

# Business Insurance

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## Court limits sovereign immunity for administrative actions

PASADENA, Calif.—Legislatures that act in an administrative capacity do not have absolute immunity from lawsuits, a federal appellate court has ruled.

The 9th U.S. Circuit Court of Appeals' May 31 decision in *Trevino vs. Gates* affirms a lower court ruling rejecting the Los Angeles City Council's claim that it could not be sued in connection with its decision to pay punitive damages assessed against police officers in a wrongful death case. Johanna Trevino, the daughter of a shooting victim,

*Continued on next page*

## Superfund reform snarl

### Insurers blast tax plan for financing cleanup fund

By MARK A. HOFMANN

WASHINGTON—If the devil's in the details, property/casualty insurers are feeling the prod of the pitchfork after learning they would face sharply higher taxes than anticipated under the Clinton administration's Superfund reform plan.

In addition to objections by most insurers, the Risk & Insurance Management Society Inc. and many community groups are opposed to the proposal, whose tax provisions have been sent to the House Ways and Means Committee for review.

The proposal, new details of which were released last month, seeks to raise \$3.1 billion over a five-year pe-

riod through special taxes on property/casualty insurers, whereas the administration initially had planned to raise only \$2.5 billion from insurers (*BI*, May 30).

The taxes—most of which would be assessed on a retroactive basis—would be used to finance an Environmental Insurance Resolution Fund, which is designed to reduce transaction costs by providing policyholders with a portion of their cleanup costs in return for agreeing not to sue liability insurers for the costs.

However, at least 85% of the affected policyholders would be required to participate in the EIRF for it to proceed. If that level of support is not met, insurers would get their

money back and, presumably, coverage litigation would continue.

Since all major insurer groups except the American Insurance Assn. oppose the EIRF concept, it is hardly surprising that many complained even more loudly as soon as the details of the proposed tax were released.

"If the Treasury proposal were to be the one the tax-writing committees adopt, the overwhelming majority of the insurance community would turn against the EIRF," said Leslie Cheek III, director-external affairs for Xerox Corp. Xerox is the parent of Talegen Holdings Inc., the successor to Crum & Forster Corp. and a member of the AIA.

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Photo by David Lubarsky

Investment banker John Head has carved out a niche by finding value where others see trouble.

## Head looking for diamonds in the rough

### Unconventional wisdom keeps him ahead of pack

By GAVIN SOUTER

NEW YORK—There are easier ways to make a living than taking over seemingly crippled insurance companies.

"It scares the hell out of me," confides John C. Head, founder of investment banker John Head & Partners L.P.

Nevertheless, such vulture investing is how Mr. Head has made his name and his living over the past seven years. While he has his share of detractors, few can deny that Mr. Head has been successful in his niche.

That niche is gradually broadening with his leading role in the 1993 formation of a catastrophe reinsurer Partner Re Holding Ltd. High-profile deals like that have kept Mr. Head center stage in the insurance investment spotlight at a time when billions of dollars of new capital flowed into the international insurance industry.

While Partner Re may be Mr. Head's biggest deal, it was buying seemingly troubled insurers and turning them into successful investments that established Mr. Head's reputation as a shrewd—if slightly unconventional—businessman.

In particular, Mr. Head's first deal, the 1987 takeover of Sphere Drake Ltd. for \$60.6 million, established him as a serious international player. Last year, the company raised \$136.7 million in an initial

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**'If you have a company that is well-established and highly regarded, then I'm not going to be the buyer,' says John C. Head.**

## Market expected to remain unchanged

## U.S. reinsurers aren't shaken by first-quarter quake losses

By JUDY GREENWALD

With a nervous eye peeled for any approaching catastrophes on the horizon, reinsurance executives and other observers say no dramatic changes in the reinsurance market are expected this year.

This forecast comes in spite of a catastrophe-laden first quarter, which helped push U.S. reinsurers' combined ratio to 113.6%, and continued weak investment income.

"As far as the cycle turning, we've based our business plan on the basis that conditions, as they are, are not going to get any better, at least near-term in the U.S., and we're not really dependent on any improvement in order to produce decent results," said Edward B. Jobe, chairman and chief executive officer of Princeton, N.J.-based American Re-Insurance Co.

"We don't see a lot of changes, quite frankly," said Bard E. Bunaes, chairman and CEO of Constitution Reinsurance Corp. in New York. "The earthquake just wasn't severe enough to change the cat market or spill over into other markets," he said. "The earthquake loss for reinsurers was basically a pro rata loss."

While those with proportional business did have losses, reinsurers that write excess-of-loss business had relatively few, he explained.

"There are certain niches and certain small segments that are showing some sign of life, but generally the broad (reinsurance) market, if anything, is getting more competitive."

Steven H. Newman, chairman, president and CEO of Underwriters Reinsurance Co. in Woodland Hills, Calif., agreed there has been little sign of change in the market.

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**Property/casualty insurers post net loss of \$1.2 billion in first quarter. Page 2**

## Insurers clarify cover for experimental care

By CHRISTINE WOOLSEY

Some of the nation's largest group health insurers are clarifying contract language that excludes coverage for experimental procedures following several notable courtroom losses.

The health insurers are attempting to better define terms like "medically necessary" and "investigational or experimental" treatments. They hope that by defining such terms more clearly in policy language, patients—and physicians—will better understand what services are covered.

Health law attorneys caution insurers and self-insured plan sponsors that altering contract language will not eliminate the threat of lawsuits for coverage.

However, they say, more explicit definitions that are supported, wherever possible, by clearly defined procedures for making coverage decisions, may give health insurers and self-insured employers a better chance in court.

Clearly stating what is covered is also important to employers, which do not want to pay for procedures not envisioned under their health plan contracts.

"The pricing behind a contract needs to be solid. And, price is based on items intended to be covered," said Bob Bonin, manager of benefits administration at First Chicago Corp., which self funds its health care plans.

Beginning June 1, Aetna Health Plans is changing all of its new contracts and

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**Spotlight on Property Loss Control Page 3**

*Directory of Property Loss Control Consultants Page 22*

**Updates**

**City immunity scaled back**

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sued the council, claiming its action violated her civil rights by encouraging police to routinely use excessive force.

While "members of local legislative bodies have complete immunity from suits based on their legislative acts... not all governmental acts by a local legislator are necessarily legislative in nature," the court said. An act directed at one or a few individuals is an executive act, not a legislative one, the court reasoned.

In an unrelated case, the jury hearing the civil case filed by beating victim Rodney King against the city of Los Angeles decided not to award any punitive damages. Earlier, the same jury had awarded Mr. King \$3.8 million in compensatory damages.

**IRS cleanup deduction rules**

WASHINGTON—The Internal Revenue Service will allow polluters to deduct expenses stemming from cleaning up hazardous waste sites as they incur them, rather than make them wait years to do so.

In a revenue ruling that will be published June 20, the IRS resolves questions on the tax treatment of cleanup costs. Although companies are currently allowed to deduct such costs, the IRS had not made clear whether the costs should be considered ordinary and necessary business expenses or capital expenditures. Ordinary and necessary business expenses can be claimed immediately, but capital expenditures must be amortized over a period of years.

The IRS now says the cost of constructing a ground water treatment plant, even if it's part of a cleanup effort, remains a capital expenditure because the plant will be used over a period of years.

Revenue Ruling 94-38 is expected to be followed soon by another risk management-related ruling on the tax treatment of asbestos remediation costs, though the Treasury Department has not said when that ruling will be issued.

**Child abuse liability cover**

NEW ORLEANS—The first incident of child abuse in a policy year constitutes an "occurrence" for liability insurance policies and all subsequent abuse during that year is part of that single occurrence, the 5th U.S. Circuit Court of Appeals has ruled.

The case involved two Roman Catholic priests in the Diocese of Lafayette, La., who molested 31 children between August 1976 and June 1983. In settling the resulting lawsuits, the diocese and its insurers—a variety of U.S. and London market companies writing several layers of coverage—designed a grid showing the beginning and ending dates of the abuse for each child but not the number of times each child was assaulted.

A federal district court ruled that each child could account for only a single occurrence, and the claims of that child as well as his or her parents should be paid by the diocese's insurer at the time of the first encounter.

Calling on asbestos case law, however, the 5th Circuit last month reversed, ruling that each time a child was molested in a new policy year, additional damage was done and a new claim resulted.

"All further molestation of that child during the policy period arose out of the same occurrence," the three-judge panel wrote. "When the priest molested the same child during the succeeding policy year, again there was both bodily injury and an occurrence. Thus, each child suffered an occurrence in each policy period in which he was molested."

**Humana settles Florida suit**

MIAMI—Humana Inc. will pay \$6.25 million to 37,000 health care plan members in Florida to settle allegations that it overcharged members for hospital services over seven years.

The settlement stems from a four-year investigation by two state agencies that found members of Humana's statewide preferred provider organization were overcharged on their copayments for hospital services. Between January 1984 and December 1991, Humana calculated patients' coinsurance on gross rather than net or discounted hospital charges, according to the state.

Many of those who are to be reimbursed by Humana and its parent, Columbia/HCA Healthcare Corp., were members of private or municipal group plans. Some plans were sponsored by Florida municipalities and at least one school board, said Steven H. Parton, chief of the racketeering section of the State Attorney General's Office.

Individuals, who were overcharged "anything from a few dollars to several thousand dollars," will begin receiving reimbursement checks within 45 days, said Mr. Parton. The minimum reimbursement is \$10. "The amount of money each individual receives represents 150% of the amount that was originally claimed by them to be overcharged."

Columbia/HCA, which assumed ownership of Humana in 1993, will pay 60% of the settlement, with Humana paying the rest.

In settling, Humana admitted no wrongdoing.

**EEOC suing Martin Marietta**

DENVER—The U.S. Equal Employment Opportunity Commission is suing Martin Marietta Corp., charging one of its units with age discrimination for intentionally selecting for termination employees age 40 and older.

In a lawsuit filed last week in federal court in Denver, the EEOC claims that almost 2,200 of the 3,500 employees fired at the Martin Marietta Astronautics Group in Colorado between January 1990 and October 1992 were 40 or older.

The suit alleges that the terminations violated the federal Age Discrimination in Employment Act. The EEOC is demanding that Martin

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**First-quarter disasters trigger big industry loss**

By MARK A. HOFMANN

NEW YORK—U.S. property/casualty insurers posted a net loss of \$1.2 billion during the first quarter, driven largely by record catastrophe losses among personal lines insurers, the Insurance Services Office Inc. and the National Assn. of Independent Insurers report.

The loss contrasts sharply with net income of \$4.3 billion during the corresponding period in 1993.

Large commercial property/casualty insurers tracked by *Busi-*

*ness Insurance* reported first-quarter net income of \$1.29 billion and a combined ratio of 114.4% (*BI*, May 23).

Sean Mooney, senior vp and economist for the New York-based Insurance Information Institute, said the difference is not surprising given that *BI*'s list reports results of large commercial insurance underwriters and is dominated by stock companies.

"Stock companies tend to have less personal lines exposure than the insurance industry as whole," he said. He noted that natural ca-

tastrophe losses are concentrated in personal rather than commercial lines and have a disproportionate impact on such industry giants like State Farm Group.

A spokesman for Bloomington Ill.-based State Farm said the property/casualty insurer suffered cat losses of \$1.23 billion on the Los Angeles earthquake alone.

In addition, Allstate Insurance Co. estimates its quake losses at \$950 million. Quake and freeze losses contributed to a \$220.5 million net loss for the Northbrook,

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**APIW honors executive**

R. Jane Hill named Insurance Woman of the Year

By SALLY ROBERTS

NEW YORK—Ever since her college days, R. Jane Hill has thrived on competition.

Ms. Hill credits her competitive nature, which evolved when she was a member and co-captain of the women's basketball and tennis teams at the University of Tennessee in Knoxville, as partly responsible for her success in the insurance industry.

Since a college professor persuaded her to enter the insurance field, Ms. Hill's drive to succeed has not only catapulted her into

the senior management ranks at one of the world's top brokers, but it also prompted the Assn. of Professional Insurance Women Inc. to name her 1994 Insurance Woman of the Year.

Colleagues and associates say Ms. Hill's leadership, energy and support for women's advancement make her a worthy award recipient.

Ms. Hill is a senior vp at Sedgwick James Inc., the U.S. retail brokerage and consulting unit of Sedgwick Group P.L.C.

She "is truly an outstanding in-

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R. Jane Hill

**NCQA releases accreditations list**

**Rating HMOs on quality**

By JERRY GEISEL

WASHINGTON—The publication of performance assessments for more than 100 health maintenance organizations will give employers a means of measuring the quality of care provided by HMOs.

The National Committee for Quality Assurance last week released a list detailing the accreditation status of 118 HMOs that it

has evaluated. The Washington-based non-profit organization evaluates a health plan's internal quality processes and measures plan performance.

Several employers—including Allied-Signal Inc., Ameritech Corp., GTE Corp., PepsiCo Inc. and Xerox Corp.—already mandate that the HMOs they offer meet the standards set by the NCQA, according to the group (*BI*, July 19, 1993). But the

NCQA's assessments of individual HMOs have not been widely available until now.

According to the list, 34 HMOs have been awarded a full, three-year accreditation by the organization; 48 were awarded one-year accreditation; 28 plans received a provisional rating, which is slightly lower than a one-year rating; and three plans were denied accreditation.

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**Nuclear liability pact unveiled**

By DOUGLAS McLEOD

WASHINGTON—Contractors working on nuclear plants in the former Soviet Union and elsewhere would be shielded from liability for nuclear accidents under a treaty proposed by the Clinton administration.

The treaty proposal, introduced last month, would require participating countries to set up com-

penetration funds that would pay claimants not only in the country where a nuclear accident occurs but also those outside it who might suffer fallout or other damage.

Participating countries would amend their laws to channel all liability to nuclear plant operators covered by the compensation funds, shielding contractors and others that might otherwise be

sued in the wake of an accident.

Several U.S. engineering and construction companies have told the U.S. government that they will not work on nuclear installations in Russia and the Ukraine because of concerns about massive liabilities in case of an accident, confirmed Omer F. Brown II, a lawyer with Davis Wright Tremaine in Washington.

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**Inside**

• Dan Rostenkowski's career is one of accomplishments and missteps, this week's editorial says. **PAGE 8**

• The operators of the new Channel Tunnel are staking their success on safety and loss control. **PAGE 55**

• A Shell Chemical Co. plant remains shut down after a deadly May 27 explosion that caused widespread damage and has interrupted production. **PAGE 63**

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# Property loss control

## L.A. quake shakes faith in strength of steel-framed structures

Damage prompts calls for better construction, building inspections

By JOANNE WOJCIK

As the tally of steel-framed buildings damaged by the Los Angeles quake grows, engineers are starting to wonder whether any structure in Southern California is really earthquake-proof.

Cracks have been found in the girder and weld connections in as many as 76 steel-framed buildings, and the Los Angeles City Council is close to voting on a resolution that would force between 400 and 1,000 additional structures to undergo costly re-inspections to determine the integrity of their steel skeletons.

The potentially dangerous cracks can only be revealed by removing parts of walls and fireproofing material, which in buildings more than 10 years old can be made of highly volatile asbestos, adding remediation costs to the already expensive re-examination tab.

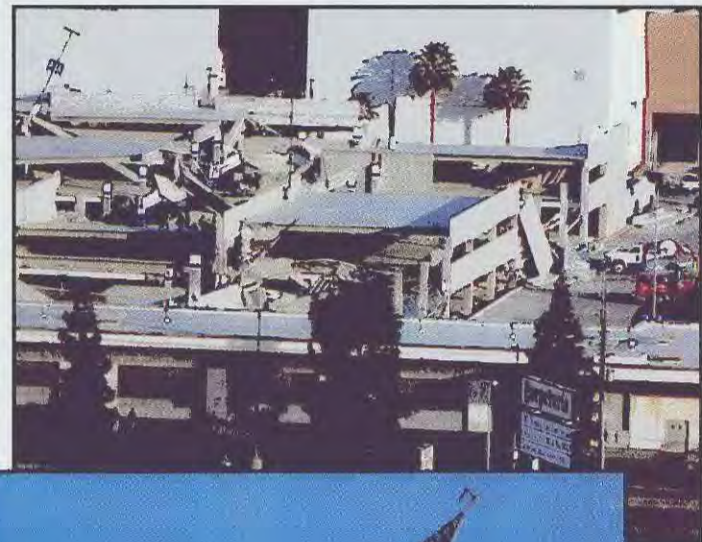
And the repercussions of the findings in Southern California are already reverberating throughout the state, with engineers at a recent state Seismic Safety Commission meeting recommending that new inspections of steel-frame buildings in the San Francisco Bay Area be conducted. The strength of the connections in many of those buildings may have been similarly compromised by the 1989 Loma Prieta quake, the engineers say.

Although many of these same seismic engineers say there is no reason to panic just yet, they universally agree that construction quality must improve in the earthquake-prone Golden State.

"This is the first time we've seen steel ductility fail," said Paul F. Fratessa, presi-



Damage from the L.A. quake has engineers looking for new alternatives for construction and remediation.



AP/Wide World photos

dent of Paul F. Fratessa Associates Inc., a seismic safety engineer in Oakland.

"Damage to the steel-frame buildings was wholly unexpected," said Elwood Smietana, vp of EQE International Inc., an earthquake loss control consulting firm with offices in San Francisco and Irvine.

"The other damage that was greater than

expected was to the tilt-up, or precast, concrete structures" like parking garages, and buildings constructed since the 1970s, he added.

After touring the hard-hit Sherman Oaks apartment area for just half an hour, "I saw 100 buildings, all almost uniformly beat up," Mr. Smietana said. "But I think we're

just seeing the tip of the iceberg as far as steel-frame buildings are concerned."

If properly designed and constructed, steel-frame buildings are supposed to bend with the forces of an earthquake without breaking. But a number of these buildings—ranging as far west as Santa Monica

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◆ Employers must examine safety and security programs to make sure property is adequately protected from crime and workplace violence, experts say. **Page 14**

◆ Arson investigators are attempting to stamp out whoever's responsible for an unextinguishable type of fire that burns so hot it can raze a huge building in minutes. **Page 16**

◆ The creation of the Insurance Institute for Property Loss Reduction signals the beginning of a new insurance industry offensive against nature's ravaging effects. **Page 17**

◆ The wind peril doesn't get the respect it deserves among underwriters, but a new software program to assess a building's exposure to windstorm damage may change that. **Page 18**

◆ Computed tomography represents the next generation of non-invasive diagnostic imaging technology for industrial equipment. **Page 19**

## Breaking into the system

The cost of computer crime is on the rise

By JUDY GREENWALD

It always looks so exciting in the movies and on television: An ethnically diverse and glamorous team of computer hackers works deep into the night to come up with clever ways to break into the bad guy's computer system and save the day for humanity.

But in the mundane real world, computer break-ins are a growing and serious problem for U.S. businesses that could threaten their very existence, security experts say. In fact, often the threat comes not from outside hackers, but from businesses' own disgruntled employees.

While there are no precise estimates on the losses sustained by Corporate America from computer security breaches, experts generally agree they are large—and are getting larger.

Computer security breaches cost American business between \$100 billion and \$300 billion a year, estimates Winn Schwartau, executive director of Seminole, Fla.-based Inter.Pact, a computer security organization, and author of a

recent book: "Information Warfare, Chaos in the Electronic Superhighway."

Included within this estimate are cases of computer fraud, hacking, viruses and copyright infringements, Mr. Schwartau said.

"Clearly, it's a growing problem and it's something that people frankly don't know all that much about" when compared with more traditional property risks like fires, said Michael R. Levin, a consultant with Towers Perrin in Chicago.

Furthermore, it sometimes can take weeks before a loss or system damage caused by a violation of computer security is discovered.

"It's a much more insidious type of circumstance to try and work on," he said. "I would venture to say only 10% or less of computer crimes or security crimes are reported," said Albert Decker, national director of information technology security services at Coopers & Lybrand in New York.

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# Earthquakes

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and as far north as the Santa Clarita Valley—did not perform as expected during the Los Angeles quake. That news prompted the state's Seismic Safety Commission to issue an advisory that so-called "moment-resisting" steel-frame buildings be re-inspected.

"This is not something to panic about, but we felt it was the prudent thing to do," explained Mr. Fratessa, who is a commission member. "We're studying the situation."

So far, seismic engineers have come to at least one conclusion: "There is not a single source of the problem," said Helmut Krawinkler, director of the John A. Blume Engineering Center at

Stanford University in Palo Alto, Calif. "It's a mixture of design philosophy, material and mostly workmanship," he explained.

"We must recognize that the strength of the connections depends on the quality of the welding. But nobody gives a damn. A welder must be a highly qualified person, and few of them are. The certification tests they must pass are lousy," and inspections are inconsistent, asserted Mr. Krawinkler. By contrast, builders in Japan are "more serious about earthquakes," he contends. "They claim their quality control is better than ours, and they're more conservative in their designs because they use more meat—that is, steel—than we do."

While Mr. Krawinkler acknowledged it's possible to improve the quality of the welding, "that's going to be expensive. Welding will

take twice as much time and welders will need more education."

"Or, you can develop some alternative connection—one that is cost-effective," Mr. Krawinkler said, adding, though, that such an endeavor could take years.

Indeed, it will cost \$5 million to shore up one \$15 million building being retrofitted under the guidance of EQE, said Mr. Smietana.

Cracks discovered in another four-story Valencia office complex are expected to cost one-third of its \$20 million value to repair, he said.

In addition, "in buildings more than 10 years old, you're potentially opening up an asbestos issue. Any steel-frame buildings constructed before asbestos was banned could require remediation," he added.

That's why "it's better right

now to think about how to solve the problem rather than to jump and try to do something right away, because the cost of failure would be staggering," Mr. Krawinkler said.

"So much of downtown Los Angeles and San Francisco is made of steel, though it's not evident on the surface," he said, explaining that many marble and concrete-faced buildings mask interior steel frames.

"There are literally thousands of those types of buildings out there," agreed Mr. Smietana, who said EQE's clients include some major property/casualty and life insurers as well as pension fund managers with real estate holdings, which he declined to identify.

In some cases, the "damage was very close to resulting in collapse if the earthquake had lasted

longer. Imagine if we have another quake," Mr. Smietana said.

Continued aftershocks, like one last month that measured 4.8 on the Richter scale, compound the problem, noted Mr. Fratessa, the seismic engineer, who added that this concern led to the evacuation of a San Fernando Valley office building in which all the welds in one direction had cracked.

Despite the risk, "if I were a building owner, I wouldn't be desperate today," said Mr. Krawinkler. "I'd be aware and wait for a solution."

In the meantime, he added, "it will become a liability problem" for building owners, who "will have to calculate the probability (of structural failure) to determine the acceptable risk" of continued use.

"If I owned one of those buildings, I'd get it inspected," said Tom Hutton, president of Risk Management Software Inc. of San Francisco, which provides computer modeling and catastrophe planning services to insurers and reinsurers worldwide.

Mr. Fratessa also recommends that building owners secure seismic performance evaluations of their properties, which can cost between \$1,000 and \$90,000. But site-specific studies, which cost \$20,000 or more, are usually helpful only for evaluating the seismic exposure of buildings on certain specialized sites, like landfills, he said.

Already, EQE and Risk Management Software have adjusted their computerized earthquake damage forecasting models to reflect the newly discovered earthquake exposures.

"We have adjusted the computer model's damage curve upward for certain types of structures," which has resulted in projections of twice as much damage from a quake in some scenarios, said Mr. Smietana.

EQE also is improving its software to include the characteristics of the type of thrust fault that caused the January quake, whose epicenter was in Northridge, Calif., he added.

Unlike a more common strike-slip fault, which causes horizontal movement, a thrust fault can trigger more damaging vertical ground movement, he explained.

Indeed, the earthquake raised the nearby Santa Susana Mountains as much as 15 inches in some places, according to the U.S. Geological Survey.

Risk Management Software's Mr. Hutton also pointed out that the later realization that the earthquake was 6.8 on the Richter scale, as opposed to the 6.6 that was originally reported, added significantly to his model's damage projections. "The biggest reason for the discrepancies" in the early damage estimates made by insurers "was the increase in the magnitude," he said.

But there were other factors:

- As in Hurricane Andrew, insurers undervalued the replacement cost of damaged structures.

The price of materials and services escalated 25% followed the quake, while contractors increased prices as much as 50% after Andrew, according to Mr. Hutton.

- More damage was reported for the Coverage B portion of property policies.

"Adjacent buildings such as garages, pools, etc., suffered more damage as a percent of values than did main dwellings," which are insured under Coverage A, Mr. Hutton explained.

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# Earthquakes

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• Sprinkler damage was so severe that in some cases it pushed the loss above policy deductibles (see related story).

"Insurers will have to go back and analyze which types of building sustained more damage than others" and rate the risk accordingly, Mr. Hutton said.

Insurers and risk managers also will likely take into consideration the findings of a new probability report by the Southern California Earthquake Center at the University of Southern California. That report will break up the state into a series of circular areas 25 miles in radius and show which are more susceptible to earthquake and significant ground motion, said Tom Henyey, executive director of the center.

The report, which is being reviewed by the state Office of Emergency Management and the U.S. Geological Survey, will be released later this summer. The center is planning a fall workshop to explain the new methodology to the insurance industry.

The purpose is to "share information about how to better assess earthquake hazards in earthquake country," Mr. Henyey explained.

Meanwhile, building owners must realize that construction that meets the Uniform Building Code is not nearly earthquake-proof, warned Mr. Fratessa, the seismic engineer.

"The UBC anticipates damage," he said, pointing to the "Recommended Lateral Force Requirements and Commentary," a guide published by the Structural Engineers Assn. of California in 1990.

Structures designed to conform with the recommendations should

be able "to resist a moderate level of earthquake ground motion without structural damage but possibly experience some non-structural damage," according to the SEA guide. But "the level of damage depends upon a number of factors, including the configuration, type of lateral force resisting system, materials selected for structure and care taken in construction," the book warns.

That means even the new "base-isolated" designs could fail, Mr. Fratessa said. "We have no confidence that a base-isolated structure close to a fault would be safe," he said, adding that the primary objective of base-isolation construction is to help reduce contents damage. This construction technique essentially builds a "shock absorber" base to absorb some of the quake's impact.

While it's possible to mitigate the potential loss, "there's no such thing as earthquake-proof." **B**

# Protecting fire sprinklers from earthquake damage

By JOANNE WOJCIK

**M**any owners of commercial property that escaped structural damage from the Los Angeles quake were caught off guard by the amount of water damage that occurred when the Jan. 17 temblor triggered or ruptured their automatic fire sprinkler systems.

In fact, some say the water damage was one reason the insurance industry's early estimates of insured damage were so low compared with the current tally of more than \$8

billion.

In some cases, sprinkler water damage alone exceeded the standard 10% deductible on earthquake insurance policies, said Tom Hutton, president of San Francisco-based Risk Management Software Inc., whose computer model was used by several large property insurers to estimate their earthquake losses.

"The sprinkler damage wasn't anticipated" because "there was no data available" to include such damage in the computer model, he explained.

While insurers have not released segregated figures for water damage in their earthquake damage estimates, sprinkler damage was the only insured loss in many structures, said Elwood Smietana, vp of EQE International Inc. in Irvine, Calif. EQE, which also has an office in San Francisco, provides earthquake loss control consulting as well as computer modeling.

"The water damage occurred mostly in office buildings" where sprinklers were installed with "a minimal engineering effort," Mr. Smietana said.

Property owners and managers "need to look closely at how the sprinkler systems are situated so they don't bump into beams" during an earthquake, he said, adding that "building owners also can install bracing to keep the sprinklers from bouncing around."

Indeed, retrofitting older systems to ensure they can withstand severe earthquake movement is highly recommended in a report by the Fire Sprinkler Advisory Board in Cerritos, Calif.

"With few exceptions, the codes and/or standards—which dictate the design and installation of fire sprinkler systems—change in some fashion every three years as new technologies and/or products are developed," according to the report, which was written by Director Steve Hart. "Their design and installation must be revised as new codes/standards are revised and adopted."

Field inspectors also must be kept abreast of these changes to ensure the sprinkler systems survive a quake, he said.

Among the factors that contributed to the damage were:

- Relative distance from the quake's epicenter and its aftershocks.

- Intensity of the ground motion acceleration (vertical and horizontal).

- Age and type of construction.
- Year of design/installation and the edition of the code and standard under which the system was installed and/or inspected.

- Design quality of the fire sprinkler system, using the proper methods to support and brace it.

- Quality of the workmanship of the installation with respect to the recognized trade practices at the time of installation.

- Proper use of materials installed and the relationship to the adjacent building components.

- Quality of the plan review and the field inspection.

- Proper system maintenance.

While the Los Angeles quake—which hit 6.8 on the Richter scale—broke seismic bracing installed to shore up older systems, some newer systems also were damaged because they had not been installed to code, the report says. **B**

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## Opinions

## Rosty down but not out

WE CAN'T HELP but note Rep. Dan Rostenkowski's fall from power with both regret and a glimmer of hope.

The Illinois Democrat, who has served in the House for more than 35 years, was forced to relinquish the chairmanship of the House Ways and Means Committee last week after he was slapped with a 17-count felony indictment.

Certainly, there is much we admire about Rep. Rostenkowski's style. Simply put, he knows how to wheel and deal to get legislation passed, including legislation that had a major impact on employee benefit plans.

Unquestionably, the congressman's negotiating skills were absolutely crucial in working out compromises that led to the passage of legislation in 1983 that averted the insolvency of the Social Security program. And, the 1986 tax reform law, on which Rep. Rostenkowski had a major imprint, on balance did far more good—from a broad public policy perspective—than harm.

Unlike most representatives, who are absolutely indifferent to pension issues, Rep. Rostenkowski was actively involved. As Ways and Means chairman, he battled successfully for legislation in 1987 that helped put the Pension Benefit Guaranty Corp. on a more sound financial footing. And, his interest in pension issues continues today. He directed his staff to prepare legislation—passed by the House last month—that is a good first step toward simplifying the maze of rules that needlessly complicate the administration of pension plans.

On health care reform, we know he was prepared to use his considerable dealmaking skills to push through a proposal that not only could pass his committee but also the full House. In fact, some say that even though he has resigned his chairmanship, Rep. Rostenkowski could still play a major, behind-the-scenes role in the health care reform debate.

However, while Rep. Rostenkowski should be remembered by benefit managers for his accomplishments, he also made his share of miscues. He often was far more interested in the glory of working out deals than in the details of legislation, which he typically delegated to his staff.

That indifference to the details sometimes led to disaster. For example, Rep. Rostenkowski was blind



"DOES THE EX-CHAIRMAN HAVE ANYTHING TO ADD?"

to the massive problems that Section 89 non-discrimination rules for health plans—part of the 1986 tax law—caused employers. And when the movement to repeal Section 89 began, he was slow to pick up why the law had to be changed.

At the same time, Rep. Rostenkowski failed to do his homework when his committee was considering legislation to expand the Medicare program to give retirees more protection from catastrophic health care expenses.

With a little research, Rep. Rostenkowski—in all fairness, along with other members of Congress—would have realized that the bill was a bad deal for retirees who were receiving better benefits at a lower cost from employer-provided health care plans than would have been supplied by an expanded Medicare program.

Rep. Rostenkowski's resignation leaves a big void on the Ways and Means panel, which has oversight of the bulk of the benefits-related legislation that passes through Congress. We hope that Rep. Sam Gibbons, who succeeded Rep. Rostenkowski as committee chairman, will take a keen interest in benefits legislation and avoid the mistakes made by his predecessor.

## Letters

## Risk managers' stance on ethics appalling

To the editor: The May 2 issue contained an article on ethics, "Ethics of a Decision Often Too Subjective to be Clear," that indicates a large percentage of risk managers will act in an unethical manner if they believe they will gain by that action.

This article goes a long way toward verifying what people in general think about businesspeople and the reason for their actions: The outcome is all that is important. And, if that is true, then an ethics code or moral code of conduct will prove useless.

The fact that 25% or more of the risk managers interviewed expressed no reservations about acting in an unethical

manner in given situations is appalling to me, and it is a disgrace to risk managers everywhere—at least three out of four.

Hundreds of underwriters will read this article and smile: Risk managers are suspect and one out of four has admitted it.

The public seems to have a low opin-

## NCCI's new policies on classifications unfair to workers comp policyholders

To the editor: Effective Feb. 1, the National Council on Compensation Insurance instituted new policies that significantly impair the ability of policyholders to catch and correct mistakes in classifications.

In my consulting practice on workers compensation premiums, I have found mistakes in classification to be a common and serious cause of premium overcharges. Yet now the NCCI is requiring a \$175 payment by policyholders before the NCCI will respond to a request for a new inspection. This strikes me as an abuse of the NCCI's monopoly in many

of the insurance industry in general, so perhaps those in risk management and the industry deserve each other.

A sorry state of affairs, isn't it?

**Robert D. Bird**  
Assistant to the Treasurer  
and Corporate Insurance Manager  
Tecumseh Products Co.  
Tecumseh, Mich.

states on assigning workers comp classifications and erects an unfair obstacle to policyholders correcting mistakes.

Additionally, the NCCI will now charge policyholders who want to review a copy of the inspection report the NCCI has on file for their business. Again, I do not find it appropriate that a policyholder should have to buy a copy of its own inspection report from the NCCI in order to check it for accuracy.

Finally, the NCCI has decided to no longer release inspection reports more than five years old. Without the ability

Continued on page 54

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# Computers

Continued from page 3

"We hear of more incidents than ever get reported," he said. "Generally, we're called in to help a client after an incident has occurred. No one's concerned about security until it fails."

One of the reasons that computer security problems are worsening is the changing nature of today's information technology, computer experts say.

Once upon a time, computer security meant essentially protecting a mainframe, said Jay Wack, vp of marketing for TECSEC Inc. in Vienna, Va., a computer security firm. "You could put a guy in front of a door. It was a definable, physical thing."

Today, however, employees commonly have their own personal computers, which are linked through networks. "You couldn't find enough guys to guard enough doors," Mr. Wack said.

Further complicating the problem is the use of the INTERNET, an online computer network through which information is electronically transmitted to computers around the globe—and which makes computer systems potentially more vulnerable to security breaches.

These networks "basically are very insecure," said Daniel E. White, national director-information systems security at Ernst & Young in Chicago.

The first step a company should take to improve its computer security is develop a policy at the highest levels of the company, experts recommend. "The company has to decide that it is willing to take a stand" and that it is critical to protect its computer information, said Mr. Schwartau. This policy must be mandated by top management executives, who then must communicate it to lower-level employees.

CUNA Mutual Insurance Co. in Madison, Wis., for instance, has had a formal, corporate-wide security-awareness program for two years, which covers issues such as passwords. The aim of the program is "to change some of (employees') beliefs, and eventually their attitudes" about computer security, said Tom Rapa, the insurer's systems security manager. Computer security devices can vary widely in function and price. Companies must decide just how critical their information is and how elaborate their security precautions should be, then conduct their own risk-benefit analysis.

"This field is fraught with many trade-offs," said Charles Cresson Wood, an independent information security consultant based in Sausalito, Calif. "There is no off-the-shelf solution, there is no one-size-fits-all solution."

Some of the elements employers should look at include:

- **Passwords.** "The most simple and elementary thing you could do is good password management, and that means changing your password frequently," said Peter Allen, managing editor at the San Francisco-based Computer Security Institute, a professional organization of information security and data security professionals.

Another step to effective password management is "using passwords that aren't easily guessed, so don't use the name of your dog, your girlfriend's or boyfriend's pet name, or anything like that. Don't use obvious things that somebody who knows you will be able to guess," Mr. Allen said.

"On the other hand, you don't want it to be so difficult that you

have a difficult time remembering it and have to write it down," which obviously can lead to security breaches, he added.

"We see a lot of systems that don't even require a password to get on to them," said Fred Rica, manager of data security practice at Price Waterhouse in Morristown, N.J., which is hired by companies to break into their systems to test security (see story, page 11).

Some systems require only a password, but not user identification, so only one word is needed to get into the computer system. Mr. Rica warned that "password guessers" can employ programs that will run every word in the dictionary until they find the word that gets them into a system.

Some systems that do require both passwords and user IDs actually will inform a would-be hacker which one they guessed wrong, he

said.

Companies also often fail to change the default passwords that are supplied with systems when they were shipped from the factory, said Mr. Rica, who noted he has a list of these passwords.

- **Data encryption and fire walls.** Encryption devices, in which the information is transmitted encoded, require a "key" to unscramble the data at the other end.

"This means if someone taps into the line, they will be unable to make any intelligent use of the information they get," said Dave Applebaum, manager of systems and programming for Milliman & Robertson Inc. in Seattle.

Fire walls, another type of commonly used security device, block remote users from direct access by requiring them to access the system through another machine or series of machines.

A whole host of other security devices and approaches also are available. For instance, in some systems, a user must dial in and give his name and password. The system then hangs up and calls back to a pre-established number to ensure an authorized person is trying to access the system, said Kristine Kopec, program manager in the information and technology division of Fairfax, Va.-based Techmatics Inc.

- **Detection and monitoring devices.** The devices can identify repeated attempts by hackers to break into a system.

"Many times we've been successful" in breaking into a system "simply because no one noticed our activities," said Mr. Rica of Price Waterhouse.

- **Backup systems.** Such alternate systems can be turned to should a hacker damage the pri-

mary computer system.

"Most organizations tend to plan for the earthquake or the fire or things like that, but do not plan for an intentional strike against their organization. And that needs to be considered in a contingency plan," said Mr. Schwartau.

- **Good in-house security.** Companies often give anyone inside their building ready access to crucial computers, Mr. White noted. While companies often maintain tight security around mainframe computers, local area network file servers will be left "sitting on top of a desk out in an open office."

If a company decides personal computer diskettes should not be removed from the building without authorization, magnets can be installed at doors so any diskette smuggled out would be wiped clean, Mr. Schwartau said.

Continued on next page



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# Breaking into your own system

## 'Hackers for hire' can pinpoint computer vulnerabilities

By JUDY GREENWALD

**H**iring "tiger teams" can be a good way for companies to spot computer security problems.

These teams, which experts caution are not for all companies, essentially are hired to break into a computer system to expose its vulnerabilities.

Tiger teams can work with or without the full knowledge of a company's information technology personnel.

"We are sort of hackers for hire, if you will," said Fred Rica, manager of the data security practice for Price

Waterhouse, based in Morristown, N.J., who heads such a team.

Companies hire a tiger team for two reasons, he said.

"One is the 'take your best shot approach,'" he said. "If people think their security is very good, they might want to hire someone like Price Waterhouse to give it a test."

The other reason to hire a tiger team would be to send an "I told you so" message when someone in the organization has become frustrated with security provisions but is having little success in making changes.

The team can approach its job from a number of different levels, said Mr. Rica. One is from the standpoint of someone who is strictly an

outsider, without any information about the company—"the guy in the basement."

The second level up is an outsider who has a "little bit of information" about the company, like an ex-employee, consultant or contractor who might know the kind of software the company uses and "what an ID looks like."

The third level is a cleaning person or clerk who has physical access to the computer, but no computer knowledge, while the fourth level would be a systems programmer, network user or supervisor, who is knowledgeable about the system.

An investigation on all four levels could cost a company roughly \$100,000, Mr. Rica said. The investigation could take three to four weeks to complete.

William Spernow, a computer crime consultant with the Search Group in Sacramento, Calif., recommends employers tell their employees that a security consultant has been hired in advance. Employees aware that a team has been hired will become more security-conscious. When they learn about the investigation afterwards, "it's something they tend to pay less attention to," he said.

The tiger team approach is not necessarily always the right one, warns Charles Cresson Wood, an independent information security consultant based in Sausalito, Calif. "They're appropriate only for firms that have done a lot of work in this area. There are lots of things to be done before tiger teams are an appropriate next step," including conducting a complete risk assessment of the company's computer system.

"It's an approach to identifying security weakness, but it's not the best approach," said Albert Decker, national director of information technology security services at Coopers & Lybrand in New York, who first recommends a comprehensive review of a company's computer systems.

Taking a hacker's approach, he said, is like stumbling around blindfolded until you discover an open window. While that particular window will then be closed, "I may not have found all the windows that are open or doors unlocked."

Undertaking a comprehensive security review is "more effective and it provides better information for our clients," he said.

Meanwhile, experts warn against using former hackers for any kind of security work. Once you let former hackers into your system, you expose yourself to liability if they really have not abandoned their previous career, said Mr. Spernow. "Your shareholders are obviously going to be asking you some very embarrassing questions."

Employees of a company like Price Waterhouse are not going to leave behind trap doors that could permit them to re-enter a system once a job is over, while "Captain Bazooka who spent two years in jail for phone fraud" is less trustworthy, Mr. Rica agreed. He noted most of the members of Price Waterhouse's team are technically skilled, including some with programming backgrounds who learn the job by doing it.

