same cost-sharing requirements as under employment-based plans.

The public plan would be phased in, reflecting the level of the federal deficit.

While the cost of the new public plan—not yet specified—would be partially subsidized by the new payroll tax on employers without health care plans, the program also would require major new federal support, observers say.

"No one knows what the cost will be," said Wyatt's Dr. Taylor. ■

Update

Monarch receivership order

Continued from page 2

In the meantime, Philadelphia-based Penn Mutual would manage Monarch Life under a rehabilitation plan being forwarded to the court by the state insurance division, which is acting as temporary receiver.

"Monarch Life is financially sound and its policyholders are secure. We are well capitalized and will continue to service policies, pay benefits and write new business," a spokesman said.

The insurer wrote $267.7 million in life and health insurance premiums in 1990, including about $108 million in group health insurance. It finished the year with nearly $100 million of capital and surplus and approximately $690 million in reserves, the spokesman said.

Monarch Life's parent company, Monarch Capital Corp., defaulted last fall on a $235 million bank loan for real estate purchases and reported a $456 million loss in the fourth quarter.

Law firm settles S&L fraud suit

CHICAGO—A law firm representing failed Lincoln Savings & Loan Assn. has agreed to pay at least $4 million—and possibly up to $34 million—to settle several class-action fraud and racketeering lawsuits.

Sidley & Austin of Chicago—the last of the three defendant law firms to settle with the plaintiffs (*BI*, June 25, 1990)—agreed to pay $4 million immediately and up to an additional $30 million if plaintiffs do not recover any more money from other defendants.

The firm denied any wrongdoing and said the amount is fully covered by its professional liability insurer, which *Business Insurance* learned is National Union Fire Insurance Co. of Pittsburgh, Pa., an American International Group Inc. unit.

Sidley & Austin approved the settlement because the $4 million payment was no more than it would have cost to try the case, said R. Eden Martin, chairman of the firm's management committee. "Given the complexity of the case and the remaining defendants, it appears that little, if anything, will ultimately be paid on the guarantee," he said.

Nearly 100 individuals and companies have been sued by bondholders of American Continental Corp. of Phoenix, Lincoln's parent, for allegedly making or assisting in misrepresentations in the sale of American Continental bonds (*BI*, June 11, 1990).

Sentencing in Pymm case

BROOKLYN, N.Y.—Two former owners and operators of the Pymm Thermometer Co. plan to appeal their convictions for endangering the safety of 57 workers exposed to mercury fumes, while prosecutors plan to appeal the dismissal of the most serious charge and the sentences handed down in the case last week.

Defendants Edward Pymm Jr. and William Pymm will appeal their jury conviction on charges of second-degree assault and reckless endangerment, fifth-degree conspiracy and first-degree falsification of business records at their Williamsburg, N.Y., company, according to their attorney, Roger Adler of Manhattan.

Kings County State Supreme Court Justice Thaddeus Owens sentenced the brothers to weekends in jail for six months and ordered each to pay $10,000 in fines. However, Judge Owens dismissed the first-degree assault conviction against each man, which would have been punishable by a maximum jail term ranging from five to 15 years.

District Attorney Charles J. Hynes plans to appeal the dismissal of the most serious charge and the "wholly inadequate" sentences.

The jury reached its verdict in November 1987 (*BI*, Nov. 30, 1987), but disputes over the authority of state officials to prosecute the Pymms for worksite hazards delayed sentencing for more than three years (*BI*, Oct. 22, 1990).

A&A exec settles SEC charge

NEW YORK—An Alexander & Alexander Services Inc. executive vp has agreed to pay more than $21,600 to settle Securities and Exchange Commission charges of insider trading in the stock of a company whose insurance program he reviewed.

Anthony R. Tavani was charged with buying 1,500 shares in New York-based General Instrument Corp. in June 1990 after reviewing its insurance program on behalf of Forstmann, Little & Co. in New York, which was considering a tender offer for the company. He sold the stock shortly after the offer was publicly announced, making a $10,805 profit.

Mr. Tavani, who neither admitted nor denied the SEC charges, agreed to disgorge his profits as well as pay an equal amount as a civil penalty, plus prejudgment interest.

A&A said it is reviewing the case.