"Being a hacker is a little like being a cat burglar," said Mr. Rica. It involves jiggling a lot of door knobs until you find a loose one. Once that weak link is found, the rest falls like dominoes.

However, it can take a lot of time sitting in front of a terminal to produce "that one moment of glory," he said.

has control over its employees, at the same time "employees are going to know a lot more about the system than some others might, so it's going to be a lot trickier to build safeguards," he said.

"One thing which is kind of basic" is developing a workforce that is not going to cause problems, said Mr. Levin. It is "important to make sure they don't feel imposed on."

While companies should draft a computer security policy to be followed by all employees, it should not be overly strict, recommends Steve Crocker, vp at Trusted Information Systems Inc. in Glenwood, Md.

"An overly strict policy sometimes does as much damage as a looser, sloppy policy," because it can cause resentment or interfere with doing an effective job, he said.

BI

JAMES CARRAGAN, LION TAMER



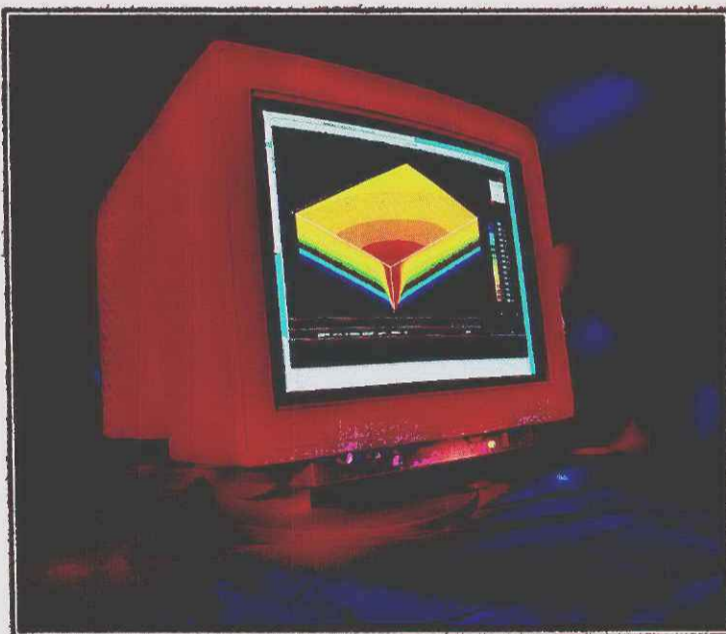
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disruptions they can cause.



# Workplace security plans worth employing

By CHRISTINE WOOLSEY

**W**ith crime and workplace violence on the rise nationwide, employers must examine safety and security programs to make sure they can adequately protect their property.

One of the most frightening aspects of workplace crime is its unpredictability—a factor that also makes it more difficult for employers and property loss control engineers to minimize potential losses.

But employers can anticipate some types of crime or vandalism, loss control and security experts say.

For example, riots and civil commotion like what followed the Rodney King verdict in Los Angeles in 1992 can lead to significant property losses. When a city faces a potentially volatile situation like that, employers should be on alert and ready to batten down the hatches.

In addition, labor disputes may incite striking workers to sabotage or vandalize property in the workplace. Management should keep an eye on the progress of negotiations, paying close attention to workers' emotions. If the situation seems volatile, management can step up workplace security.

Similarly, employers gearing up for major employee layoffs ought to be aware of "hothead" employees who might want to seek revenge by damaging company property.

To minimize property damage caused by employees, it is vital to keep the lines of communication between management and workers open, particularly during labor disputes, said Dean Wilson, director of loss prevention training at Industrial Risk Insurers of Hartford, Conn. "Historically, when labor unrest results in property damage, it usually happens when the lines of communication are accidentally or purposefully broken down," he said.

Property damage resulting from labor disputes can be significant, Mr. Wilson said. For example, years ago, during one heated contract dispute at a major newspaper, angry employees destroyed the paper's printing press—the business' very lifeblood.

"There isn't a great deal you can do in terms of physical security to prevent determined employees from vandalizing your facility," Mr. Wilson said.

But, employers can minimize their losses by having good emergency planning. "If you know a union contract is expiring in a year and you expect difficulty, make sure your facility is up to date in terms of property protection recommendations," he said.

There are three types of occupancies that are key targets for crime or vandalism from outside the workforce, says Ted Gebeau, manager of loss control engineering in the property services division of Kemper National Insurance Cos. in Long Grove, Ill.

Retailers and local store merchants often are at increased risk because they are located in highly populated areas and encourage heavy traffic, Mr. Gebeau said. Some offices and apartment buildings also tend to be highly populated, making it easier for criminals to come and go un-

## Protecting property from criminal activity

noticed. And, manufacturing facilities often are targeted for theft or vandalism—sometimes by disgruntled employees.

The extent of damage to these facilities ranges from broken glass to arson. Retailers, for example, often encounter broken glass when vandals or looters "smash and grab" the contents of a display window. Fire bombings, smoke bombs and toxic chemical dumping may be a threat to manufacturers.

Other property damage may include theft of fixtures or damage to delivery vehicles that are

parked on or near the premises.

Property loss control specialists and security consultants say companies can minimize crime risk through environmental design.

Specifically, they advise making sure the parking facility and building perimeter are adequately lit, restricting access to side or back doors and eliminating excessive ground cover—such as bushes and shrubs—in which criminals can hide.

But, there are other strategies employers can take to protect their property.

The type of security or protec-

tion device an employer uses "depends on the object at risk and how it may be destroyed," pointed out Norman Bates, president of Liability Consultants Inc., a security consulting firm in Framingham, Mass.

"Closed circuit televisions and alarm systems are popular. And, keycard access systems are becoming popular for high-technology industries and those with a lot of money invested in research and development," he said.

Keycard access systems, like those used by hotels, usually involve a card with a magnetic strip

that is encoded with an identification number to allow certain individuals access to buildings or offices. "The use of these cards will grow enormously, especially as companies discover they can use such systems to keep people out, but also determine who is already in the building," Mr. Bates said.

Such systems can be used to track which employees have entered specific rooms and can also restrict access to different parts of a building or prevent certain individuals from entering specific areas, like computer rooms or vaults. "The more options built into the card access system, the more it will cost," he noted.

*Continued on next page*

## HOW KEMPER LOOKS

We think there's more than one way to hammer out a plan.



Continued from previous page

Hiring security guards to restrict access to buildings or serve as deterrents to criminal activity is another option, but consultants say the quality of this type of protection is highly variable. "Security guards are only as good as the salary you pay them. I've seen studies that say of all the security vendors, only 25% maintain the highest standards," said Howard Levinson, president of Howard Services, a security and loss prevention consulting firm in Norton, Mass.

In fact, the idea that you get what you pay for may apply to any type of security measure, including alarms and closed circuit television, Mr. Levinson said. "Closed circuit TV is a good tool, but the problem with it is it takes a set of eyes to respond to something."

"Surveillance cameras don't necessarily prevent crime, but they can

**'Security guards are only as good as the salary you pay them. I've seen studies that say of all the security vendors, only 25% maintain the highest standards,' says Howard Levinson, president of Howard Services, a security consulting firm.**

help in getting a conviction or settling a claim afterward," added Kemper's Mr. Gebeau.

Local retailers that want to protect their shops from vandalism or looting, such as what occurred during the Los Angeles riots, can invest in window security shutters, which are made of metal and can be pulled down after a merchant closes shop.

For retailers that rely on elaborate window displays, a woven steel wire mesh can be installed. That will allow customers to view the window's

contents during and after business hours, but will prevent vandals or looters from smashing through the window and gaining access to the store's merchandise.

Merchants can discourage looters by using props or pictures of products instead of real merchandise in display windows, Mr. Gebeau said.

Lighting may seem like an obvious security measure that does not require much additional thought, but employers should be sure their lighting is protected by plastic glass

coverings. "One stone will put a light out of service," Mr. Gebeau pointed out. Lighting should ideally be hooked up to an emergency power supply, he added.

Vehicles with company logos are often targeted for attack, but employers can minimize their losses by keeping them garaged whenever possible.

One of the most valuable steps an employer can take to determine what security measures will work best, is a "security risk analysis," Mr. Bates said. There are seven steps to this review:

- Identify the company's assets.
- Identify the type of risk or threat to those assets, including criminal, natural disaster and environmental threats.
- Determine the probability of loss and the frequency of exposure.
- Determine the impact, financial and otherwise, of potential losses.

• Identify solutions, including physical security measures.

• Determine the feasibility of such solutions from an operations standpoint.

For example, keeping a lock on leather goods in a store may discourage customers from impulse buying.

• Conduct a cost/benefit analysis to be sure the cost of security measures does not exceed the value of the assets at risk.

Security consultants and loss prevention experts agree, though, that physical security measures can only go so far in protecting company property.

Rather than focusing only on protecting the company's assets with high technology security equipment, they encourage employers to think about management solutions and administrative controls to minimize losses.

"Changing attitudes, increasing employee awareness through training, newsletters and posters," can often help deter crime and minimize losses, Mr. Bates said. "Put a significant burden on supervisors to be sure security policies and procedures are followed." **BI**

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# Investigators follow the blazing trail of arson

By DAVE LENCKUS

**A**rson investigators are attempting to solve a difficult puzzle: finding the source of an unextinguishable type of fire that burns so hot it can raze a huge building in minutes.

While no traditional fire protection techniques can protect companies from these extremely destructive blazes, investigators are struggling to understand the causes of these fires and who is setting them.

These so-called high temperature accelerant fires, which can turn concrete surfaces into glass and vaporize metal building support beams and radiators, are fueled by an exotic accelerant the basic components of which resemble those of solid rocket fuel.

Although investigators believe the HTA fires have been fueled by similar accelerants, variations in the characteristics of these fires and other factors now suggest that different arsonists set the blazes, says a special agent with the U.S. Bureau of Alcohol, Tobacco and Firearms.

Based on limited information, "I see nothing that says we ought to assume there is one person involved," said Steven Carman, a special agent at the ATF's field office in Sacramento, Calif.

Mr. Carman's as-yet unreleased 180-page report douses some media and local fire protection agency speculation that a single nomadic arsonist has been torching buildings from the Pacific Northwest to the Atlantic states since the mid-1980s or possibly earlier.

If there is more than one arsonist, then the challenge for police and fire investigators is even more formidable than they have thought so far.

Fire officials say they can confirm that arsonists have set seven HTA fires in the past decade.

But, they will never know for sure how many such fires have been set, because no evidence was gathered from other possible HTA fires. And, some fire protection agencies still are not clear what to look for, according to authorities.

Therefore, there may have been a dozen or so more HTA fires set before 1980 that investigators cannot confirm, said Dennis Fowler, a retired fire investigator for the Seattle Fire Department. The department has been the point agency in the investigation for a decade, since several HTA fires have been set in Washington, including the first confirmed HTA fire.

Mr. Fowler, who now investigates fire scenes for several insurers, first detected that an arsonist was playing by a different set of rules when investigating a 1984 carpet warehouse fire in Seattle. "The damage was something I hadn't seen before."

In an HTA fire, roaring flames spread incredibly fast. The burning structure generally collapses within 20 to 40 minutes after the blaze has ignited.

In all of the HTA fires so far, neither the buildings' contents nor their own construction materials could have created such fires.

The structural failure stems largely from the fires' intense heat—about 3,000 degrees Fahrenheit, compared with 1,800 to 2,000 degrees Fahrenheit in con-

## Exotic accelerants defy loss control plans

ventional building fires. HTA fires are unstoppable forces. They burn so hot that they break down water into its hydrogen and oxygen elements, which then fuel the blazes.

Chemical extinguishers also fuel the fires.

The only role for firefighters is to protect nearby structures. Conventional fire fighting methods do work in battling the outer-most flames that lick at neighboring buildings.

Some HTA fires also exhibit other characteristics: unusually bright white or orange flames; py-

rotechnic displays floating above the fire or jetting from the building; or dark gray or black smoke belching under pressure from the consumed building.

After 10 years of researching HTA fires by sifting through fire debris and conducting test fires, investigators from the Seattle Fire Department, the ATF and the U.S. military know only what kind of materials are capable of producing such conflagrations.

But authorities cannot be sure they have identified any of the materials that arsonists actually have used, because the fires con-

sume all traces of the accelerants. If authorities could identify those materials, they possibly could track the arsonists from potential points of purchase.

The probable components of the accelerants are an oxidizer, a combustible metal like magnesium or aluminum, and a hydrocarbon binder like diesel fuel or kerosene, according to Richard L. Gehlhausen, an arson and fire investigator with the Seattle Fire Department.

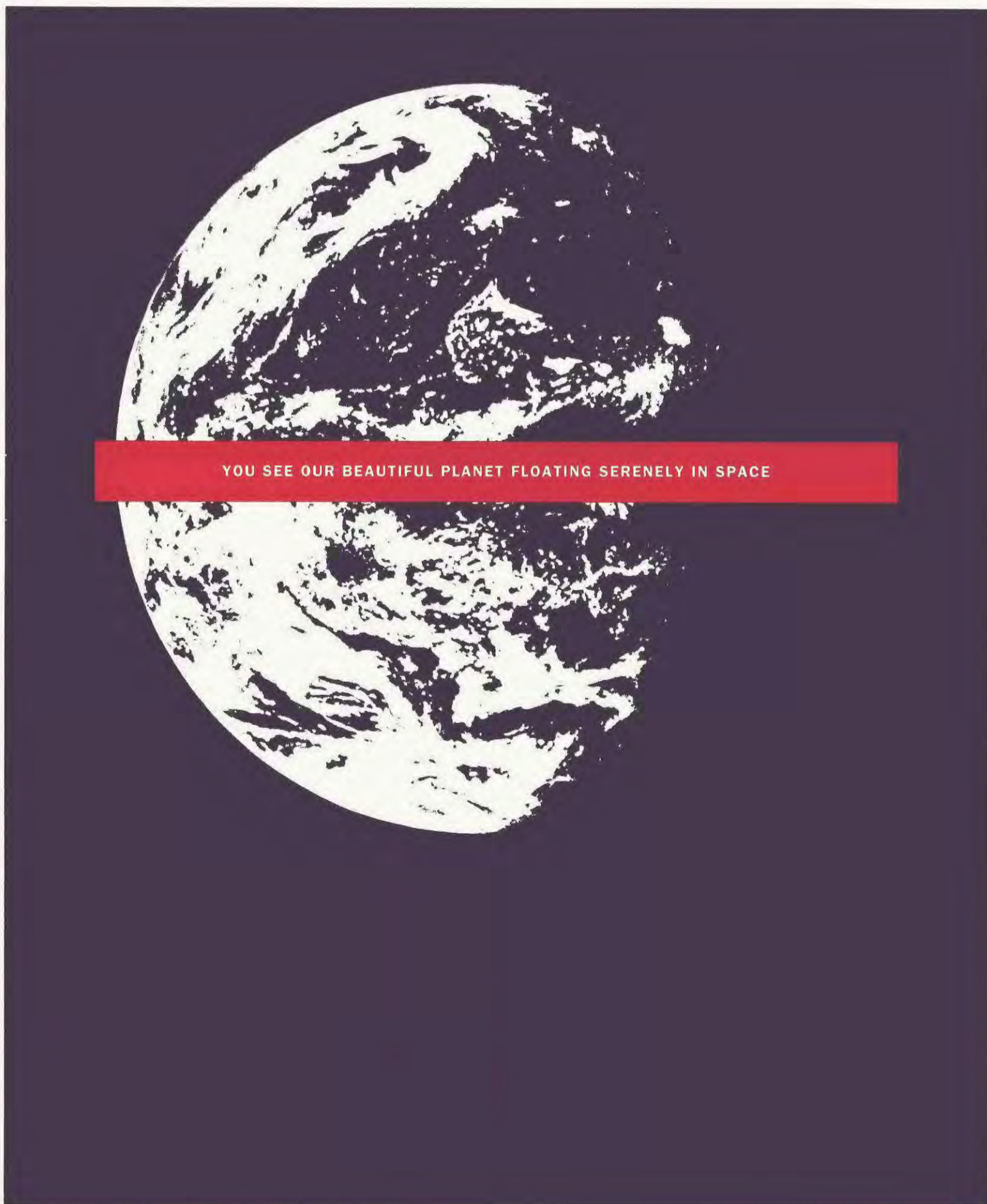
The materials are similar to those used to formulate solid rocket fuel, Mr. Gehlhausen said.

But investigators do not believe the arsonists are using stolen rocket fuel. When burned, that kind of fuel would leave behind a "tremendous amount of metal oxide," which has not been found at any HTA fire site, he said.

Authorities also have been confounded by the apparent lack of motive in many of the fires. Many of the torched buildings were empty and uninsured. Indeed, one suspected HTA fire target was a church that had been abandoned for 10 years.

But other buildings destroyed in such fires contained merchandise and were insured.

U.S. authorities have some sus-  
*Continued on next page*



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pects but have not made any arrests.

Several people connected with the investigation, including Mr. Fowler, the Seattle investigator, believe the fires were set by one individual or group.

But, after reviewing more than two dozen confirmed or suspected HTA fires, ATF Agent Carman disagrees. He cites several reasons for his conclusion:

- Many people can easily obtain the materials that arsonists probably use to formulate the accelerants.

- Not all of the HTA fires exhibited all of the common traits of such fires, which could mean they were set using different, though similar, accelerants.

- Numerous possible combinations of materials could produce such fires.

- Thousands of people with pyrotechnics and defense industry training have the know-how to formulate such an accelerant without blowing themselves up.

- A corrosive substance found at one HTA fire ate through the shoe and burned the foot of a firefighter.

"Other fires didn't have that," Mr. Carman said.

- Unlike at other HTA fires, there was an explosion at the carpet warehouse fire, possibly caused by a fuel and air mixture.

Investigators could catch a break this fall in their efforts to pinpoint exactly what materials arsonists are using to concoct the accelerants.

At a scheduled test fire in Washington, a scientist whom authorities have consulted during their investigations hopes that a yet-untried test of fire debris will

yield clues about the accelerant.

When concrete is heated rapidly, it palls, or breaks into chips. In the HTA fires, a fragile, blue-green glass surface then formed.

For the blue-green glass to form, the source of the fire had to be nearby, said Laura J. Powers-Couche, a petrographer, or concrete specialist, with Construction Technology Laboratories Inc. of Skokie, Ill. At the same time the glass was formed, gas bubbles of water vapor and carbon dioxide formed and were trapped in the glass surface, she said.

Ms. Powers-Couche hopes to test the glass surfaces created in the test fire to determine whether the gas bubbles trapped in them contain traces of the accelerant that fire investigators use to fuel the blaze. If they do, investigators may be able to use this technique to identify the components of ac-

celerants that arsonists use in future HTA fires.

Investigators would have to work fast, though. The glass surfaces will crack, releasing the bubbles, within hours or at most a few days after an HTA fire, Ms. Powers-Couche said.

But whether Ms. Powers-Couche can even test her theory this fall is uncertain. Her lab does not have the necessary, expensive equipment she needs to test the contents of the gas bubbles. And fire investigators are operating under tight budgetary constraints, counting on donations for most of the materials used in the test.

Meanwhile, HTA fire investigation and research has become a hot potato. The Seattle Fire Department would like some other organization, like a federal agency, to take the lead in this time-consuming job. **BI**

## Insurer group will address new agenda

By MARK A. HOFMANN

**T**he Insurance Institute for Property Loss Reduction's creation marks the beginning of a new insurance industry offensive against nature's ravaging effects.

The new group's arsenal includes the decades of knowledge gathered by its predecessor—the Boston-based National Committee on Property Insurance—as well as a recently unveiled computer program designed specifically to analyze exposure to the wind peril.

The group, which was founded by property/casualty insurance companies, will push hard for changes in building codes where it deems them necessary.

"The people who guide the destiny of our industry have deemed that's the way it should be—an all-out war to reduce the losses to the fullest extent possible," said Eugene Lecomte, the institute's president. "The companies are looking at this and saying we've got to do this, this is our role."

According to Mr. Lecomte, the institute came into being because the NCPI—which he also had headed—met the challenges it had been founded to face.

"The NCPI came into existence in 1971. Its purpose was to deal with residual and distressed property insurance issues," including flood insurance, he said. The NCPI also oversaw FAIR plans and wind plans and looked into the problems associated with mine subsidence, he said.

But, as the 1980s ended, it became apparent to Mr. Lecomte that the NCPI's mission would have to change to meet different conditions. For example, FAIR plans have become well entrenched and seem likely to "be here for some time."

Rather than continue without a clearly defined purpose, the NCPI's supporters decided to disband the organization and replace it with a new, "vibrant" organization to deal with the property insurance issues of the 1990s, he said.

Those new issues include:

- Coastal erosion.

The NCPI identified this problem as early as 1984, Mr. Lecomte said. Shoreline erosion experts like Orrin Pilkey of Duke University addressed NCPI meetings and convinced members that the property insurance industry faced a potentially dangerous problem.

- Earthquakes and building code enforcement.

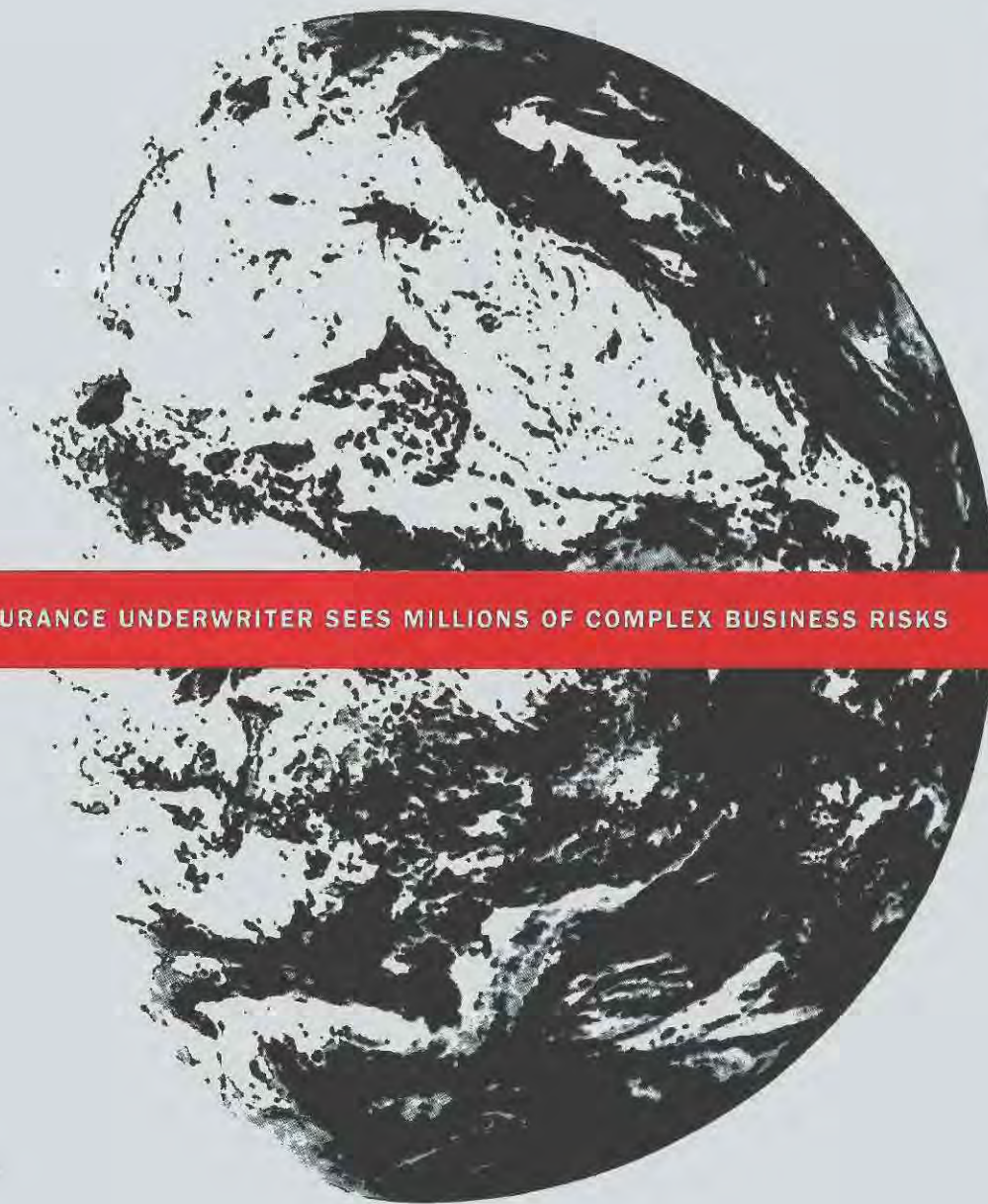
The Mexico City earthquake of 1985, which killed thousands of people, brought this question into focus, said Mr. Lecomte. Mexico City had what was supposedly the world's most stringent building codes, but the impact of the quake showed that they weren't being enforced, he said. The question arose, what about in the United States?

- Increased coastal property exposures, particularly along the Atlantic.

Underwriters began worrying about demographic changes and the potential for more frequent and serious hurricanes.

In addition, building codes might be on the books, "but the

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# Giving wind peril the attention it deserves

By MARK A. HOFMANN

## Program will help assess windstorm risk

**L**ike Rodney Dangerfield, the wind peril doesn't get the respect it deserves among underwriters, particularly when it is compared with its more flamboyant cousin, the fire peril.

That was the consensus of a panel of experts who discussed "High-Tech Underwriting: Mastering the Wind Peril" during a live nationwide satellite broadcast sponsored by the CPCU Society on May 25.

Even though wind in one form or another accounted for about 87% of the more than \$47 billion

in insured catastrophic property damage between January 1986 and December 1993, it doesn't get the same in-depth underwriting, the panelists said.

However, a partnership between the Boston-based Insurance Institute for Property Loss Reduction and engineering experts at Texas Tech University in Lubbock is providing underwriters with a valuable new tool for evaluating exposure to wind perils. The partnership has created a personal computer-based expert system, called Wind-Rite, that will enable underwriters to rate the wind re-

sistance of individual structures.

Kishor Metha, director of Texas Tech's Wind Engineering Research Center, explained that the expert system asks 40 questions about a structure and subjects the answers to 600 rules before giving an individual rating.

Wind-Rite will be formally unveiled at the first annual congress of the Insurance Institute for Property Loss Reduction in Boston next week (see story, page 17).

There are several reasons that the wind peril traditionally has received less attention than fire, said George F. Segelken, direc-

tor-package/property product management for CIGNA Corp. in Philadelphia. Foremost among them, he said: Wind doesn't kill as many people as fire does.

Years—or even decades—can go by without a truly destructive windstorm hitting the United States. And those in the insurance industry interested in mitigating wind's destructiveness haven't built up relationships with other groups like academicians to the same degree that insurers have forged links with firefighters and other groups, Mr. Segelken said.

Ronald H. Cheshire, president

of Jacksonville, Fla.-based consulting firm WDM Associates, said that the wind and fire perils are in many ways "parallel," but current underwriting processes are very different.

Fire underwriting involves individual risk analysis that takes into account construction, occupancy, protection available and exposures, he said. But, wind underwriting relies largely on geographical analysis based on more or less "arbitrary distinctions."

The result is often unfair to policyholders that have upgraded their structures but are in an area perceived to be at risk, Mr. Cheshire said.

*Continued on next page*

## Institute

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enforcement wasn't," Mr. Lecomte said.

Dealing with the new issues required a new organization. So, the NCPI went out of business at the end of 1993, and the new institute officially came into existence on Jan. 1.

One of the first things the institute is doing is expanding its 18-member staff, he said. Plans call for adding an engineer and a statistician in the near future.

The group's goals are tied directly to the insurer concerns that gave it birth. For example, the institute, which currently has more than 300 member companies, will put a special emphasis on educating underwriters on wind peril.

"For years, we've done an outstanding job in underwriting the fire risk, but you ask yourself if have we given the wind risk the same consideration, and the an-

**As the 1980s ended, it became apparent to Mr. Lecomte that the NCPI's mission would have to change.**

swer is no," Mr. Lecomte said.

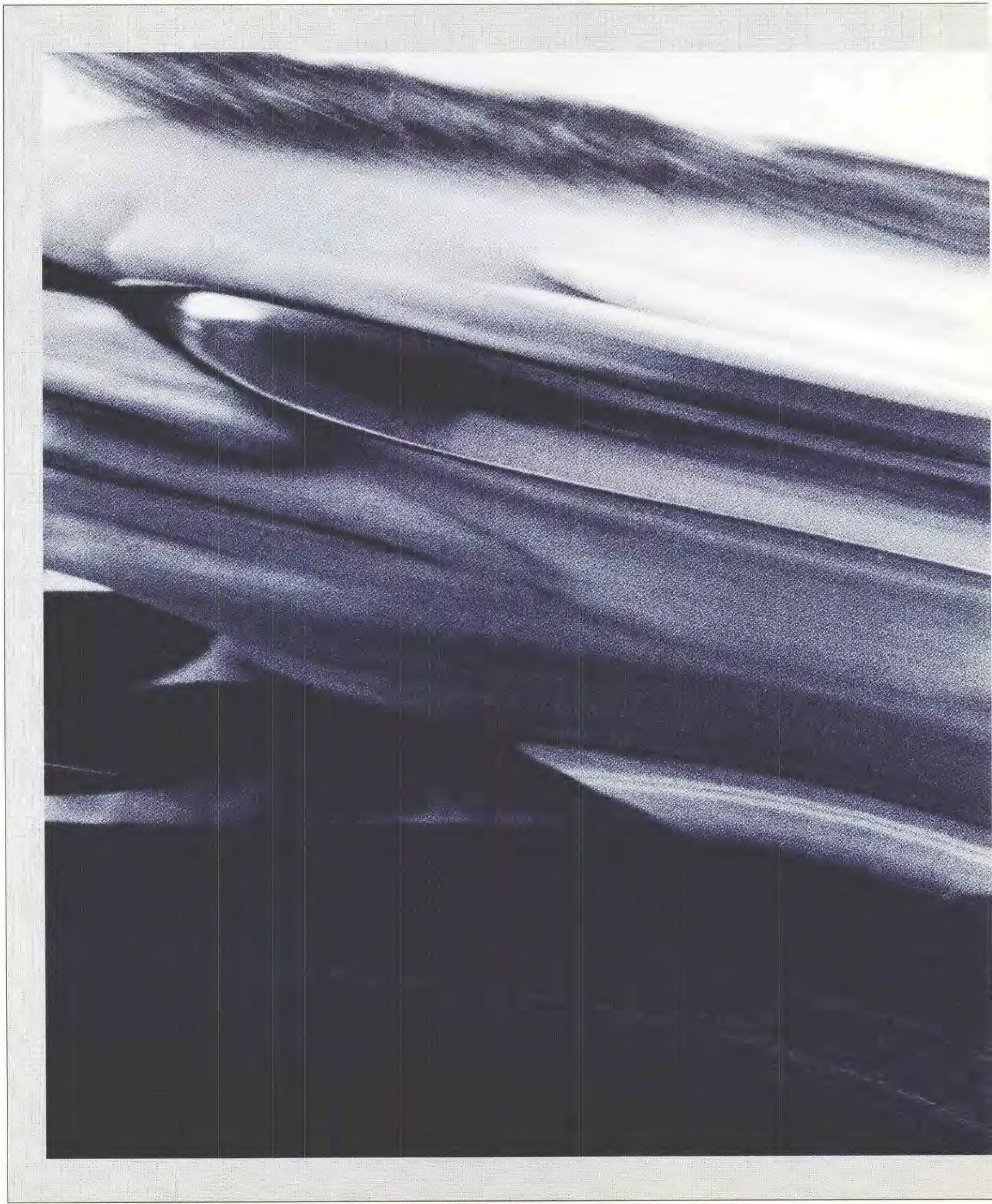
On June 17, the institute will hold its first annual Congress in Boston and will focus on Wind-Rite, a new automated underwriting product (see related story). The program, which was developed in conjunction with Texas Tech University in Lubbock, takes information gathered during the field inspection of a structure and translates it into an individualized wind damageability rating.

The new underwriting tool was described late last month during a nationwide teleconference sponsored by the CPCU Society.

The institute is also looking into promoting more vigorous enforcement of building codes in areas likely to suffer from catastrophic damage.

That attention extends to building materials, Mr. Lecomte pointed out. For example, the institute has formed a roofing committee to look into exposure of shingles to hail and wind. The committee also plans to examine wood shake shingles' exposure to wildfires.

The benefits of retrofitting residential and commercial properties from wind and earthquake standpoints also interest the institute, he said. **BI**



*Continued from previous page*

Part of the reason for the disparity stems from the nature of the tools available to underwriters dealing with the two perils, Mr. Cheshire said. For example, a fire underwriter can rely on industry-recognized fire ratings, specific data on fire walls, fire doors and fire retardants, engineering surveys and an array of other information sources. Wind underwriters must often be content with maps and copies of building codes, which themselves are dependent on enforcement.

The insurance industry's role is to develop wind peril loss data that will let underwriters "equitably and appropriately price individual risks," he said.

That's where the Wind-Rite expert system comes in. Richard E. Hughey, manager of engineering for ISO Commercial Risk Services Inc. in Parsippany, N.J., walked telecon-

ference participants through the Wind-Rite questionnaire to show the types of data it evaluates.

For example, the underwriter is asked 11 questions dealing with the building's roof. These include such things as whether gravel on the roof is smaller than one inch in diameter; what the roof's geometry is, such as flat, gabled, mansard or hip; whether mechanical devices such as air conditioning units are on the roof; and roof covering's age.

The program seeks answers to similar sets of questions regarding the general environment in which the building is located, its walls, its framework and other considerations. The building is also assigned a category based on the nature of its construction, ranging from 1 for high-rise to 8 for non-engineered structure.

The final classification is numerical. Each classification encompasses

several grades on a 1-to-10 scale, with 1 being the best risk. For example, high-rises could rate from 1 to 4, reinforced concrete from 2 to 5 and non-engineered from 5 to 10.

The example used in the teleconference, a 10-story high-rise, ended up with a classification of slightly less than 3, which rated it "fair" in the high-rise category.

J. Wesley Ooms, president of the CPCU Society and assistant vp of State Farm Fire & Casualty Co. in Bloomington, Ill., moderated the teleconference. It was the Malvern, Pa.-based CPCU Society's sixth teleconference and was viewed at more than 30 sites across the country. It originated at the studios of the U.S. Chamber of Commerce in Washington.

For more information about Wind-Rite, contact the Insurance Institute for Property Loss Reduction at 617-722-0200, ext. 411. ■

# Technology simplifies critical maintenance

## CT scans help assess mechanical risks

By SARA MARLEY

**C**omputed tomography represents the next generation of non-invasive diagnostic testing of industrial equipment.

Non-invasive testing allows safety managers and other officials to scan a piece of heavy machinery for leaks, wear and tear, and other flaws, allowing them to repair or replace the machinery and reduce the likelihood of an

explosion, fire or other type of property loss.

Similar to medical CT scans, computed tomography creates a three-dimensional, digitized image of machinery that is more detailed than those created by other methods of non-destructive examination, explained Klaus Ullmann, president of Arkwright Technical Services Inc., a unit of Waltham, Mass.-based Arkwright Mutual Insurance Co.

The image, which results from placing an object between a controlled, gamma radiation source and a detector system, can be viewed immediately.

CT saves time over other techniques because the equipment does not need to be shut down in some circumstances, he said. Other methods of non-destructive examination—including X-ray, eddy current, ultrasound, magnetic particle and visual inspection—may require that the equipment or the entire plant be shut down, insulation removed and surface areas specially prepared. And, lengthy interpretation of the test results is sometimes necessary.

**CT 'is much more accurate and a lot less expensive' than X-rays, says RHH's Mike Tuman.**

Even when a shutdown is necessary, CT reduces downtime because insulation does not have to be removed and the plant does not have to cool down.

For example, assessing the high-energy piping of a 600-megawatt electric power plant using CT can reduce costs by 35% and shutdown time by 40%, Mr. Ullmann said.

"It's a great idea. I see a lot of applications for it," said Mike Tuman, an engineer and vp of Rollins Hudig Hall Group Inc. in Chicago.

CT will be most effective when a baseline can be created before piping begins to erode, Mr. Tuman said. After that, insulation may still need to be removed in order to determine the extent of corrosion.

Still, the technology "is much more accurate and a lot less expensive," than X-rays, in which inspectors have to take more precautions and film must be developed, Mr. Tuman said.

However, CT will not necessarily replace X-rays, which may be more powerful and therefore show the inside of piping more accurately, he added. CT is simply "a better indicator of pits, corrosion and pockmarks on the surface," Mr. Tuman said.

In its industrial applications, CT is often used to evaluate: high-pressure steam piping; boiler components, like nozzles and tubes; electrical equipment, like motors and generators; mechanical equipment, like steam and gas turbines; and infrastructure, like bridges and railroad track.

Those applications dovetail

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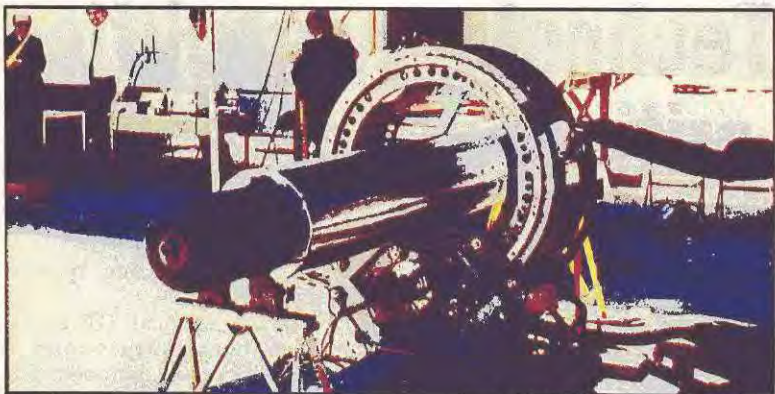


Photo: Arkwright Technical Services Inc.

**CT scanners can be used on heavy equipment.**

## CT scans

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 with Arkwright's niche as a highly protected risk property insurer focusing on heavy industry like electrical utilities, paper and pulp manufacturers, chemical companies and the primary metal industry.

Competition in the insurance market is forcing HPR insurers like Arkwright to offer more technologically inventive services to policyholders, Mr. Ullmann said.

"Things have changed in the in-

dustrial marketplace, and we feel very strongly that we have to change with that marketplace," he said. "We have to look at what is critical in order to be a viable partner for industry, not just as underwriter. We have to change our ways and how we assess risk."

Last year, Arkwright became the first insurer to use computed tomography when it purchased Integrated Diagnostic Measurement Corp., which owns the patent on the technology (BI, Sept. 27, 1993).

Just as Arkwright is facing competitive challenges to its indus-

trial book of business, the industries it serves are also vying for survival. Mr. Ullmann believes that advanced loss control technology like computed tomography can help them.

For example, recent changes in federal law removed electric utilities' geographic monopolies and increased competition. Arkwright insures about 14% of the total U.S. electric generating capacity of 780,000 megawatts, Mr. Ullmann said.

Those changes in the law led to a rise in independent power producers, which have access to existing distribution and transmission grids but often have only one facility for generating power. If that facility is shut down for inspection, "the revenue stream has stopped," he noted.

The newly competitive environment has forced utilities to re-examine their maintenance and operating costs, which is their largest expenditure after capital investments, Mr. Ullmann said. "This has brought about a change in the maintenance philosophy of some of the largest electric utilities today and it will bring about a change in industry in general in

**'We have to look at what is critical in order to be a viable partner for industry,' says Klaus Ullmann.**

the future."

The industry has shifted from scheduled, preventive maintenance to condition-based maintenance, he noted.

In the past, utilities have scheduled maintenance based on performance, design, necessity—and guesswork. While shutting down a piece of equipment every two years, dismantling and inspecting it may prevent accidents, "what I do not know is whether the two years is much too much or just nearly enough because I have made an arbitrary decision," he said.

"If I go to condition-based maintenance, I will have to survey that piece of equipment with diagnostic tools to measure its efficiency and its slow degradation. I can determine far better what the ideal time is to shut that piece of equipment down and overhaul it."

CT allows plant operators to determine diagnostically what type of maintenance their equipment will need and when. An initial scan creates a baseline and follow-ups reveal degradation that has occurred since the initial scan. Managers then can gauge when equipment will need maintenance or replacement.

Objects up to 32 inches in diameter and 6 feet high can be placed in Arkwright's stationary scanner in Texas. Immovable equipment like pipes can be inspected using a wrap-around mobile unit.

The mobile unit weighs 3,500 pounds, making it difficult to maneuver in some plants, Mr. Ullmann said. However, he believes that its weight can eventually be reduced to 500 pounds and that the unit can be robotically manipulated.

Rays produced by a CT unit move through the object being analyzed one slice at a time, which the computer compiles to reconstruct the object on screen. CT must be performed on each object at 180-degree angles to pinpoint a fault in the machine. **BI**

A V I A T I O N P R O D U C T S L I A B I L I T Y

### COMPANY FORCED TO LIQUIDATE IN ORDER TO COVER COST OF NUT.



.....  
 AN ENGINE ON AN AIRLINE'S TEST STAND BURST INTO A \$1,000,000 FIRE. CAUSE: A DEFECTIVE NUT IN A FUEL NOZZLE. THE NUT MANUFACTURER WAS UNINSURED, AND HAD TO SELL THE BUSINESS TO PAY THE JUDGMENT. IT'S AN EXPENSIVE FALLACY TO THINK THAT BY HAVING LITTLE-TO-NO INVOLVEMENT WITH AVIATION, OR BY BEING CONSCIENTIOUS, OR BY HAVING NOTHING TO DO AT ALL WITH MANUFACTURING AIRCRAFT YOU WILL HAVE NO EXPOSURE TO

.....  
 AVIATION PRODUCTS LIABILITY CLAIMS. AAU KNOWS THE RISKS YOU FACE AND HOW TO PROTECT YOU BY EXPERT UNDERWRITING, LOSS PREVENTION PLANS, RESOURCEFUL LEGAL AND CLAIMS SUPPORT. IN SHORT, THE RIGHT INSURANCE WITH THE RIGHT PEOPLE. ASSOCIATED AVIATION UNDERWRITERS. YOU DON'T HAVE TO BUILD AIRPLANES TO NEED AVIATION PRODUCTS LIABILITY PROTECTION.

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THE SECOND ANNUAL

# Business Insurance®

## WORKERS COMPENSATION CONFERENCE



Presented by Business Insurance and  
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**OCTOBER 19-21, 1994**  
*Loews Coronado Bay Hotel, San Diego, California*

### COMMENTS FROM SOME OF LAST YEAR'S ATTENDEES:

*"Consistently good speakers—educating and entertaining—made the conference valuable and palatable."*

Mary Dymond  
Risk Manager  
ACX Technologies

*"The conference was an excellent forum for gathering ideas and networking. It was well run. I'm glad I came."*

K. Mildenhall  
Workers Compensation Product Manager  
USF&G Corp.

*"A high-powered conference with dynamic and informative presentation. An excellent opportunity to network with other workers' compensation professionals."*

Paul Yontz  
Employee Safety Coordinator  
City of Glendale, Arizona

*"The conference was great! The facility was beautiful. I received a lot of information that will be valuable once applied."*

Sharon Vansant  
Claims Administrator  
Bergen Brunswig

### WHO SHOULD ATTEND:

Risk managers, employee benefit managers, safety managers, insurers, claims administrators, workers compensation and loss control specialists, consultants, lawyers and providers from a broad range of companies and organizations involved in workers compensation.

### PRELIMINARY PROGRAM

#### WEDNESDAY, OCTOBER 19, 1994

- EARLY REGISTRATION & WELCOME RECEPTION  
*Hosted by Commonwealth Risk Services, Inc.*

#### THURSDAY, OCTOBER 20, 1994

- THE STATE OF HEALTH CARE REFORM: WHAT ARE THE IMPLICATIONS FOR WORKERS COMPENSATION?
- DISABILITY MANAGEMENT
- Luncheon for Speakers and Attendees  
*Hosted by United Healthcare Corporation*
- ▶ LUNCHEON SPEAKER  
Allen Iampaglia, *Risk Manager*, City of Glendale, Arizona  
Mr. Iampaglia has been exploring how work attitudes among employees has a direct effect on whether or not they have job-related accidents. He will present his findings on how a small percentage of his city's employees are responsible for the majority of workers compensation and health care claims.
- EMPLOYER CASE STUDIES
  - ▶ In-house case management
  - ▶ Handling carpal tunnel syndrome cases
  - ▶ Loss prevention case study
- Q&A ON CASE STUDIES
- FINANCING ALTERNATIVES FOR WORKERS COMPENSATION: HOW TO EVALUATE AND DECIDE WHICH FINANCING METHOD IS RIGHT FOR YOUR COMPANY
- RECEPTION

#### FRIDAY, OCTOBER 21, 1994

- HOW TO DEAL WITH CONTESTED CLAIMS
- ESTABLISHING AND MANAGING THE CLAIMS AUDIT PROCESS
- LUNCHEON SPEAKER
- APPLYING TOTAL QUALITY MANAGEMENT TO WORKERS COMPENSATION: UTILIZING BENCHMARKING TO STREAMLINE THE WORKERS COMPENSATION PROCESS
  - ▶ How to identify which areas to benchmark
  - ▶ How to make comparisons: Identifying companies with similar risk profile and case management practices
  - ▶ Treatment of data

### ACCREDITATION

IBF • International Business Forum is registered with the California Insurance Board as a course provider.

### CONFERENCE CHAIRMEN

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Title \_\_\_\_\_

Company \_\_\_\_\_

Address \_\_\_\_\_

City/State/Zip \_\_\_\_\_

Telephone No. (\_\_\_\_\_) \_\_\_\_\_

Fax No. (\_\_\_\_\_) \_\_\_\_\_

- Please forward information on table-top exhibits

# Annual directory of property loss control consultants

A

**AIG Consultants Inc.**

72 Wall St., 9th Floor, New York, N.Y. 10270; 212-770-3653; fax: 212-785-8287

1993 Revenues	
Total gross revenues	\$24,000,000
Loss control/engineering	10%
Other	90%
Includes: insurance	
Staff	
Total	170
Professionals	40
Includes: 7 ARMs, 4 ALCMs, 30 ASCEs, 28 ASSEs, 21 CSPs, 12 PEs, 30 SFPEs	
Loss control services since: 1970.	

**Parent:** American International Group Inc.

**Frequent services:** Onsite plant loss prevention inspections, fire prevention inspections, plant security inspections, hazard identification, building plan reviews, real estate purchase/sale property surveys.

**Occasional services:** Publications, client training.

**Region served:** Nationwide.

**Offices:** Los Angeles, San Francisco and San Jose, Calif.; Denver, Washington; Tampa, Fla.; Atlanta; Honolulu; Chicago; Boston; Detroit; St. Louis; Parsippany, N.J.; Jericho, New York and Syracuse, N.Y.; Charlotte, N.C.; Cleveland; Portland, Ore.; Philadelphia; Dallas; Houston; Seattle; Montreal, Toronto and Vancouver, Canada.

**Officers:** Arnold Goldberg, president; Jack Leonard, Robert Blaunstein, Leon Busiello, Charles Benda, vps.

**Contact:** Leon Busiello.

**Alexander & Alexander National Risk Control Division**

5051 Westheimer, Suite 2100, Houston, Texas 77056-5604; 713-960-8700; fax: 713-624-5980

Staff	
Total	140
Professionals	40
Includes: 28 ARMs, 2 ALCMs, 20 ASSEs, 43 CSPs, 18 PEs, 19 SFPEs	
Clients	
Total	600

**Loss control services since:** 1960.

**Parent:** Alexander & Alexander Services Inc.

**Frequent services:** Onsite plant loss prevention surveys, fire prevention surveys, hazard identification, building plan reviews, business interruption ex-

posure analysis, property loss potential analysis.

**Occasional services:** Plant security surveys, research, client training.

**Specialties:** Energy and petrochemical, electric and natural gas utilities, heavy industrial, transportation, agricultural services.

**Region served:** International.

**Offices:** Phoenix; Costa Mesa, Los Angeles and San Francisco, Calif.; Denver; Miami and Tampa, Fla.; Atlanta; Honolulu; Chicago; Louisville, Ky.; Alexandria and Shreveport, La.; Baltimore; Boston; Detroit, Grand Rapids, Livonia and Saginaw, Mich.; Minneapolis; Kansas City and St. Louis, Mo.; Lincoln and Omaha, Neb.; Lyndhurst, N.J.; Albuquerque, N.M.; Melville, New York and Utica, N.Y.; Winston-Salem, N.C.; Philadelphia; Pittsburgh; Nashville, Tenn.; Dallas, McAllen and San Antonio, Texas; Seattle; Green Bay, Wis.

**Officers:** Don Murray, RMD operations director; Tom Ascherman, direc-

tor-national risk control; John Piligno-eastern regional manager; Bill Zersen, western regional manager.

**Contact:** John McNamee, risk control manager.

**American Risk Managers Inc.**

P.O. Drawer 789, Suite 3, Sanderson Building, Hamilton, Ala. 35570; 800-548-0117; fax: 205-921-3146

1993 Revenues	
Loss control/engineering	15%
Other	85%
Includes: self-insurance feasibility studies	
Staff	
Total	12
Professionals	2
Includes: ARMs	
Clients	
Total	25

**Loss control services since:** 1979.

**Frequent services:** Onsite plant loss prevention inspections, fire prevention inspections, plant security inspections, hazard identification, building plan reviews, publications, research, client training.

**Region served:** Alabama, Georgia, Louisiana, Mississippi, Tennessee, Texas.

**Officers:** Walter D. Haney, chairman; Walter D. Haney Jr., president; Ginny Hughett, vp.

**Contact:** Walter D. Haney.

**American Risk Protection Consultants**

1 Executive Drive, Fort Lee, N.J. 07024; 201-592-7100; fax: 201-592-7859

1993 Revenues	
Total gross revenues	\$8,100,000
Loss control/engineering	60%
Other	40%
Includes: safety, ergonomics, workers compensation injury management, industrial hygiene, engineering support for captives	
Staff	
Total	103
Professionals	78
Includes: 2 ARMs, 3 CSPs, 12 PEs, 43 SFPEs	
Clients	
Total	181

**Loss control services since:** 1958.

**Parent:** American Risk Group Inc.

**Frequent services:** Onsite plant loss prevention inspections, fire prevention inspections, plant security inspections, hazard identification, building plan reviews, research, client training, business continuation planning, natural hazards exposure analysis, infrared thermographic services, boiler and machinery jurisdictional inspections, hazardous chemicals and chemical process safety reviews, property loss control program development.

**Occasional services:** Publications.

**Specialties:** Chemical and petrochemical, food and grain, pulp and paper, wood products, electro-power (nuclear, fossil, and hydro), mining and metals, pharmaceuticals, commercial real estate, diverse manufacturing industries.

**Region served:** International.

**Offices:** Castroville and San Francisco, Calif.; Wilmington, Del.; Atlanta; Roselle, Ill.; Prairie Village, Kan.; Louisville, Ky.; West Brookfield, Mass.; Plymouth, Mich.; Minneapolis; St. Louis; Somerville, N.J.; Cleveland; Livingston, Tenn.; Arlington and Freeport, Texas; Africa; Asia; Australia; Canada; Europe.

**Officers:** William F. Ramonas, president; J.S. Armstrong, vp-infrared/boiler & machinery; Richard Bolmen, vp-safety; Melvyn Musson, vp-business continuation planning; Robert Page, vp-fire protection; Joseph Talbert, William McClymont, regional managers.

**Contact:** William F. Ramonas.

**Anti Fire, P.E. Phillips & Associates**

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

1993 Revenues	
Loss control/engineering	30%
Other	70%
Includes: legal services, fire protection consulting	

Continued on next page

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Swett & Crawford  
Swett Insurance Managers**

3699 Wilshire Boulevard  
Los Angeles, CA 90010  
(213) 251-1200

Continued from previous page

**Staff**

Professionals .....1  
Includes: 1 CSP, 1 PE, 1 SFPE

**Loss control services since:** 1974.

**Frequent services:** Onsite plant loss prevention inspections, fire prevention inspections, building plan reviews, legal services, fire protection systems or detection.

**Occasional services:** Hazard identification, publications, research, client training.

**Specialties:** Consulting services for lawyers and other legal interests after the fact.

**Region served:** International.

**Officers:** Patrick E. Phillips, senior fire protection consultant.

**Aon Insurance Management of Texas Inc.**

14135 Midway Road, Suite 300,  
Dallas, Texas 75244; 214-392-9457;  
fax: 214-386-8081

**Staff**

Total .....2  
Professionals .....2  
Includes: ARMs, ALCMs

**Clients**

Total .....200

**Loss control services since:** 1992.

**Parent:** Aon Corp.

**Frequent services:** Onsite plant loss prevention inspections, fire prevention inspections, plant security inspections, hazard identification, client training.

**Occasional services:** Publications, research.

**Region served:** International.

**Officers:** John Toi, chief executive officer; Jim Gresham, chief operating officer; Wes Brubaker, senior vp.

**Contact:** Wes Brubaker.

Continued on next page

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## How to interpret directory of consultants

The eighth annual *Business Insurance* directory of property loss control consultants and engineers lists companies that provide property loss control services on an unbundled basis to organizations directly utilizing the service; consultants that provide these services only in conjunction with other services, such as brokering insurance, are not listed in this directory.

Listings begin with the name, address, telephone and fax number of each company. When reported by the company, 1993 gross revenues are provided along with the percent earned from property loss control consulting.

Information on staff members at year-end 1993, including professionals assigned to property loss control consulting and engineering services and some of their professional designations are provided. The full name of professional designations abbreviated under staff are included below.

Next, the total number of property loss control consulting and engineering clients appears, followed by the year loss control services began and parent company (if any).

Details on frequent and occasional loss control services 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 provided. Names and titles of **principal officers** follow. For readers wanting more information on the company, a **contact** person is provided.

*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 listings' staff heading:

**ALCM** is Associate in Loss Control Management; **ARM** is Associate in Risk Management; **ASCE** is member, American Society of Civil Engineers; **ASSE** is member, American Society of Safety Engineers; **CSP** is Certified Safety Professional; **PE** is Professional Engineer; **SFPE** is member, Society of Fire Protection Engineers.

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**Spotlight report**

*Continued from previous page*

**Applied Risk Control Corp.**  
The Mill at Nyack, 15 N. Mill St., Nyack, N.Y. 10960; 914-365-2444; fax: 914-365-2478

<b>1993 Revenues</b>	
Loss control/engineering.....	95%
Other.....	5%
Includes: training programs, articles	

<b>Staff</b>	
Total.....	12
Professionals.....	10
Includes: 1 ARM, 1 CSP, 1 PE	

<b>Clients</b>	
Total.....	16

**Loss control services since:** 1985.  
**Frequent services:** Onsite plant loss prevention inspections, fire prevention inspections, plant security inspections, hazard identification, building plan reviews, publications, research, client training, flow test reviews, sprinkler coverage determination.  
**Region served:** International.  
**Offices:** Los Angeles; Atlanta; Chicago.  
**Officers:** Harry P. Mirijanian, president.

**Axia Services Inc.**  
151 Farmington Ave., W101, Hartford, Conn. 06084; 203-683-3624; fax: 203-683-3746

<b>1993 Revenues</b>	
Total gross revenues.....	\$200,000,000
Loss control/engineering.....	15%
Other.....	85%
Includes: workers comp and similar casualty services	

<b>Staff</b>	
Total.....	350
Professionals.....	65
Includes: 10 ARMs, 17 ALCMs, 18 ASCEs, 1 ASSE, 15 CSPs, 5 PEs, 8 SFPEs	

<b>Clients</b>	
Total.....	90

**Loss control services since:** 1972.  
**Parent:** Aetna Life & Casualty Co.  
**Services:** Onsite plant loss prevention inspections, fire prevention inspections, plant security inspections, hazard identification, building plan reviews, publications, client training, sprinkler system testing and evaluation, water supply evaluation, property audit/program consultation, building appraisals.  
**Region served:** Nationwide.  
**Offices:** 45 locations nationwide.  
**Officers:** Stephen M. Mulready, president; James D. Matthews, vp-loss control.  
**Contact:** Joseph Labetti or Anthony Maleski.

**B**

**Biehl Engineering Inc.**  
N66 W12659 Ravine Drive, Menomonee Falls, Wis. 53051-5260; 414-251-8251; fax: 414-251-8251

<b>1993 Revenues</b>	
Loss control/engineering.....	50%
Other.....	50%
Includes: building design	

<b>Staff</b>	
Total.....	4
Professionals.....	2
Includes: 1 ASCE, 1 ASSE, 1 CSP, 2 PEs	

<b>Clients</b>	
Total.....	50

**Loss control services since:** 1964.  
**Frequent services:** Hazard identification, building plan reviews, forensic testimony and technical reconstruction/reports.  
**Occasional services:** Onsite plant loss prevention inspections, fire prevention inspections, plant security inspections, research, client training.  
**Region served:** Nationwide.  
**Officers:** Steven F. Biehl, Francis W. Biehl.

**B. Gawain Bonner**  
Route 3, Box 458, Huntsville, Texas 77340; 409-594-3804

<b>Staff</b>	
Total.....	1
Professionals.....	1
Includes: 1 ASSE, 1 CSP, 1 PE	

**Loss control services since:** 1986.  
**Occasional services:** Onsite plant loss prevention inspections, hazard identification, building plan reviews.

**Specialties:** Manufacturing.  
**Region served:** Nationwide.  
**Officers:** B. Gawain Bonner, principal.

**Gregory B. Bragg & Associates Inc.**  
1 Sierragate Plaza, Suite 100B, Roseville, Calif. 95678; 800-422-7244; fax: 916-783-0338

<b>1993 Revenues</b>	
Total gross revenues.....	\$2,800,000
Loss control/engineering.....	5%
Other.....	95%
Includes: risk management, risk control, claims management	

<b>Staff</b>	
Total.....	55
Professionals.....	2
Includes: 2 ARMs, 1 ALCM, 2 ASSEs, 1 CSP, 2 PEs	

<b>Clients</b>	
Total.....	73

**Loss control services since:** 1986.  
**Frequent services:** Onsite plant loss

prevention inspections, fire prevention inspections, hazard identification, research, client training.

**Occasional services:** Plant security inspections, publications.  
**Specialties:** Public agencies, construction, manufacturing.  
**Region served:** Western United States.  
**Offices:** Chico, Fairfield, Redding, Sacramento, Stockton and Walnut Creek, Calif.  
**Officers:** Gregory B. Bragg, president; Lee Collins, vp/secretary; Jeff Kimball, CFO.  
**Contact:** Jack Kastorff, 4811 Chipendale Drive, Suite 705, Sacramento, Calif. 95841, 800-747-5847.

**Frank J. Breitsameter**  
1005 E. Cardinal Lane, Mount Prospect, Ill. 60056; 708-259-8304

<b>Staff</b>	
Total.....	1
Includes: 1 ASSE, 1 PE	

**Loss control services since:** 1982.

**Frequent services:** Hazard identification, forensic safety consulting, accident investigation, expert witness.

**Occasional services:** Client training.  
**Region served:** Nationwide.  
**Officers:** Frank J. Breitsameter, consulting safety engineer.

**Morley Brickman & Associates Ltd.**  
9221 Drake Ave., Suite 410, Evanston, Ill. 60203-1626; 708-674-2664; fax: 708-674-0096

<b>1993 Revenues</b>	
Loss control/engineering.....	1%
Other.....	99%
Includes: forensics	

<b>Staff</b>	
Total.....	1
Includes: 1 ASSE, 1 PE	

**Loss control services since:** 1986.  
**Occasional services:** Onsite plant loss prevention inspections, hazard identification, client training.

**Region served:** Nationwide.  
**Officers:** Morley Brickman, president.

**British Safety Council**  
70 Chancellors Road, Hammersmith, London, England W6 9RS; 44-81-741-2131; fax: 44-81-741-4555

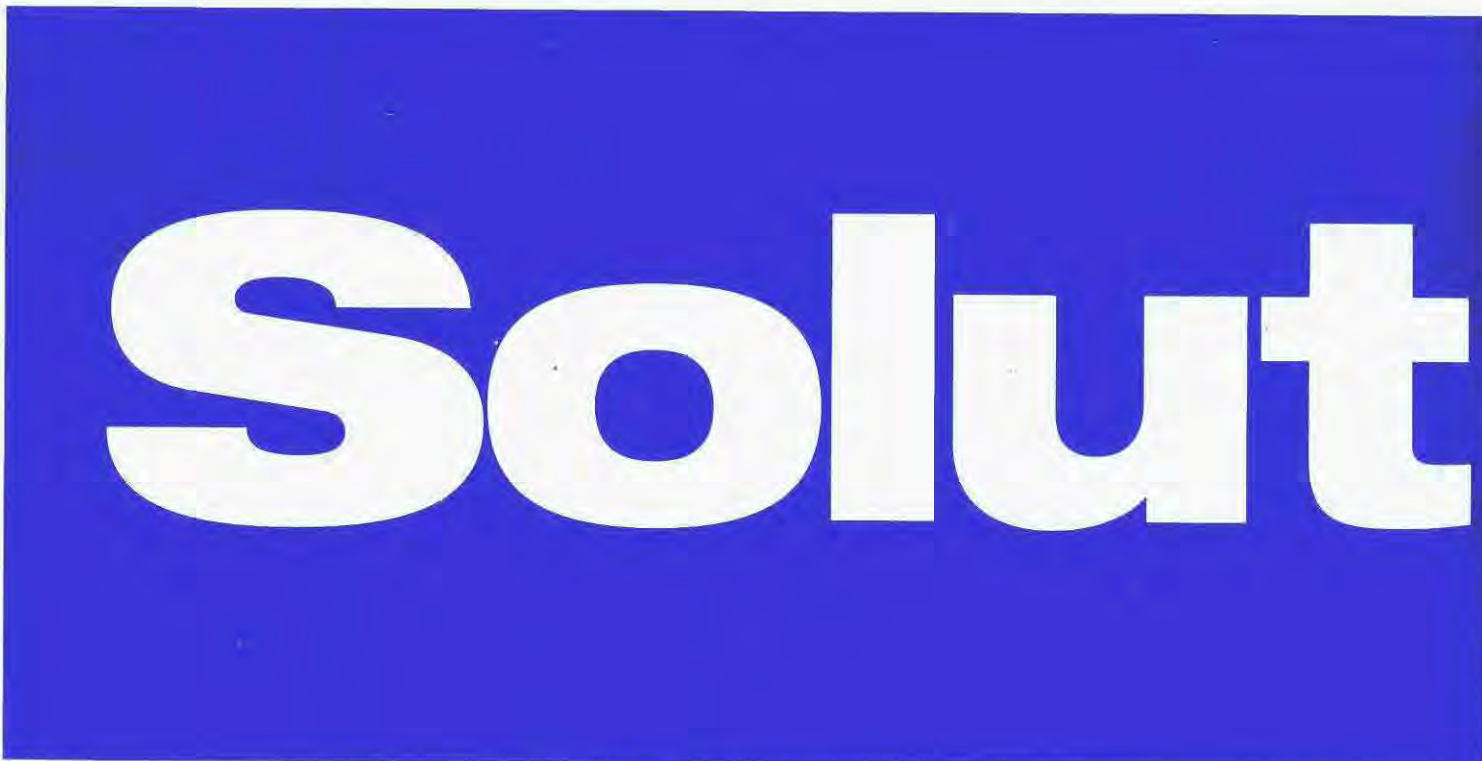
<b>1993 Revenues</b>	
Total gross revenues.....	\$9,000,000
Loss control/engineering.....	30%
Other.....	70%

<b>Staff</b>	
Total.....	120
Professionals.....	12
Includes: 2 ASSEs	

**Loss control services since:** 1957.  
**Frequent services:** Onsite plant loss prevention inspections, fire prevention inspections, hazard identification, publications, research, client training, safety performance audits.  
**Region served:** 27 countries.  
**Officers:** James Tye, director general; J. Brett; Tony Allen.  
**Contact:** James Tye.

*Continued on next page*

*The Alexis Philosophy – No. 1 in a series:*



**More, much more, than**

Continued from previous page

**Ken Buhler Associates Inc.**

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

<b>1993 Revenues</b>	
Loss control/engineering.....	99%
Other.....	1%
<b>Staff</b>	
Total.....	5
Professionals.....	4
Includes: 1 ASSE, 2 PEs, 1 SFPE	

**Loss control services since:** 1976.

**Frequent services:** Onsite plant loss prevention inspections, fire prevention inspections, plant security inspections, hazard identification, building plan reviews, client training, sprinkler system design and analysis, building appraisal.

**Occasional services:** Publications, research.

**Specialties:** Electronics, roll paper, warehouses.

**Region served:** International.

**Officers:** Kenneth Buhler, president; Randy Buhler, Sandy Reikin, vps.  
**Contact:** Kenneth Buhler.

**C**

**Chubb Services Corp.**

25 Independence Blvd., Warren,  
N.J. 07059; 908-903-7176;  
fax: 908-903-7187

<b>Staff</b>	
Total.....	60
Professionals.....	8
Includes: ARMs, CSPs, PEs, SFPEs	

**Loss control services since:** 1991.

**Parent:** Chubb & Son Inc.

**Frequent services:** Onsite plant loss prevention inspections, fire prevention inspections, hazard identification, client training, property conservation programs.

**Occasional services:** Plant security inspections, building plan reviews, infrared thermography.

**Specialties:** Electronics, printers, metal workers, warehousing and distribution, manufacturers.

**Region served:** Nationwide.

**Offices:** Los Angeles and San Jose, Calif.; Atlanta; Chicago; Louisville, Ky.; Westborough, Mass.; Murray Hill, N.J.; Harrisburg, Pa.

**Officers:** Bob Felch, president; Sam Lee, vp-risk management services; Art Billington, vp-loss control services.

**Contact:** Art Billington or Sam Lee.

**CIGNA International Loss Control Services**

1601 Chestnut St., TLP 50,  
Philadelphia, Pa. 19192;  
215-761-1130; fax: 215-761-5486

<b>1993 Revenues</b>	
Loss control/engineering.....	15%
Other.....	85%
Includes: insurance related services	

<b>Staff</b>	
Total.....	125
Professionals.....	95
Includes: 3 ARMs, 7 ASSEs, 2 CSPs, 8 PEs, 25 SFPEs	

**Loss control services since:** 1910.  
**Parent:** CIGNA Inc.

**Frequent services:** Onsite plant loss prevention inspections, fire prevention inspections, hazard identification, building plan reviews, business interruption studies, fire loss potential estimates, computer aided drawings, computer building value estimations, pre-emergency planning training, customized recommendation prioritization programs.

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

**Specialties:** Large multinational business, U.S.-based business, manufacturing and service businesses.

**Region served:** International.

**Offices:** Southeast Asia; Australia; Canada; China; Europe; Japan; Latin America; United Kingdom; United States.

**Officers:** Richard S. Wnek, vp-loss control services.

**Conniffe & Co.**

P.O. Box 61020, Columbia, S.C.  
29260-1020; 800-820-9106;  
fax: 803-738-0130

<b>1993 Revenues</b>	
Total gross revenues.....	\$115,000
Loss control/engineering.....	100%
<b>Staff</b>	
Total.....	5
Professionals.....	3
Includes: 3 CSPs	

**Loss control services since:** 1991.  
**Frequent services:** Onsite plant loss prevention inspections, fire prevention inspections, hazard identification, client training, development and implementation of safety programs.

**Occasional services:** Plant security inspections, building plan reviews, publications, research.

**Region served:** North Carolina, South Carolina, southern Virginia.

**Officers:** George Conniffe, Randi Conniffe, owners.

**Construction Technology Laboratories Inc.**

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

<b>1993 Revenues</b>	
Total gross revenues.....	\$13,500,000
Loss control/engineering.....	32%
Other.....	68%
Includes: failure analysis, materials testing, structural engineering	

<b>Staff</b>	
Total.....	118
Professionals.....	77
Includes: 18 ASCEs, 40 PEs	

**Clients**

Total.....1,230

**Loss control services since:** 1987.  
**Parent:** Portland Cement Assn.

**Frequent services:** Onsite plant loss prevention inspections, fire prevention inspections, building plan reviews, client training, structural review, determination of loss.

**Region served:** International.

**Offices:** Seattle.  
**Officers:** John Fraczek, president; W. Gene Corley, vp.  
**Contact:** W. Gene Corley.

**Consultant Services Institute Inc.**

651 W. Mount Pleasant Ave.,  
Livingston, N.J. 07039; 201-992-3811;  
fax: 201-992-2727

<b>1993 Revenues</b>	
Loss control/engineering.....	20%
Other.....	80%
Includes: litigation support	

<b>Staff</b>	
Total.....	20
Professionals.....	20
Includes: 5 ASSEs, 8 CSPs, 12 PEs	

**Loss control services since:** 1969.  
**Region served:** International.

**Officers:** Richard M. Jacobs, president; James F. Korczak, engineering manager.  
**Contact:** Richard M. Jacobs or James F. Korczak.

**Crawford & Co.**

5620 Glenridge Drive N.E.,  
Atlanta, Ga. 30342; 404-256-0830;  
fax: 404-847-4127

<b>1993 Revenues</b>	
Total gross revenues.....	\$578,000,000
<b>Staff</b>	
Total.....	78
Professionals.....	12
Includes: 2 ARMs, 4 ALCMs, 5 ASCEs, 3 ASSEs, 5 CSPs, 5 PEs, 8 SFPEs	

**Clients**

Total.....210

**Loss control services since:** 1981.  
**Frequent services:** Onsite plant loss prevention inspections, fire prevention inspections, hazard identification, building plan reviews, publications, client training, fire suppression system design, fire alarm system design, probable maximum loss and maximum foreseeable loss studies, technical loss analysis.

**Occasional services:** Plant security inspections, research.

**Specialties:** Petrochemical, mining, electrical utilities, food processing, commercial property, hazardous material facilities.

**Region served:** International.

**Offices:** Lafayette and Long Beach, Calif.; Hartford, Conn.; Orlando, Fla.; Atlanta; Chicago; Detroit; St. Paul, Minn.; St. Louis; Clifton, N.J.; Winston-Salem, N.C.; Cleveland; Philadelphia; Dallas; Houston; Fairfax and Newport News, Va.; Seattle.



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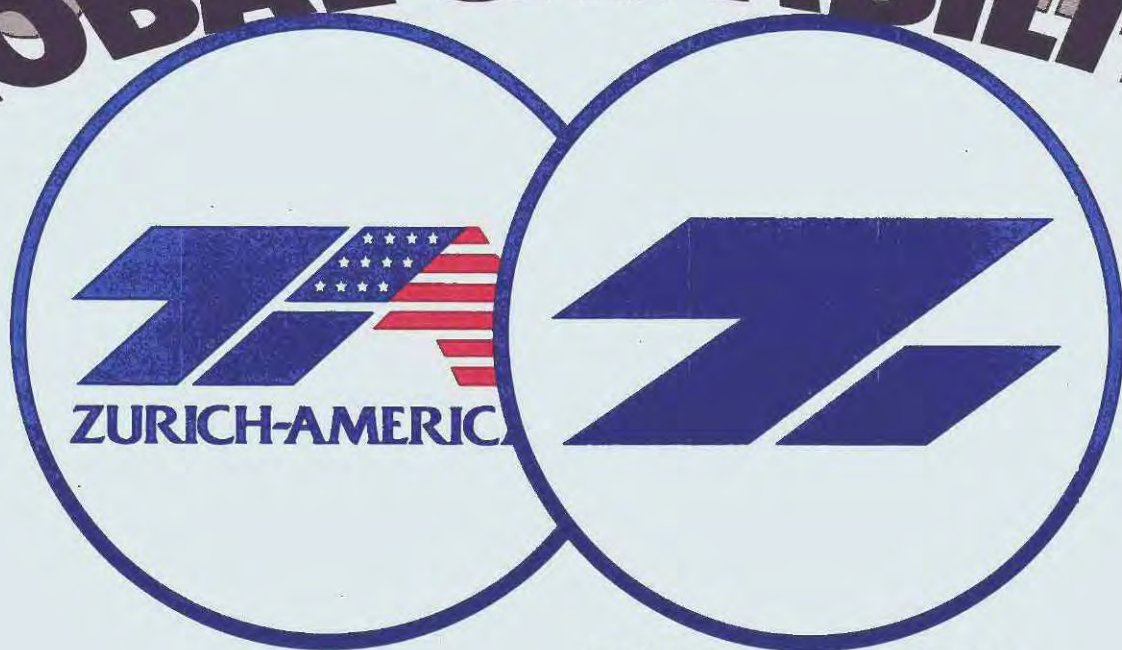
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**Spotlight report**

Continued from page 25

**Officers:** F.L. Minix, CEO; P.A. Bolinger, president; J.G. Sybert, vp.  
**Contact:** James G. Sybert.

**Cygan & Cygan  
Safety Consulting**

13423 De Mott Court, Warren,  
Mich. 48093; 810-757-2126

**Staff**

Total .....2  
Professionals .....1  
Includes: 1 ASSE, 1 CSP, 1 PE, 1 SFPE

**Loss control services since:** 1991.

**Frequent services:** Onsite plant loss prevention inspections, research, client training.

**Occasional services:** Fire prevention inspections, plant security inspections, hazard identification, building plan reviews, publications.

**Region served:** International.

**Officers:** Walt Cygan, president; Bev Cygan, secretary/treasurer.

**Staff**

Total .....250  
Professionals .....210  
Includes: 64 ASCEs, 77 PEs

**Clients**

Total .....300

**Loss control services since:** 1931.

**Frequent services:** Onsite plant loss prevention inspections, hazard identification, building plan reviews, publications, research, design building retrofit and equipment bracing to reduce earthquake loss.

**Occasional services:** Client training.

**Region served:** International.

**Officers:** Irvine, Calif.; St. Louis.

**Officers:** Peter Yanev, chairman; Douglas Frazier, president/CEO; Steven Hom, president-engineering/design; James Johnson, president-engineering consultants; Roy Kunar, managing director.

**Contact:** Elwood Smietana, vp/regional manager.

**Environmental Risk Ltd.**

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

**1993 Revenues**

Loss control/engineering .....30%  
Other .....70%

Includes: environmental site assessment, subsurface contamination investigations, groundwater/soil remediation, environmental compliance audits, air/water pollution and solid/hazardous waste permits and planning, cogeneration facility feasibility studies and licensing, air emission testing, aquatic toxicity testing

**Staff**

Total .....50  
Professionals .....40  
Includes: 4 PEs

**Clients**

Total .....300

**Loss control services since:** 1985.

**Frequent services:** Onsite plant loss prevention inspections, hazard identification, client training, pollution liability

insurance surveys, environmental compliance audits.

**Occasional services:** Building plan reviews, publications, research.

**Specialties:** Pollution liability insurance companies, financial institutions, real estate developers, energy facility developers, industrial corporations.

**Region served:** International.

**Officers:** Richard S. Atkins, David I. Brandwein, Gordon T. Brookman, Mitchell Wurmbrand, principals.

**Contact:** David I. Brandwein.

**Equifax Commercial  
Specialists**

P.O. Box 419215, Kansas City, Mo.  
64141-6215; 913-451-3222;  
fax: 913-451-3285

**1993 Revenues**

Total gross revenues .....\$40,000,000  
Loss control/engineering .....25%  
Other .....75%

**Staff**

Total .....351  
Includes: 31 ALCMs, 16 ASSEs, 18 CSPs

**Clients**

Total .....1,860

**Loss control services since:** 1952.

**Parent:** Equifax Inc.

**Frequent services:** Onsite plant loss prevention inspections, fire prevention inspections, hazard identification, commercial and high value residential property replacement cost valuations.

**Occasional services:** Plant security inspections, publications, client training.

**Region served:** Nationwide.

**Officers:** Birmingham, Ala.; Phoenix; Los Angeles, Sacramento, San Diego and San Francisco, Calif.; Denver; Hartford, Conn.; Miami and Orlando, Fla.; Atlanta; Chicago; Indianapolis; Des Moines, Iowa; Overland Park, Kan.; Louisville, Ky.; New Orleans; Baltimore; Boston; Lansing, Mich.; Minneapolis; Jackson, Miss.; St. Louis; Great Falls, Mont.; Manchester, N.H.; Totowa, N.J.; Albuquerque, N.M.; New York and Syracuse, N.Y.; Charlotte, N.C.; Williston, N.D.; Columbus, Ohio; Oklahoma City; Portland, Ore.; Harrisburg, Philadelphia, and Pittsburgh, Pa.; Columbia, S.C.

Continued on next page

**D**

**DNV Loss Control  
Management**

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

**1993 Revenues**

Loss control/engineering .....100%

**Staff**

Total .....65  
Professionals .....50  
Includes: 15 ALCMs, 25 ASSEs, 6 PEs

**Loss control services since:** 1974.

**Parent:** Det Norske Veritas.

**Frequent services:** Onsite plant loss prevention inspections, hazard identification, publications, research, client training, consulting, auditing.

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

**Specialties:** Manufacturing, mining, food processing, pharmaceutical.

**Region served:** International.

**Officers:** Houston; London; Paris; Frankfurt, Germany; Rotterdam, Netherlands; Oslo, Norway; Aberdeen, Scotland; Singapore; Stockholm, Sweden.

**Officers:** Per Olaf Brett, president; David McCollough, manager-finance/administration; Robert Arnold, manager-consulting services.

**Contact:** Susan Arnold, Bryan Robbins, Mike Clyde.

**Thomas F. Dalton, Ph.D.  
Consultant**

12 Jerrys Drive, Burlington, N.J. 08016;  
609-386-3788

**1993 Revenues**

Total gross revenues .....\$150,000  
Loss control/engineering .....35%  
Other .....65%  
Includes: hazardous materials spills supervision

**Staff**

Total .....2  
Professionals .....1  
Includes: 1 ASSE

**Clients**

Total .....20

**Loss control services since:** 1981.

**Frequent services:** Onsite plant loss prevention inspections; fire prevention inspections; plant security inspections; hazard identification; client training; compliance with OSHA, OPA '90, RCRA and TSCA.

**Occasional services:** Publications, research.

**Specialties:** Response contractors, marine and industrial petrochemical operations.

**Region served:** International.

**Officers:** Thomas F. Dalton, chairman.

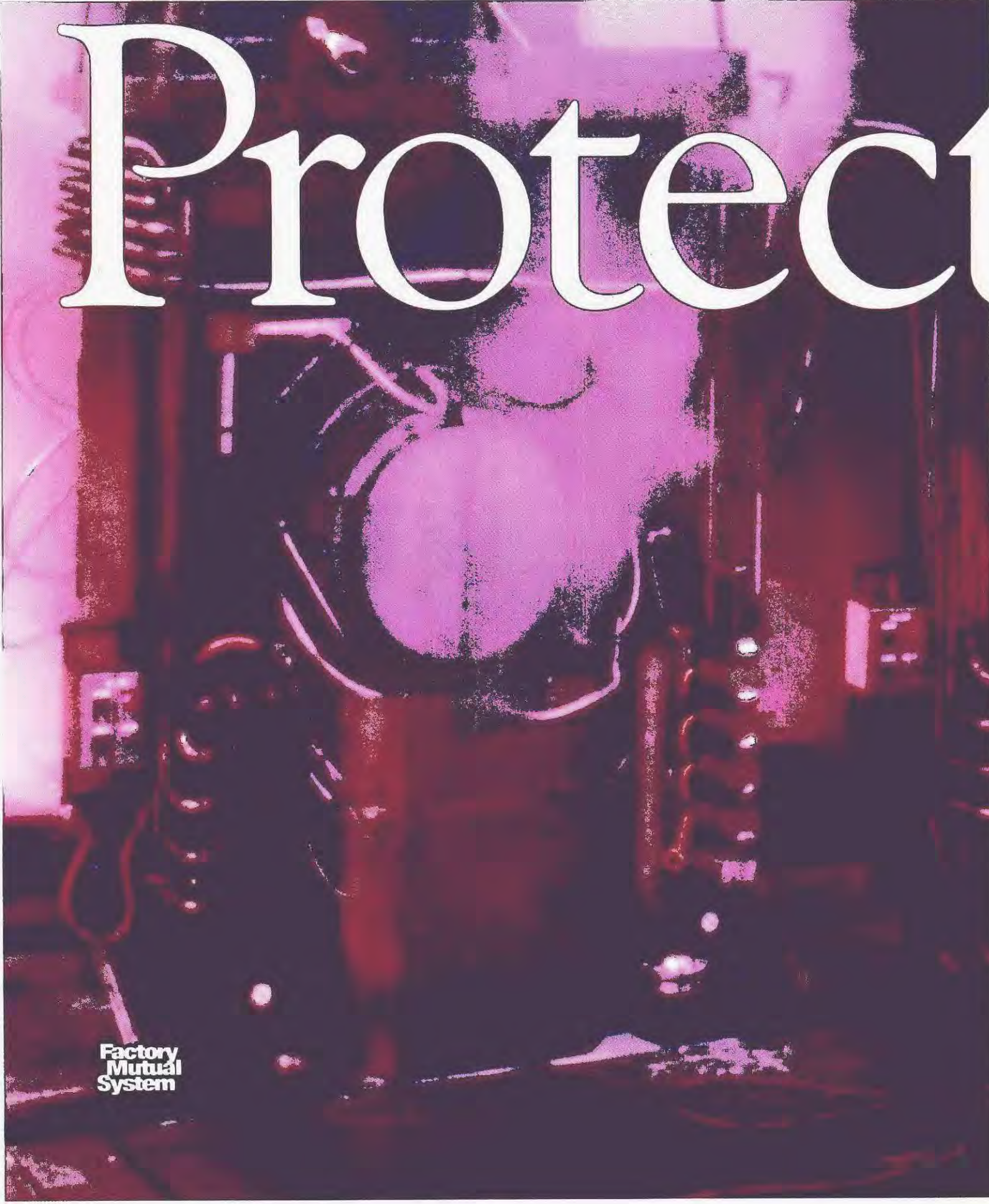
**E**

**EQE International Inc.**

44 Montgomery St., Suite 3200,  
San Francisco, Calif. 94104;  
415-989-2000; fax: 415-433-5107

**1993 Revenues**

Total gross revenues .....\$33,000,000  
Loss control/engineering .....42%  
Other .....58%



**Factory  
Mutual  
System**

*Continued from previous page*  
 Memphis and Nashville, Tenn.; Dallas, Houston and San Antonio, Texas; Salt Lake City; Richmond, Va.; Seattle; Milwaukee.