Briefly noted

Drug companies defending lawsuits over the **pregnancy drug DES** cannot obtain the medical histories of plaintiffs' fathers, siblings and other family members, a New York appellate court ruled last week. . . .Former North Carolina Insurance Department Chief Examiner Bobby W. Gray and the former owner of now-defunct Interstate Casualty Insurance Co. face **criminal charges stemming from the insurer's collapse**. . . .Wind, hail, tornados and flooding, designated Catastrophe No. 75, caused an estimated **$85 million of insured property damage** across a large area of the central United States May 15-18. Kansas alone sustained $50 million of the damage. . . .Exxon Corp. last week withdrew its guilty plea in the 1989 **Exxon Valdez oil spill** case. The company now faces all of the criminal charges originally brought by the U.S. Justice Department, including two felony counts of recklessness and negligence, which could bring fines totaling more than $600 million. . . .In private meetings last month, **Lloyd's of London** Chairman David Coleridge told marine underwriters to quit undercutting each other and abandon struggling syndicates. . . .The Health and Human Services Department last week released its proposed national **Medicare fee schedule** for physician reimbursement. The new fee schedule, which would be implemented in 1992, is expected to increase cost-shifting by physicians to insurers and employers (*BI*, April 9, 1990). . . .**Marsh & McLennan Cos. Inc.** is negotiating with Hudig-Langeveldt Group bv to divest its 30% holding in the Dutch broker. M&M intends to open an office in Rotterdam, The Netherlands.

Illinois ruling

Continued from page 1

the issue of which policies will respond has not been resolved.

Both of the suits that Waste Management and its subsidiary settled involved a hazardous waste disposal site in Furley, Kan.

Waste Management was suing the former owners of the site for polluting the property, while third parties were suing Waste Management seeking damages for bodily injuries and property damage.

A court ordered the former owners to pay Waste Management $10.7 million in damages, but Waste Management in April 1986 agreed to settle the case for $1.5 million.

Shortly afterward, Waste Management agreed to settle the third-party litigation against it for $2.4 million.

Waste Management sought a total of $3 million of indemnification and defense costs from its insurers. That includes $850,000 it claims it incurred in legal costs in the bodily injury and third-party property damage litigation and takes into account its $250,000 deductible under its EIL coverage.

However, the insurers rejected the claim.

According to court papers, the insurers said the $1.5 million settlement with the Kansas site's previous owners jeopardized the insurers' potential subrogation rights against the previous owners relating to Waste Management's settlement in the second case.

The insurers also claimed in court papers, among other things, that Waste Management was able to reap a profit from the first settlement, while insurers would have to pay the costs of settling both cases.

Both Waste Management and the insurers then filed actions seeking declaratory judgments on their liabilities under the policies.

However, Waste Management would not provide the insurers with certain documents generated in settling both cases.

In refusing to release the documents to the insurers, Waste Management cited the attorney/client confidentiality privilege and the work-product privilege.

The work-product privilege covers material prepared by attorneys in anticipation of litigation, including private memoranda, written statements of witnesses and mental impressions of personal recollections.

A Cook County Circuit Court ordered Waste Management to provide the insurers the attorney documents generated only in the third-party bodily injury and property damage litigation.

An appellate court then ruled that Waste Management must release all of the settlement information to its insurers, though its reasoning was somewhat different from the reasoning that Illinois Supreme Court would later use.

In its 6-0 decision, the Illinois Supreme Court ruled that the attorney/client privilege is not applicable in this case because of the policyholder/insurer cooperation clause in the insurance contract and because the insurer and the policyholder had acted out of a common interest.

"The basic purpose of a cooperation clause is to protect the insurer's interests and to prevent collusion between the insured and the injured party," the court said, in a decision written by Justice Charles Freeman.

"Here, the cooperation clause imposes a broad duty of cooperation and is without limitation or qualification."

The decision states: "In light of the plain language of the cooperation clause in particular and language in the policy as a whole, it cannot seriously be contended that insureds would not be required to disclose contents of any communications they had with defense counsel representing them on a claim for which insurers had the ultimate duty to satisfy."

In addition, the common interest doctrine is applicable in this case, the court ruled.

"Evidence scholars have variously stated that under the common interest doctrine, when an attorney acts for two different parties who each have a common interest, communications by either party to the attorney are not necessarily privileged in a subsequent controversy between the two parties," the court ruled.

The doctrine applies in the Waste Management case, even though the insurers did not provide any defense or participate in the underlying suits, the court ruled.

The work-product doctrine also is inapplicable to the underlying coverage, the court ruled.

The work-product doctrine would have applied if the materials had been requested by a third-party claimant, the court said.

But, in the case before the court, the materials were "prepared for the mutual benefit of insureds and insurers against a third-party adversary," the court ruled.

"Insurers have only become adversarial since the termination of the primary litigation."

The decision also notes that under a prior agreement between Waste Management and its two EIL insurers, the ruling also will apply to litigation involving four other Waste Management sites.

However, in the current coverage litigation, attorney/client privilege and the work-product doctrine still apply, the court ruled.

The court therefore remanded the case to a circuit court to decide which documents Waste Management should disclose to its insurers.