**Officers:** Tony O'Keefe, president; John Ruwart, Herb Schmack, Jim Zimmerman, Bill Thornton, regional vps.  
**Contact:** Dean Wisecarver or Pat Steece.

**Error Analysis Inc.**

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

1993 Revenues	
Total gross revenues	\$850,000
Loss control/engineering	100%
Staff	
Total	12
Professionals	9
Includes: 6 ASSEs, 3 CSPs, 1 PE	
Clients	
Total	50
Loss control services since: 1977.	

**Frequent services:** Onsite plant loss prevention inspections, hazard identification, research, client training, ergonomics, safety engineering.

**Occasional services:** Building plan reviews, publications.

**Region served:** International.  
**Offices:** Carlsbad and Los Angeles, Calif.

**Officers:** H. Harvey Cohen, president; Cindy A. LaRue, Alison G. Vredenburg, vps.

**Contact:** Linda Norris, office manager.

**ESIS Inc.**

1601 Chestnut St., Philadelphia, Pa. 19192; 215-761-6779; fax: 215-761-5476

Staff	
Total	435
Professionals	68
Includes: ARMs, ALCMs, ASCEs, ASSEs, CSPs, PEs, SFPEs	
Loss control services since: 1953.	
Parent: CIGNA Corp.	
Frequent services: Onsite plant loss prevention inspections, fire prevention	

inspections, hazard identification, building plan reviews, highly protected risks, pre-emergency planning, hydraulics analysis, sprinkler planning review.

**Occasional services:** Plant security inspections, publications, research.

**Specialties:** Petrochemical, public utilities, heavy construction, communication, high-rise residential, real estate holding, hotels, electronics, volume retailers.

**Region served:** International.  
**Offices:** Los Angeles; San Francisco; Atlanta; Chicago; Boston; New York; Philadelphia; Dallas; Houston.

**Officers:** Raymond E. Hafner, president; Brian P. O'Hara, CFO; Sharon Simpson, vp-marketing; Mark Cafaro, director-marketing.

**Contact:** Mark Cafaro.

**Essential Services & Programs**

159 Great Neck Road, P.O. Box 910, Great Neck, N.Y. 11022; 516-487-0432; fax: 516-487-0498

Staff	
Total	31
Includes: 2 ARMs, 6 ASSEs, 2 CSPs, 1 PE	

**Loss control services since:** 1986.

**Frequent services:** Onsite plant loss prevention inspections, fire prevention inspections, plant security inspections.

**Occasional services:** Hazard identification, building plan reviews, publications, research, client training.

**Region served:** Nationwide.

**Offices:** Philadelphia.  
**Officers:** Gary Ricker, president; Michael J. Bednar, vp.

**Contact:** Michael J. Bednar.

**F**

**Farinacci & Associates/ UNIS Service Corp.**

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

1993 Revenues	
Loss control/engineering	30%

Other.....70%  
 Includes: workers compensation safety, environmental safety and health, industrial hygiene

Staff	
Total	14
Professionals	10
Includes: 1 ARM, 10 ASSEs, 1 CSP	

**Loss control services since:** 1981.  
**Frequent services:** Onsite plant loss prevention inspections, fire prevention inspections, hazard identification, research, client training.

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

**Region served:** Arizona, California, Nevada.

**Offices:** Sacramento, Calif.  
**Officers:** John Farinacci, president; Marie Farinacci, secretary; Jay Dulik, vp.

**Contact:** John Farinacci.

**Figgie-Occupational, Health & Safety Consulting Services**

1063 Technology Park Drive, Glen Allen, Va. 23060; 804-261-7040; fax: 804-261-7049

Staff	
Total	6
Professionals	5
Includes: 1 ARM, 3 CSPs	

**Clients**  
 Total.....100

**Loss control services since:** 1975.  
**Parent:** Figgie International Inc.

**Frequent services:** Onsite plant loss prevention inspections, hazard identification, client training, industrial hygiene services, ergonomics.

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

**Specialties:** Manufacturing and service risks.

**Region served:** Nationwide.  
**Offices:** Charlotte, N.C.; Cleveland, Ohio; Richmond, Va.

**Officers:** J.S. Black Jr., D.W. Sommers, directors.  
**Contact:** David Sommers.

**FIRECON**

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

Staff	
Total	3
Professionals	1
Includes: 1 ASSE, 1 CSP, 1 SFPE	

**Loss control services since:** 1980.

**Frequent services:** Onsite plant loss prevention inspections, fire prevention inspections, hazard identification, publications, client training, emergency preparedness audits, emergency planning.

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

**Region served:** International.  
**Officers:** R. Craig Schroll, president.

**FIREPRO Inc.**

1 Van de Graaff Drive, Burlington, Mass. 01803-5171; 617-270-5200; fax: 617-229-2922

1993 Revenues	
Loss control/engineering	100%
Staff	
Total	10
Professionals	7
Includes: 5 PEs, 7 SFPEs	

**Loss control services since:** 1970.

**Frequent services:** Onsite plant loss prevention inspections, hazard identification, building plan reviews, research, fire litigation support, fire scene documentation.

**Occasional services:** Fire prevention inspections, client training.

**Specialties:** Health care, property management, product manufacturers, insurance, law firms.

**Region served:** Nationwide.  
**Officers:** Lee C. DeVito, president.

**Flex Fire Protection Design**

201 Naperville Road, 1st Floor E., Wheaton, Ill. 60187; 708-668-8998; fax: 708-653-5260

1993 Revenues	
Loss control/engineering	100%
Staff	
Total	6
Professionals	3
Includes: 1 SFPE	

**Clients**  
 Total.....39

**Continued on page 32**

# tion.



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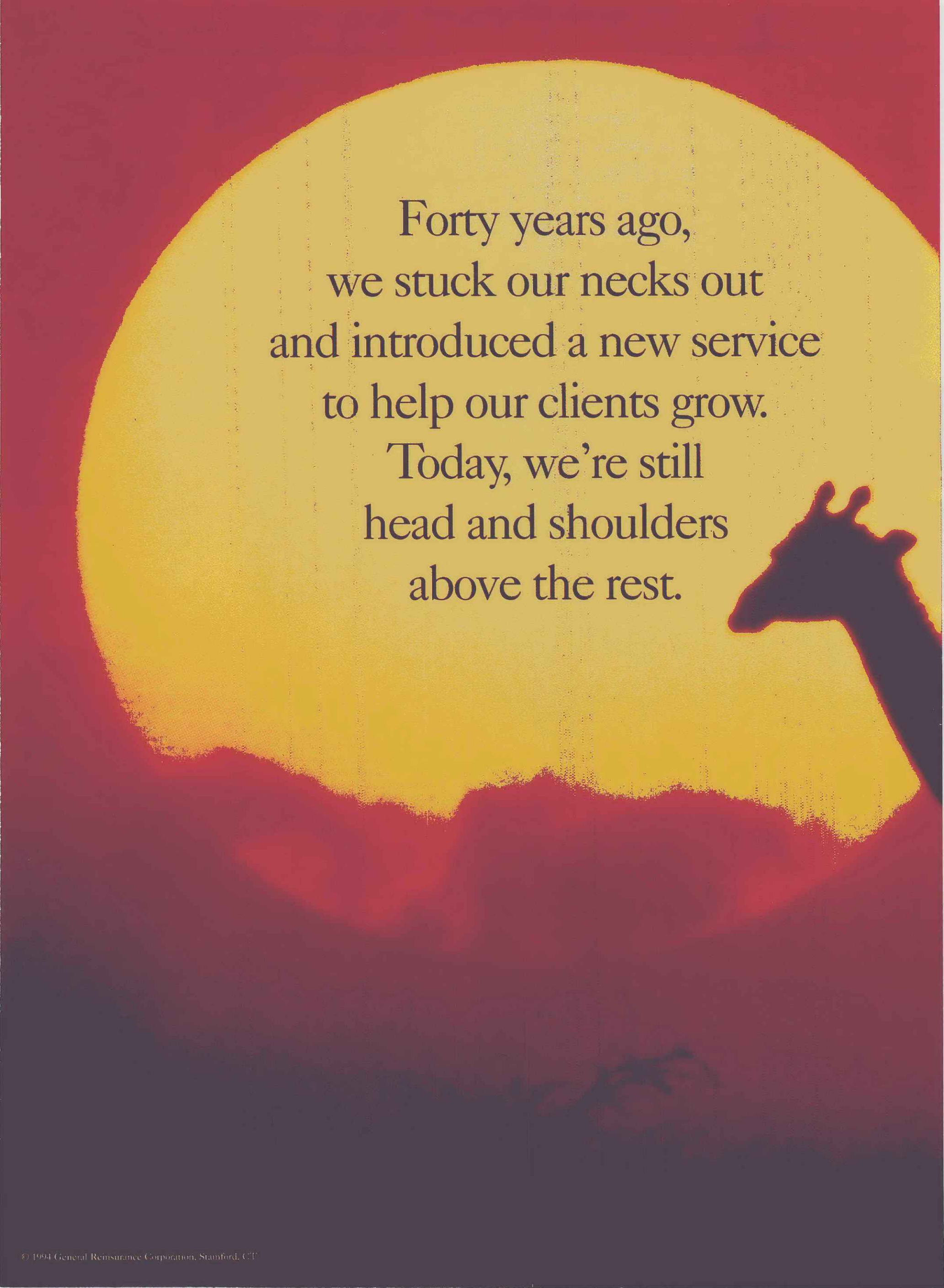
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*Continued from page 29*

**Loss control services since:** 1986.  
**Frequent services:** Onsite plant loss prevention inspections, fire prevention inspections, hazard identification, building plan reviews, retrofit fire sprinkler system design, special hazards system design, automatic fire suppression system design, code consulting, hydraulics research and calculation, cost estimates.  
**Occasional services:** Publications, client training, exit analysis studies, computer fire modeling, design of fire alarm and smoke removal systems.  
**Specialties:** Municipalities, architects, engineering firms, mid-size corporations.  
**Region served:** Nationwide.  
**Contact:** Mark T. Bromann, president.

**Fulton Fire Engineering Inc.**  
 2800 Northview Ave., Arroyo Grande,  
 Calif. 93420; 805-489-8400;  
 fax: 805-489-1424

1993 Revenues	
Total gross revenues	\$140,000
Loss control/engineering	100%

**Staff**

Professionals .....1  
 Includes: 1 ARM, 1 PE, 1 SFPE  
**Loss control services since:** 1990.  
**Frequent services:** Onsite plant loss prevention inspections, fire prevention inspections, hazard identification, building plan reviews, research, fire loss investigations, fire equipment failures, building and fire code compliance, expert witness.  
**Occasional services:** Plant security inspections, research, client training.  
**Region served:** Alaska, Arizona, California, Hawaii, Idaho, Montana, Nevada, Oregon, Utah, Washington, Wyoming.  
**Offices:** Whittier, Calif.  
**Officers:** John C. Fulton, president.

**Fyrsafe Engineering Inc.**

1225 Carnegie St., Suite 108, Rolling  
 Meadows, Ill. 60008; 708-397-7233;  
 fax: 708-392-1175

**Staff**

Total .....5  
 Professionals .....3  
 Includes: 3 ASSEs, 2 CSPs, 2 PEs, 3 SFPEs

**Clients**

Total .....100  
**Loss control services since:** 1986.  
**Frequent services:** Onsite plant loss prevention inspections, fire prevention inspections, hazard identification, client training, forensic investigations, codes and standards, product liability, personal injury, expert witness.  
**Occasional services:** Building plan reviews, publications, research.  
**Region served:** International.  
**Officers:** John M. Mertens, president.

**G**

**Gage-Babcock & Associates Inc.**

3975 Fair Ridge Drive N., Suite 310,  
 Fairfax, Va. 22033-2906;  
 703-934-6440; fax: 703-934-4421

**1993 Revenues**

Total gross revenues	\$5,342,153
Loss control/engineering	27%
Other	73%

**Staff**

Total .....58  
 Professionals .....35  
 Includes: 3 ARMs, 4 ASSEs, 4 CSPs, 22 PEs,  
 25 SFPEs

**Loss control services since:** 1952.  
**Frequent services:** Fire prevention inspections, hazard identification, building plan reviews, gas dispersion modeling.

**Occasional services:** Onsite plant loss prevention inspections, plant security inspections, publications, research, client training.

**Region served:** International.  
**Offices:** Los Angeles; San Francisco; Washington; Atlanta; Chicago; Mount Kisco, N.Y.; Vancouver, Canada.

**Officers:** Thomas W. Jaeger, president; Alfred J. Longhitano, vp/treasurer; Mario A. Antonetti, secretary; Vincent Sbarra, Fred Bradley, officers.  
**Contact:** Thomas W. Jaeger.

**Gallagher Bassett Services Inc.**

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

**1993 Revenues**

Total gross revenues	\$85,855,000
Loss control/engineering	11%
Other	89%
Includes: package programs, claims adjusting, appraisals	

**Staff**

Total .....1,259  
 Professionals .....53  
 Includes: 6 ARMs, 1 ALCM, 24 ASSEs, 11 CSPs,  
 1 PE, 3 SFPEs

**Clients**

Total .....390

**Loss control services since:** 1962.  
**Parent:** Arthur J. Gallagher & Co.  
**Frequent services:** Onsite plant loss prevention inspections, fire prevention inspections, plant security inspections, hazard identification, building plan reviews, client training, claims lost and statistical studies, ergonomics and industrial hygiene surveys, security audits and analysis.

*Continued on next page*

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# Agent/Broker Topics

A monthly editorial section sent exclusively to agents and brokers



## A ticket to promote good relations

Agents, brokers see sporting events as good places to get to know clients

By MICHAEL SCHACHNER

**M**ost agents and brokers will quickly acknowledge that success depends on developing long-term client relationships that are built on more than just procuring insurance coverage.

While many brokers get to know their clients over lunch or dinner or at industry meetings and cocktail parties, many say that producers should spend time with customers in a non-work-related setting to cement a long-lasting relationship.

Brokers have been treating their clients to an afternoon on the golf course for years. But, with America's growing obsession with sports, what could be better than taking in a big-time game, possibly from courtside or 50-yard line seats—or even a corporate skybox?

While not all brokers buy tickets to professional and college sporting events to entertain clients, those that do say it is an excellent way to get to know potential clients and

reinforce existing business ties.

However, while insurance brokers who buy seats at sporting events say it is one of the best ways to foster a relationship with customers, they also insist that this form of entertainment in no way is intended as a means of "buying business," nor is it a substitute for doing their job as a broker or agent.

"With a business meeting and lunch you can forge some relationship, but it's in a more casual forum where you really get to know people personally, and that's what makes the long-term relationship," said John G. Hahn, president of Tri-City Insurance Brokerage Inc. in San Francisco.

Tri-City buys third-row seats for about 30 Golden State Warriors basketball games per year, as well as season tickets for the San Francisco 49ers and the Oakland A's.

**AD**vertising  
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"We don't do any advertising, which yields a lot of blind calls that aren't always up our alley. Being involved with the local teams and taking some clients to the Tournament Players Championship golf tournament when that was at Olympic Club last year and the U.S. Open at Pebble Beach a few years back is our form of self-promotion," Mr. Hahn explained.

"It's something we're quite proud of," he added.

But, investing in a corporate skybox at a new arena or committing to four seats for the season is not cheap.

Tickets to a National Football League game average about \$35 apiece. The National Basketball Assn. recently released figures noting the average price of a ticket for a New York Knicks game at Madison Square Garden was nearly \$40. In Chicago, it wasn't much less to see the Bulls—about \$36 a pop.

And, luxury skybox prices can easily range into the six figures for a single season.

*Continued on next page*

## Sporting

Continued from previous page

Agencies and brokers that do buy tickets to sporting events say they have made the decision at the expense of other forms of entertainment and promotion.

For example, Edward B. Moreton, president of Fred A. Moreton & Co. in Salt Lake City, said that when his agency made the decision a couple of years ago to buy a corporate suite at the Delta Center, home of the NBA's Utah Jazz, "it was done to the exclusion of other things. We decided that if this was the route we were going, we'd have to give up other types of entertainment."

Nonetheless, Mr. Moreton said his company, whose clients in-

clude the Jazz, has found the corporate box to be very helpful in strengthening current business relationships and attracting new clients.

"It allows us to get together with a guy for a couple hours in a relaxed atmosphere. We talk some business, but generally we have a great time. The customers like it, but it is an expense," Mr. Moreton said.

Michael C. Frost, chief operating officer of The Lockton Insurance Agency in Prairie Village, Kan., said his agency has corporate boxes at both Arrowhead Stadium and Kaufman Stadium, the homes of the Kansas City Chiefs and the Kansas City Royals, respectively.

"We consider ourselves to be relationship-oriented, not product-

**'If we take clients to a game, it's usually because we've become social,' says Michael C. Frost.**

oriented. We treasure our relationships with our clients," Mr. Frost said. "Symptomatic of that are personal relationships that overlap business. That's where the sports boxes come into play."

He stressed that inviting a client to a Chiefs game on a Sunday afternoon in November isn't done in an effort to buy business.

"Many of our clients are also our friends. In a community like

Kansas City, that's consistent with the culture. So if we take clients to a football or baseball game, it's usually because we've become social beyond business," he explained.

Bryan C. Hondru, president of The HDH Group Inc. in Pittsburgh, said the tickets his company has had for 18 years to the Steelers and recent two-time Stanley Cup champion Penguins "don't bring in clientele, but are a part of doing business."

"Personally, I rarely go. They're there for our salespeople. They initiate the outings," he said.

Among the major national brokers, Indianapolis-based Acordia Inc. finds that it gets the best promotional results from inviting certain customers to big events.

"When we do something that

will affect how we're perceived by our clients and the public, we do it selectively and in a first-class manner. We're very protective of our reputation," explained Bill Carmichael, vp-corporate communications.

Mr. Carmichael pointed out that Acordia "is really a network of highly autonomous companies. Each has its own CEO and money to do what it wishes. We at the home office only want to know that the events they're involved in are good for the name."

Last month, two of Acordia's Louisville, Ky.-based units took clients to the Kentucky Derby. The firms also hired an airplane to fly over Churchill Downs with an Acordia banner in tow. "It was their money and their decision," Mr. Carmichael said.

At the home office, Acordia was a local sponsor of the 1991 PGA Championship, held at Crooked Stick Country Club in nearby Carmel, Ind., as well as the 1991 NCAA basketball Final Four at the Hoosier Dome in Indianapolis.

"These were big events—ones that people we invited would remember. We brought in key clients and put them up in a nice hotel. When you do something like this, you don't know what the linkage is between your expenditures and the business payoff. But, for us, it's important to be able to say we're tied to big events," Mr. Carmichael said.

Acordia also has found sports arenas to be a good place to advertise. For the past four years, it has purchased a sign at Market Square Arena right above where the Indiana Pacers come out from their locker room. "This type of thing isn't very expensive and gets your name in front of the CEOs of middle-market companies. What it does most is show that we're linked to whatever community we're in."

Other brokers and agencies, meanwhile, have taken a different approach to entertaining through local sports. In New York, several brokers haven't been riding the recent wave of Knicks and Rangers hysteria.

Kaye Insurance Associates L.P. until recently had purchased season tickets for the Knicks and New York Giants as well as the once-mighty Mets, but the brokerage decided to give them up.

"Our management just isn't into wining and dining," said Vp Mike Zeldes. "For some, it's a way of doing business, but our management prefers to maintain a relationship over time by calling on clients regularly and having lunch or dinner. We had the tickets for a while and found that they just weren't being used for business purposes."

Kenneth S. Held, president and CEO of Joseph Held & Co. in New York, sees taking clients to sporting events as "something people generally do in order to generate new business." Because his firm specializes in brokering coastal property insurance, which is tough to attain at decent prices as a result of heavy storm activity over the past few years, "I've got more business than I can handle," he noted.

And, a midsize New York broker said companies like his "just don't have the entertainment budgets of the big brokers. Sure, we do some golf and a few ballgames here and there, but we prefer to focus on promoting ourselves within the business community. That's how we achieve the visibility we're looking for." **BI**

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# Meeting clients' needs all over the world

Johnson & Higgins ad campaign emphasizes broker's international expertise

By GAVIN SOUTER

**W**hat do a Mayan ruin and a New York insurance broker have in common?

Not a lot, apart from the fact that they can both be found in Latin America.

And that is one of the reasons why Johnson & Higgins chose to use the picture of a grizzled and decidedly foreign-looking Latin American stone carving in the first installment of its new advertising campaign.

As well as an exotic location, the antiquity of the ruin and the pyramid in the background also help portray an image of tradition, said Christopher Dover, manager of corporate communications at J&H.

"The images balance a solid tradition and the environment in which we are in, and that is the story," he said.

The campaign is designed to communicate the message that J&H is a global broker, said Rodney D. Day, a director of J&H who is responsible for corporate communication.

Other advertisements in the series will feature pictures from the Philippines, Eastern Europe and other locations around the world where the UNISON brokerage net-



Johnson & Higgins is deliberately choosing art that emphasizes the global nature of its business in its new advertising campaign.

work, of which J&H is the U.S. correspondent, extends, he said.

"With the consolidation of the insurance broking business, we are anxious to drive home the strength of our longstanding international network," Mr. Day said.

And, as policyholders are becoming more global in their operations, J&H is keen to tell them that they as an insurance broker have global capabilities, too, he said.

"We want to show them that we think that if they have a global di-

mension and have a problem in somewhere like Indonesia, we can help them," Mr. Day said.

But the picture is just the eye-catcher; the real meat of the advertisement is the copy and the slogan, "Real World Solutions," which will run throughout the series.

"Real World Solutions puts it in the context that all around the world we have solutions that can make projects happen," said Margo Bowden, vp-public relations

and advertising at Johnson & Higgins.

The text of the advertisement features J&H client Microsoft Corp. and tells how the rapidly growing software company wanted each subsidiary around the world to act as an indigenous company but with a seamless risk management program.

J&H brokers acted as "surrogate risk managers" for the subsidiaries, the advertisement asserts.

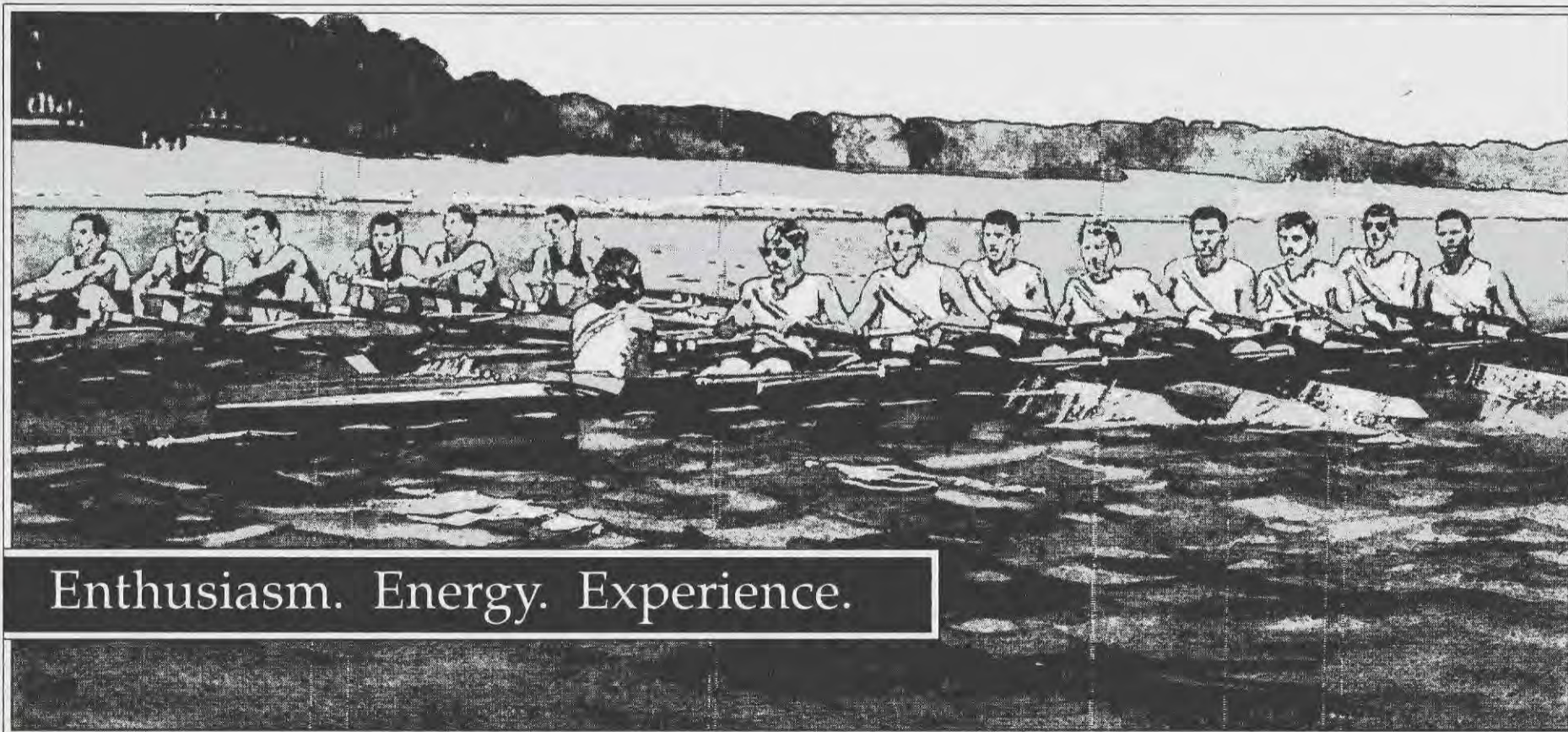
"We used the example of a client

because that proves we are delivering," Ms. Bowden said.

The upcoming advertisement featuring the Philippines also will emphasize an ability to solve problems, Mr. Day said.

The advertisement will feature construction of an electric power plant in the Philippines and how insurance was used to secure financing for the project, he explained.

"It is a good example of team  
*Continued on next page*



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Continued from previous page work," Mr. Day said.

The next ad in the campaign will feature a client's European operations.

"Eventually, we will cover every area in the world... We are trying to show the significance of J&H throughout the world, not just in New York City," he said.

Latin America was selected as the first because of the growing interest in that area among U.S. companies, Ms. Bowden said.

"We are trying to show areas where there's been a traditional sense that things were not so developed but there is growth going on and that is made possible by insurance."

Johnson & Higgins is comfortable using photos of foreign sites because people in the United States are growing more interested in international affairs, said Mr. Dover.

"We are not as parochial a country as we were 10 years ago," he said.

Readers will see the picture of a foreign site and be drawn into reading the ad, he said.

The decision to go ahead with

## ADvertising PROMOTIONS

the new campaign came after a period when J&H reduced its advertising spending due to economic pressures felt by most of the insurance market, Mr. Day said.

"In recent times, we have been less enthusiastic about spending money on advertising... It has been a question of priorities," he explained.

However, as a privately owned company, advertising is probably of more importance to J&H than its publicly traded rivals, Mr. Day said.

"As a private company, we are not as interesting to financial analysts as a public company, so advertising is a way of drawing attention to ourselves."

The audience the company is looking to attract is international businesspeople, so the ad will appear in both the U.S. and European editions of The Wall Street Journal.

The slogan "Real World Solutions" is business-related and will attract the attention of businesspeople, Mr. Dover said.

The idea to use individual clients as examples in the advertising campaign was inspired by work that the corporate communications department was doing in preparing the company's annual report.

"That focuses on what our people were doing and we met lots of people with an interesting story to tell," Ms. Bowden said.

Management at J&H made the decision to go ahead with campaign last summer.

During the fall, J&H worked with its copywriter, Jack Keane of Partners & Shevack in New York, to develop the campaign, which would have to be approved by a committee of J&H's senior marketers.

"With the help of Jack Keane, we composed a couple of advertisements and presented the makeups to the committee," Mr. Day explained.

"The committee blessed the concept of Real World Solutions

**'We are trying to show the significance of J&H throughout the world,' says Rodney D. Day.**

and telling stories of J&H and its clients. Then we moved on to the production of the first ad in January," he said.

The advertisement was first featured in Fortune magazine in February and has run in other publications.

"The total time from inception to the first ad took between two and three months," according to Mr. Day. **BI**

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# U.S. insurers lagging in race for global business

## Non-traditional sources joining the competition for international business

By SALLY ROBERTS

The U.S. property/casualty insurance industry is not only a slow starter in the global business race, but the number of entries actually has dropped over the past 40 years, a top insurer executive says.

When Chubb Corp. began its overseas operations in the 1950s, there were about 30 U.S.-based competitors, said Dean R. O'Hare, chairman and chief executive officer of the Warren, N.J.-based insurer. Now, though, "Chubb is one of only a handful of U.S. property/casualty insurers with a global underwriting and service presence and capability."

The insurance industry has got to "pick up the pace," Mr. O'Hare told attendees at the Bureau International Producteurs Assurances et

Reassurances conference last month in Washington. If not, the industry will miss "enormous opportunities" and will weaken its competitive position, he warned.

And the U.S. and governments worldwide must implement regulatory changes that will foster the growth of a global insurance industry, he said.

Increasing competition from non-traditional sources is one reason why the industry must move forward in the international race, Mr. O'Hare said.

Companies like Marsh & McLennan Cos. Inc. and Morgan Guaranty Trust Co. are moving aggressively to gain footholds in the insurance underwriting business through controlled distribution channels and strategic alliances, he explained.

In addition, the Bermuda catastrophe reinsurance facilities have raised a huge amount of capital that eventually will find its way into the primary U.S. insurance market, he predicts.

Most of the industry's new competitors are already international-focused and "have experience in serving customers' needs in multiple countries," Mr. O'Hare said.

"This is experience we must gain" in order to play on a level playing field, he continued. "The best defense is a good offense, and there are many good offensive reasons for the insurance industry to expand."

Another wake-up call for the insurance industry is that the U.S. share of the world's insurance market is declining, Mr. O'Hare said.

While the U.S. is still the largest non-life insurance market in the world, it now ranks second in life insurance volume next to Japan, he said. Additionally, the European Union's market now comprises 30% of the world's non-life premium volume—and is growing.

"The fastest growth is outside the U.S.," Mr. O'Hare said. He also noted that the Fortune 500 are no longer the only U.S. companies servicing global clients. "The size of the firm is no longer an indicator of its reach."

Despite international opportuni-

**Most of the industry's new competitors are already international-focused and 'have experience in serving customers' needs in multiple countries,' says Dean R. O'Hare, chairman and chief executive officer of Chubb Corp.**

ties for the insurance industry, there are many reasons why insurers, agents and brokers are not taking advantage of these global pos-

sibilities, he said.

One is the corporation's mindset, he said. "We as Americans are as parochial in our own way as any

nationality. We're most comfortable in our home market." And because the market is so large, many companies believe there is no need to expand outside it.

The lack of a long-term vision also inhibits some companies from global opportunities, Mr. O'Hare contends.

U.S. insurers either don't "realize that our share of the world market is shrinking or believe they can defy gravity and somehow this trend will not ultimately affect their business," he said.

Some public companies also are inhibited from making overseas investments due to "the quarter-by-quarter focus of Wall Street," Mr. O'Hare said, noting that it may take years to establish an international presence and to show an attractive return.

Nonetheless, the most serious inhibitors to global expansion is "protectionism," Mr. O'Hare said.

There has historically existed "protective devices" denying U.S. and foreign insurers a level playing

*Continued on next page*



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Continued from previous page  
field in many corners of the world insurance marketplace, he noted.

Such regulatory barriers include "outright denial of market entry." Several countries today do not grant foreign insurers licenses to operate, and this ban generally extends to foreign producers, he said.

However, these barriers are being brought down, Mr. O'Hare said. Even the most protectionist countries—specifically India and China—are preparing to open their doors to the West (BI, April 25, March 28).

Reinsurance restrictions are a more subtle barrier, Mr. O'Hare continued. Several countries mandate that some or all ceded reinsurance be placed with a state-owned or controlled reinsurance

**'There is little doubt that China will become the engine driving growth in Asia. . . Many even expect China to evolve into the world's largest economy in the first quarter of the next century,' says Chubb Corp.'s Mr. O'Hare.**

monopoly. However, many countries have recently lifted these barriers, he said, referring to Argentina, Chile and Peru.

In addition, "different countries impose a variety of different restrictions" including discriminatory taxation, labor restrictions on foreign nationals, and deposit and surplus restrictions, he added.

"There is a trend to assume that developing markets are the most

likely to inhibit entry of foreign countries," Mr. O'Hare said. "This is not necessarily the case."

The U.S. system of state-by-state regulation, for example, is almost unique to the world, he said. "There is no other country where insurers are required to address requirements of 50 different states with 50 different bureaucracies. We're used to it, but our foreign competitors are not."

There is likely to be increased pressure for a system of federal regulation in the United States, at least for foreign insurers, as a condition to allow U.S. insurers to do business in other countries. "We at Chubb support such a system," Mr. O'Hare said.

The most important step toward freer trade in all industries is the recent passage of the General Agreement on Tariffs and Trade, Mr. O'Hare said. Although this is a "stunning achievement," there is bad news with GATT as well as good news.

The good news is that this is the first time that a multilateral trade agreement includes insurance in the negotiations. The bad news is that too many countries are maintaining their insurance trade barriers, he said, mentioning Japan,

India, Indonesia, Korea, Malaysia and Thailand.

More good news for the industry comes from the inclusion of insurance in the fair trade and financial services amendments to the community banking bill that is now awaiting action in Congress, he added.

The amendments would put the insurance industry on par with banking and securities in international trading negotiations.

"The failure to include insurance would signal to foreign governments that the U.S. lacks the same regulatory tools for insurance—one of the most significant service industries in the world—as it does for other financial services," Mr. O'Hare said.

Another significant move toward freeing up trade barriers is the recent passage of the North American Free Trade Agreement, Mr. O'Hare said.

This is especially important when one considers that NAFTA-driven economic expansion could catapult the Mexican insurance market from its current position of 27th in the world into the top 10 over the next decade, he explained.

Other successful efforts to reduce trade barriers include the European Union, where 12 countries can trade their products freely among each other.

"This is an example the rest of the world might follow," Mr. O'Hare said.

For insurers, agents and brokers, the two markets that will play enormous roles in the insurance industry in the future are Japan and China, he said.

Japan is the largest life and second largest non-life insurance market in the world, he said. It is also one of the most tightly restricted in terms of regulation and practice.

"Clearly, the Japanese market is an anomaly in an age of falling trade barriers," he said, noting that the pace of change in Japan will be slow.

China's potential for the insurance industry is immense, Mr. O'Hare continued. "There is little doubt that China will become the engine driving growth in Asia. Their economy will surpass Japan in the next decade. Many even expect China to evolve into the world's largest economy in the first quarter of the next century."

The Chinese insurance industry now represents about \$8 billion in premium. It has grown at a compound rate of nearly 40% over the last 13 years. Yet premiums per person in China still amount to only \$5, Mr. O'Hare said, adding that its market is projected to grow fivefold by the year 2000, creating a market with more than \$50 billion in premium.

The opportunity for insurance industry growth outside the U.S. is enormous, Mr. O'Hare concluded.

"The point is clear that for the insurance industry to achieve its global potential, we need an environment that provides equal market access at a level playing field within each market," he said. It is equally important that the regulatory climate focus on financial institution solvency rather than product and pricing design, he contends.

"I believe that the current trend toward harmonization of regulation and the emphasis on solvency are positive steps toward the development of strong and prosperous financial global services," he said. **BI**

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# Agents' horizons can expand with their clients

When signs point to an account going global, help prepare them for the trip: Expert

By SALLY ROBERTS

**M**idsize agents and brokers whose clients eventually grow into global organizations do not have to lose the account.

Instead, agents should identify the sequence of events that often accompanies organizations on the verge of going global and start providing them the necessary coverages during each of these stages, said Thomas J. Tropp, president of Chicago-based agency Tropp & Co. Inc.

The evolution of a global organization starts with a domestic operation that begins to export minimally, escalates the activity, opens a foreign sales office and then builds a manufacturing plant overseas. At that point, it has become a truly global organization, he said.

The trick is to establish bonds with the company before it goes international and have the ability to adjust its insurance program as it expands, Mr. Tropp told attendees at the recent Bureau International des Producteurs d'Assurances et de Reassurances conference in Washington.

This way, "they are not going to

**The trick is to establish bonds with the company before it goes international and have the ability to adjust its insurance program as it expands, says Thomas J. Tropp, president of Chicago-based agency Tropp & Co. Inc.**

feel like they need a national broker," he said.

For domestic clients with no more than \$500 million in annual sales and minimal exporting, the agent should obtain foreign product liability and ocean cargo coverage, he said.

Agents "will do more harm than good" if they think the worldwide product liability endorsement in a client's general liability policy is sufficient coverage, Mr. Tropp said.

The worldwide endorsement will defend the company for product liability that occurs in a foreign country, but any lawsuit must be brought in the United States for the coverage to apply, he said. A foreign product liability policy provides worldwide coverage regardless of where the suit is filed.

In addition, foreign product liability coverage provides separate

limits for foreign occurrences while domestic product liability provides a single limit for both domestic and foreign occurrences, he said. Most umbrella insurers will provide coverage over foreign product liability insurance, he added.

Agents should also be aware of the differences in ocean cargo coverage, Mr. Tropp said.

A company that opts to arrange for coverage through a freight forwarder rather than through an agent or broker will pay about five times more in premiums than what it would cost to buy from an agent, he said.

Additionally, if the exporter buys its own cargo coverage, claims are paid directly to the policyholder; the insurer then seeks recovery from the shipping company. On the other hand, a freight forwarder will go after the ship-

ping company first and then pay the claim. The difference is getting the claim paid in 30 days as opposed to six months, Mr. Tropp said.

If a company is exporting only on a limited basis, the activity most likely will escalate, he said. Therefore, insurance agents must be aware of the company's expanding insurance needs.

It is common for employees to travel and rent cars in the foreign countries to which their company is exporting, he said. Therefore, special automobile liability insurance should be purchased, especially because each foreign country has different requirements on auto insurance.

In addition to auto insurance, if an employee is traveling abroad, "you now have a workers compensation exposure," he said.

The company's current workers comp coverage will pay the medical bills for the employees who go overseas, but it does not provide "repatriation" coverage, he warned. Therefore, "foreign volun-

tary workers compensation coverage" must be purchased.

For example, an employee broke a leg while crossing a street in London and wanted to obtain medical care in the United States. It cost \$10,000 to find an accommodating airplane and fly him back, Mr. Tropp said, but the "repatriation" coverage in his workers comp coverage paid for it.

Mr. Tropp also pointed out that the company's current export coverage will cover any inventory the company is storing at that time.

At this stage of the game, it might "just make sense (for the exporting company) to open an office overseas," Mr. Tropp said. "This opens a whole series of exposures."

Opening a foreign sales office is the first indication that the agent needs to build a reciprocal agreement with a foreign agent or broker, he said. Premises liability, employers' liability and auto liability for owned or leased vehicles must be placed with an admitted insurer in that country.

Agents also should place property coverage for the additional office equipment, he added.

For a company with a few sales offices overseas, it may make sense

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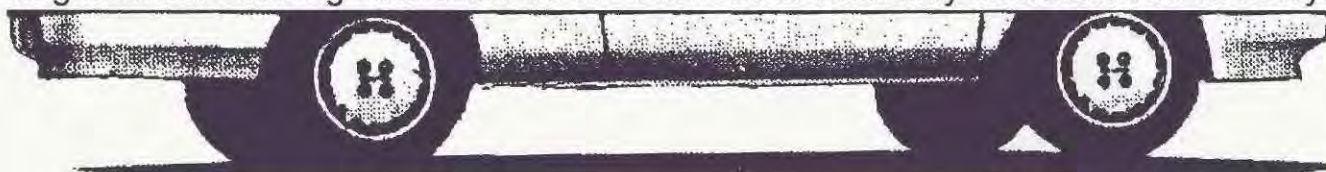
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**M**ore than 300 insurance and reinsurance producers set foot in the nation's capital for the Bureau International Producteurs Assurance et Reassurances conference May 15-18.

The 1994 BIPAR general assembly, which was hosted by the Council of Insurance Agents & Brokers, offered a variety of general sessions on the international marketplace. Non-U.S. producers attended panel discussions to familiarize themselves with American regulations, standards and general business practices, while U.S. producers attended panel discussions to familiarize themselves with the European marketplace.

Producers also attended sessions on servicing foreign clients, pollution liability and regulation.

Speakers included Rep. John D. Dingell, D-Mich., and A. Van Agt, who heads the U.S. delegation of the European Commission. Dean O'Hare, chairman and chief executive officer of Chubb Corp., gave the keynote address.

For information on BIPAR or next year's meeting, contact Harald Krauss, Avenue Albert-Elisabeth 40, Brussels, B-1200 Belgium; 02-735-60-48.

Continued from previous page  
at some point to manufacture the product in those countries instead of exporting it.

"As soon as this happens, you must have a local broker helping you" because every country's regulations are different, Mr. Tropp said. "You can't learn it all by yourself."

"Once you have this account, you can afford to get on the plane" and pick brokers to work with in different countries. "Be a buyer instead of a seller for a change."

This is also a good time to sell various types of political risk insurance to the client, he added.

And, because kidnapping occurs "with great regularity" elsewhere in the world, kidnap and ransom insurance will reassure the "wealthy businessman."

At this point, the company is a

**Reciprocal relationships with other agents can aid global clients, says Mr. Tropp.**

"truly global operation."

The agent or broker should now have reciprocal relationships with a number of agents in other countries, helping them coordinate the insurance for the global operation, Mr. Tropp said.

The agent's role basically becomes like that of a talk show host, bringing in other people to make the show work, or coordinating all the insurance needs, he said. **BI**

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**Stockbrokers helpful source for client data**

Agents that want to increase prospects in their target market can get some important tips from their stockbroker, an agency executive says.

Chicago-based agency Tropp & Co. has had success getting leads with this strategy, President Thomas J. Tropp told attendees at the recent Bureau International des Producteurs d'Assurances & de Reassurances conference in Washington.

Tropp & Co. targets privately held companies with \$50 million to \$300 million in revenues; publicly held companies between \$100 million and \$400 million in revenues; companies poised to go public; and companies that are exporting, Mr. Tropp said.

Stockbrokers are aware of companies on the verge of an initial public offering and those in the agency's target revenue range, he said. So, he works out a deal with a stockbroker



for a list of companies in a specific area that the stockbroker thinks might be a good prospect. In return, Mr. Tropp might buy 100 shares of stock in one of those companies.

By becoming a shareholder, he receives the annual report and 10-K and can study the company and scan the board of directors for familiar names.

The key is to study the company and wait to find a connection, Mr. Tropp said. "People buy insurance from people, not from organizations."

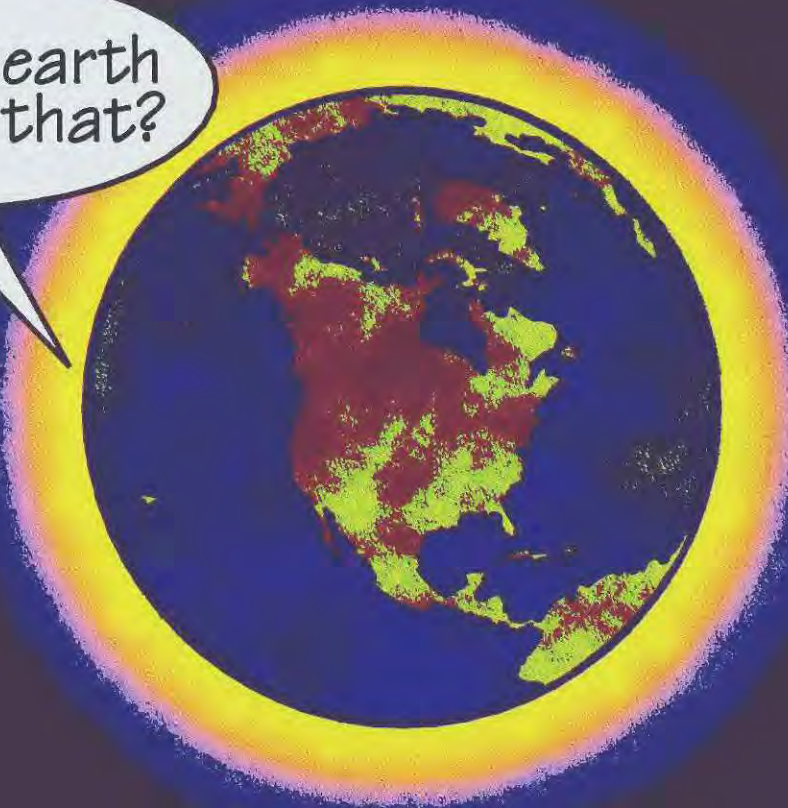
Tropp & Co. currently is studying 35 prospects, he said. "We're not dialing the phone on more than 10 of them. We're waiting to try and find a connection," he said, adding that his agency's largest account was obtained through a connection.

And, as a shareholder, Mr. Tropp attends companies' annual meetings, at which he introduces himself as a shareholder to the executive in charge of risk management and insurance.

Although it "hasn't worked yet" to draw more clients, it's a "great idea," he said.

—By Sally Roberts

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February 15	Utilization Review Providers
March 8	Risk Management Consultants
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April 26	Captive Managers
June 7	Property Loss Control Consultants
June 21	EAPs & Mental Health Networks
July 5	Agents & Brokers
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**Business Insurance**  
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# More cooperation may lead to better regulation

By GAVIN SOUTER

The convergence of international insurance regulation could lead to home country regulation of insurers operating in other markets within 10 years, a leading U.S. regulator says.

Trust between the home and host country regulators rather than uniform regulations will be the hallmark of international regulation, he said.

Minimum standards of regulation rather than identical rules will be the key to international regulation, a European Commission official added.

But the route to greater international cooperation in regulation would be disrupted by a major insolvency, according to a Lloyd's of London official.

The continuing convergence of insurance regulation could lead to a British insurer with operations in Alaska being regulated from the United Kingdom, said David Walsh, president of the National Assn. of Insurance Commissioners and insurance commissioner of Alaska.

"The chances are that it will happen fairly soon because the market will require it."

The time frame could be as soon

as five to 10 years, Mr. Walsh said.

Developments in technology that enable computers to interface will make international regulation easier, he said. "That will make it easier to regulate quickly among jurisdictions."

But the jurisdictions that agree to home country regulation will not need uniform regulations, he said. "Uniformity is counterproductive. . . . The circumstances from jurisdiction to jurisdiction need to be tailored to the needs of the local economy and local consumers."

Instead, any international system of regulation will be based on trust between regulators, he said.

The host country will have to be able to trust the home country with regard to regulation of companies, Mr. Walsh said.

Already, portions of the United States are developing a system that shows a high level of trust can lead to more efficient regulation, he said.

Intermediaries from states accredited by the NAIC are not as severely scrutinized by other state regulators, Mr. Walsh said.

"In Alaska, 60% of the intermediaries are non-resident companies, and we spend less and less time looking at intermediaries that are based in accredited states."

In July, the European Union will

be a single market for insurance, but insurance regulations will still differ from country to country, said Patrick Pearson, secretary to the Insurance Committee of the European Commission in Brussels.

Instead of identical rules in all of the countries, E.U. nations must meet a minimum standard of regulation, he said.

"Then you can do away with separate licensing requirements," Mr. Pearson said. And dispensing with separate licenses brings huge costs savings, he said.

"We concluded that for 1985 if you did away with separate requirements in the insurance sector, we would have saved 30 billion ECUs (\$35.1 billion)," Mr. Pearson said.

The United States is closely following the developments in cross-border regulation in the European Union, but it is unlikely to follow the example of single licenses, said Mr. Walsh.

"I remain to be convinced that federal licenses would be at all cheaper (than state licenses)."

And, a federal license might be difficult to apply because of the large differences in the economies of the states, he said.

In Alaska, for example, there is a high demand for marine insurance and a low demand for agricultural insurance, whereas the reverse is

true in Nebraska and Iowa, he said.

"So there is an advantage to the consumer to have some type of licensing in each jurisdiction."

However, greater similarities in state regulation may develop as the NAIC accreditation program matures, Mr. Walsh said.

Future federal action will also lead to a wider view of insurance regulation,

said Tom Montgomery, minority counsel for the House Energy and Commerce Subcommittee on Oversight and Investigations.

The subcommittee will issue a follow up report on its 1990 "Failed Promises" report on insurance regulation that will have a global perspective, he said.

"It will be a lot more global because there has been increasing recognition that insurance is no longer a local business," Mr. Montgomery said.

The first report said that states were not putting enough resources into insurance regulation, but the follow up report will recognize that U.S. policyholders are affected by issues that arise internationally as well, he said.

The collapse of the five so-called KWELM companies owned by London United Investments P.L.C. and the fraudulent activities of convicted insurance con man Carlos Miro clearly illustrated this, Mr. Montgomery said (*BI*, Sept. 13, 1993; May 24, 1993).

The subcommittee has already spoken with E.U. regulators to learn about the standardization of regulation there, he said.

Greater cooperation between U.S. and European regulators will happen soon as long as there is not a major insolvency in either market, said John Moloney, secretary of the Lloyd's Underwriters' Assn. in London.

"I would have thought that some type of reciprocal arrangement will come soon, but the one thing that would stop it would be a major insolvency. . . that would make people think again."

However, U.S. regulators should discriminate between regulators in Europe and other, less regulated markets when they are considering how to regulate international insurers, Mr. Moloney said.

"You should be careful when you deal with shady people in sunny places. The weather in Zurich, Munich and London can be dull, but at least the claims are likely to be paid," Mr. Moloney maintained. **BI**



# An international approach to pollution cleanup

By GAVIN SOUTER

Environmental pollution is an international problem that should be addressed by international treaties, European brokers and lawyers say.

High amounts of industrial pollution in Eastern Europe and the lack of pollution legislation there emphasize the need for a solution

to cleanup that crosses borders.

Insurers in Europe cannot be expected to bankroll environmental cleanup, they say.

However, U.S. and European legislators are struggling to form regulations to effectively allocate cleanup liability in individual countries, according to several speakers at the 1994 General Assembly of the Bureau International des Producteurs d'Assurances & de

Reassurances last month in Washington.

Europe must avoid creating a system similar to the United States' Superfund, the speakers said.

"The U.S. and Europe have the same problems in common and we have to work toward a common solution," explained Gian Franco Ilariucci, who is managing director of Italcecar S.p.A in Milan, Italy,

and counsel to the Italian Federation of Insurance & Reinsurance Brokers.

International environmental treaties should be formed, he recommended, noting that international treaties already govern oil pollution at sea.

While legislators in western countries are developing rules for dealing with pollution cleanup liability, some Eastern European

countries have no pollution laws, Mr. Ilariucci said.

This exacerbates the problem for western companies with joint ventures in Eastern Europe and emphasizes the need for international cooperation in pollution legislation, he said.

German companies expanding throughout the now-unified country are already experiencing the problem of pollution in the former East German state, said David Thomas, executive director in the corporate liability unit and national professional resources group of London-based broker Willis Corroon Ltd., a unit of Willis Corroon Group P.L.C.

Insurers are differentiating between eastern and western Germany and policyholders are unable to extend pollution coverage to their operations in eastern Germany, he said.

"There is no clear solution to the problem emerging, but I would suspect that insurers will have to make clear that there's a difference between past coverage and coverage for the future."

But it is not just the differences in eastern Europe that are causing problems for policyholders and insurers, he said.

The differences in the legal systems of western European countries will also likely cause confusion over pollution coverage in the future, regardless of how well European legislation is formulated, Mr. Thomas said.

The European Commission is trying to develop a directive on environmental cleanup liability that, if enacted, would govern all members of the European Union. However, some countries oppose Europe-wide legislation, arguing that individual nations' laws can tackle the pollution problem.

Continued on next page

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# Small businesses rely on agents, poll finds

By LOUISE KERTESZ

Small employers consider the services of independent agents highly valuable when buying health insurance and say they are concerned that the Clinton administration's health care reform plan will remove agents from the process.

A survey, conducted for Employers Health Insurance Co. by University of Wisconsin-Milwaukee Associate Professor William Velez, polled 400 owners or managers of businesses nationwide that provide health insurance to between

two and 150 employees. The businesses all had dealt with an independent agent within the last two years.

The survey found that "small employers generally valued their insurance agents most for their help in bringing the health insurance market's competitive forces to bear on their behalf—reducing costs and helping them make informed choices," Employers Health said.

"Finding ways to lower costs at renewal" and "obtaining quotes from various insurers" were the two most important services that small-business managers said

agents provided, the survey said.

"Most of the businesspeople (62%) were worried that the Clinton plan would make the system more complicated and costly and said in such a system they would still want an agent," the survey reported. Only 5% agreed with the statement: "The system would be simpler (following reform), so I would not need an agent. That will save me money."

"Even among those who support the Clinton plan, 45% said the system would be more complex and costly, and 71% would still want an agent," Employers Health said.

But many small-business manag-

ers were concerned that health care reform would do away with agents' services. Forty percent agreed with the statement: "I'm concerned because I may no longer be able to get the assistance of an agent."

However, 32% of respondents agreed with the statement: "I think I will continue to get input from my agent" after reform is enacted.

Only 8% agreed with the statement: "I'm glad (reform has been proposed) because under the new system I will no longer need an agent."

According to Employers Health

Executive Vp Greg Wolf, the survey validates the company's belief that agents provide the key to what business managers seek in purchasing health insurance: informed choice and value.

"Buying health insurance is an important decision, and a small-business owner has a lot of factors to consider," he said. "But if you have the right information, you can get a plan that offers a good value to your company and your employees. This study makes it clear that independent agents are the key source of that information for small business."

Continued on next page

## Pollution

Continued from previous page

"There is a complex web of legislation in Europe and the greatest problem is retroactive liability," he said.

And the problem cannot be solved simply by issuing claims-made policies, Mr. Thomas said.

Courts in the different countries of Europe differ in their interpretation of the meaning of claims-made policy wordings, and insurers may find that they are forced to cover policyholders on an occurrence basis even though they issued a claims-made policy, he said.

However, legislators in Europe do acknowledge the problem for insurers, Mr. Thomas said.

"We have a situation where there is a greater recognition of cause and effect and we cannot pass legislation which relies on the insurance industry to pay (for pollution cleanup)."

European legislators have seen the problems with Superfund and are striving to avoid similar problems, he said.

However, insurers should still press for legislation that will spread the burden of liability, he said.

"The key issue for us is to work to ensure that if legislation is passed, it falls on industry and consumers and that it does not fall on mysterious funds in the insurance industry," Mr. Thomas said.

European legislation might differ from Superfund because it is not being drawn up in the same regulatory environment, said Dennis R. Connolly, principal and senior vp at Johnson & Higgins in New York.

"The fundamental difference between the U.S. and Europe is how the system got started," he said.

The Superfund law, formally known as the Comprehensive Environmental Response, Compensation and Liability Act, was passed in 1980—when the Love Canal pollution incident in an upstate New York residential area was fresh in Congress members' minds, Mr. Connolly said.

Reform of the Superfund law is vital to encourage U.S. economic development, said John Sheck, federal affairs counsel for IIT Hartford Group Inc. in Washington.

Developers and owners of polluted sites will not develop sites until they can be sure they are not at risk of taking on huge liabilities to clean up those sites, he said. "People realize that Superfund is important for economic development."

And, because polluted sites are in every lawmaker's district, there is pressure for reform throughout the country, Mr. Sheck said.

Consequently, he believes some kind of Superfund reform is likely to be passed this year. **BI**

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Agent/Broker Topics

# Survey

Continued from previous page

"We believe the system of using agents makes insurance companies work harder to deliver value, because agents have access to many different sources of insurance products," Mr. Wolf said.

Other survey findings included:

- 76% of respondents thought agents' commissions are fair.

- 36% believed that providing rate quotes from various insurers was the agent's most valued service.

- 35% thought agents' most valued service was finding ways to lower costs at renewal time.

Other services that a majority said were "very important" or "important" included helping employees understand coverage and make selections; explaining legal requirements to management; acting as a go-between to resolve conflicts with an insurer; and doing paperwork.

- 86% said agents would be more qualified than the government to provide services like helping workers understand their coverage; 3% said the government would be more qualified; and the rest had no opinion.

The survey was conducted in February in all states except Alaska, Connecticut, Hawaii, New Hampshire and Vermont.

For a free copy of the survey, call Jon Drayna, Director of Media Relations, Employers Health Insurance Co., at 414-337-5725.

## A/BT Briefs

### Farmers expanding inner-city sales

LOS ANGELES—Farmers Insurance Group is developing a plan to increase the number of policies that it sells in so-called "underserved" communities throughout California.

"We're the largest seller of insurance to inner-city communities. We're in that market because it's good business," said a spokesman for the Los Angeles-based insurer.

"Farmers came to the conclusion recently that it had opportunities to enhance the way it marketed to the diverse communities in the state. Consumer activists call those communities underserved, or ethnic. We prefer to see it as dealing with diverse communities, somewhat regardless of income or ethnicity per se," the spokesman said.

In pursuing its plan, Farmers will increase the presence of its agent force in underserved communities, expand advertising in the minority media and publicize a statewide toll-free number, among other efforts.

"Farmers has taken an unprecedented leap forward," said Insurance Commissioner John Garamendi of the insurer's program. "They are to be commended for their desire to aggressively market in areas which are too-often ignored by the insurance

industry as a whole."

Farmers paid claims of more than \$50 million as a result of the April 1992 Los Angeles riots. One year later, Farmers' small business insurance coverage in this area increased by \$150 million in premium, according to the spokesman.

Farmers' small business insurance market includes coverage for restaurants, small shops, strip malls and small manufacturers, he said.

"Our initial focus will be further penetration in small business and property insurance—homeowners or renters—knowing that auto remains somewhat of a special problem requiring a legislative change" to make it more affordable. Farmers will work toward that solution, the spokesman said.

—By Louise Kertesz

### Bank to sell policies in North Carolina

WHITEVILLE, N.C.—UCB Insurance Center will operate six full-service insurance agencies in North Carolina upon completion of its recently completed acquisition of Sanford, N.C.-based agency Sanford Real Estate, Loan & Insurance Co.

UCB Insurance Center is a division of United Carolina Bank, which is owned by Whiteville, N.C.-based United Carolina Bancshares. United Carolina Bancshares currently has assets of about \$3 billion and operates 140 offices in North Carolina and South Carolina.

W.G. Lawrence, president of Sanford Real Estate, Loan & Insurance Co., will continue to manage the Sanford office as well as subsidiary agency, Myers-Long Insurance Associates in Candor, N.C. The Sanford office will do business as UCB Insurance Center while the Candor office will become UCB Myers-Long.

A third Sanford Real Estate, Loan & Insurance Co. subsidiary—Nesmith Insurance Agency of Tabor City, N.C.—will also take the UCB Insurance Center name.

—By Mark Hofmann

### California judge rules on commission rebates

LOS ANGELES—California Insurance Commissioner John Garamendi says he will not accept a judge's recommendation that life insurance companies be allowed to cancel contractual agreements with agents who rebate their commissions to policyholders.

Administrative Law Judge Stephen E. Hjelt of the California

Office of Administrative Hearings has proposed to Mr. Garamendi that it is not an unfair business practice for life insurance companies to sever appointments with independent agents who rebate a portion of their commissions to policyholders.

The judge's proposed decision "concludes that while Proposition 103 made commission rebating legal in California, it does not require companies to allow rebating," the Department of Insurance said.

Despite his stance on canceling contracts, Judge Hjelt further concluded that rebating does not harm insurance companies financially and that rebating can be done in ways that are not unfairly discriminatory.

"As a policy matter, I want to encourage rebating, because it brings competition to the marketplace," said Mr. Garamendi. California and Florida are the only two states where rebating is legal.

Following receipt of the full record of proceedings involving the practices of Prudential Insurance Co. of America, Metropolitan Life Insurance Co., New York Life Insurance Co. and three Transamerica Corp. subsidiaries, Mr. Garamendi expects to issue a final decision by mid-August.

The insurers may then contest his decision in court, a department spokesman said.

—By Louise Kertesz

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**Contact:** Tracy D. Mock, director-marketing.

**General Health & Safety Services**  
 742 Market St., P.O. Box 290, Oregon, Wis. 53575; 800-236-0063; fax: 608-835-8863

<b>1993 Revenues</b>	
Total gross revenues	\$800,000
Loss control/engineering	100%
<b>Staff</b>	
Total	10
Professionals	6
Includes: 3 ASSEs, 1 CSP	
<b>Clients</b>	
Total	110

**Loss control services since:** 1978.  
**Frequent services:** Onsite plant loss prevention inspections, hazard identification, building plan reviews, client training, industrial hygiene surveys.  
**Occasional services:** Fire prevention inspections, publications, research, environmental audits.  
**Region served:** Nationwide.  
**Officers:** Daniel J. Hartwig, president; Diane Hartwig, vp.  
**Contact:** Daniel L. Holcomb, technical services manager.

**Gow Management Services Inc.**  
 344 Delaware Ave., Buffalo, N.Y. 14202-1876; 716-856-6148; fax: 716-856-6179

<b>1993 Revenues</b>	
Total gross revenues	\$801,800
Loss control/engineering	40%
Other	60%
Includes: TPA services for carriers and parent company insurance clients	
<b>Staff</b>	
Total	7
Professionals	3
Includes: 1 ARM, 1 ALCM, 1 ASCE, 2 ASSEs	
<b>Clients</b>	
Total	80

**Parent:** S.H. Gow & Co. Inc.  
**Frequent services:** Onsite plant loss prevention inspections, fire prevention inspections, plant security inspections, hazard identification, research, client training.  
**Occasional services:** Building plan reviews, publications, appraisals determining appropriate deductibles programs and specialized coverages.  
**Specialties:** Construction, municipalities, schools.  
**Region served:** Nationwide.  
**Offices:** Rochester and Syracuse, N.Y.  
**Officers:** Stephen H. Gow, chairman; Jeffrey J. Gow, president; Michael S. Gow, executive vp; Richard K. Mason, senior vp.  
**Contact:** Richard K. Mason, 716-856-1100.

**Great Lakes Educational Consultants Inc.**  
 3324 Olney, Kalamazoo, Mich. 49006-2832; 616-382-2314; fax: 616-382-6495

<b>1993 Revenues</b>	
Total gross revenues	\$184,000
Loss control/engineering	100%
<b>Staff</b>	
Total	3
Professionals	3
<b>Clients</b>	
Total	36

**Loss control services since:** 1978.  
**Frequent services:** Plant security inspections, hazard identification, emergency plans.  
**Occasional services:** Onsite plant loss prevention inspections, fire prevention inspections.  
**Specialties:** Educational institutions.  
**Region served:** International.  
**Officers:** Robert F. Jonaitis, president.

**H**  
**HSB Professional Loss Control**  
 P.O. Box 585, Kingston, Tenn. 37763; 615-376-1131; fax: 615-376-5078

<b>Staff</b>	
Total	45
Professionals	30
Includes: 3 ARMs, 1 ASSE, 23 PEs, 27 SFPEs	
<b>Loss control services since:</b> 1976.	
<b>Parent:</b> The Hartford Steam Boiler Inspection & Insurance Co.	

**Frequent services:** Onsite plant loss prevention inspections, fire prevention inspections, hazard identification, publications, client training.  
**Occasional services:** Building plan reviews, research.  
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**Harrington Group Inc.**  
 385 Killian Hill Road N.W., Suite B, Lilburn, Ga. 30247; 404-564-3505; fax: 404-564-3509

<b>1993 Revenues</b>	
Loss control/engineering	100%
<b>Staff</b>	
Total	7
Professionals	5
Includes: 3 PEs, 4 SFPEs	
<b>Clients</b>	
Total	50

**Loss control services since:** 1986.  
**Frequent services:** Onsite plant loss prevention inspections; fire prevention inspections; hazard identification; build-

ing plan reviews; halon alternatives; sprinkler, fire alarm and special systems design; water supply testing and analysis; insurance company recommendation evaluation; development of cost effective alternatives; supervision of system design, installation and testing; written property conservation program development; door fan room integrity testing of gaseous agent protected spaces.  
**Occasional services:** Plant security inspections, client training, publications, research, property replacement cost valuations.  
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# An integrated approach

By Susan M. Sauer  
and Michael Turpin

WHILE MANY BUSINESS leaders are focused on the national health care debate, state legislatures and the insurance marketplace have been quietly ushering in a new era of integration and accountability for workers compensation and health care plans.

Although the major federal health care reform proposals have only hinted at rolling the medical component of workers comp into health care reform, insurers actively are attempting to bridge the narrowing chasm between occupational and non-occupational injuries and illnesses to develop a single strategy, often called "24-hour coverage."

Even though many insurers and third-party administrators claim to have the capabilities to deliver 24-hour coverage to employers, none appears completely ready for such a scenario.

In theory, 24-hour coverage promises seamless delivery of medical and indemnity benefits for occupational and non-occupational injuries and illnesses—eliminating fraud, administrative inefficiencies and multiple medical and disability benefit delivery systems.

In practice, however, a 24-hour program is not just a coverage issue but an application of strategies to coordinate or integrate wage replacement, disability management and medical management of occupational and non-occupational illnesses and injuries to benefit employers. In achieving 24-hour coverage, employers lower their cost of workers compensation and group health insurance, reduce potential exposures under the Americans with Disabilities Act, improve the quality of medical care and delivery of benefit packages, and ease administration.

The good news is that as employers move more aggressively down the continuum of medical cost containment, many have begun to incorporate aspects of 24-hour coverage into their health, disability and workers compensation programs.

Here are eight steps employers can take to gain greater control over workers comp and health care costs:

- Stop waiting for a 24-hour coverage product.

Many employers have put off investigating 24-hour strategies until a product is available through a commercial insurer. And many brokers are reticent or ill-equipped to consult with employers on 24-hour strategies without a turnkey product for delivering services.

Even though insurers are rushing to meet the expected demand created by state workers comp reforms, the majority of integrated 24-hour products are still under development.

Nonetheless, the rhetoric surrounding these products would lead unsuspecting buyers to think the products are actually in place and up and running. In fact, the current roster of so-called 24-hour products still is a long way from a fully integrated or seamless approach. For example, a key aspect of a 24-hour program is to have a single data base for both workers compensation and health and welfare benefits. Thus, such issues as medical provider utilization and quality, illness and injury trends, and return-to-work success can be analyzed—and programs can be re-engineered to be more effective.

However, insurers still maintain separate information systems for workers compensation and health and welfare benefits. The majority of systems we have seen periodically exchange data but don't provide output in an integrated format.

Another 24-hour opportunity that insurers have yet to seize is to designate one case manager to handle all injuries and illnesses at an employer's work site.

In a 24-hour approach, the case manager is in a unique position to understand fully the employer's work-site culture, local physicians' treatment

## 24-hour cover offers good ideas for cost control

approaches and the employer's return-to-work strategy. The case manager also would be familiar with the general health and fitness levels of employees and, consequently, might be more adept at implementing effective return-to-work and wellness initiatives in cooperation with safety programs.

- Follow state legislative reforms.

California recently enacted legislation creating a pilot program for 24-hour coverage. And Colorado, Florida, Georgia, Iowa, Kentucky, Maine, Massachusetts, Minnesota, Montana, Oklahoma, Oregon and Washington all have taken steps to provide for 24-hour coverage.

Are you informed about current or pending legislation that may enable you to manage the total cost of your health care more effectively? Bear in mind that even though federal health care reform initiatives have seized center stage, they may end up having only a relatively small impact on the ultimate shape of reform.

The issue is not what legislation will do for you but what windows of opportunity it creates for your company. These opportunities will focus primarily on safety and medical cost containment issues.

Are you following state reform developments closely enough to be able to react to them quickly?

- Become a consumer of managed care.

Employers that can navigate the murky waters of managed care have a distinct advantage in developing 24-hour strategies. However, they need to apply the same due diligence in selecting providers for workers comp plans as they do for their health care plans.

In the states where you, as an employer, have choice of physician, you can start the process of choosing a provider by evaluating your 10 biggest occupational and non-occupational injuries using ICD.9 codes, which are the standard billing codes used by physicians for describing patient diagnoses. Identify providers that can do the best job of managing outcomes, notably treatment costs and quality, and those that demonstrate the ability to run effective return-to-work programs.

Check if the provider is part of a network, and if it's used for both workers compensation and group health. If you cannot access a network through a commercial insurer, can you contract directly with the provider whose services you require? You may find that you can lower the cost of your medical care if you give the provider a higher volume of patients for workers compensation and group health treatments.

Ask if you can integrate a managed prescription drug program for occupational and non-occupational treatments. Some employees may need durable medical equipment, such as wheelchairs. Can you integrate your DME program for all occupational and non-occupational cases to lower the cost of these services? Many group health managed care providers are expanding their networks to incorporate occupational health expertise. Is your managed care market positioning itself as an integrated health delivery system? What are the credentials of its occupational physicians? Does it have a complement of orthopedic and neurological specialists?

Does the managed care network recognize that case management and return-to-work options are vital to an employer's cost-containment strategy?

- Communicate, communicate, communicate.

Most employers give their employees extensive information about their benefit plans—and are required to do so under the Employee Retirement Income Security Act.

Look at your benefits book and/or employee handbook. Do you address workers compensation in it? If so, you probably only discuss workers compensation benefits as they apply to short- and long-term disability programs.

Employers need to let their employees know what benefits are available under workers compensation, including medical, wage replacement and permanent disability. You should talk to your employees about workers compensation. It's your choice whether your employees will learn about workers compensation from unions, attorneys, the news media... or from you. Employers need to have a clear vision about their workers compensation program and to articulate it to their employees.

For instance, you may want your employees to know you make having a safe workplace a priority, and that you will provide quality medical care for injured workers. By taking the time and effort to communicate with your employees, you'll improve your programs by helping your employees change their behavior.

This lets employees know what's important to you and sets the tone for your handling of workers compensation cases.

Employers that do a good job of communicating with their employees on these issues often provide training and reinforce messages through posters, wallet cards or pamphlets.

Supervisors and other employees who are in contact with injured workers need to understand why it's important to maintain contact with these employees while they're off work. Sometimes, they're the most critical link to the employee returning to work.

- Don't think of benefits and workers compensation as separate plans.

Some organizations have significant internal barriers to implementing a 24-hour program. Often, the human resources department handles employee benefits and the risk management department coordinates workers compensation issues. Here, turf protection can undermine the otherwise substantial capabilities of a corporation to examine both issues under the same light.

This situation is often exacerbated by brokers and consultants who may not have the ability to assemble and coordinate a team of employee benefit and workers compensation professionals to meet client needs.

A key step toward integrating 24-hour business strategies is to tear down interdepartmental barriers.

This doesn't mean changing the departmental responsibilities of risk management or human resources. The ability to integrate loss information, collaborate on managed care strategies, create integrated disability strategies and to provide one return-to-work program for all injuries and illnesses regardless of where they take place—hinges on an employer's ability to overcome its traditional administrative structure.

For example, changes in a health plan may manifest themselves in increased workers comp claims without a coordinated process for reporting and monitoring all claims. One employer changed its mental health benefits and in doing so reduced the cost of claims on the group side. Yet, the employer's human resources department wasn't aware that the number and cost of stress claims on the workers comp side had increased. The result was a shifting—not reduction—of costs.

You may wish to consider a cross-functional team approach. As companies implement total quality management, they find great problem-solving power in cross-functional team approaches. In the 24-hour area, a cross-functional team may include: risk management, human resources, safety, operations and other disciplines.

- Establish performance guarantees.

If your third-party administrators, claims payers or insurers claim their plans can save you money, have

*Continued on next page*

# ASK A RISK MANAGER

## Loss allocation systems key to controlling losses

**Q**

We are presently redesigning our loss allocation system to make our individual operations centers more accountable for their claims experience. Would you please comment on this subject?

**A**

There are countless advantages of a loss allocation system, so you are definitely correct to focus on designing one that is meaningful for your individual operating centers.

Perhaps there is no greater tool to accomplish safety objectives than a loss allocation program, nor is there a better means to reduce claims experience over an extended period of time. We, as managers, can implement programs to control accidents and reduce the entire "cost of risk" when we fully understand the impact of losses on our day-to-day operations.

You mentioned that you are "redesigning" your allocation system, which implies the current program is inadequate for one reason or another. Take the time to identify your reasons for making the change and establish specific objectives for the new program. This process will be invaluable as you monitor the success of the redesigned allocation vehicle.

The components of a loss allocation system vary insofar as some may be designed to deal with only the cost of actual losses incurred while others may also include other "insurance" costs such as insurance premiums, brokers' fees and claims adjusting

expenses. You should begin by evaluating exactly what costs should be transferred to your operations. Is your intention to allocate just workers compensation expenses, liability expenses or both?

If you do not have a computerized risk management information system, the allocation effort will be difficult at best, since access to timely, reliable loss information, in a vast array of formats is a must. Loss data reports will, after all, be the basis for the charge-back program and should provide management at your operating centers with the necessary claim information to support the actual charges.

Your next step would be to determine how much cost should be allocated to an individual operating center. Everyone lives under rather stringent budgets these days, so an answer must be given to the question of "how much is enough?"

Some organizations allocate the entire cost of a loss, regardless of severity, to operating centers. Others use average costs per accident type as the basis of a charge-back. Still others "cap" the exposure at a certain financial threshold and allocate the remaining expense to another budget. Keep in mind that the allocation system should be fair and meaningful. A \$50,000 loss would be catastrophic to a small retail operation, while it could more easily be absorbed by a large manufacturing facility. Your financial and accounting executives will provide the guidelines on this issue.

Before making any changes to the existing allocation system, please do yourself a favor and take the time to educate everyone affected by the program of the changes. Your management will not appreciate "surprises" that negatively affect the bottom line. Therefore, it's your responsibility to carefully inform them of the reason for the changes, how the new program works and how the changes can be viewed as positive for them. Finally, you will want to establish a reasonable timetable to roll-out the new program.

This schedule will allow management an opportunity to enhance existing safety programs or create new ones and to inform all employees of the impact of the allocation system. Everyone should embrace the concept because, quite simply, if there are no accidents or if frequency is significantly reduced, everyone benefits.

To make certain the system is performing according to your objectives, you should continuously review the results. I recommend that any major adjustments be made on either a semiannual or annual basis. You already recognize that a properly designed and implemented loss allocation program is a crucial element of the risk management process. Good luck as you proceed with enhancing your present system. **BI**

*Would you like advice from an experienced colleague on a risk management, benefits management or actuarial problem? Four quarterly features in the Perspective section of Business Insurance can give you some answers.*

*Ask A Risk Manager, Ask A Benefits Manager, Ask A Benefit Actuary and Ask A Casualty Actuary answer written questions from readers on risk and benefits management issues and actuarial problems.*

*This month's column on risk management issues is written by Susan M. Werner, director of risk management at Hardee's Food Systems Inc. in Rocky Mount, N.C. Dennis J. Nirtaut, manager of employee benefits at Continental Bank Corp. in Chicago, answers questions on employee benefit plans.*



**Ms. Werner**

*William J. Miner, an actuary with The Wyatt Co. in Chicago, answers actuarial questions on benefits issues.*

*And, Richard E. Sherman, president of Richard E. Sherman & Associates Inc. in Ashland, Ore., answers actuarial questions in the casualty field.*

*Address your questions to ASK, Business Insurance, 740 N. Rush St., Chicago, Ill. 60611. Please give us your name, title and employer; however, Business Insurance will consider unsigned letters.*

## 24-hour coverage

*Continued from previous page*

them assume some risk for the performance of their plan.

Health care insurers and third-party payers have had performance contracts with clients on the benefits side for the last several years. Why not establish similar criteria for your workers comp program? Take the group health-side tactic of using penalty/incentive guarantees, and use it with your workers comp service providers.

You can establish measurement criteria for a variety of issues, including: accuracy or timeliness of payments; expediency of the case manager to make the three-point (physician, employee, employer) contact; accuracy of location coding; satisfaction at returning phone calls, and the percentage of time contacted by the insurer for settlement authority.

Ultimately, as quality initiatives encompass all levels of U.S. organizations, vendors involved in 24-hour programs will be held to higher standards of accountability—and required to assume risk—for their performance of services they provide.

A residual benefit of implementing a performance guarantee is that the process requires clear expectations and communications with your service provider. Clearer expectations produce results.

- Demand good loss data.

Employers need to be aware of the differences in the administrative systems of vendors. Developing a 24-hour strategy starts with understanding the cost drivers in your plan.

The age, lifestyles, health status, education and other demographics of your employee population—together with the blending of data from your group medical, workers comp and short- and long-term disability plans—create a profile that must

be closely evaluated to identify areas inflating program costs.

And this data can give you a road map for wellness and loss prevention program strategies.

For instance, you may have large numbers of employee back injury claims under group medical and workers comp. Preventive measures, including training and exercise regimens, may help reduce the total number of back injuries incurred by your employees.

Traditionally, commercial workers comp insurers and claim administrators have done a poor job of compiling the utilization data necessary to track the claimant through the health care delivery system.

Some additional questions to ask about reporting:

Will I be able to determine where the majority of my injuries and illnesses occur—by location, time of day, and age of workforce? Can I determine the percentage of my employees using my managed care programs vs. traditional programs? Can I determine which providers are delivering the best cost and quality for my programs?

- Understand the difference between occupational and non-occupational health care.

While the feasibility of integrated health care has never been greater, employers need to understand the unique differences in the two delivery systems. For example, experience rating in health care has accelerated the health care reform debate with many calling for community rating to eliminate so-called discriminatory underwriting practices. Yet, workers comp experience rating creates incentives for employers to maintain a safe workplace.

Health care is delivered differently as well. Workers compensation vocational rehabilitation professionals and industrial specialists evaluate ergonomic conditions, disability management, and return-to-work strategies, but medical case managers on the group side handle non-occupational injuries

typically without regard to return-to-work or vocational rehabilitation needs.

Understanding the differences helps you to recognize the similarities. There's no reason not to introduce loss prevention and return-to-work for non-occupational injuries. On the flip side, there's no reason not to introduce wellness and sophisticated managed care techniques to occupational injuries or illnesses.

Determine your objectives. You need to look at what's driving your costs. Why are you doing a 24-hour program? Are you doing it because your workers comp costs are high or because your group costs are high, or both?

Or are you doing a good job at controlling costs in both programs, but want to become more effective and efficient in what you do?

The benefits of 24-hour coverage include: lowering costs, providing quality of care and improving disability management, as well as easing administration, and reducing ADA exposure.

Just as business cannot afford to wait for Washington to enact health care reform, so too, risk managers and human resources professionals need to realize they must become the catalysts for 24-hour programs. **BI**

*Susan M. Sauer is national workers compensation*



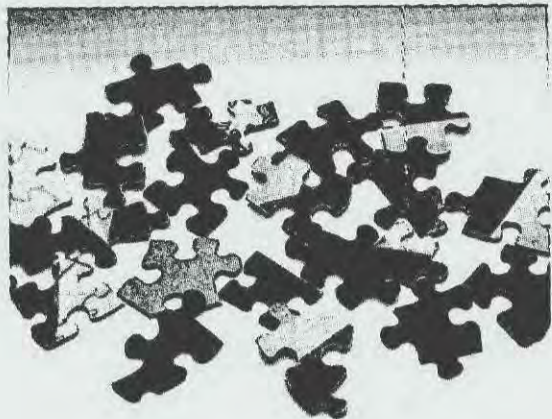
**Ms. Sauer**



**Mr. Turpin**

*leader for Johnson & Higgins in Chicago. Michael Turpin is national employee benefits services leader for J&H in Costa Mesa, Calif.*

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**Spotlight report**

Continued from page 33

**Hastings-Tapley Services Inc.**

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

**1993 Revenues**

Total gross revenues	\$4,030,000
Loss control/engineering	9%
Other	91%
Includes: claims administration, excess insurance placement, policy issuance and services	

**Staff**

Total	68
Professionals	6
Includes: 1 ARM, 3 ASSEs, 1 CSP	

**Loss control services since:** 1987.

**Parent:** Hastings-Tapley Insurance Agency Inc.

**Frequent services:** Onsite plant loss prevention inspections, fire prevention inspections, client training, building replacement cost evaluations.