Some attorneys say an attorney's ability to properly represent companies against third-party claims may be compromised because of the ruling if attorneys become fearful that any communications with their clients eventually could be used against the clients by their insurers in subsequent coverage dispute litigation.

Mr. Greaney, the policyholder attorney, described the ruling as a "myopic and somewhat poorly reasoned decision."

However, it will be followed in Illinois, and it likely will influence other state supreme courts, he said.

"I think it undercuts the attorney/client privilege," said Irene C. Warshauer, a policyholder attorney with Anderson Kill Olick & Oshinsky in New York, which presented a friend-of-the-court brief in the case on behalf of Waste Management.

"It may well have a chilling effect on the defense" because of the possibility of subsequent litigation with insurers, Ms. Warshauer said.

The files in the underlying case could be used against the policyholder to deny coverage, she said.

David Spector, an attorney with Mayer, Brown & Platt in Chicago who represents both policyholders and insurers, agreed that the ruling could have a "devastating effect" on a defense attorney's ability to defend his client.

The decision also does not address cases in which a policyholder is defending itself against a third-party claimant while it also is involved in a coverage dispute with its insurer, Mr. Spector said.

"The case can put an insured defendant in an impossible situation," Mr. Spector said.

In addition, if the defendant must disclose this information to its insurer, is the attorney/client privilege totally eliminated and, therefore, must the policyholder disclose the same information to the third-party plaintiff? Mr. Spector asked.

Waste Management attorney Frank K. Heap says the case 'produces yet another opportunity for harassment by insurance companies against insureds. It's unfortunate the court sanctioned it, but it did.'

Such disclosures could cause "enormous problems": A case could become impossible to litigate if the company's attorney cannot maintain the confidentiality of communications with its client, he said.

Presumably, guidelines on this issue would be developed, "but it's not at all clear what these guidelines are likely to be," Mr. Spector said.

However, other attorneys say the decision is well-written and on the mark.

Mr. Chelmers, who represented the insurers in the Waste Management litigation, noted the decision gives insurers access to information regarding why the policyholder settled.

"I think this case is going to have a tremendous impact on insurance coverage litigation," he commented. He added this is the first time a "state court of review" has dealt with the issue, and it is likely to be influential.

"I think it makes a very strong opinion," Mr. Chelmers said.

"It is a case of considerable significance," agreed Bill Barker, an insurer attorney with Sonnenschein, Nath & Rosenthal in Chicago.

The ruling establishes, at least in Illinois, that a policyholder's duty to cooperate is not limited simply to the defense of a third-party claim but that it also extends to the determination of coverage for that claim. "I think it is well-researched and that it will be very helpful in many regards to insurers," he said.

Mr. Barker does not believe the ruling will have a particularly chilling effect on how attorneys handle underlying litigation for policyholders. "There's always likely to be some impact on the way in which the underlying litigation is handled," but it should not be substantial, he said.

Michael Pope of Phelan, Pope & John in Chicago, which primarily represents insurers, said the case is interesting because it focuses on the cooperation clause rather than on the more common focus of an insurer's duty to defend.

Mr. Pope also does not believe the ruling will have a chilling effect on defense counsel. In any case, a prudent policyholder should keep its insurer notified of its intentions to allow the insurer an opportunity to object, Mr. Pope said.

Insurer attorney Margaret Orbon with Clausen, Miller, Gorman, Caffrey & Witous in Chicago, said it is only reasonable that insurers have access to files related to settlements of underlying litigation.

However, insurers often are "stonewalled" on this issue, she said.

"I think they were correct in ruling the way that they did," she commented.

Waste Management attorney Frank K. Heap of Bell, Boyd & Lloyd in Chicago said it is highly unlikely the case will be appealed to the U.S. Supreme Court. "It produces yet another opportunity for harassment by insurance companies against insureds. It's unfortunate the court sanctioned it, but it did and that's what they have to live with."

But, Mr. Heap said he does not believe the case is highly significant.

Now policyholders will be forced to provide their insurers all sorts of documents, "none of which is particularly relevant," he said.

However, he allowed: "I think the court cut some new ground and created an exception to what has traditionally otherwise been thought to be privileged documents."

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Waste Management Inc. vs. International Surplus Lines Insurance Co., Illinois Supreme Court, No. 70958.

Texas reform bill

Continued from page 2

The workers comp bill failed to clear the Legislature before the session closed on May 27.

Even though technical and procedural language and amendments swelled the insurance reform bill to 600 pages from its original 236 pages, Texas business and insurer groups find the new version far more palatable.