**Occasional services:** Plant security inspections, hazard identification, building plan reviews, publications, research.

**Specialties:** Governmental entities.

**Region served:** Maine, Massachusetts, New Hampshire, New York, Vermont, Virginia.

**Offices:** Albany, N.Y.; Richmond, Va.

**Officers:** David J. Lane, chairman; E. Donald Lewis, president; Marsha K. Burrige, executive vp; Frederick J. England Jr., treasurer; Jennifer L. Decker, vp/secretary.

**Contact:** Ralph J. Gemelli, vp.

**Helmsman Management Services Inc.**

River Office Park, 9 Riverside Road, Weston, Mass. 02193-2290; 617-243-7985; fax: 617-736-0256

**1993 Revenues**

Total gross revenues	\$28,800,000
Loss control/engineering	5%
Other	95%
Includes: safety consulting, claims administration, managed care, risk information services	

**Staff**

Total	650
Professionals	80
Includes: ARMs, ALCMs, ASSEs, CSPs, PEs, SFPEs	

**Clients**

Total	225
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**Loss control services since:** 1983.

**Parent:** Liberty Mutual Insurance Group.

**Frequent services:** Onsite plant loss prevention inspections, fire prevention inspections, hazard identification, building plan reviews, publications, research, client training, sprinkler protection analysis, boiler and machinery consulting services, life safety evaluations, emergency preparedness planning.

**Occasional services:** Plant security inspections.

**Specialties:** Manufacturing, retail industry, construction.

**Region served:** International.

**Offices:** 125 locations throughout Canada, Mexico, United Kingdom and United States.

**Officers:** Gary L. Countryman, chairman/CEO; Edmund F. Kelly, president; Robert L. Barrese, Therese A. Maloney, senior vps; Amy J. Leddy, vp/manager.

**Contact:** Dan Lyons, vp/manager-field operations.

**Hewitt, Coleman & Associates Inc.**

2717 Poinsett Highway, Greenville, S.C. 29609; 803-240-5800; fax: 803-232-8824

**1993 Revenues**

Loss control/engineering	5%
Other	95%
Includes: casualty loss control, claims services, excess insurance placement	

**Staff**

Total	10
Professionals	6
Includes: 4 CSPs, 1 PE	

**Clients**

Total	30
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**Loss control services since:** 1923.

**Frequent services:** Onsite plant loss prevention inspections, fire prevention inspections, hazard identification, research, client training.

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

**Region served:** Nationwide.

**Offices:** Birmingham, Ala.; Little Rock, Ark.; Denver; Orlando, Fla.; Atlanta; Jackson, Miss.; Indianapolis; Raleigh, N.C.

**Officers:** Charles R. Warne, president/CEO; Ronald J. Graves, senior vp-loss control; Randy Chapman, senior vp-marketing; J. Jay Franks, senior vp-administration; Sherry Loftis, vp-risk management; Mitzi Helton, vp-finance.  
**Contact:** Ronald J. Graves.

**High-Point**

12520 High-Bluff Drive, Suite 340, San Diego, Calif. 92130; 800-229-9050; fax: 619-793-9054

**1993 Revenues**

Total gross revenues	\$15,000,000
Loss control/engineering	100%

**Staff**

Total	130
Professionals	85
Includes: 50 ASCEs, 50 PEs	

**Loss control services since:** 1970.

**Parent:** High-Point Rendel.

**Frequent services:** Hazard identification, building plan reviews, defect inspections, testimony.

**Occasional services:** Onsite plant loss prevention inspections, fire prevention inspections, publications, research, client training.

**Specialties:** Construction, Lloyds of London force majeure reviews.

**Region served:** International.

**Offices:** Phoenix; Irvine, Los Angeles and San Francisco, Calif.; Hartford, Conn.; Washington; Clearwater and Fort Lauderdale, Fla.; Boston; Las Vegas; Roseland, N.J.; New York; Austin, Texas; Williamsburg, Va.; Seattle; four offices in Canada.

**Officers:** Gene Bennett, president/CEO; Steve Davis, Jerry Howell, Joel Callahan, Lee Schumacher, vps.

**Contact:** Adam Winegard, marketing director.

**J.P. Hinde Enterprises Inc.**

1225 N.W. 21st St., Suite 3207, Stuart, Fla. 34994; 407-692-9684

**1993 Revenues**

Loss control/engineering	60%
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Other	40%
Includes: equipment installation and evaluation, development of safety, maintenance and training programs	

**Staff**

Total	8
Professionals	8
Includes: 1 ASCE, 2 PEs	

**Clients**

Total	21
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**Loss control services since:** 1980.

**Frequent services:** Onsite plant loss prevention inspections; fire prevention inspections; hazard identification; building plan reviews; public liability safety evaluations and reviews; safety program, policy and procedure review and development; litigation assistance, investigation and expert opinion.

**Occasional services:** Publications, research, client training.

**Specialties:** Amusement, entertainment, leisure and recreation industry.

**Region served:** International.

**Offices:** Seal Beach, Calif.; Chicago; Portland, Ore.; Myrtle Beach, S.C.

**Officers:** John P. Hinde, president.

**I**

**IRM Services Inc.**

4401 Barclay Downs Drive, Charlotte, N.C. 28209; 704-551-3000; fax: 704-551-3111

**1993 Revenues**

Total gross revenues	\$35,300,000
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**Staff**

Total	176
Includes: 1 ARM, 2 ASSEs, 4 PEs, 18 SFPEs	

**Loss control services since:** 1921.

**Frequent services:** Onsite plant loss prevention inspections, fire prevention inspections, sprinkler plan review.

**Occasional services:** Plant security inspections, building plan reviews, publications, client training.

**Specialties:** Hospitals, municipalities, printers, metal workers, plastic workers.

**Region served:** Nationwide.

*Continued on next page*



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Continued from previous page

Offices: Tarrytown, N.Y.; Irving, Texas.

Officers: R. Bruce Jamieson, president; Robert Bebon, vp-engineering; Archer Dowdy, vp-marketing/underwriting; Clyde Barber, secretary/treasurer. Contact: Robert Bebon.

**Information Security International Inc.**

8403 Colesville Road., Suite 610, Silver Spring, Md. 20910; 301-589-4949; fax: 301-589-0007

Staff	
Total	8

Loss control services since: 1986. Frequent services: Onsite plant loss prevention inspections, plant security inspections, building plan reviews. Occasional services: Hazard identification, publications, research, client training. Region served: International. Officers: Michael J. Burke, president.

**Inservco Insurance Services Inc.**

3461 Market St., Suite 201, Harrisburg, Pa. 17011; 717-761-7735; fax: 717-763-5732

<b>1993 Revenues</b>	
Total gross revenues	\$15,000,000
Loss control/engineering	4%
Other	96%
Includes: claims management, rehabilitation services	

<b>Staff</b>	
Total	6
Professionals	6
Includes: 1 ARM, 1 ALCM, 4 ASSEs, 3 CSPs, 1 PE, 2 SFPEs	

<b>Clients</b>	
Total	43

Loss control services since: 1980. Parent: Penn National Insurance Co. Frequent services: Onsite plant loss prevention inspections, hazard identification, client training, safety management program assessments, development

of employee safety awareness/incentive programs.

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

Specialties: Governmental, educational (including colleges and universities), light industrial, retail sales and dealers, contractors.

Region served: Delaware, District of Columbia, Maryland, New Jersey, Pennsylvania, Virginia.

Offices: Philadelphia and Pittsburgh, Pa.; Trenton, N.J.

Officers: James Taylor, president; Robert Conrad, executive vp; Kenneth Shutts, secretary/general counsel; Barry Kline, treasurer; Michael Scheib, vp-operations.

Contact: Joseph M. Boslet, vp-safety management services.

Property loss control directory terms, methodology and staff designations explained on page 23.

**Insurance Control Systems Inc.**

1118 N. La Brea Ave., Inglewood, Calif. 90302; 213-678-7115; fax: 310-673-3350

<b>1993 Revenues</b>	
Total gross revenues	\$1,400,000
Loss control/engineering	95%
Other	5%
Includes: occasional legal witness fee	

<b>Staff</b>	
Total	14
Professionals	4
Includes: 1 ARM, 2 ALCMs, 3 ASSEs, 2 CSPs	

<b>Clients</b>	
Total	49

Loss control services since: 1989. Frequent services: Onsite plant loss prevention inspections, fire prevention inspections, hazard identification, publications, 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.

Region served: Nationwide. Offices: Atlanta; Reno, Nev.; Dallas. Officers: Alfred Kirkpatrick, president; Valeta Paganelli, vp; Laura Patten, vp-operations; Velda Heitkamp, controller; Patty Traber, service director. Contact: Valeta Paganelli.

**Insurance & Risk Management**

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

<b>1993 Revenues</b>	
Total gross revenues	\$11,170,000
Loss control/engineering	2%

<b>Staff</b>	
Total	6
Includes: 3 ASSEs, 2 CSPs	

Loss control services since: 1989. Frequent services: Onsite plant loss prevention inspections, hazard identification, client training, safety programming, OSHA related compliance and training.

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

Region served: Nationwide. Offices: Indianapolis and Muncie, Ind.; Defiance and Sylvania, Ohio.

Officers: Bart Bircheff, COO; Len Koeller, Jim Van Dyck, Dewey Tagtmeyer, Jeff Johnson, account executives. Contact: James E. Krouse.

**Insurers Technical Services Inc.**

2 Columbus Center, 55 Alhambra Plaza, Coral Gables, Fla. 33134; 305-461-7410; fax: 305-461-4303

<b>1993 Revenues</b>	
Total gross revenues	\$300,000
Loss control/engineering	50%
Other	50%

<b>Staff</b>	
Total	14
Professionals	10
Includes: 2 ASSEs, 2 CSPs	

<b>Clients</b>	
Total	15

Loss control services since: 1983. Parent: Skandia Group. Frequent services: Onsite plant loss prevention inspections, fire prevention, building plan reviews, insurance underwriting surveys and services.

Occasional services: Hazard identification. Specialties: Property and casualty insurance companies.

Region served: Florida. Offices: Maitland, Fla.

Officers: R.C. Chaffin, president; John Marshall, vp. Contact: Martin R. Lerner.

**International Risk Consultants Ltd.**

E.R.M. House, 31/33 Monument Hill, Weybridge, Surrey, United Kingdom; 44-932-854711; fax: 44-932-858072

<b>1993 Revenues</b>	
Total gross revenues	\$2,100,000
Loss control/engineering	100%

<b>Staff</b>	
Total	21
Professionals	16

<b>Clients</b>	
Total	60

Loss control services since: 1973. Parent: International Risk Management Group.

Frequent services: Onsite plant loss prevention inspections, fire prevention inspections, hazard identification, building plan reviews, risk identification and quantification, boiler and machinery, infrared thermography, chemical process safety.

Occasional services: Plant security inspections, publications, research, client training, occupational health and safety, emergency planning, fleet safety management, environmental risk.

Specialties: Multinational corporations.

Region served: International.

Offices: 34 offices and affiliated company offices worldwide.

Officers: G.G. Bradburn, managing director; M.R. Harvey, general manager; A. Milsom, engineering manager; K. Moseley, manager-Germany; K.W. Parkinson, environmental manager.

Contact: M.R. Harvey, general manager.

Continued on next page



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*Continued from previous page*

**J**

**William L. Jacobs  
 Enterprises Inc.**  
 1231 Tall Pines Drive, Osteen, Fla.  
 32764; 407-324-9245 or  
 800-208-9039; fax: 407-324-9245

<b>1993 Revenues</b>	
Loss control/engineering.....	30%
Other.....	70%
Includes: litigation support	
<b>Staff</b>	
Total.....	2
Professionals.....	1
Includes: 1 CSP, 1 PE	
<b>Clients</b>	
Total.....	20
<b>Loss control services since: 1987.</b>	
Frequent services: Onsite plant loss prevention inspections, hazard identification, research, client training, driver	

training, accident investigation, OSHA and litigation consulting.  
**Occasional services:** Plant security inspections, building plan reviews, publications.  
**Specialties:** Construction, retailers.  
**Region served:** Southeastern United States.  
**Offices:** Fort Lauderdale, Fla.  
**Officers:** William L. Jacobs, president.

**Janus Management  
 Associates**  
 52 Chapman Drive, Glastonbury,  
 Conn. 06033; 203-633-6803;  
 fax: 203-633-6803

<b>1993 Revenues</b>	
Total gross revenues.....	\$1,000,000
Loss control/engineering.....	100%
<b>Staff</b>	
Total.....	8
Professionals.....	8
Includes: 2 PEs	
<b>Clients</b>	
Total.....	24

**Loss control services since: 1992.**  
**Frequent services:** Onsite plant loss prevention inspections; client training; expert witness testimony; boiler and machinery risk evaluations, loss prevention and claims loss control.  
**Occasional services:** Fire prevention inspections, hazard identification, publications, research.  
**Specialties:** Power generation industry, pulp and paper, heavy manufacturing, mining and metals, food processing.  
**Region served:** International.  
**Officers:** Gary R. Doughty, president.  
**Contact:** Brian J. Grosjean, 203-871-0201.

**Jarry Associates**  
 13 Riggs Court, Basking Ridge, N.J.  
 07920; 908-953-0567

<b>1993 Revenues</b>	
Total gross revenues.....	\$110,000
Loss control/engineering.....	100%
<b>Staff</b>	
Total.....	3
Professionals.....	2
Includes: 2 ASSEs, 2 PEs	

**Loss control services since: 1980.**  
**Frequent services:** Onsite plant loss prevention inspections, hazard identification, research.  
**Occasional services:** Building plan reviews, client training.  
**Specialties:** Industrial manufacturing.  
**Region served:** Nationwide.  
**Offices:** Birmingham, Ala.; Center Conway, N.H.  
**Officers:** Harry J. Eiermann, principal consultant.

**Rolf Jensen & Associates Inc.**  
 1751 Lake Cook Road, Suite 400,  
 Deerfield, Ill. 60015-5294;  
 708-948-0700; fax: 708-948-0866

<b>1993 Revenues</b>	
Total gross revenues.....	\$12,353,000
Loss control/engineering.....	10%
Other.....	90%
Includes: code consulting, fire protection systems design, accessibility consulting	
<b>Staff</b>	
Total.....	132
Professionals.....	65
Includes: 5 CSPs, 47 PEs, 47 SFPEs	
<b>Clients</b>	
Total.....	1,000

**Loss control services since: 1969.**  
**Frequent services:** Fire prevention inspections, hazard identification, building plan reviews, research, client training, fire investigations, accessibility consulting, fire protection systems design.  
**Occasional services:** Onsite plant loss prevention inspections, publications.  
**Region served:** International.  
**Offices:** Concord and Yorba Linda, Calif.; Atlanta; Boston; Springfield, N.J.; Houston; Fairfax, Va.  
**Officers:** Martin H. Reiss, president/CEO; James R. Quiter, Ralph E. Transue, Randolph W. Tucker, William A. Webb, senior vps.  
**Contact:** George E. Toth, vp-marketing.

**Jerico International Ltd.**  
 203 Gibbons Building, 10 Queen St.,  
 Hamilton, Bermuda HM 11;  
 809-295-0850; fax: 809-292-3704

<b>Staff</b>	
Total.....	10

**Loss control services since: 1986.**  
**Frequent services:** Plant security inspections, loss prevention audits.  
**Occasional services:** Onsite plant loss prevention inspections, hazard identification, building plan reviews, publications, research, client training.  
**Specialties:** Insurance, shipping, manufacturing, high tech, financial.  
**Region served:** International.  
**Officers:** Gerard P. Burke, president; Andrew M. Sinclair, Tatiana S. Gau, directors.  
**Contact:** Maura A. Burke, manager-business development.

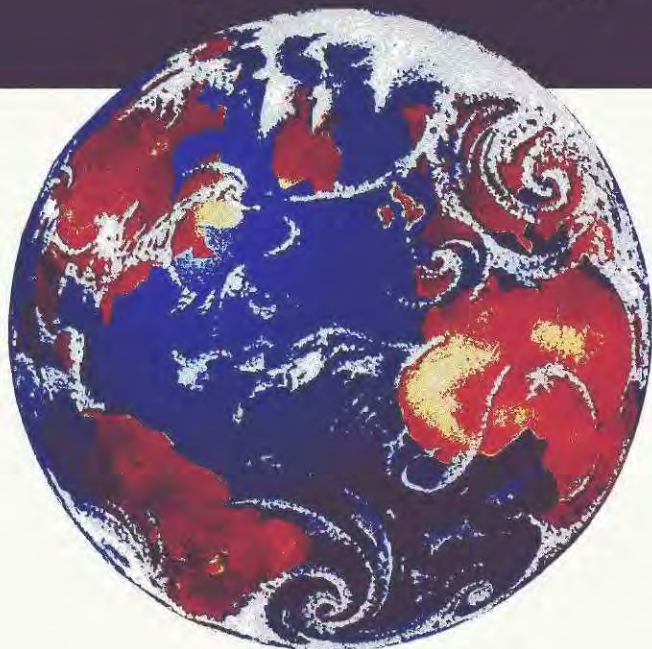
**Johnson & Higgins**  
 125 Broad St., New York, N.Y.  
 10004-2424; 212-574-7000;  
 fax: 212-574-8991

<b>Staff</b>	
Total.....	138
Professionals.....	55
Includes: 11 ARMs, 1 ALCM, 2 ASCEs, 1 ASSE, 1 CSP, 17 PEs, 40 SFPEs	
<b>Clients</b>	
Total.....	1,250

*Continued on next page*

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Continued from previous page

**Frequent services:** Exposure identification and mitigation; risk based surveys; risk and business impact analysis; business continuation planning; boiler and machinery expertise; new construction plan reviews; research; client training; customized databases; earthquake, windstorm and hurricane exposure analysis.

**Occasional services:** Onsite plant loss prevention inspections, fire prevention inspections, publications, code consulting, valuations assistance, infrared imaging.

**Specialties:** Energy, pulp and paper, chemical, oil, gas and petrochemical, telecommunications, agricultural, high-tech industries.

**Region served:** International.  
**Offices:** U.S.: 55 consultants in 24 cities; International: 68 consultants in 23 countries.

**Officers:** Norman Barham, director/senior vp; Glenn H. Giles, global manager-property loss control; Ralph P. Dellinger, manager-property loss control specialty services; Glenn D. Buser, Deborah L. Freeland, regional managers-property loss control.  
**Contact:** Glenn H. Giles, 212-574-8710; Ralph P. Dellinger, 310-552-8875; Glenn D. Buser, 212-574-8722; Deborah L. Freeland, 310-551-3830.

**Region served:** International.  
**Officers:** Orville M. Slye Jr., president; David W. Owen, consultant.  
**Contact:** Orville M. Slye Jr.

**Loss Prevention Consultants Inc.**

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

1993 Revenues	
Loss control/engineering.....	95%
Other.....	5%
Includes: legal expert	

Staff	
Total.....	3
Professionals.....	2
Includes: 1 ASSE	

Clients	
Total.....	75

**Loss control services since:** 1982.  
**Frequent services:** Onsite plant loss prevention inspections, fire prevention inspections, hazard identification, research, client training.

Continued on next page

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**L**

**Las Vegas Audit & Inspection Service**

1621 E. Flamingo, Suite 15-B, Las Vegas, Nev. 89119; 702-369-7475; fax: 702-796-7475

1993 Revenues	
Loss control/engineering.....	80%
Other.....	20%
Includes: premium audits	

Staff	
Total.....	3
Professionals.....	1

**Loss control services since:** 1986.  
**Frequent services:** Onsite plant loss prevention inspections, fire prevention inspections, hazard identification, client training.

**Occasional services:** Plant security inspections, research.

**Region served:** Arizona (partial), California, Nevada, Utah.

**Officers:** K. Steven Kawa; Brenda Kawa, president.

**Contact:** K. Steven Kawa.

**Collin A. Lewis-Fire Protection Consultant**

P.O. Box 11792, Santa Rosa, Calif. 95406-1792; 707-528-9617; fax: 707-528-1363

Staff	
Total.....	1
Professionals.....	1
Includes: 1 ARM, 1 SFPE	

**Loss control services since:** 1987.  
**Frequent services:** Hazard identification, building plan reviews, fire protection program audits (including nuclear), expert testimony.

**Occasional services:** Onsite plant loss prevention inspections, fire prevention inspections, publications, research, client training, program development.

**Region served:** Nationwide.

**Officers:** Collin A. Lewis, sole proprietor.

**Loss Control Associates Inc.**

172 Middletown Blvd., Suite B-204, Langhorne, Pa. 19047; 215-750-6841; fax: 215-750-6845

1993 Revenues	
Total gross revenues.....	\$857,000
Loss control/engineering.....	100%

Staff	
Total.....	8
Professionals.....	6
Includes: 4 PEs, 5 SFPEs	

**Loss control services since:** 1986.  
**Frequent services:** Onsite plant loss prevention inspections, hazard identification, client training, process safety management, process hazards analysis, expert witness.

**Occasional services:** Fire prevention, building plan reviews, publications.

**Specialties:** Petrochemical, chemical, flammable and combustible liquid handling, storage use, refrigerated warehouses.

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**Spotlight report**

Continued from previous page

**Occasional services:** Plant security inspections, building plan reviews, publications.  
**Specialties:** 18 wheel transportation with special emphasis on hazardous material transporters and tank trucks.  
**Region served:** Nationwide.  
**Officers:** John R. Eubanks Jr., president; Jo Ann P. Eubanks, vp.  
**Contact:** John R. Eubanks Jr.

**M**

**Maritime Risk Management Consultants**  
 22 E. Taylor St., Savannah, Ga. 31401; 912-238-4636

Staff	
Total	3
Professionals	1
Clients	
Total	12

**Loss control services since:** 1989.  
**Frequent services:** Onsite plant loss prevention inspections, fire prevention inspections, hazard identification.  
**Occasional services:** Plant security inspections, publications, research, client training, safety manual development.  
**Specialties:** Maritime, warehousing.  
**Region served:** Nationwide.  
**Offices:** Palm Beach Gardens, Fla.  
**Officers:** Robert W. Smithers, owner.

**Donald Mayo-Fire Protection Consultant**  
 2300 Contra Costa Blvd., Suite 330, Pleasant Hill, Calif. 94523; 510-685-3733; fax: 510-676-8780

1993 Revenues	
Total gross revenues	\$320,000
Loss control/engineering	100%
Staff	
Total	4
Professionals	3
Includes: 1 ARM, 3 SFPEs	

**Loss control services since:** 1987.  
**Frequent services:** Onsite plant loss prevention inspections, fire prevention inspections, hazard identification, building plan reviews, fire protection, detection, suppression systems, specification writing, construction administration and review.

**Occasional services:** Research, client training.  
**Region served:** International.  
**Officers:** Linda Mayo, CEO/co-owner/vp/secretary; Donald Mayo, president/treasurer.  
**Contact:** Donald Mayo.

**Mead Loss Control**  
 Courthouse Plaza N.E., Dayton, Ohio 45463; 513-495-7203; fax: 513-495-7220

1993 Revenues	
Total gross revenues	\$1,731,289
Loss control/engineering	100%
Staff	
Total	13
Professionals	8
Includes: 1 ARM, 1 PE	

**Loss control services since:** 1973.  
**Parent:** Mead Corp.  
**Frequent services:** Onsite plant loss prevention inspections, fire prevention inspections, plant security inspections, hazard identification, building plan reviews, premium allocation based on engineering profile.

**Occasional services:** Publications, client training.  
**Specialties:** Pulp and paper, metal workers, salt mines.  
**Region served:** International.  
**Officers:** Walter P. Luker, senior vp/general manager; Larry Jones, vp-engineering; Alan Rodeck, manager-business development; Sheryl Hickman, administrative manager.

**Michigan Hospital Assn. Service Corp.**  
 6215 W. St. Joseph Highway, Lansing, Mich. 48917; 517-323-3443; fax: 517-323-0913

1993 Revenues	
Total gross revenues	\$700,000
Loss control/engineering	50%

Other	50%
Staff	
Total	88
Professionals	7
Includes: 1 CSP, 2 PEs	
Clients	
Total	120

**Loss control services since:** 1980.  
**Parent:** Michigan Hospital Assn.  
**Frequent services:** Onsite plant loss prevention inspections, fire prevention inspections, hazard identification, publications, research, client training.  
**Occasional services:** Plant security inspections, building plan reviews, ergonomic surveys.  
**Specialties:** Health care facilities, hospitals, nursing homes, home health care.  
**Region served:** Indiana, Michigan, Wisconsin.  
**Offices:** Southfield, Mich.  
**Officers:** Fritz Kellermann, COO; Kathy Dickerson, vp.  
**Contact:** Pier George Zanoni, director-occupational health/environmental safety services.

**N**

**Network Safety Consultants Inc.**  
 14400 John Humphrey Drive, Suite A, Orland Park, Ill. 60462; 708-873-3325; fax: 708-873-0120

Staff	
Total	2
Professionals	1
Includes: 1 ASSE, 1 CSP	
Clients	
Total	23

**Loss control services since:** 1992.  
**Parent:** Horton Insurance Agency Inc.  
**Frequent services:** Onsite plant loss prevention inspections, fire prevention inspections, hazard identification, publications, client training.

**Occasional services:** Plant security inspections, building plan reviews, research.  
**Region served:** Illinois, Indiana, Wisconsin.  
**Officers:** Glenn Horton, president; Gary Glader, vp.  
**Contact:** Gary Glader.

**Northern General Services Inc.**  
 38 Mallett Drive, P.O. Box 477, Freeport, Maine 04032-0477; 207-865-0200; fax: 207-865-0212

1993 Revenues	
Loss control/engineering	50%
Other	50%
Includes: workers compensation loss control	
Staff	
Total	40
Professionals	7
Includes: 2 ASSEs, 1 CSP	
Clients	
Total	20

**Loss control services since:** 1978.

**Frequent services:** Onsite plant loss prevention inspections, fire prevention inspections, hazard identification, publications, client training, underwriting inspections.

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

**Specialties:** Schools and municipalities, nursing homes and hospitals, pulp and paper industry.

**Region served:** New England.  
**Offices:** Essex, Mass.

**Officers:** O. William Robertson, president; John Plunkett, executive vp-marketing/underwriting; Alan Alexander, executive vp-regional development.

**Contact:** Edward A. MacDonald, loss control manager.

Continued on next page

Property loss control directory terms, methodology and staff designations explained on page 23.

# Ready for midye

## Employee Benefits Scrutiny

It's nearly time for midyear renewals and many decision-makers will be re-examining their employee benefits contracts — as well as their companies' needs. Take advantage of this intense inspection by putting your services on the table in the **Benefits Midyear Market Report**, publishing in the June 27 issue of *Business Insurance*.

Corporate executives, including administrative and financial officers as well as benefits managers, will scrutinize the reports in this issue. When surveyed, 79% of these executives reported spending \$1 million or more on their employee benefits programs. That's why they represent the operations you want to reach.

This issue also features the annual **Directory of Employee Assistance Programs**. And with 59% of our corporate readers directly responsible for employee benefits—including purchasing decisions for employee assistance counseling and rehabilitation services—there's no need for a second opinion or the advertising value of this issue.

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**Benefits: Midyear Market Report**  
**Directory: EAPs and Mental Health Networks**  
**Info Resource: Health Care**

**Publishing: June 27**  
**Closing: June 15**

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 (212) 210-0133  
 Fax: (212) 210-0704

**Chicago:**  
 740 N. Rush Street  
 IL 60611-2590  
 (312) 649-5276  
 Fax: (312) 649-7799



Continued from previous page

**O**

**Omni Tech International Ltd.**

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

1993 Revenues	
Total gross revenues	\$1,000,000
Loss control/engineering	25%
Other	75%
Includes: quality systems, environmental and regulatory services, expert witness	

Staff	
Total	30
Professionals	5
Includes: 5 ASCEs, 5 PEs	

Clients	
Total	15

Loss control services since: 1986.  
Frequent services: Onsite plant loss

prevention inspections, fire prevention inspections, hazard identification.

Occasional services: Building plan reviews, research, client training.

Specialties: Chemical processing and petroleum industries.

Region served: Nationwide.

Offices: Houston and Lake Jackson, Texas.

Officers: Robert W. Belfit Jr., Richard L. Heiny, Richard K. Avitabile, James H. Hanes, Winfred C. Zacharias.

Contact: Douglas B. Todd, vp.

**Organizational Safety Services Inc.**

63 Sequoia Drive, Huntington, W.Va. 25705; 304-736-4920

Staff	
Total	4
Includes: 1 ARM, 3 ASSEs, 1 CSP, 2 PEs	

Clients	
Total	9

Loss control services since: 1987.  
Frequent services: Hazard identification, client training.

Occasional services: Onsite plant loss prevention inspections, fire prevention inspections, plant security inspections, research, emergency planning.

Specialties: Pulp and paper, heavy manufacturing, federal government.

Region served: International.

Officers: Keith E. Barenklau, president; Leroy Abbott, Linda 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. 31402-0847; 912-234-6621; fax: 912-234-5427

Staff	
Total	3
Professionals	3
Includes: 1 ARM, 3 ASSEs, 1 CSP	

Loss control services since: 1982.

Frequent services: Onsite plant loss prevention inspections, fire prevention inspections, hazard identification, air sampling.

Occasional services: Plant security inspections, building plan reviews, publications, research, client training.

Region served: Southeast.

Offices: Jacksonville and Tallahassee, Fla.; Atlanta, Augusta, Brunswick, Columbus and Vidalia, Ga.; Charlotte, N.C.; Charleston, S.C.

Officers: John E. Cay, III, chairman/CEO; Lewis H. Oden III, executive vp/COO; Michael Crowley, president; G. David Reid, senior vp.

Contact: Robert E. Simmons, assistant vp.

**The Parvus Co.**

8403 Colesville Road, Suite 610, Silver Spring, Md. 20910; 301-589-4949; fax: 301-589-0007

Staff	
Total	8

Loss control services since: 1984.

Frequent services: Plant security inspections.

Occasional services: Hazard identification, building plan reviews, publications, research, client training.

Specialties: Security loss prevention.

Region served: International.

Officers: Gerard P. Burke, chairman; Tatiana S. Gau, managing director; Michael J. Burke, CFO.

Contact: Maura A. Burke, manager-business development.

**PENCO**

26 Century Blvd., P.O. Box 305107, Nashville, Tenn. 37230-5107; 615-872-3500; fax: 615-872-3522

1993 Revenues	
Loss control/engineering	100%

Staff	
Total	4
Professionals	4
Includes: 1 ARM, 2 ALCMs, 4 ASSEs, 1 PE	

Clients	
Total	263

Loss control services since: 1981.  
Parent: Willis Corroon Corp.

Frequent services: Onsite plant loss prevention inspections, fire prevention inspections, hazard identification, publications, research, client training.

Occasional services: Plant security inspections, building plan reviews, informal building valuations.

Specialties: Public entities, group purchasing associations.

Region served: Nationwide.

Offices: Worthington, Ohio.

Officers: Dan K. Lee, president/CEO; Joyce Breazeale, Robert Pitts, David Ritch, William Sutcliffe, senior vps.

Contact: Doug McLaughlin, director-marketing.

**Penn General Service Corp.**

5605 N. MacArthur Blvd., Suite 870, Irving, Texas 75038; 214-580-1089; fax: 214-550-0424

1993 Revenues	
Total gross revenues	\$2,000,000
Loss control/engineering	95%
Other	5%
Includes: direct contact day-rate consulting	

Staff	
Total	14
Professionals	13
Includes: 2 ARMs, 13 ASSEs, 3 CSPs, 1 PE	

Clients	
Total	150

Loss control services since: 1972.  
Parent: Hogg Group P.L.C.

Frequent services: Onsite plant loss prevention inspections, hazard identification, research, client training.

Occasional services: Fire prevention inspections, publications.

Specialties: Air transportation, food service, manufacturing, property management, auto dealerships.

Region served: International.

Offices: Los Angeles, Calif.; Boca Raton, Fla.; Atlanta; Boston; Albuquerque, N.M.; New York; Philadelphia; Dallas.

Officers: Rick Citron, president; Tom Wilkins, COO; Dean Dickinson, executive vp; Tom Ucko, senior vp; Larry Netherland, national director-loss control services.

Contact: Larry Netherland.

**Professional Safety Consultant Service Inc.**

424 S.E. 30th Ave., Ocala, Fla. 34471; 904-694-4601 or 800-329-7233

1993 Revenues	
Loss control/engineering	100%

Staff	
Total	2
Professionals	1
Includes: 1 ASSE, 1 CSP, 1 SFPE	

Loss control services since: 1975.

Frequent services: Research, loss control-related litigation support services.

Occasional services: Onsite plant loss prevention inspections, fire prevention inspections, plant security inspections, hazard identification, building plan reviews, publications, client training.

Region served: International.

Officers: Herbert T. Bogert, president; Nancy A. Bogert.

# r examinations?



## Property/Casualty Analysis

As their contracts for property/casualty coverage come up for midyear renewal, decision-makers will consult with the experts in the field. That means turning to the July 4 issue of *Business Insurance* for our annual Midyear Property/Casualty Market Report.

With 62% of our corporate executive readers directly involved in the purchase of property/casualty insurance, it's no wonder they rely on *BI* for a thorough evaluation of the market. This year, we'll ask brokers, insurers, risk managers, reinsurers and surplus lines officials to provide their assessment of property/casualty conditions critical to the well-being of our readers' companies.

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**Spotlight report**

Continued from previous page

**R**

**RPF Associates**

20 LeRoy St., Dix Hills, N.Y. 11746;  
516-586-0778; fax: 516-586-5164

1993 Revenues	
Total gross revenues	\$343,000
Loss control/engineering	50%
Other	50%
Includes: OSHA consulting, DOT and hazardous material training and audits	
Staff	
Total	6
Professionals	4
Includes: 1 ARM, 1 ALCM, 3 ASSEs, 2 CSPs, 1 SFPE	
Clients	
Total	150

**Loss control services since:** 1985.  
**Frequent services:** Onsite plant loss prevention inspections; fire prevention inspections; hazard identification; publications; research; client training; automatic sprinkler plan review, design, and testing; warehousing design and planning for NFPA 231 and 231C; highly protected risk consulting; water flow analysis.

**Occasional services:** Plant security inspections, building plan reviews.

**Specialties:** Printing and graphic arts; liquor distilling and warehousing; rolled paper, rubber tire and petrochemical bulk storage; transportation facilities; municipalities; schools; hospitals; nursing homes; retail stores; high-rise buildings; construction builders risk; paper box manufacturing; heavy plastic molding.

**Region served:** Nationwide.  
**Officers:** Robert P. Firmbach, president.

**Frederick Rauh & Co./Acordia**

1014 Vine St., Suite 1100, Cincinnati, Ohio 45202-1195; 513-333-0909; fax: 513-333-2093

1993 Revenues	
Loss control/engineering	2%
Other	98%
Includes: property/casualty insurance, financial services	
Staff	
Total	98
Professionals	3
Includes: 2 ASSEs, 1 CSP, 1 SFPE	
Clients	
Total	22

**Loss control services since:** 1900.  
**Parent:** Acordia.

**Frequent services:** Onsite plant loss prevention inspections, fire prevention inspections, hazard identification, building plan reviews, underwriting inspections, ISO rate analysis, preparation of specifications for fire protection/detection equipment design and installation.

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

**Specialties:** Theme, amusement and water parks; habitational property owners and managers; contractors and developers; apparel manufacturers; large retailers; laundries and dry cleaners.

**Region served:** Canada, United States.  
**Officers:** David Eslick, president/CEO; Mark Erion, executive vp/CFO; Thomas Schaefer, executive vp/commercial lines manager; Whitey Kollmeier, president-Rauh Financial Services; Robert Stone, vp-risk management services.  
**Contact:** Robert J. Stone, 513-333-2055.

**Reed Environmental**

1606 N. Vermilion, Danville, Ill. 61832; 217-431-1073; fax: 217-431-2087

1993 Revenues	
Loss control/engineering	20%
Other	80%
Includes: industrial hygiene, OSHA compliance	
Staff	
Total	2
Professionals	1
Includes: 2 CSPs	
Clients	
Total	30

**Loss control services since:** 1989.  
**Frequent services:** Onsite plant loss prevention inspections, fire prevention inspections, hazard identification, research, client training.

**Occasional services:** Building plan reviews, publications.

**Region served:** International.  
**Officers:** Leslie C. Reed, president.

**Regional Reporting Inc.**

111 John St., 23rd Floor, New York, N.Y. 10038; 212-964-5973; fax: 212-608-5074

1993 Revenues	
Total gross revenues	\$4,881,882
Loss control/engineering	100%
Staff	
Total	50
Professionals	21
Includes: 2 ARMs, 3 ASSEs, 4 CSPs, 2 PEs, 4 SFPEs	

**Loss control services since:** 1965.  
**Frequent services:** Onsite plant loss prevention inspections, fire prevention inspections, hazard identification, client training.

**Occasional services:** Plant security inspections, building plan reviews, publications, research, industrial hygiene.

**Specialties:** Construction, health care, environmental.  
**Region served:** Nationwide.  
**Offices:** Concord, Calif.; South Windsor, Conn.; Marietta, Ga.; Burr Ridge, Ill.; Randolph, Mass.; Brighton, Mich.; Mount Laurel, N.J.; Richardson, Texas; Mechanicsville, Va.  
**Officers:** Martin Myers, president; Louis Siegel, executive vp; David Toti, Josephine Johns, vps.  
**Contact:** Martin Myers or Louis Siegel, P.O. Box 418, East Windsor Hill, Conn. 06028-0418.

**Risk Analysts Inc.**

4828 Loop Central, 9th Floor, Houston, Texas 77081; 713-661-9933; fax: 713-669-4724

Staff	
Professionals	4
Includes: 2 ARMs, 2 CSPs	

**Loss control services since:** 1984.  
**Parent:** Wisenberg Insurance & Risk Management.  
**Frequent services:** Onsite plant loss prevention inspections, fire prevention inspections, hazard identification, research, client training.  
**Occasional services:** Plant security inspections, building plan reviews.  
**Specialties:** Hospitals, health care, wholesale, warehousing, retail, hotel/motel, real estate, restaurants.  
**Region served:** International.  
**Officers:** Irving Pozmantier, chairman; Joe Williams, president; Thomas Francis, executive vp; Nicholas P. Dalby, vp.  
**Contact:** Nicholas P. Dalby.

**Risk Consultants Inc.**

P.O. Box 490850, Atlanta, Ga. 30349; 800-644-7475; fax: 404-969-7301

1993 Revenues	
Total gross revenues	\$3,500,000
Loss control/engineering	100%
Staff	
Total	130
Professionals	75
Includes: 25 ARMs, 75 ASSEs, 40 CSPs, 5 PEs	

**Loss control services since:** 1979.  
**Frequent services:** Onsite plant loss prevention inspections, fire prevention inspections, plant security inspections, hazard identification, research, client training, industrial hygiene, air sampling, water testing, environmental assessments.

**Occasional services:** Building plan reviews.  
**Specialties:** Government, insurance carriers.

**Region served:** Nationwide.  
**Offices:** Washington; Tampa, Fla.; Jackson, Miss.; Memphis, Tenn.  
**Officers:** R. Michael Malone, CEO/president; Hugh P. Bagwell, executive vp; Barbara Summerville, safety director; Ron Manford, director; Lisa Welsh, technician.  
**Contact:** Cathy Morris, Linda Irwin, R. Michael Malone, Lisa Welsh or Hugh P. Bagwell.

**Risk Engineering Inc.**

10370 Richmond Ave., Suite 755, Houston, Texas 77042-4137; 713-952-3334; fax: 713-952-3337

1993 Revenues	
Loss control/engineering	85%
Other	15%
Includes: casualty services	
Staff	
Total	8
Professionals	3
Includes: 1 ASSE, 2 PEs, 3 SFPEs	

**Region served:** International.  
**Officers:** Peter Rollinger, president.

**Region served:** International.  
**Officers:** Peter Rollinger, president.

**Region served:** International.  
**Officers:** Peter Rollinger, president.

**Loss control services since:** 1985.  
**Frequent services:** Onsite plant loss prevention inspections, fire prevention inspections, hazard identification, building plan reviews, underwriting risk analysis, loss control program evaluation, business interruption assessments, review of automatic extinguishing systems, water supply testing and analysis.

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

**Specialties:** Chemicals, coatings, pharmaceuticals, tires, warehousing, mining, hazardous waste processing, computer and electronic equipment manufacturing industries.

**Risk Engineering Ltd.**

Surrey Lodge, Hop Gardens, Henley-on-Thames, Oxon, RG9 2EH, England; 44-491-573101; fax: 44-491-410809

1993 Revenues	
Total gross revenues	\$750,000
Loss control/engineering	100%
Staff	
Total	9
Professionals	5
Includes: 4 PEs, 3 SFPEs	

**Loss control services since:** 1980.  
**Frequent services:** Onsite plant loss prevention inspections, fire prevention inspections, building plan reviews, fire protection system design and project management, electronic risk information on-line database systems.