Most insurers contend that rates could eventually rise as insurers pass on to policyholders higher expenses resulting from increased reporting requirements. But overall, the legislation is not expected to greatly influence the commercial insurance market in Texas.

"The bill that was passed is in much better shape than the original," said Tom Bond, legislative chairman of Texans for Responsible Insurance Reform in Austin, which represents insurers and agent trade groups.

What had been a "bad bill" has "improved enough so that maybe it's not so bad," observed Forrest Roan, Texas counsel for the American Insurance Assn.

Charging that the reform legislation still is "not well thought out," Mr. Roan conceded that some of the changes will help personal lines insurance consumers. "There are some provisions that will make the insurance market more competitive, and that is probably good."

For example, the reform legislation would establish a flex rating system for personal lines of property/casualty insurance.

The bill also replaces the state's system of prior rate approval for commercial property and general liability insurance with a file-and-use system of regulation.

Insurance lobbyists and others were still sifting through the bill last week to get an idea of what impact it would have on the market.

"Even the authors of the bill are still trying to understand it," said Brad Gahm, vp of governmental affairs at the Texas Assn. of Business in Austin.

The reform measure's potential impact is not clear, agreed Mark Carter, legislative committee chairman for the Dallas-Fort Worth chapter of the Risk & Insurance Management Society and director of corporate risk management at LTV Corp. in Dallas.

While workers comp reform was a high-profile battle that continues today in the courts, the Texas insurance reform measure was put together without much fanfare, he pointed out. "It's been amazingly quiet," Mr. Carter said.

Insurers led the charge to help shape the insurance reform legislation, while risk managers offered their assistance but for the most part stayed on the sidelines, he explained.

S.B. 1 differs significantly from the version approved by the House earlier this year. Insurers and commercial insurance buyers had expressed concern that if the House version became law its efforts to improve insurer solvency and stabilize the marketplace could backfire (*BI*, March 11).

Missing from the final version is the House proposal to raise capital and surplus requirements for property/casualty companies above the current minimums of $1 million each in capital and surplus. The new bill leaves current requirements intact.

However, some companies currently allowed under a grandfather exclusion to operate at lower levels would be required to boost their capital and surplus to meet the $1 million requirements. Those insurers would have to raise their capital and surplus to the minimum requirements over a 10-year phase-in period.

Also discarded was a House proposal to set up a pre-funded property/casualty guaranty fund and slash by 60% the amount of a premium tax credit insurers could claim for assessments to the fund.

Instead, the current fund, which assesses insurers after an insolvency, remains intact and insurers keep the 100% tax credit. However, the credit, which currently can be claimed in one year, would have to be claimed at 10% annually under the reform legislation.

Also missing from the modified insurance reform legislation is the House bill provision that would have required insurers to write all lines in Texas that they write outside the state.

However, in its place are additional reporting requirements for insurers that decide to pull out of any line in Texas.

Premium volume reductions of 75% or more are considered withdrawals under the law.

Insurers planning to stop writing any line will be required to file with state regulators a plan detailing their intentions and outlining how they will run off the business.

Insurers that withdraw completely from the state would not be allowed to sell policies in Texas again for five years.

Gov. Richards strongly supported insurance reform as a consumer issue during her election campaign, but some now fear that insurers will pass costs for additional reporting and data requirements along to policyholders.

"I don't think there's anything in there that will cause rates to go down," said Mr. Roan of the AIA. "It's going to cause rates to go up."

Another requirement that insurers shoulder more of the burden of proof in some cases of disputed claims also will lead to higher insurance costs, Mr. Roan said. Insurers' increased legal costs are "ultimately passed on in the form of higher rates," he explained.

Though designed to help insurance buyers, that provision may actually hurt them, agreed Mr. Gahm of Texas Assn. of Business. "More litigation is never beneficial. The sheer volume of litigation has gotten out of control."

Also under the reform legislation, insurers would be allowed to rely on advisory organizations, like the Insurance Services Offices Inc., only to develop loss costs. Such organizations could not participate in setting rates.

ISO already has agreed to shift from providing advisory rates on behalf of insurers to providing estimates of future claim costs to help insurers determine and justify rate filings. The agreement was part of the settlement of a three-year-old antitrust lawsuit filed by the Texas attorney general against ISO and several other defendants (*BI*, April 1).

The legislation also would overhaul the state's rate regulation, scrapping the state's system of prior approval of rates and adopting a system of file-and-use.

Mr. Bond pointed out that because a 1989 law covered workers comp rates, legislators chose not to include them in S.B. 1.

Rate regulation would not apply to surplus lines insurers.

Rates for most personal lines of property/casualty insurance would be subject to a new flex system, under the new law. Flex rating would not apply to most commercial general liability or commercial property coverages.

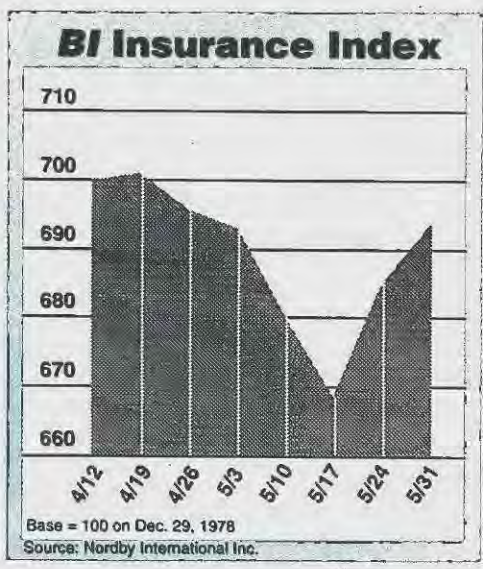
Rates would be set on a file-and-use basis within a 30% range of benchmarks set by the State Board of Insurance. Prior approval would be needed to use rates outside that range.

However, the flex rating system would apply to farm mutual insurers in the state and Texas Lloyd's companies affiliated with other insurers.

That provision, which remained from the original House bill, may drive up insurance costs for personal lines insurance buyers. Exemption from rate regulation has allowed farm mutuals and Lloyd's plan companies to keep rates down, observers say. Regulation would only increase those insurers' costs, they say (*BI*, March 11).

The new reform law also would:

- Provide insurers an incentive to pay claims promptly. Insurers that do not pay claims within 60 days must pay an 18% penalty to the policyholder.
- Change the name of the State Board of Insurance, the regulatory agency, to the Texas Department of Insurance. The three-member board that oversees the agency will continue to be called the Texas State Board of Insurance.
- Establish an anti-fraud unit within the insurance department and expand the authority of the Office of Consumer Protection.
- Under an amendment added by the Senate, require the licensing of utilization review companies and set standards under which they must operate. ■



Insurance industry stocks continued their upward trend last week as the *Business Insurance* Index rose 9.2 points to 693.5 on May 31, from 684.3 on May 24. Advancing issues for the week were led by United Medical Corp., up 11.7%; USF&G Corp., up 7.6%; and Frank B. Hall, up 7.1%. Declining issues for the week followed Poe & Associates, down 21.9%; Chandler Insurance Co., down 9.7%; and Phoenix RE Corp., down 5.0%. The most active issue for the week was Sears (Allstate), with 3.2 million shares traded. The *BI* Index climbed 1.4%; the Standard & Poor's 500 rose 3.3%; the Dow Jones 30 Industrials were up 3.9%; and the New York Stock Exchange Composite climbed 3.1%.

British Issues

May 30 Companies	Price pence	P/E	Div. pence	Yield %	1 Week High—Low pence	pence
Commi Union	495	N/M	30.7	6.2	497—493	
Genl Accident	544	N/M	35.7	6.6	544—541	
Gdn Royal Exch	203	N/M	15.9	7.8	204—203	
Royal	440	N/M	34.7	7.9	440—436	
Sun Alliance	365	N/M	18.7	5.1	365—361	
Brokers						
Bradstock	140	16.0	6.0	4.3	140—140	
CE Heath	483	14.2	34.5	7.1	483—472	
Hogg Group	199	12.1	10.7	5.4	199—198	
Lloyd Thompson	340	22.6	10.0	2.9	340—340	
PWS Holdings	87	10.6	4.7	5.4	87—87	
Sedgwick Grp	251	24.1	16.0	6.4	251—246	
Steel Brrl Jones	270	14.4	16.3	6.0	270—270	
Willis Corroon	287	15.2	17.6	6.1	289—287	