**Occasional services:** Hazard identification, client training.  
**Specialties:** Automotive, agricultural and construction equipment, paper and general manufacturing industry.

**Region served:** International.  
**Offices:** Dallas; Namur, Belgium.  
**Officers:** Ralph Kendrick, chairman;  
*Continued on next page*

**READER REPLY SERVICE**

**PRODUCTS & SERVICES LISTING**

Issue of June 6

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Chicago, IL 60605-1702

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**FREE LITERATURE FOR READERS**

Issue Date: JUNE 6, 1994  
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All questions must be answered to process inquiries.

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- My organization is best described as:
 

<input type="checkbox"/> Mfg/Svcs	<input type="checkbox"/> Ins Agent	<input type="checkbox"/> Adj/Apprs
<input type="checkbox"/> Association	<input type="checkbox"/> Ins Broker	<input type="checkbox"/> TPA
<input type="checkbox"/> Union	<input type="checkbox"/> Ins/Reins Co	<input type="checkbox"/> Health care
<input type="checkbox"/> Government	<input type="checkbox"/> Actry/Conslt	<input type="checkbox"/> Inst
<input type="checkbox"/> Educational Inst	<input type="checkbox"/> Attorney	<input type="checkbox"/> Other

- Number of employees:
 

<input type="checkbox"/> 150 or less	<input type="checkbox"/> 151 - 499	<input type="checkbox"/> 500 - 999
<input type="checkbox"/> 1,000 - 4,999	<input type="checkbox"/> 5,000 or more	<input type="checkbox"/> Unknown

- My title is best defined as:
 

<input type="checkbox"/> Administrative Mgt	<input type="checkbox"/> Benefits Mgt
<input type="checkbox"/> Financial Mgt	<input type="checkbox"/> Loss Prevention Mgt
<input type="checkbox"/> Risk Mgt	<input type="checkbox"/> Other

- My purchasing involvement for the requested products is to:
 

<input type="checkbox"/> recommend only	<input type="checkbox"/> specify	<input type="checkbox"/> approve
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Please print clearly

Name \_\_\_\_\_  
 Title \_\_\_\_\_  
 Company \_\_\_\_\_  
 Address \_\_\_\_\_  
 City \_\_\_\_\_ State \_\_\_\_\_ Zip \_\_\_\_\_  
 Phone ( ) \_\_\_\_\_

*Continued from previous page*  
 John Rayner, managing director; Hal Bernson, manager-North American operations; Gerry Polet, Northern Europe president engineer; Dave Kennard, account engineer.  
**Contact:** John Rayner.

**Risk Watch Inc.**  
 5840 Office Blvd., Albuquerque, N.M. 87109; 505-345-7260; fax: 505-345-0656

**Staff**  
 Total ..... 2  
 Professionals ..... 2  
 Includes: 1 ARM, 1 ALCM, 1 CSP

**Loss control services since:** 1993.  
**Parent:** New Mexico Mutual Casualty Co.  
**Services:** Onsite plant loss prevention inspections, fire prevention inspections, hazard identification.  
**Region served:** New Mexico, Southwest United States.  
**Officers:** Warren Smalley, Beverly Jomnigan-Armijo, Daniel Martin.  
**Contact:** Bill Terborg.

**S**

**Safety Consulting Inc.**  
 P.O. Box 2789, 1271 S.W. Harrison St., Topeka, Kan. 66601-2789; 913-232-3887; fax: 913-233-1746

**1993 Revenues**  
 Total gross revenues ..... \$340,000  
 Loss control/engineering ..... 100%

**Staff**  
 Total ..... 4  
 Professionals ..... 3  
 Includes: 3 CSPs

**Clients**  
 Total ..... 90

**Loss control services since:** 1971.  
**Frequent services:** Onsite plant loss prevention inspections, fire prevention inspections, hazard identification, publications, client training.  
**Occasional services:** Plant security inspections, building plan reviews, research, accident investigations, expert witness testimony.  
**Specialties:** Construction, manufacturing, retail, petroleum.  
**Region served:** Nationwide.  
**Officers:** Denzell B. Ekey, president; Mary L. Ekey, secretary/treasurer.

**Safety & Fire Consultants**  
 47 Lower Teddington Road, Kingston, Surrey, England KT1 4HQ; 44-87-977-9892; fax: 44-87-977-9892

**1993 Revenues**  
 Total gross revenues ..... \$200,000  
 Loss control/engineering ..... 100%

**Staff**  
 Total ..... 1  
 Includes: 1 SFPE

**Clients**  
 Total ..... 5

**Loss control services since:** 1987.  
**Frequent services:** Hazard identification, risk analysis, safety project engineering.  
**Occasional services:** Onsite plant loss prevention inspections, fire prevention inspections, building plan reviews, publications, client training.  
**Specialties:** High hazard oil and gas facilities.  
**Region served:** International.  
**Officers:** Frederick Ashmore.

**Safety & Loss Control Associates**  
 P.O. Box 1851, Palatine, Ill. 60078; 708-358-7523; fax: 708-358-7524

**Staff**  
 Total ..... 2  
 Professionals ..... 1

**Clients**  
 Total ..... 38

**Loss control services since:** 1984.  
**Frequent services:** Onsite plant loss prevention inspections, hazard identification, client training, OSHA compliance hearings, informal conferences.  
**Occasional services:** Fire prevention inspections, plant security inspections, building plan reviews.  
**Specialties:** Power press, petrochemical, steel and manufacturing.  
**Region served:** International.  
**Officers:** Southampton, England.  
**Officers:** Donald A. Neslund, owner.

**Safety Management Associates**  
 11300 Lifting Lane, Fairfax Station, Va. 22039-1718; 703-978-3000; fax: 703-455-0511

**1993 Revenues**  
 Loss control/engineering ..... 50%  
 Other ..... 50%  
 Includes: occupational safety and health, environmental management, forensic investigation, product and system safety

**Staff**  
 Total ..... 2  
 Professionals ..... 1  
 Includes: ASSE, CSP, PE

**Clients**  
 Total ..... 7

**Loss control services since:** 1981.  
**Frequent services:** Onsite plant loss prevention inspections; hazard identification; building plan reviews; environmental management surveys for asbestos, PCBs, lead, radon and USTs.  
**Occasional services:** Fire prevention inspections, publications, research, client training.  
**Region served:** Nationwide.  
**Officers:** Neil R. Temple, president.

**Safety Management Services Inc.**  
 P.O. Box 51927, Lafayette, La. 70505; 318-235-6524; fax: 318-233-9772

**1993 Revenues**  
 Loss control/engineering ..... 50%  
 Other ..... 50%

**Staff**  
 Total ..... 4  
 Professionals ..... 4  
 Includes: ASCEs, ASSEs, CSPs, PEs

**Loss control services since:** 1972.  
**Frequent services:** Onsite plant loss prevention inspections, hazard identification, research, client training.  
**Occasional services:** Fire prevention inspections, plant security inspections, building plan reviews, publications.  
**Specialties:** Oil industry.  
**Region served:** International.  
**Officers:** Jack Barnidge, president.

**Safety Management Services of Texas**  
 13647 Purple Sage Road, Dallas, Texas 75240-5733; 214-661-1941

**1993 Revenues**  
 Total gross revenues ..... \$350,000  
 Loss control/engineering ..... 100%

**Staff**  
 Total ..... 5  
 Professionals ..... 4  
 Includes: 4 ASCEs, 4 ASSEs, 3 PEs

**Clients**  
 Total ..... 25

**Loss control services since:** 1985.  
**Frequent services:** Onsite plant loss prevention inspections, hazard identification, client training, radiation inspection and monitoring.  
**Occasional services:** Fire prevention inspections, publications, research.  
**Specialties:** High technology, semiconductor manufacturers, cosmetic manufacturers, vegetable oil food product processors, convenience stores.  
**Region served:** Nationwide.  
**Officers:** Roy H. Kinslow, president; Dennis Donegan, vp; Bill B. Turney, secretary.  
**Contact:** Roy H. Kinslow.

**Safety & Risk Control Services Inc.**  
 395 Main St., Suite 4, Metuchen, N.J. 07080; 800-466-4025; fax: 908-906-2045

**1993 Revenues**  
 Loss control/engineering ..... 20%  
 Other ..... 80%  
 Includes: fleet and worker safety consulting, safety training and audits, program development, insurance risk surveys

**Staff**  
 Total ..... 16  
 Professionals ..... 7  
 Includes: 2 ARMs, 7 ASSEs, 5 CSPs, 1 PE

**Clients**  
 Total ..... 9

**Loss control services since:** 1989.  
**Frequent services:** Onsite plant loss prevention inspections, fire prevention inspections, hazard identification, client training, development of self inspection programs.  
**Occasional services:** Plant security inspections, building plan reviews, publications, research.

**Specialties:** Commercial office, manufacturing.  
**Region served:** Nationwide.  
**Officers:** Harvey S. Staple, president.

**Schaible Associates**  
 900 Center St., Mount Jay, Pa. 17552-9371; 717-684-6045; fax: 717-898-9302

**1993 Revenues**  
 Loss control/engineering ..... 100%

**Staff**  
 Total ..... 5  
 Includes: 1 ASSE, 1 CSP, 1 PE

**Loss control services since:** 1982.  
**Frequent services:** Onsite plant loss prevention inspections, hazard identification, building plan reviews, client training.  
**Occasional services:** Fire prevention inspections.  
**Region served:** International.  
**Officers:** Ron Schaible, president.

**Schirmer Engineering Corp.**  
 707 Lake Cook Road, Deerfield, Ill. 60015-4997; 708-272-8340; fax: 708-272-2639

**1993 Revenues**  
 Total gross revenues ..... \$6,500,000  
 Loss control/engineering ..... 37%  
 Other ..... 63%

**Staff**  
 Total ..... 85  
 Professionals ..... 20  
 Includes: 1 ARM, 6 ASCEs, 6 CSPs, 10 PEs, 8 SFPEs

**Clients**  
 Total ..... 250

**Loss control services since:** 1939.  
**Frequent services:** Onsite plant loss prevention inspections, fire prevention inspections, hazard identification, building plan reviews, research, loss investigations, sprinkler impairment monitoring.  
**Occasional services:** Plant security inspections, publications, client training.  
**Specialties:** Industrial, chemical, retail, hotel.  
**Region served:** Nationwide.  
**Officers:** San Francisco; Washington; Dallas.  
**Officers:** Chester Schirmer, chairman; Carl Baldassarra, president; Craig Zaleski, treasurer/CFO.  
**Contact:** David Nugent, manager-loss control services.

**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; 212-830-1000

**1993 Revenues**  
 Loss control/engineering ..... 40%  
 Other ..... 80%  
 Includes: casualty consultation, loss investigation and analysis, specialty consultation

**Staff**  
 Total ..... 120  
 Professionals ..... 100  
 Includes: 22 ARMs, 4 ALCMs, 40 ASSEs, 34 CSPs, 6 PEs, 25 SFPEs

**Clients**  
 Total ..... 300

**Loss control services since:** 1858.  
**Parent:** Sedgwick Group P.L.C.  
**Frequent services:** Onsite plant loss prevention inspections, fire prevention inspections, plant security inspections, hazard identification, building plan reviews, publications, research, client training, disaster recovery, contingency planning, loss estimates, rate analysis, code review and analysis, protection system design and specification.

**Specialties:** Public entities, health care, retail, warehouse and distribution, utilities, construction wrap-ups.  
**Region served:** International.  
**Officers:** Phoenix; Little Rock, Ark.; Irvine, Los Angeles and San Francisco, Calif.; Norwalk, Conn.; Fort Lauderdale, Orlando and West Palm Beach, Fla.; Atlanta; Chicago; Boston; Detroit; Minneapolis; Kansas City and St. Louis, Mo.; Omaha, Neb.; Roseland, N.J.; Rochester, N.Y.; Harrisburg, Philadelphia and Pittsburgh, Pa.; Columbia, S.C.; Knoxville and Memphis, Tenn.; Dallas; Arlington, Va.; Seattle.  
**Officers:** Richard E. Botts, national director-property; J. Steven Hunt, national director-casualty.  
**Contact:** Richard E. Botts.

**Self Insured Management Services Inc.**  
 P.O. Box 5651, Everett, Wash. 98206-5651; 206-347-2220; fax: 206-355-0719

**1993 Revenues**  
 Total gross revenues ..... \$2,500,000  
 Loss control/engineering ..... 25%  
 Other ..... 75%  
 Includes: workers compensation, general liability, property and medical malpractice claims administration

**Staff**  
 Total ..... 65  
 Professionals ..... 3  
 Includes: 1 ARM

**Loss control services since:** 1984.  
**Frequent services:** Onsite plant loss prevention inspections, publications, research, client training.  
**Occasional services:** Fire prevention inspections, plant security inspections, hazard identification.  
**Region served:** California, Idaho, Nevada, Oregon, Washington.  
**Officers:** Portland, Ore.; Spokane, Wash.  
**Officers:** James W. Broyles, president; William S. Griffels, vp; Joseph E. McLaughlin, vp-marketing.

**Stogniew & Associates**  
 12225 28th St. N., St. Petersburg, Fla. 33716; 813-572-7400; fax: 813-572-7457

**1993 Revenues**  
 Total gross revenues ..... \$1,200,000  
 Loss control/engineering ..... 20%  
 Other ..... 80%  
 Includes: risk surveys, risk management services, claims investigations, expert witness testimony and mediation

**Staff**  
 Total ..... 16  
 Professionals ..... 2

**Clients**  
 Total ..... 25

**Loss control services since:** 1980.  
**Frequent services:** Onsite plant loss prevention inspections, fire prevention inspections, plant security inspections, hazard identification, loss prevention policy and procedure development, claims investigation assistance.  
**Occasional services:** Research.  
**Specialties:** Financial institutions, hospitals and related facilities.  
**Region served:** Nationwide.  
**Officers:** Los Angeles; Miami; Atlanta; Charlotte, N.C.; Portland, Ore.; Dallas.  
**Officers:** Gerald F. Stogniew, president; Richard L. Junkermann, Robert L. Niemann, Cheresse N. Smoot, directors.  
**Contact:** Gerald F. Stogniew.

**Strategic Safety Associates**  
 P.O. Box 80161, Portland, Ore. 97280-1161; 503-245-4296; fax: 503-291-1178

**1993 Revenues**  
 Loss control/engineering ..... 100%

**Staff**  
 Total ..... 11  
 Professionals ..... 9  
 Includes: 2 ASSEs

**Loss control services since:** 1981.  
**Frequent services:** Onsite plant loss prevention inspections, client training (including safety), ergonomics.  
**Occasional services:** Plant security inspections, hazard identification, building plan reviews, publications.  
**Region served:** International.  
**Officers:** Robert Pater, director; Robert Button, secretary.  
**Contact:** Robert Pater.

*Continued on next page*

**Property loss control directory terms, methodology and staff designations explained on page 23.**



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**Spotlight report**

*Continued from previous page*  
**Systems Engineering & Laboratories Corp.**

12785 State Highway 64 E., Tyler, Texas 75707-8705; 903-566-1980; fax: 903-566-4504

<b>Staff</b>
Total.....19
Professionals.....7
Includes: 3 ASSEs, 2 CSPs, 7 PEs

**Loss control services since:** 1984.

**Frequent services:** Hazard identification, product liability, personal injury and accident reconstruction, building inspections, ergonomics, system safety, fire cause analysis, oil field, structural failure evaluations, electrical failure evaluations, storm damage evaluations.

**Occasional services:** On-site plant loss prevention inspections, fire prevention inspections, building plan reviews, publications, research, client training.

**Specialties:** Insurance industry, manufacturing industry, railroad, oil drilling, engineering, legal.

**Region served:** International.

**Offices:** New Orleans; Amarillo and Dallas, Texas.

**Officers:** Frank Johnson, president/CEO.

**Contact:** Tracie Bolton, manager-business development.

**F.J. Szymanski Safety Services**

5258 Forest Circle S., Stevens Point, Wis. 54481; 715-344-4127

<b>1993 Revenues</b>
Total gross revenues.....\$75,000
Loss control/engineering.....100%

<b>Staff</b>
Total.....2
Includes: ASSEs

<b>Clients</b>
Total.....30

**Loss control services since:** 1984.

**Frequent services:** On-site plant loss prevention inspections, hazard identification, research, client training, written safety manuals and programs, insurance pre-quote surveys.

**Occasional services:** Fire prevention inspections.

**Specialties:** Varied manufacturing, concrete products.

**Region served:** Illinois, Wisconsin.

**Officers:** Frank J. Szymanski.

**T**

**Tampa Bay Risk Services**

2451 McMullen Booth Road, Clearwater, Fla. 34619; 813-725-8609; fax: 813-725-0389

<b>1993 Revenues</b>
Loss control/engineering.....10%
Other.....60%
Includes: insurance company reporting services

<b>Staff</b>
Total.....5
Professionals.....4
Includes: 1 ARM, 1 ALCM, 1 ASSE, 1 CSP, 1 SFPE

**Loss control services since:** 1991.

**Parent:** Teeling Enterprises Inc.

**Frequent services:** On-site plant loss prevention inspections, fire prevention inspections, hazard identification.

**Occasional services:** Research, client training.

**Region served:** Florida.

**Officers:** Harold Teeling, president/general manager.

**Technical Insurance Services**

69 S. Main St., P.O. Box 958, Liberty, N.Y. 12754; 800-557-1147; fax: 914-292-1148

<b>1993 Revenues</b>
Loss control/engineering.....20%
Other.....80%
Includes: underwriting surveys

<b>Staff</b>
Total.....20
Professionals.....2
Includes: 1 ALCM

<b>Clients</b>
Total.....20

**Loss control services since:** 1985.

**Frequent services:** Fire prevention inspections.

**Occasional services:** On-site plant loss prevention inspections, hazard identification, research, client training.

**Specialties:** Day care, agriculture, resident children's camps, social services.

**Region served:** Arizona, California, Connecticut, District of Columbia, Florida, Illinois, Maine, Maryland, Massachusetts, Michigan, New Hampshire, New Jersey, New York, Ohio, Pennsylvania, Rhode Island, Vermont.

**Officers:** Robert L. Wasserman, president; Geoffrey Persten, vp.

**Contact:** Robert L. Wasserman.

**Tiller Consulting Group Inc.**

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

<b>Staff</b>
Total.....2
Professionals.....1
Includes: 1 ARM, 1 ASCE

**Loss control services since:** 1986.

**Frequent services:** On-site plant loss prevention inspections, hazard identification, research, environmental loss control.

**Region served:** International.

**Officers:** Margaret W. Tiller, president; Michael H. Tiller, principal.

**Contact:** Michael H. Tiller.

**Tomes, Van Rickley & Associates**

8265-A Vickers St., San Diego, Calif. 92111; 619-576-6466; fax: 619-576-6465

<b>1993 Revenues</b>
Loss control/engineering.....40%
Other.....60%
Includes: construction management, fire protection systems design, municipal plan review

<b>Staff</b>
Total.....40
Professionals.....34
Includes: 1 ALCM, 1 ASCE, 2 ASSEs, 4 PEs, 2 SFPEs

**Loss control services since:** 1985.

**Parent:** Fire Design Group Inc.

**Frequent services:** On-site plant loss prevention inspections, fire prevention inspections, plant security inspections, hazard identification, research, client training.

**Occasional services:** Building plan reviews, publications.

**Specialties:** Warehouse retail store chains, heavy industry (automotive).

**Region served:** International.

**Officers:** Dearborn, Mich.

**Officers:** William J. Tomes, Charles W. Van Rickley, Russell B. Leavitt, James W. Tomes, William S. Holden.

**Contact:** Stephen M. Leyton, director-business development.

**W**

**Walker & Associates**

Route 6, Box 591-A, Springfield, Mo. 65803; 417-742-3303; fax: 417-742-3959

<b>1993 Revenues</b>
Loss control/engineering.....100%

<b>Staff</b>
Total.....10
Professionals.....7
Includes: 1 ALCM, 2 ASSEs, 5 PEs, 5 SFPEs

<b>Clients</b>
Total.....10

**Loss control services since:** 1991.

**Frequent services:** On-site plant loss prevention inspections, fire prevention inspections, plant security inspections, hazard identification, building plan reviews, boiler and machinery inspections and consulting.

**Occasional services:** Publications, research, client training, general liability inspections.

**Specialties:** Food, grain handling, petro and agricultural chemical industries, retail stores.

**Region served:** International.

**Officers:** Wichita, Kan.; Cranbury, N.J.; Youngstown, Ohio.

*Continued on next page*

Directory terms and methodology explained on page 23.

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*Continued from previous page*  
**Officers:** B.J. Walker, president; Thomas H. Brereton, manager-East Coast region; McDonald Curless, manager-West Coast region; Keith Weibel, manager-boiler and machinery services.  
**Contact:** B.J. Walker, president.

**Webb, Murray & Associates Inc.**  
 1730 NASA Road One, Suite 202,  
 Houston, Texas 77058; 713-335-1668;  
 fax: 713-335-1682

**1993 Revenues**

Total gross revenues	\$10,800,000
Loss control/engineering	35%
Other	65%

**Staff**

Total	150
Professionals	39
Includes: 1 ARM, 6 CSPs, 15 PEs, 12 SFPEs	

**Loss control services since:** 1975.  
**Frequent services:** On-site plant loss prevention inspections; fire prevention inspections; hazard identification; building plan reviews; publications; client training; alarm system code compliance analysis; process safety management; process hazard analysis; water flow testing; hydraulic calculations; fire system modeling; design, installation, testing

and maintenance of fire detection and suppression systems; development and auditing of contingency and emergency services adequacy.  
**Occasional services:** Plant security inspections, research.  
**Specialties:** Petrochemical, education, medical, industrial, marine vessels, chemical, research and development operations.  
**Region served:** International.  
**Offices:** Baton Rouge, La.; Brazosport, Corpus Christi, Deer Park, Freeport, La Porte, Nassau Bay, Orange and Pasadena, Texas.  
**Officers:** Robert M. Webb, president/treasurer; Robert W. Murray, senior vp/secretary; Billy C. Magee, vp.  
**Contact:** Kevin O'Neill or Bill Crittenden.

**Scott Wetzel Services Inc.**  
 500 Pacific Ave., Suite 700, Bremerton,  
 Wash. 98310; 206-479-0200;  
 fax: 206-479-8297

**Staff**

Total	350
Professionals	8
Includes: 1 ARM, 1 ALCM, 5 CSPs, 2 PEs	

**Loss control services since:** 1972.  
**Frequent services:** On-site plant loss prevention inspections, hazard identification, research, client training, fleet safety.  
**Occasional services:** Fire prevention inspections, plant security inspections, building plan reviews, publications,

disaster recovery.  
**Specialties:** Municipalities, manufacturers, shipyards and marinas, hospitals, retail operations, banks, wood products industries, food processors.  
**Region served:** Alaska, California, Florida, Georgia, Idaho, Illinois, Mississippi, New Hampshire, Oregon, Texas, Washington.  
**Offices:** Concord and Orange, Calif.; Tampa, Fla.; Atlanta; Manchester, N.H.; Portland, Ore.; Dallas; Seattle.  
**Officers:** John Harrold, president/CEO; Terry Neal, executive vp-finance; Ed Kocott, vp-operations; Peter Greenland, vp-marketing; Warren Zimmerman, vp-corporate services.  
**Contact:** Valerie Williams, corporate loss control manager. **BI**

Professional designations appearing in the staff section of directory listings are defined as follows: ALCM is Associate in Loss Control Management; ARM is Associate in Risk Management; ASCE is member, American Society of Civil Engineers; ASSE is member, American Society of Safety Engineers; CSP is Certified Safety Professional; PE is Professional Engineer; SFPE is member, Society of Fire Protection Engineers.

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## Datebook

### JUNE

**JUNE 8. Excess/Surplus/Specialty Markets** seminar in Buffalo, N.Y., sponsored by the CPCU Society; \$75 for CPCU Society members, \$85 for non-members. CPCU Society, P.O. Box 3009, 720 Providence Road, Malvern, Pa. 19355-0709; 610-251-CPCU.

**JUNE 8. Sixth Annual Chicago Reinsurance Conference** sponsored by Tribler & Orpett P.C.; \$90. Tribler & Orpett P.C., 30 N. LaSalle, Suite 2200, Chicago, Ill. 60602; 312-201-6400.

**JUNE 8-10. Controlling the Cost of Workers Comp through Managed Care** conference in Washington, sponsored by Global Business Research; \$1,195. Global Business Research Ltd., 151 W. 19th St., Eighth Floor, New York, N.Y. 10011; 212-645-4226.

**JUNE 9. Form 5500's Annual Return/Report of Employee Benefit Plans** seminar in Farmington, Conn., sponsored by the

Southern New England Chapter of the International Society of Certified Employee Benefit Specialists; \$20 for ISCEBS members, \$30 for non-members. Also **June 10** in Norwalk, Conn.; \$15 for members, \$25 for non-members. Southern New England Chapter, ISCEBS, P.O. Box 8089, Stamford, Conn. 06905-8089; 203-328-2817.

**JUNE 9-10. How to Audit Your Insurance Program: Getting Your Money's Worth** seminar in Dallas, sponsored by the American Management Assn.; \$1,050 for AMA members, \$1,210 for non-members. Also **Aug. 15-16** in Washington, **Sept. 12-13** in Chicago, **Oct. 6-7** in San Francisco, **Oct. 24-25** in Atlanta, **Nov. 3-4** in Phoenix and **Nov. 14-15** in New York. American Management Assn., P.O. Box 319, Saranac Lake, N.Y. 12983; 518-891-0065.

**JUNE 9-10. Fourth World Insurance Conference** in London, sponsored by Barlow, Lyde & Gilbert and Tillinghast;

699.13 pounds (about \$1,035). The Conference Division, Lloyd's of London Press Ltd., 1 Singer St., London EC2A 4LQ; 071-250-1500.

**JUNE 12-14. 401(k) Profitability Issues** conference in Washington, sponsored by the Society of Professional Administrators & Record Keepers; \$425 for SPARK members, \$575 for non-members. Karen Sidel, SPARK, 8 Griffin Road North, Windsor, Conn. 06095; 203-683-0336.

**JUNE 13-14. Willis Corroon Third Annual Health Care Industry Conference** in Nashville, Tenn.; no charge. Connie Gould, Willis Corroon Health Care Concepts, P.O. Box 305024, Nashville, Tenn. 37214; 615-872-4000.

**JUNE 13-14. Managed Pharmacy and Health Care Reform** conference in Washington, sponsored by Capitol Publications; \$695. Peggy Dwyer, Director of Seminars, Capitol Publications Inc., 1101 King St., Suite 444, Alexandria, Va. 22314; 800-847-7772.

**JUNE 14-15. Disaster Planning and Preparedness Workshop** in Detroit, spon-

sored by Factory Mutual Engineering & Research; \$495. Also **Sept. 1-2** in Atlantic City, N.J., and **Oct. 13-14** in Norwood, Mass. Factory Mutual Engineering & Research, Training Resource Center, Training Department Enrollments, P.O. Box 9102, Norwood, Mass. 02062; 617-255-4606.

**JUNE 15. Directors & Officers Liability Insurance** seminar in New York, sponsored by the Practising Law Institute; \$355.50 for PLI members, \$395 for non-members. Practising Law Institute, 810 Seventh Ave., New York, N.Y. 10019; 212-765-5710.

**JUNE 16. Preventing and Controlling Fire Losses** seminar in Grand Rapids, Mich., sponsored by Factory Mutual Engineering & Research; \$295. Also **Nov. 1** in Pittsburgh, **Nov. 9** in Baltimore and **Nov. 16** in Norwood, Mass. Factory Mutual Engineering & Research, Training Resource Center, Training Department Enrollments, P.O. Box 9102, Norwood, Mass. 02062; 617-255-4606.

**JUNE 16. Solving Additional Insured Issues** seminar in Kenner, La., sponsored

by the CPCU Society; \$80 for CPCU Society members, \$90 for non-members. CPCU Society, P.O. Box 3009, 720 Providence Road, Malvern, Pa. 19355-0709; 610-251-CPCU.

**JUNE 16. Environmental Insurance Coverage Claims and Litigation** seminar in New York, sponsored by the Practising Law Institute; \$355.50 for PLI members, \$395 for non-members. Practising Law Institute, 810 Seventh Ave., New York, N.Y. 10019; 212-765-5710.

**JUNE 16-17. Chemical Exposure Seminar** in San Francisco, sponsored by Defense Research Institute; \$425 for DRI members, \$475 for non-members. Defense Research Institute, 750 N. Lake Shore Drive, Suite 500, Chicago, Ill. 60611; 312-944-0575.

**JUNE 16-17. Provider Network Management** conference in Washington, sponsored by the Institute for International Research; \$1,295. Conference Administrator, Institute for International Research Inc., 708 Third Ave., Fourth Floor, New York, N.Y. 10017-4103; 1-800-345-8016 or 212-661-8740.

**JUNE 17. Reinsurance Litigation and Arbitration** seminar in New York, sponsored by the Practising Law Institute; \$395. Practising Law Institute, 810 Seventh Ave., New York, N.Y. 10019; 212-765-5710.

**JUNE 17. Warehouse Hazards and Protection** seminar in Grand Rapids, Mich., sponsored by Factory Mutual Engineering & Research; \$295. Also **Nov. 2** in Pittsburgh, **Nov. 10** in Baltimore and **Nov. 17** in Norwood, Mass. Factory Mutual Engineering & Research, Training Resource Center, Training Department Enrollments, P.O. Box 9102, Norwood, Mass. 02062; 617-255-4606.

**JUNE 17. Congress on Natural Disaster Loss Reduction** in Boston, sponsored by the Insurance Institute for Property Loss Reduction; \$50 for IIPLR members, \$100 for non-members. Insurance Institute for Property Loss Reduction, Conference Registration, 73 Tremont St., Suite 510, Boston, Mass. 02108-3910; 617-722-0200.

**JUNE 17. Reinsurance Litigation: Current Issue and Strategies** seminar in New York, sponsored by the Practising Law Institute; \$355.50 for PLI members, \$395 for non-members. Practising Law Institute, 810 Seventh Ave., New York, N.Y. 10019; 212-765-5710.

**JUNE 19-20. Ergonomics, Creative Strategies and Practical Applications** seminar in Las Vegas, sponsored by the American Society of Safety Engineers; \$450 for ASSE members, \$525 for non-members. American Society of Safety Engineers, 1800 Oakton St., Des Plaines, Ill. 60018-2187; 708-692-4121.

**JUNE 19-23. International Insurance Society 30th Annual Seminar** in Madrid, Spain; \$1,250. Nancy J. Allen, Operations Assistant, International Insurance Society Inc., Box 870223, Tuscaloosa, Ala. 35487-0223; 205-348-8974.

**JUNE 20. Environmental Litigation** study course in Boulder, Colo., sponsored by the American Law Institute-American Bar Assn.; \$900. Alexander Hart, Director-Courses of Study, ALI-ABA, 4025 Chestnut St., Philadelphia, Pa. 19104-3099; 215-243-1630.

**JUNE 20. Professional Liability: The Legal Aspects for Safety Professionals** seminar in Las Vegas, sponsored by the American Society of Safety Engineers; \$350 for ASSE members, \$425 for non-members. American Society of Safety Engineers, 1800 Oakton St., Des Plaines, Ill. 60018-2187; 708-692-4121.

**JUNE 20-21. Reinventing Managed Care: New Strategies for a Changing Marketplace** in Washington, sponsored by Managed Care Week; \$525. Atlantic Information Services Inc., 1050 17th St., N.W., Suite 480, Washington, D.C. 20036; 1-800-521-4323 or 202-775-9008.

**JUNE 20-23. 1994 American Society of Safety Engineers Professional Development Conference and Exposition** in Las Vegas; \$595 for ASSE members, \$730 for non-members. ASSE Conference Registrar, 1800 E. Oakton St., Des Plaines, Ill. 60018-2187; 708-692-4121.

**JUNE 21. The Environmental Liability Executive Workshop** in New York, sponsored by The College of Insurance and Sedgwick James Inc.; \$265 for sponsors of the College, \$295 for others. The College of Insurance, 101 Murray St., New York, N.Y. 10007; 212-815-9201.

Continued on next page



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Continued from previous page

**JUNE 22-29. Ergonomic Analysis of the Workplace** workshops in Atlanta, sponsored by Work Injury Management; \$645 for Section I, \$365 for Section II. Also **July 20-27** in Las Vegas. Work Injury Management, 1430 Willamette St., No. 213, Eugene, Ore. 97401-4049; 503-484-5853.

**JUNE 23-24. China: Scaling the Great Wall** seminar in New York, sponsored by NYNEX and World Congress Inc.; \$1,050. World Congress Inc., 1000 Winter St., Suite 3600, Waltham, Mass. 02154; 1-800-767-9499.

**JUNE 23-24. Insurance Coverage and Practice Symposium** in Seattle, sponsored by Defense Research Institute; \$425 for DRI members, \$475 for non-members. Defense Research Institute, Insurance Coverage and Practice Symposium, 750 N. Lake Shore Drive, Suite 500, Chicago, Ill. 60611; 312-944-0575.

**JUNE 23-25. Annual Conference of the American Hospital Assn.'s Section for Psychiatric & Substance Abuse Services** in Washington; \$390 for AHA members, \$565 for non-members. AHA Registration, P.O. Box 825, Deerfield, Ill. 60015; 312-280-6451.

**JUNE 24-25. The Ergonomics Revolution: Optimizing Human Performance** symposium in Las Vegas, sponsored by the American Society of Safety Engineers; \$450 for ASSE members, \$525 for non-members. American Society of Safety Engineers, 1800 Oakton St., Des Plaines, Ill. 60018-2187; 708-692-4121.

**JUNE 25-29. Society for Human Resource Management 46th Annual Conference & Exposition** in St. Louis; \$650 for SHRM members, \$850 for non-members. SHRM '94 Conference, 606 N. Washington St., Alexandria, Va. 22314-1997; 800-283-7476 or 703-548-3440.

**JUNE 27-28. Catastrophe Reinsurance** conference in New York, sponsored by the Institute for International Research; \$1,195. Conference Administrator, Institute for International Research Inc., 708 Third Ave., New York, N.Y. 10017; 1-800-345-8016 or 212-661-8740.

**JUNE 27-29. Environmental Regulation Course** in Minneapolis, sponsored by Executive Enterprises; \$1,195. Executive Enterprises Inc., 22 W. 21st St., New York, N.Y. 10010-6990; 1-800-831-8333.

#### JULY

**JULY 5-14. Summer Insurance Institute** in Burlington, Vt., sponsored by the Vermont Insurance Institute; \$1,100. Larissa Vigue, Vermont Insurance Institute, Champlain College, Burlington, Vt. 05402-0670; 802-860-2700, ext. 2595.

**JULY 17-20. Eighteenth Annual National Symposium on Workers' Compensation** in East Lansing, Mich., sponsored by Michigan State University; \$595. School of Labor and Industrial Relations, Michigan State University, 422 South Kedzie Hall, East Lansing, Mich. 48824-1032; 517-355-9591.

**JULY 18-19. Accountability & Performance Measurement for Health Care Payers** conference in Boston, sponsored by the Institute for International Research; \$1,195. Conference Administrator, Institute for International Research, 708 Third Ave., New York, N.Y. 10017; 1-800-345-8016 or 212-661-8740.

**JULY 18-19. Liability & Litigation Management for Managed Care** conference in Boston, sponsored by the Institute for International Research; \$1,195. Conference Administrator, Institute for International Research, 708 Third Ave., Fourth Floor, New York, N.Y. 10017-4103; 1-800-345-8016 or 212-661-8740.

**JULY 18-19. Eleventh Annual Illinois Conference: Personnel Law Update 1994** in Schaumburg, Ill., sponsored by the Council on Education in Management; \$495. Council on Education in Management, 325 Lennon Lane, Walnut Creek, Calif. 94598-2418; 510-934-8333.

**JULY 18-20. Team Based Competition** conference in Dallas, sponsored by the International Quality & Productivity Center; \$1,095. International Quality & Productivity Center, 209 Cooper Ave., P.O. Box 43155, Upper Montclair, N.J. 07043-7155; 1-800-882-8684 or 201-783-3712.

**JULY 20-22. Understanding Managed Care** conference in Boston, sponsored by the Group Health Assn. of America; \$675 for GHAA members, \$775 for non-members. Group Health Assn. of America, Department No. 0612, Wash-

ington, D.C. 20073-0612; 202-778-3236.

**JULY 25-26. Reengineering for Insurance Operations** conference in New York, sponsored by the International Quality & Productivity Center; \$1,195. International Quality & Productivity Center, P.O. Box 43155, Upper Montclair, N.J. 07043-7155; 800-882-8684 or 201-783-4403.

**JULY 28-29. Electronic Pharmacy Benefits Management** conference in Chicago, sponsored by International Business Communications; \$1,195. IBC USA Conferences Inc., 225 Turnpike Road, Southborough, Mass. 01772-1749; 508-481-6400.

#### AUGUST

**AUG. 1-3. Dental Managed Care Congress** in San Francisco, sponsored by the Institute for International Research; \$1,195. Conference Administrator, Institute for International Research Inc., 708 Third Ave., Fourth Floor, New York, N.Y. 10017-4103; 1-800-345-8016 or 212-661-8740.

**AUG. 13. Advanced Case Management**

seminar in Rolling Meadows, Ill., sponsored by the Foundation for Rehabilitation Certification; \$125. Helen Carpenter, FRC, 1835 Rohlwing road, Suite E, Rolling Meadows, Ill. 60008; 708-394-2104, ext. 129.

**AUG. 15-17. Eighth Annual Conference for Risk Retention Pools** in Dana Point, Calif., sponsored by Advanced Risk Management Techniques Inc.; \$425. Sandra Dick, ARM Tech, 23701 Birtcher Drive, Lake Forest, Calif. 92630-1783; 714-472-8324.

**AUG. 16-19. Vermont Captive Insurance Assn. 9th Annual Conference** in Burlington, Vt.; \$295 for VCLIA members, \$495 for non-members. Diane Leach, Executive Director, Vermont Captive Insurance Assn., P.O. Box 763, Stowe, Vt. 05672; 802-253-2263.

**AUG. 29-31. Benefit Plan Professionals Institute** in San Francisco, sponsored by the International Foundation of Employee Benefit Plans; \$595 for IFEPP members, \$670 for non-members. Registrations Department, International Foundation of Employee Benefit Plans,

P.O. Box 69, Brookfield, Wis. 53008-0069; 414-786-6710, ext. 257.

#### SEPTEMBER

**SEPT. 11-14. Behavioral Healthcare Tomorrow** conference in Washington, sponsored by the Institute for Behavioral Healthcare; \$595. IBH, 4370 Alpine Road, Suite 108, Portola Valley, Calif. 94028; 415-851-8411.

**SEPT. 18-20. Public Risk Management Assn. Midwestern Miniconference** in Itasca, Ill.; \$175 for PRIMA members, \$225 for non-members. Lynne Armstrong, PRIMA, 1117 N. 19th St., Suite 900, Arlington, Va. 22209; 703-528-7701.

**SEPT. 25-27. CPCU Society Annual Meeting** in Chicago; \$350 for CPCU Society members only. CPCU Society, 720 Providence Road, P.O. Box 3009, Malvern, Pa. 19355-0709; 610-251-2728.

**SEPT. 29-30. Second Barbados Information Services Conference** in New York, sponsored by the Barbados Investment & Development Corp.; \$495. John Mills, Business Development Officer, Barbados Investment & Development Corp., 800

Second Ave., New York, N.Y. 10017; 212-867-6420.

#### OCTOBER

**OCT. 4-7. Fourth Asia-Pacific Risk Management Conference** in Singapore, sponsored by the International Federation of Risk & Insurance Management Assns., the Risk & Insurance Management Assn. of Singapore and Asia Insurance Review; \$1,550 Singapore for RIMAS members, \$1,650 Singapore for non-members. Conference Secretariat, IIR Pte Ltd., Suite 08-03, Golden Wall Centre, 89 Short St., Singapore 0718; 65-338-3521.

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# Hill

Continued from page 2

dividual," said Quill O. Healey, chairman and chief executive officer of Sedgwick James and the person to whom Ms. Hill reports. "She has extremely high integrity, great leadership, lots of vision and a tremendous amount of energy."

"In addition to her significant leadership role at Sedgwick James and as a director of the National Assn. of Insurance Brokers, she has also been very supportive of women's advancement in insurance and risk management," noted

Ellen Thrower, president of The College of Insurance in New York and the 1993 Insurance Woman of the Year.

"She is an excellent role model, particularly for young women wanting to enter a career in insurance and risk management," said Ms. Thrower, who nominated Ms. Hill for the APIW award.