Source: Philip Olsen, Insurance Industry Analyst London

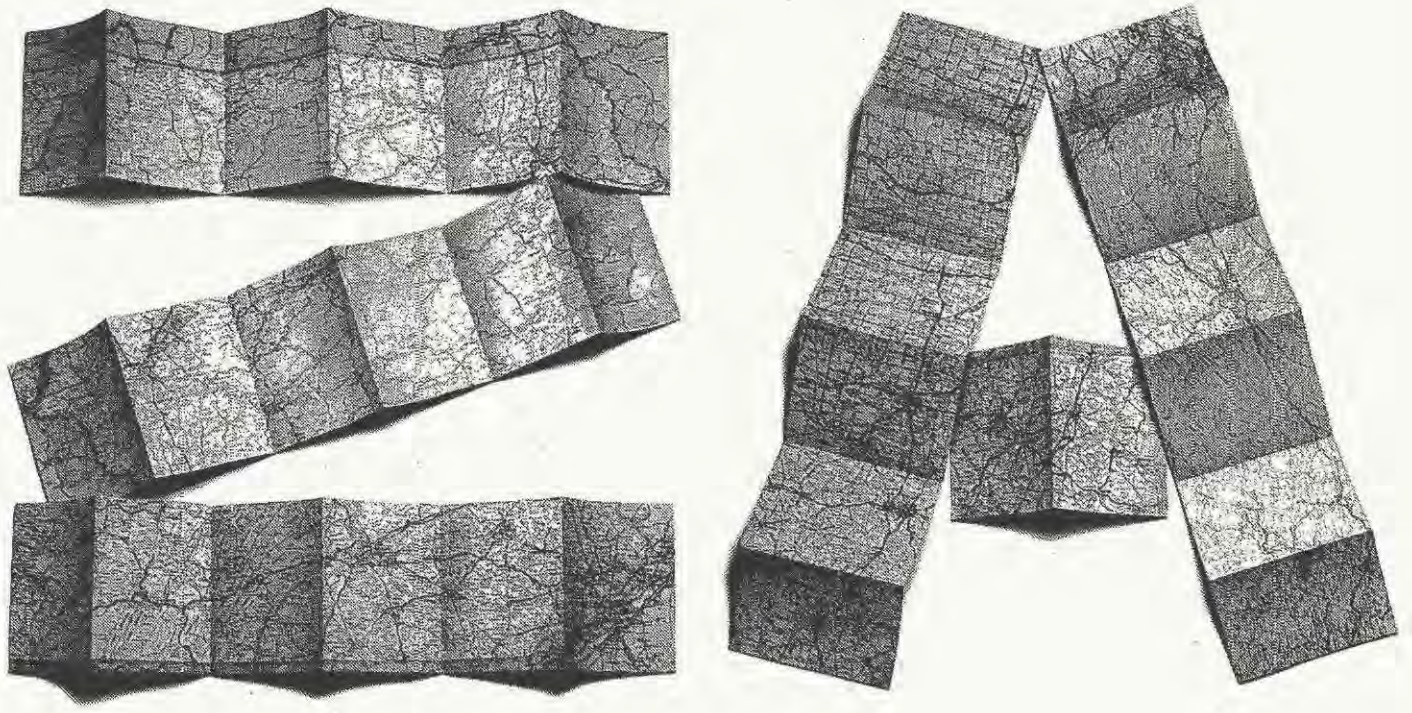
BI Industry Stock Report

MAY 28, 1991 THROUGH MAY 31, 1991

		Price	Weekly % change	Year to Date % change	Annual High	Annual Low	Vol.(000)	$ Div.	% Yield	P/E	Book value	Mkt/Bk. value
BROKERS												
Alexander & Alexander	NYS	23.00	5.75	-0.54	28.00	16.13	399	1.00	4.35	17	9.77	2.35
Gallagher Arthur J. & Co.	NYS	22.13	-4.32	-4.84	28.38	19.75	398	0.64	2.89	16	5.88	3.76
Frank B. Hall	NYS	3.75	7.14	3.45	4.13	2.00	133	0.00	0.00	-8	-5.24	-0.72
Hilb, Rogal & Hamilton	OTC	16.75	1.52	13.56	17.50	11.25	53	0.36	2.15	25	3.56	4.71
Marsh & McLennan	NYS	78.25	-0.95	0.32	87.25	59.75	536	2.60	3.32	19	14.77	5.30
Poe & Associates	OTC	10.25	-21.90	28.13	13.75	7.75	193	0.40	3.90	10	2.61	3.93
BROKERS	AVERAGE		-1.8	5.7					2.4	11		
CONGLOMERATES & HOLDING COMPANIES												
Berkley W.R. Corp.	OTC	31.25	0.81	-16.67	32.25	19.00	159	0.32	1.02	17	23.89	1.31
Berkshire Hathaway Inc.	NYS	8750.00										
			4.48	31.09	8900.00	5675.00	1	0.00	0.00	-28	4612.00	1.90
ITT (Hartford Group)	NYS	61.88	6.00	28.91	60.88	40.25	1336	1.72	2.78	8	64.01	0.97
Sears (Allstate)	NYS	40.63	5.52	60.10	40.00	22.00	3167	2.00	4.92	14	37.38	1.09
CONGLOMERATES	AVERAGE		4.2	25.9					2.2	3		
INSURERS/REINSURERS												
Aetna Life & Casualty	NYS	41.50	1.84	6.41	54.38	29.00	1356	2.76	6.65	8	64.23	0.65
American General	NYS	39.50	3.95	28.46	49.25	23.50	814	2.00	5.06	8	37.14	1.06
American Heritage	NYS	31.00	6.44	47.62	28.88	19.63	6	1.04	3.35	14	19.25	1.61
American Indemnity/Fin'l	OTC	6.25	0.00	92.31	7.50	2.75	0	0.08	1.28	12	12.93	0.48
American International	NYS	90.50	1.69	17.72	102.00	57.00	1326	0.44	0.49	13	45.34	2.00
Aon Corp.	NYS	40.88	5.83	17.63	41.38	26.75	197	1.60	3.91	11	18.50	2.21
Argonaut Group	OTC	90.63	-1.36	41.60	99.88	53.00	6	2.04	2.25	9	48.26	1.88
AVEMCO Corp.	NYS	32.13	4.47	27.23	34.25	21.13	26	0.40	1.25	17	9.55	3.36
Baldwin & Lyons Inc.	OTC	23.25	-1.06	24.00	25.25	17.00	15	0.28	1.20	8	24.29	0.96
Belvedere Corp.	ASE	3.13	-3.85	25.00	4.13	1.75	1	0.04	1.28	22	7.65	0.41
Chandler Insurance	OTC	3.50	-9.68	-49.09	9.25	2.75	43	0.00	0.00	-3	5.95	0.59
Chubb Corp.	NYS	71.00	4.99	30.88	75.25	34.63	719	1.48	2.08	11	35.19	2.02
CIGNA Corp.	NYS	52.00	6.12	27.22	56.75	33.25	530	3.04	5.85	11	73.15	0.71
CNA Financial Corp.	NYS	81.00	-0.31	18.03	92.50	49.50	109	0.00	0.00	13	70.23	1.15
Continental Corp.	NYS	29.50	6.31	18.59	31.38	15.75	403	2.60	8.81	12	37.83	0.78
Durham Corp.	OTC	30.63	-1.21	9.38	33.00	23.00	9	0.92	3.00	15	28.04	1.09
Fund American Corp.	NYS	64.25	0.39	23.86	65.25	31.25	187	0.68	1.06	14	36.11	1.78
Fremont General Corp.	OTC	20.88	4.38	43.97	22.13	10.13	222	0.88	4.22	6	19.13	1.09
Frontier Insurance Group	NYS	25.50	1.49	34.21	33.00	15.38	78	0.00	0.00	10	11.20	2.28
General RE Corp.	NYS	94.38	0.67	1.48	102.50	69.00	662	1.68	1.78	14	37.50	2.52
Hanover Insurance Co.	OTC	29.50	-0.84	11.32	30.75	21.00	53	0.44	1.49	12	37.44	0.79
Harleysville Group	OTC	29.75	4.39	30.05	31.50	13.50	9	0.64	2.15	9	22.99	1.29
Hartford Steam Boiler	NYS	61.13	-2.00	25.38	63.75	43.50	180	1.80	2.94	16	17.05	3.59
Kansas City Life Ins.	OTC	34.50	0.73	11.74	36.50	30.00	3	1.20	3.48	9	39.22	0.88
Kemper Corp.	NYS	38.00	4.83	60.00	43.13	17.13	287	0.92	2.42	69	34.20	1.11
Lawrence Insurance Group	ASE	9.13	-1.35	30.36	9.50	6.38	2	0.48	5.26	14	4.71	1.94
Liberty Corp.	NYS	44.00	5.39	6.99	50.25	39.00	16	0.92	2.09	14	23.86	1.84
Lincoln National	NYS	48.88	1.03	13.66	56.00	30.75	180	2.72	5.57	11	45.16	1.08
NAC Re Corp.	OTC	39.75	1.92	20.45	42.50	25.50	431	0.20	0.50	15	18.90	2.10
Navigators Group	OTC	33.25	3.91	52.29	34.00	16.50	39	0.00	0.00	18	13.52	2.46
Nobel Insurance LTD.	OTC	3.88	3.33	29.17	4.38	2.38	25	0.00	0.00	-	7.76	0.50
NWNL Companies	NYS	26.38	-0.94	56.30	34.50	11.75	160	1.40	5.31	6	42.73	0.62
Ohio Casualty Corp.	OTC	47.75	1.33	16.46	47.75	26.75	121	2.48	5.19	10	36.38	1.31
Old Republic Int'l	NYS	30.00	0.84	31.15	30.00	17.38	258	0.68	2.27	7	33.09	0.91
Orion Capital Corp.	NYS	28.63	1.78	63.57	28.88	13.00	16	0.92	3.21	9	20.42	1.40
Phoenix RE Corp.	OTC	9.50	-5.00	22.58	11.25	5.00	59	0.20	2.11	12	13.30	0.71
Protective Life Corp.	OTC	20.25	3.85	36.13	20.75	10.25	26	0.84	4.15	9	16.29	1.24
Provident Life	OTC	21.50	4.88	22.86	26.25	12.00	283	0.92	4.28	6	25.88	0.83
Re Capital Corp.	ASE	18.00	-0.69	39.81	18.63	11.75	20	0.00	0.00	13	15.05	1.20
RLI Insurance Corp.	NYS	14.75	2.61	1.72	16.38	9.63	12	0.44	2.98	7	14.41	1.02
St. Paul Companies	OTC	64.75	-1.15	3.19	74.25	47.00	565	2.60	4.02	7	52.00	1.25
SAFECO Corp.	OTC	41.25	3.13	25.48	44.75	25.13	895	1.48	3.59	10	31.50	1.31
SCOR U.S. Corp.	NYS	14.13	-0.88	14.14	15.25	8.38	17	0.24	1.70	9	11.19	1.26
Seibels Bruce Group	OTC	7.75	3.33	82.35	11.00	4.25	32	0.36	4.65	-155	7.35	1.05
Selective Ins. Group	OTC	16.00	0.00	20.75	18.25	12.50	32	1.04	6.50	8	18.91	0.85
Statesman Group Inc.	OTC	2.75	0.00	75.94	3.00	1.25	32	0.00	0.00	-28	2.48	1.11
Tokio Marine & Fire	OTC	47.50	-0.78	0.53	56.50	34.50	0	0.26	0.55	-	70.93	0.67
Torchmark Corp.	NYS	54.50	1.63	11.51	58.50	38.00	301	1.60	2.94	13	16.70	3.26
Transamerica	NYS	34.50	6.15	5.75	41.00	23.25	243	1.96	5.68	11	36.56	0.94
Traveler's Corp.	NYS	24.75	5.88	48.87	32.38	11.50	580	1.60	6.46	-13	41.44	0.60
Trenwick Group Inc.	OTC	26.25	3.96	13.51	30.00	16.25	113	0.60	2.29	10	21.71	1.21
United Fire & Casualty	OTC	45.50	-2.67	29.54	58.00	28.75	0	1.32	2.90	8	35.39	1.29
USF&G Corp.	NYS	10.63	7.59	41.67	29.00	7.00	1182	0.20	1.88	-1	11.96	0.89
UNUM Corp.	NYS	62.38	-4.59	33.78	69.00	32.13	270	1.04	1.67	11	37.25	1.67
USLIFE Corp.	NYS	39.50	0.32	41.07	41.75	23.25	34	1.64	4.15	9	60.34	0.65
Unitrin	OTC	38.75	1.31	26.02	41.50	24.50	942	0.80	2.06	14	30.70	1.26
Washington National	NYS	14.88	-0.83	36.78	21.88	9.38	24	1.08	7.26	-8	26.86	0.55
USLICO Corp.	NYS	19.50	-2.50	22.83	22.25	14.75	42	1.00	5.13	9	29.44	0.66
Zenith National Ins.	NYS	17.25	4.55	26.61	18.25	9.88	147	1.00	5.80	-72	13.14	1.31
INSURERS/REINSURERS	AVERAGE		1.5	28.6					3.1	5.9		
HEALTH MAINTENANCE ORGANIZATIONS												
FHP International	OTC	23.50	2.73	54.10	29.75	8.88	1170	0.00	0.00	20	5.44	4.32
HMO America Inc.	OTC	16.38	6.50	151.92	17.13	4.25	1016	0.00	0.00	20	0.61	26.84
Pacificare Health Sys.	OTC	35.00	6.06	115.38	34.00	12.00	362	0.00	0.00	20	6.55	5.34
Safeguard Health Enter.	OTC	5.50	0.00	15.79	7.63	4.00	1	0.00	0.00	19	3.53	1.56
Sierra Health Services	ASE	25.13	0.00	82.73	29.50	5.50	139	0.00	0.00	43	1.78	14.12
United Healthcare Corp.	OTC	49.00	1.82	110.75	48.25	13.13	1455	0.06	0.12	32	3.76	13.03
United Medical Corp.	ASE	10.75	11.69	34.38	11.38	6.63	9	0.20	1.86	13	8.79	1.22
U.S. Healthcare	OTC	37.50	6.38	27.66	36.25	10.00	2681	0.32	0.85	27	3.38	11.09
HMOs	AVERAGE		4.4	74.1					0.4	25		
ALL COMPANIES	AVERAGE		1.6	30.3					2.6	8		

System design: Nordby International Inc.

Who Knows Your Territory Like The Back of Their Hand?



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