The APIW's Insurance Woman of the Year award was introduced in 1976, when the New York-based organization was founded.

Ms. Hill "has been chosen in recognition of her outstanding professional achievement, her leadership as well as her commitment to the

advancement of women in insurance," said APIW President Cathryn A. Curia, who added that Ms. Hill was also recognized as a "professional, spirited and dynamic woman."

Among her own mentors, Ms. Hill mentioned a college friend who was "a leader, an excellent student and a tremendous athlete." Ms. Hill's friend, who was a U.S. amateur golf champion in the late 1960s, was the first woman ever to earn an athletic scholarship from the University of Tennessee, where she was also the first woman to play on the men's golf team.

"She knew what she wanted and went after it," Ms. Hill said. "I followed in her footsteps."

Indeed, not only was Ms. Hill the first woman to serve as a managing executive of a Sedgwick office, but she was also the first woman elected to the corporation's operating committee, the equivalent of a board of directors.

Currently, Ms. Hill also chairs Sedgwick's Task Force on Women and is responsible for the company's cultural diversity initiative—a project she says is the most fulfilling.

The responsibilities of the task force, which has gained support

from senior management, range from recruiting, training and developing women employees to succession planning, she explained.

In 1993, the task force helped place three women in managing executive roles, in addition to other top corporate jobs, Ms. Hill said.

"I think in the U.S., women are advancing, but they still have a ways to go," she said. "The culture is changing, but the real acid tests are how many board seats are held by women."

Currently, too few women serve on boards of directors, and there should be "complete equality" on all companies' boards of directors.

Ms. Hill's insurance career began after she graduated summa cum laude with a bachelor of science degree in mathematics in 1970 from the University of Tennessee. She earned a master's degree in math in 1972.

That year, one of her finance professors, Tom Allen, who was leaving academia, recruited Ms. Hill to work with him at Ingram, Armistead & Wallace, a retail brokerage in Nashville, Tenn., which later was acquired by Corroon & Black Corp.

"Dr. Allen was instrumental to my career," she said, adding that he was a "pioneer in risk management" in the early 1970s.

At Ingram, Armistead & Wallace, Ms. Hill and Mr. Allen started a risk management division to provide risk management consulting for large national and international companies.

In 1976, they were both recruited by Fred S. James & Co. Inc. to develop a corporate risk management practice in New York.

Ms. Hill was instrumental in developing software programs to analyze risk and risk financing options for clients.

"We took a consultative approach to risk management rather than selling a product, and it won a lot of business."

One lesson she has learned in her 22-year career is that "in order to advance, you have to do something no one else can do, or do something better than everyone else. I started out doing something no one else could do."

The risk services division that Ms. Hill and Mr. Allen started at Fred S. James has since grown into a network of risk service disciplines, including risk control, risk finance, actuarial services, claims management, claims consulting, environmental management and captive management.

In 1987, after serving as managing executive of Sedgwick's retail brokerage office in Tennessee, she was promoted to senior vp with responsibility for Sedgwick James Risk Services (U.S.A.).

In 1989, she was elected to Sedgwick's operating committee, which she says is the biggest highlight of her career.

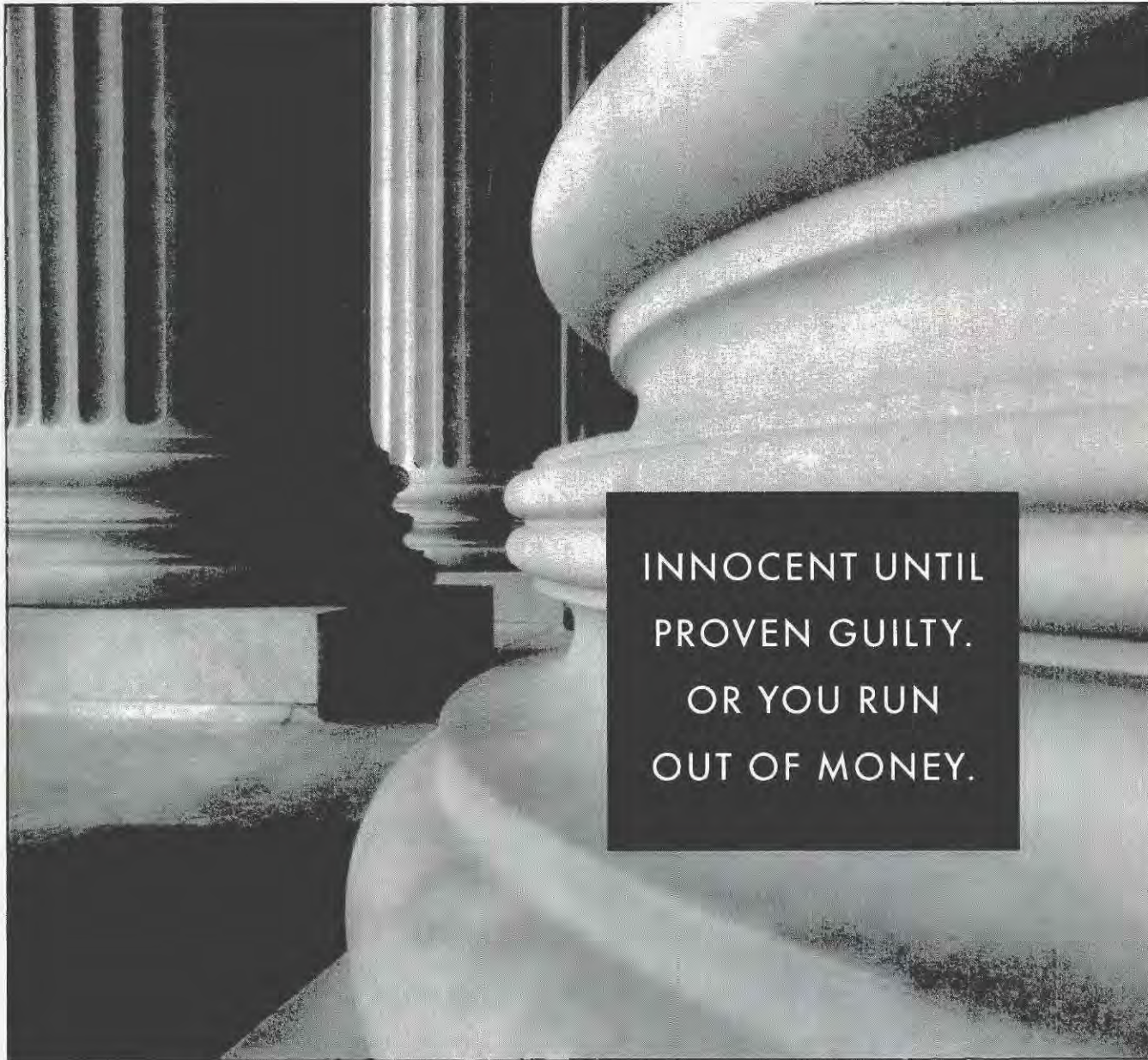
Ms. Hill is also a member of the NAIB's executive committee and is the incoming chairwoman of the trade group's federal affairs subcommittee. She also serves on the NAIB's state affairs and solvency subcommittees.

She has been an active contributor to the Risk & Insurance Management Society Inc. as a featured speaker at its national and regional conventions since 1975.

And, she is a frequent author of articles on risk management subjects in national and international journals.

Ms. Hill will be honored at a June 9 reception at the City Mid-Day Club in New York. The award will be presented by Sedgwick's Mr. Healey. **BI**

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# Head

Continued from page 1  
public offering.

Like some of his investments, Mr. Head has gone through a notable transformation. A West Texas boy with visions of an engineering career, he won a scholarship in the mid-1960s to study metallurgy at the Massachusetts Institute of Technology—but emerged six years later with a master's degree in management.

He took a job with Morgan Stanley & Co. Inc., where one of his first deals was the 1970 stock offering by American International Group Inc.

"If I'd walked in a few days earlier or later, I would have been involved in something else. But after that, another insurance deal came in and they said, 'Get Head, he's the insurance expert,'" he recalled.

During his 14 years at Morgan Stanley, he rose to managing director. But in 1987, he decided he wanted to make his own deals instead of advising other people on theirs' and set up John Head & Partners with his wife, Madie Ivy.

Today, the firm's 20 employees occupy rather cramped and worn offices in midtown Manhattan.

The primary activity of John Head & Partners, of which Mr. Head is a general partner, is managing Head Insurance Investors L.P., an investment firm with capital from six institutions in North America and Europe. The firm specializes in acquiring controlling interests in insurers and related companies. Its main criteria: Things have to look worse at a target company than they really are.

"If you have a company that is well-established and highly regarded, then I'm not going to be the buyer," he said. "There has to be something that is offbeat about them, otherwise a major traditional insurance company would buy it."

Such was the case with his first big deal: the buyout of Sphere Drake in 1987. Signs of trouble had first appeared in 1982 when Alexander & Alexander Services Inc. bought Alexander Howden Group P.L.C., Sphere Drake's parent. A&A soon discovered that Howden executives had misappropriated nearly \$50 million. A&A later accused five ex-Howden directors of using company money to set up Panamanian companies to accept retroceded reinsurance from Howden-owned reinsurers, including Sphere Drake.

Criminal charges followed several years later and by 1987, A&A was anxious to sell Sphere Drake.

"Sphere Drake was a company that people perceived to be not in good shape. I saw that there was a difference between perception and reality," recalled Mr. Head. "In reality, it was clean as a whistle because in those five years just about every lawyer and accountant had turned over its stones."

"When we looked at the company, we found that sure enough, A&A had put capital in, changed the management and done a lot of other good things," he said. A&A simply wanted out of the insurance company business. "So I said, 'Fine. I would support the operating management led by Ian Dean and help them in the acquisition.'"

Putting his Morgan Stanley contacts to use, Mr. Head brought in an investment group that formed SD Partners L.P. to buy Sphere Drake for \$60.6 million.

In last year's IPO, Sphere Drake shares fetched a \$21 offering price, but had dipped to about \$16.50 last week on the New York Stock Exchange. Mr. Head—who kept all his shares and today is the largest individual investor with a stake worth about \$20 million—can't explain the slump, though he thinks fallout from the problems at Lloyd's of London

could be a problem.

Yet some outsiders remain wary. While no analysts would speak for attribution and none could pinpoint a specific reason why Sphere Drake's stock was slumping, analysts on both sides of the Atlantic say they are still not convinced by Mr. Head that Sphere Drake is "clean as a whistle."

"I think there are liabilities there that we don't know about which will eventually come out," said one Wall Streeter.

Sphere Drake's old book of business will deteriorate, Mr. Head concedes. But, the insurer has sufficient assets, generated by increasing volume, to cover those liabilities.

In addition, A&A must indemnify the insurer for certain future losses on old years of business.

Sphere Drake's gross premium volume has grown to \$497.3 million in 1993, up from \$173.6 million in 1988. And, adds Mr. Head, loss reserves have risen from about \$100 million in 1982 to about \$400 million today. What's more, the company has shrunk its liability book of business and is now primarily a property underwriter, though its Bermuda underwriting management unit, Sphere Drake Underwriting Management (Bermuda) Ltd., writes primarily casualty coverage.

Another London analyst wondered why the IPO was launched in New York when Sphere Drake writes most of its business in London. "You can't say that there is anything wrong with that, but it does make you wary," the analyst said.

Mr. Head has a simple answer to the analyst's concern: There is more money available for investment in the United States than in the United Kingdom. "There's not been an insurance transaction like this in London for years."

Next on the deal making front for Mr. Head was the 1990 purchase of Anglo American Insurance Co. Ltd.—at the time one of two insurers on what was then the largest U.S. casualty line slip in London.

Head Partners formed Head Insurance Investors (Bermuda) L.P. in order to acquire Anglo American from CalFed Inc., a California savings and loan. The \$117.1 million deal was financed with \$54.7 million in senior bank loans, \$51.3 million from the sale of a preferred limited partnership interest and a \$7.7 million bridge loan that was quickly repaid.

Recently, after abandoning plans for a \$100 million IPO when the U.S. market dried up, Mr. Head sold Anglo American (see related story).

His purchase of Anglo American stemmed from an approach by business associates who had considered buying the other insurer on the H.S. Weavers (Underwriting) Agencies

## Centre Re buys Anglo American

HAMILTON, Bermuda—In a revision of a sale agreement announced earlier this year, London-based Anglo American Insurance Co. will be sold to Centre Reinsurance Holdings Ltd. rather than Zurich Reinsurance (U.K.) Ltd.

Centre Re and Zurich Re are both units of Zurich Insurance Co. of Switzerland.

Bermuda-based Centre Re said it will operate Anglo American as an independent unit and will not merge it into another Centre Re subsidiary. The company also said it is studying "various options for the management of Anglo American" and will announce its management plans "in due course."

Centre Re's acquisition of Anglo American—which is still subject to regulatory approval—does not "imply any commitment to provide financial support for Anglo American in excess of Anglo American's own resources," Centre Re announced in a statement.

Michael Palm, president of Centre Reinsurance

(Bermuda) Ltd., could not be reached.

Zurich Re in March announced plans to acquire Anglo American, a key London market for U.S. casualty risks, from John Head & Partners L.P., Anglo American's controlling shareholder (BI, March 28). The acquisition would have made Zurich Re a much larger London market source for U.S. casualty coverage. Anglo American and Zurich Re combined wrote \$183 million in such business in 1992.

Centre Re (Bermuda) already provides Anglo American with aggregate excess-of-loss reinsurance on business the insurer previously wrote through the defunct H.S. Weavers (Underwriting) Agencies Ltd. line slip.

Zurich Insurance Co. recently announced it would streamline its operations by placing the Centre Re group of companies under the control of a newly formed holding company, Zurich Centre Investments Ltd. (BI, May 2).

—By Douglas McLeod

Ltd. line slip—Walbrook Insurance Co.—and its parent, London United Investments P.L.C.

Walbrook suspending underwriting in 1990, throwing the Weavers line slip and the casualty insurance programs for many U.S. companies into disarray (BI, April 2, 1990). Walbrook and other insurers on the Weavers line slip—but not Anglo American—were hammered by huge liabilities arising from occurrence-based liability coverage written in the late 1970s and early 1980s.

Eventually Walbrook and four other LUI units, known collectively as the KWELM companies, became what is believed to be the largest insurance insolvency ever. They are now being liquidated.

"Don't buy Weavers and LUI," Mr. Head said his associates advised him.

"Look at Anglo instead because it wasn't on the stamp until 1987, so it did not have occurrence forms" and thus did not incur the huge liabilities that swamped Walbrook and the other KWELM companies.

Anglo American also fell into Mr. Head's preferred category of insurer: "There was a material difference between perception and reality."

Curiously, Mr. Head said his own investments in the London market have not always been a riproaring success. A Lloyd's member since 1982, he has not been burned like so many members, but concedes he had not done better than break even at Lloyd's.

One London analyst cautions that Mr. Head is setting himself up for a fall. "When you make such risky investments, one day something has to go wrong."

Acknowledging that his is a risky business, Mr. Head says his fear of

failing makes him extremely rigorous and willing to ditch a potential deal—even one into which he has put substantial time—if he loses confidence.

"You are always looking for the liabilities that are hidden and you have to answer the question, what is bigger, the liabilities or the cash," he said. And, he assesses the margins he is working with. "If you calculate a loss ratio of 85% and it comes out 10% worse, you are still only on 95%."

Small deals over the last several years have taken him outside pure insurance and last year Mr. Head diversified further by setting up Partner Re. John Head & Partners invested \$25 million, Swiss Re \$100 million and the five other institutional investors \$130 million. In October the company raised \$615.8 million through an IPO. At year end, Partner Re had a capitalization of more than \$1.1 billion.

"The idea was that you could establish a very large, well-capitalized player in the catastrophe reinsurance business writing the top layer, but you had to have someone with enormous standing, a solid reputation and a good data base," he said.

He took the idea to Swiss Re, an investor in Head Insurance Investors since Day One.

"While he was at Morgan Stanley, he used to come calling on us and we were impressed with his knowledge of the marketplace and the various transactions which he did at Morgan Stanley," said Richard Lieberman, a member of the board of management of Swiss Re in charge of corporate finance.

"We don't always go with his ideas, but he always has very interesting ideas," Mr. Lieberman said.

In this case, the proposal for a Bermuda catastrophe reinsurer fit well with Swiss Re's own thinking, Mr. Lieberman explained. "We offer catastrophe reinsurance, but not as much as our clients would like to buy, and we had been wondering what we could do."

Mr. Head proposed raising more capital by selling shares at net asset value and then giving investors warrants to buy more shares. This, said the Swiss Re executive, pleased everyone involved.

Like the investment banker himself, Mr. Lieberman sees Mr. Head as rigorous and cautious.

"Our experience with John Head is that he is extremely careful, he spends a lot of time doing due diligence, he does his best to minimize risks and so far we have been very pleased with our investment," Mr. Lieberman said. **BI**

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# Tax levy

Continued from page 1

Apart from the larger taxes, insurers are concerned that the proposal addresses funding for only the first five years of the EIRF's projected 10-year lifespan.

"The fund has no cap. Insurers are left without the ability to determine the ultimate cost of the program," said Jack Ramirez, executive vp and chief operating officer of the National Assn. of Independent Insurers.

"The proposal contains a glaring hole in that it does not provide for funding the second five years of the EIRF's existence. Estimates are that the second five years will require \$5 billion in funding, as opposed to the \$3.1 billion the proposal would raise for the first five years," he said.

"The funding for the second five

years has not been specified at all, and there's no specification on how this will be raised," said Jennifer Cromwell, federal affairs representative for the National Assn. of Mutual Insurance Companies in Washington.

Xerox's Mr. Cheek called the lack of an administration plan for funding the second five years of the EIRF "troubling," but said the insurance industry through such alliances as the Coalition on Superfund could deal with that question later.

"Like everything else about the whole proposal, there are just too many unanswered questions," said Peter A. Lefkin, vp-federal affairs in Fireman's Fund Insurance Co.'s Washington office.

"We're very worried, but we're not inclined to break with our trade association," added Mr. Lefkin. Fireman's Fund is a member of the AIA.

A spokeswoman for the AIA's Superfund Improvement Project said the group regards the taxation differences between early proposals floated by the administration and the most recent one to be "minor."

The current version of the bill, H.R. 3800, sped through the House Energy and Commerce Committee a few weeks ago (BI, May 23). But the Energy and Commerce Committee does not have jurisdiction over the bill's taxation provisions. Thus, the Treasury Department sent the current proposal for funding the EIRF to Ways and Means late last month.

The EIRF's supporters say it would cut down the amount of coverage litigation that has plagued the Superfund program since its inception in 1980 and speed cleanups.

But critics of the fund say it

would do nothing of the sort. Some insurers charge that the EIRF will actually encourage a form of adverse selection rather than slash legal costs. According to these critics, policyholders with weak claims against their insurers will accept compensation through the EIRF, while those with strong claims will take their chances in court.

The Treasury proposal calls for the EIRF to be funded by a mix of retroactive and prospective taxes.

"There's going to be a lot of controversy about this because some companies are favored by a retroactive tax and others by a prospective tax," noted Steve Broadie, vp-tax and finance for the Alliance of American Insurers in Schaumburg, Ill.

Premiums for policies "providing only non-commercial coverage" and "any other policy which provides neither comprehensive

general liability coverage nor environmental liability coverage" will not be taxed, according to the proposal.

The Treasury proposal would tax property/casualty insurers retroactively on applicable premiums collected between 1971 and 1985 at a rate of 0.2% during the first two years of the EIRF program and 0.27% for the next three, raising \$2.17 billion. An earlier proposal would have raised \$1.75 billion through a 0.19% retroactive tax.

Foreign insurers writing applicable coverages would be subject to a 0.50% tax under the retroactive tax provision.

The Treasury proposal plan also calls for a prospective tax of 0.34% on premiums collected after Congress reauthorizes the Superfund law. That rate would rise to 0.44% after two years. That would raise an additional \$930 million over the five-year period.

The administration had previously sought a prospective tax of 0.3% over five years to raise \$750 million.

As the Alliance's Mr. Broadie noted, passions are high on whether to rely on retroactive or prospective taxes.

"As far we're concerned in regard to retroactive taxes, it's patently unfair and, should there be a serious venture to have it enacted, this will result in Fireman's Fund's ardent opposition to this portion of the reauthorization bill," said Mr. Lefkin.

Xerox's Mr. Cheek agreed that basing the EIRF on retrospective taxes would cause "distortions" in the insurance marketplace. He added that all other special taxes that pay for aspects of Superfund, such as the taxes on chemical manufacturers, are entirely prospective in nature and that there is no attempt to assign the amount of tax paid by any one company on the basis of how much of its products fouled a site in the past.

However, the NAII's Mr. Ramirez said, "We believe the financing mechanism should be totally retroactive. To base even a portion of the fees and assessments on current premium shifts liability away from those who had potential liability for Superfund sites. Assessments must bear a relationship to the liability questions that EIRF is supposed to resolve."

The NAII believes that the effective date of the latest Superfund proposal should be delayed until the EIRF's existence is assured, Mr. Ramirez added.

The NAII, "along with the bulk of the insurance industry," also will continue to oppose the EIRF unless policyholders are forced to accept compensation from the fund, he said.

Moreover, insurers are increasingly skeptical about being singled out for a new tax.

"Why is the insurance industry being asked to pay for all of the new funding for Superfund when we did not contribute to the pollution?" asked NAMIC's Ms. Cromwell. "We are willing to pay our fair share to take care of this problem, but we feel this is something that should be shared across all industries, not just the insurance industry. Also, if we're paying a tax, we'd like to see something in return, such as the elimination of retroactive liability."

Meanwhile, the Environmental Protection Agency, which is charged with overseeing Superfund, added 42 sites in 22 states to its Superfund National Priorities List. That brings the total of sites on the list to 1,232, 150 of which are federal facilities. **BI**

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# Largest U.S. reinsurers' first-quarter results

Ranked by net reinsurance premiums written. All amounts in thousands of dollars.

Reinsurers	Net reinsurance premiums written 1994	Net reinsurance premiums written 1993	Policyholders surplus (reinsurers only)	Net income 1994	Losses & loss adjustment expenses	Loss ratio	Underwriting expenses	Expense ratio	Combined ratio 1994	Combined ratio 1993
1. General Re	\$597,868	\$547,993	\$3,706,502	\$52,687	\$504,255	89.2	\$147,943	24.7	113.9	106.5
2. Employers Re	478,002	411,326	1,647,118	72,258	362,350	78.2	121,617	25.4	103.6	104.5
3. Berkshire Hathaway	446,861	172,190	N/A	N/A	174,223	152.9	6,590	5.8	158.7	138.2
4. American Re	354,178	327,728	1,085,170	30,170	239,606	77.6	111,510	31.5	109.1	100.4
5. North American/Swiss Re	197,889	192,156	619,512	2,598	145,028	73.3	77,654	39.2	112.5	111.8
6. Transatlantic/Putnam	173,504	129,298	536,701	16,649	150,653	82.2	54,395	31.4	113.5	108.1
7. Munich Re	163,127	166,292	723,216	18,263	138,440	86.8	53,269	32.7	119.5	116.3
8. Prudential Re	159,344	171,712	569,339	(27,843)	179,079	115.3	52,570	33.0	148.3	101.5
9. Hartford Re Mgt. Co.	149,500	85,600	N/A	N/A	110,800	89.0	34,500	23.1	111.9	100.3
10. Constitution Re	128,534	88,122	283,055	1,029	84,327	75.6	41,064	31.9	107.6	104.7
11. TIG Re Co.	104,104	86,371	338,634	9,294	62,394	75.9	29,255	28.1	104.0	106.9
12. Kemper Re	88,730	70,912	404,127	720	80,523	89.4	19,893	22.4	111.8	118.0
13. NAC Re	88,146	67,034	404,552	6,822	50,177	65.5	36,699	41.6	107.1	110.8
14. National Re	86,655	78,706	359,049	12,074	60,791	67.1	27,092	31.3	98.4	100.7
15. F&G Re	82,847	158,708	N/A	N/A	36,972	58.3	18,866	22.8	81.0	92.5
16. The St. Paul Cos.	81,186	80,321	N/A	N/A	109,555	101.4	26,721	32.9	134.3	133.2
17. SCOR U.S. Group	74,473	51,589	243,225	(23,573)	70,907	110.5	25,064	33.7	144.1	106.7
18. Zurich Re Centre	57,644	16,386	600,166	(14,721)	47,243	105.0	19,094	33.1	136.1	172.0
19. Frankona Re	56,319	0	101,468	(6,556)	26,871	87.8	13,601	24.1	111.9	111.2
20. Underwriters Re	54,056	42,343	245,218	2,904	43,692	84.5	14,366	26.6	111.1	106.8
<b>Totals for Top 20</b>	<b>3,622,967</b>	<b>2,944,787</b>	<b>11,867,052</b>	<b>152,775</b>	<b>2,677,886</b>	<b>86.8</b>	<b>931,763</b>	<b>25.7</b>	<b>112.5</b>	<b>108.4</b>
<b>Total for all companies</b>	<b>3,878,527</b>	<b>3,416,001</b>	<b>16,492,372</b>	<b>183,518</b>	<b>3,032,875</b>	<b>84.2</b>	<b>1,140,924</b>	<b>29.4</b>	<b>113.6</b>	<b>107.9</b>

Source: Reinsurance Assn. of America and Business Insurance

## Reinsurers

Continued from page 1

"It's a continuation of the trends that we've been seeing in recent quarters," he said. "The same lines of business that had been strong continued so, most notably the catastrophe business, and those that had been competitive continue in that vein as well." "Unfortunately, there doesn't seem to be an awful lot happening in the market other than in the cat area," said Jerome Karter, president and CEO of SCOR Reinsurance Co. in New York.

Catastrophes, of course, remain the big unknown. "We had earth. Now we're entering wind. One wonders what happens when the fires come," said Michael Smith, an analyst with Lehman Bros. in New York.

The outlook "sort of depends on whether or not there will be continued catastrophes," agreed Alan Levin, managing director at Standard & Poor's Corp. in New York. "Clearly, a lot of companies have already started using their reinsurance, and if they haven't already, if there are additional catastrophes, they will, and reinsurers are exposed to paying losses in '94."

Even if there are catastrophes, though, reinsurers are relatively less vulnerable than primary insurers because of higher retention levels and attachment points, noted William Yankus, vp at securities firm Fox-Pitt Kelton in New York.

"Even with catastrophes, some of the pure cat players can generate 20%-plus returns on equity in '94 and do it again in '95," he said.

However, that is not to say the reinsurance industry emerged unscathed from the January earthquake that shook the Los Angeles area.

"I think the first-quarter numbers for most reinsurers, whether they were heavily involved or lightly involved, were impacted by the Northridge situation, which continues to grow," said Tom Case, president and CEO of Frankona America Cos. in Kansas City, Mo., which operates Frankona America Reinsurance Corp.

Reinsurers also have been impacted by some of the same eco-

nomical factors that have hit primary insurers, including declining investment income and disappearing capital gains.

The U.S. reinsurance industry reported a 113.6% combined ratio for the first quarter of 1994, according to a survey of 57 reinsurers by the Washington-based Reinsurance Assn. of America.

This compares with a 107.9% combined ratio for the same period a year ago, when there were relatively fewer catastrophes. It is also significantly worse than the 106.9% combined ratio reported for all of 1993 (BI, April 4).

The 20 largest U.S. reinsurers did somewhat better. They reported a 112.5% combined ratio compared with a 108.4% combined ratio for the comparable period a year ago and 105.3% for all of 1993.

The Top 20 includes for the first time New York-based Zurich Reinsurance Centre Inc. and Frankona Re. Business that had previously been written by the U.S. branch of Frankona Reinsurance Co. of Munich, Germany, was rolled over into Frankona Re, a new corporation, as of January 1994.

Net reinsurance premiums written for all U.S. reinsurers increased 13.5% to \$3.88 billion in the first quarter from \$3.42 billion a year earlier. This is a slight moderation from the 15.1% increase in premiums reported for all of 1993.

The Top 20 U.S. reinsurers posted a dramatic 23% increase in first-quarter net premiums, to \$3.62 billion from \$2.94 billion.

"I think we'll continue to see double-digit growth of reinsurance premiums" as primary insurers attempt to reduce their exposures, said Lehman Bros.' Mr. Smith.

The reinsurance market has grown faster than the overall market for the past three years, and the gap will continue to widen, he predicted.

High-quality reinsurers in particular will benefit, observers say. "The flight to quality continues," said Underwriters Re's Mr. Newman.

"I think demand is still very strong for reinsurance," agreed S&P's Mr. Levin. However, he added, "Primary companies have what you might call 'sticker

shock' in that the price of reinsurance is expensive," and this must be balanced with their need for capital support.

Demand for property catastrophe reinsurance remains strong.

Chubb Corp., for instance, is in-

**'We had earth. We're entering wind. One wonders what happens when the fires come,' says Michael Smith.**

vestigating buying up to an additional \$300 million in catastrophe reinsurance protection above its current \$150 million excess of \$100 million program, said a spokesman.

The insurer will move ahead if the market and the pricing are right, he said.

"We are seeing what appears to be a major uptick in demand for property catastrophe reinsurance products," said Mr. Yankus of Fox-Pitt Kelton.

Chubb's situation is very positive for domestic property writers, he said. Seeking coverage above a \$250 million layer is a "whole new realm of the market that no one thought was necessary before all this," he said, referring to catastrophes in recent years like the Los Angeles quake and Hurricane Andrew.

However, Gary Ransom, senior vp with Conning & Co. in Hartford, Conn., said, "There does seem to be some latent demand for catastrophe reinsurance that is generating activity in the market," but this activity essentially consists of many discussions. "As of yet, I don't see any dramatic additional premium."

While there will be individual cases where companies buy more catastrophe reinsurance, "I'm not sure that's going to add up collectively to a whole lot of dollars yet," he said.

"The demand for cat reinsurance is obviously increasing, but I don't know whether they'll be able to find these new layers at acceptable prices," added Constitution Re's Mr. Bunaes.

Some observers have pointed to an 18% increase in General Rein-

urance Corp.'s casualty facultative business in the first quarter as a positive indication of a market turn (BI, May 23).

However, General Re says that the increase in premiums is essentially from writing more accounts.

Historically, casualty facultative reinsurance has been a lead indicator of a turn, noted Mr. Yankus. However, "the caveat here" is there have been no price increases. The last time casualty prices rose was 1987, and prices have been relatively flat to down since then, he said.

Mr. Ransom commented that primary companies buying the facultative reinsurance may have been trying to focus their reinsurance purchases in ways that gave them the most benefit, he said.

Meanwhile, some reinsurers believe things could improve next year.

Peter A. Cheney, executive vp and chief financial officer of Na-

tional Reinsurance Corp. in Stamford, Conn., said that while this year "is going to be a good, solid year, at least for National Re," 1995 "holds more promise in terms of impressive growth."

This outlook is based on the numerous opportunities National Re has had recently to quote business, he said, adding that it takes a while to bring the quoted business "into the fold."

Also somewhat optimistic was John Lombardo, president and CEO of Munich American Reinsurance Co. Next year "could be a better year," he said, though there are a "lot of caveats."

It could happen, for instance, barring natural catastrophes, and if reinsurers are able to buy retrocessional coverage at "reasonable" prices. It could also be possible "without the manipulation financial reinsurance had provided to pretty up the balance sheet," he said. ■

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Executive Risk Management Associates



# Letters

Continued from page 8

to get copies of old inspection reports, policyholders will be unable to check these old reports for accuracy. And, our experience suggests that policyholders need to check and verify NCCI inspection reports.

Over the years, I have heard from some NCCI personnel that their "customers" are workers comp insurance companies, not the policyholders, and I have found this attitude is often reflected in NCCI decisions. These new policies are just the latest example of this attitude.

Here in Illinois, at least, we understand that regulators are taking a careful look at these new policies. We hope this leads to reconsideration of the NCCI's position regarding its responsibilities to policyholders.

**Edward J. Priz**  
President  
Advanced Insurance Management  
Addison, Ill.

■ **Larry Hochstetler**, director of government, consumer and industry affairs for the NCCI, responds: Mr. Priz's interpretation of our policy is off the mark in several respects.

First, we totally agree that inspections are an important tool to check and correct classification errors. For that reason, employers can at no charge obtain copies of recent inspection reports from their insurers.

In addition, today anyone can request from the NCCI either a new inspection report or a copy of an old one. Those making such a request can include competing agents and consulting firms. For this service, the NCCI charges a fair price.

Most employers review inspection reports immediately. This allows them to properly take whatever follow-up action is needed, including appeal. Retaining documents indefinitely is expensive, so the NCCI, like most businesses, has a retention schedule. Five years is more than ample time for retention of inspections and was designed to be one year longer than required by any state law. It's important to also note that nothing precludes employers from retaining copies of their own inspection reports for as long as they want.

Ultimately, while classification errors may occur, they are few and far between. The NCCI works hard to maintain the integrity of its data base because inaccurate classification assignments—whether they "favor" the employer or the insurer—ultimately impair the data base and benefit no one.

We believe that the NCCI's policy of open access at a fair price to the inspection data we maintain supports the interests of consumers, insurers and regulators in assuring the accuracy of the classification system.

## Aetna shares goal of cost control in comp programs

To the editor: I would like to respond to the article in the April 25 issue, "New Workers Comp Programs: AIG Unit, M&M Tout Premium Savings."

Although Aetna was not specifically named, we have sold programs whereby we put certain fee-for-service revenue on the line if we fail to meet performance standards agreed to up front by both parties. With an account retention of 85%, our partnership philosophy for jointly reducing workers comp loss costs would appear to be working.

The article implies that certain traditional retrospective rating programs have resulted in larger profit for the insurer if the client's losses are higher than anticipated. Over the past 20 years, Aetna has worked in partnership with hundreds of

large employers with a shared goal of cost containment.

Our rating plans have never been constructed so as to improve our profits if our customer's loss experience worsens. Since we always assume some risk in our workers compensation programs, we are never at odds with the goal of minimizing loss costs.

**W.H. Boornazian**  
Senior Vp-National  
Commercial Accounts  
Aetna Life & Casualty Co.  
Middletown, Conn.

## Report prepared by independent actuaries

To the editor: Texas Insurance Commissioner J. Robert Hunter in a May 23 letter to the editor asks, "Why are we not surprised" that "a group of insurance company actuaries" got together and decided that

the Clinton health plan will add \$100 billion to the federal deficit?

In fact, the American Academy of Actuaries' Cost Estimates Work Group, which published the report in question (*BI*, April 25), consisted of four actuaries, none of whom is employed by an insurance company. So Mr. Hunter need look no further for "a group of independent actuaries" to review the same information. All four actuaries on the work group are independent consultants.

The American Academy of Actuaries is a professional association of individual members who serve on academy committees, work groups and task forces as individuals, regardless of their employer. As for the academy's membership as a whole, less than half of its members are employed by insurance companies.

**James J. Murphy**  
Executive Vp  
American Academy of Actuaries  
Washington

## Insider Trading

**American International Group Inc.:** Patrick J. Foley, vp, sold 200 shares of common stock at \$83.50 each on March 23 and now directly and indirectly holds 16,858 common shares.

Maurice R. Greenberg, chairman, disposed of by gift 117 shares of common stock at an unreported price March 10. He indirectly acquired by gift 117 common shares at an unreported price the same day. He now holds 11,117,212 common shares.

Edward E. Matthews, director, exercised an option for 9,300 common shares at \$22.63 each from Feb. 2 to Feb. 16. He also sold 6,000 shares between \$92.38 and \$92.50 each from Feb. 2 to Feb. 16, and now holds 199,547 common shares.

Christian M. Milton, vp, exercised an option for 1,995 common shares between \$39.08 and \$54.67 each on Feb. 16 and sold them at \$90.25 each on Feb. 16. He now holds 398 common shares.

Robinson K. Nottingham, vp, ex-

ercised an option for 1,134 common shares at \$22.63 each on Feb. 1 and now holds 2,591 common shares.

Nicholas A. Okulich, vp, bought 200 shares of common stock at \$83.25 each on March 8. He now holds 273 common shares.

AIG stock closed at \$92.88 a share on May 27.

**Chubb Corp.:** Donn H. Norton, vp, sold 2,000 shares of common stock at \$75.88 each on Feb. 23 and now holds 2,591 common shares.

Michael O'Reilly, vp, exercised an option for 600 common shares at \$30.22 each on March 14. He now holds 7,808 common shares.

Chubb stock closed at \$81.25 a share on May 27.

**CNA Financial Corp.:** Carolyn L. Murphy, vp, bought 2,000 shares of common stock between \$69 and \$69.13 each on Feb. 28. She now holds 2,000 common shares.

John E. Stipp, director, sold 400 common shares at \$78.50 each on Feb. 1 and now holds 100 common shares.

CNA stock closed at \$65.50 a

share on May 27.

**General Re Corp.:** Ronald E. Ferguson, chairman, exercised an option for 4,000 shares of common stock at \$55.81 each from Feb. 22 to Feb. 23. To cover transaction costs, he turned in 2,896 of the shares at between \$108.31 and \$108.69 each from Feb. 22 to Feb. 23. He now holds 60,951 common shares.

David E. McKinney, director, bought 1,000 common shares between \$108.88 and \$109 each on Feb. 22. He now holds 2,295 common shares.

Gen Re stock closed at \$121.25 a share on May 27.

**The Hartford Steam Boiler Inspection & Insurance Co.:** Keith S. Hynes, retired, sold 900 shares of common stock between \$51.13 and \$52.88 each from March 14 to March 18. He now holds 15,166 common shares.

T. Skipwith Lewis, vp, exercised an option for 3,900 shares of common stock at \$41.12 each on March 21. To cover transaction costs, Mr. Lewis turned in 3,050 of the shares for \$52.56 each on March 21. He now holds 31,991 common shares.

Robert W. Trainer, divisional officer, exercised an option for 3,000 common shares at \$41.12 each on Feb. 2. To cover transaction costs, Mr. Trainer turned in 2,335 of them for \$52.81 each on Feb. 2. He now holds 20,580 common shares.


Hartford Steam Boiler stock closed at \$44.88 a share on May 27.

**Marsh & McLennan Cos. Inc.:** Robert Clements, director, sold 5,003 common shares at \$81.79 each on Feb. 1 and now holds 64,987 common shares.

Gregory F. Vangundy, officer, exercised an option for 5,000 common shares at \$49.38 each from Feb. 1 to Feb. 7. To cover transaction costs, Mr. Vangundy turned in 3,793 of the shares for \$82 each from Feb. 1 to Feb. 7 and sold 1,825 shares in the open market between \$81 and \$82 each from Feb. 1 to Feb. 7. He now holds 34,659 common shares.

M&M stock closed at \$87 a share on May 27.

*Insider Trading*, compiled by Invest/Net Trading Group Inc. of Fort Lauderdale, Fla., from reports filed with the Securities and Exchange Commission, tracks stock sales and purchases by insurance industry directors and officers. Reports include direct and indirect stock holdings. The column is distributed by Tribune Media Services Inc.



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## INTERNATIONAL

# Staying on track with safety

## Loss-control is a key element of the Channel Tunnel design

By STACY SHAPIRO

### U.K. OKs safety reforms

By ADRIAN LADBURY

LONDON—U.K. employers and safety inspectors will have to comply with fewer health and safety regulations within the next five years.

The Department of Employment announced late last month that it has accepted proposals submitted by the U.K. Health and Safety Commission that would eliminate many regulations, including almost all pre-1974 workplace safety legislation.

The DOE also has given the HSC a green light to generate additional proposals that would: simplify and modernize the remaining health and safety laws, more effectively communicate them to businesses and tighten enforcement procedures.

Most observers agree that streamlining the safety rules can only be good for employers and employees alike.

But some employee groups are concerned that the government may have wielded its ax too freely—to the detriment of workers and public safety.

The insurance industry is still uncertain whether the changes will help smaller businesses understand what is required of them. Questions also remain as to whether insurers would be willing to offer full coverage to potentially hazardous facilities in a less-regulated environment.

"It's still very much in the melting pot, and there are a lot of uncertainties," said one insurer.

The government commissioned the HSC to review health and safety regulations last May.

The HSC reviewed 235 regulations and recommended that 94 of them be struck.

That review led to the submission of the Deregulation and Contracting Out Bill to Parliament on Jan. 19 as well as last week's submission of "Competitiveness: Helping Business to Win" by Michael Heseltine, president of the Board of Trade.

The 1974 Health and Safety in the Workplace Act precludes the removal or amendment of any of its provisions without replacement by an improved piece of legislation.

But if the Deregulation and Contracting Out Bill becomes law, the government, in consultation with the HSC, will have the power to remove health and safety legislation without having to replace it.

At last Tuesday's announcement, both the DOE

*Continued on next page*

LONDON—The commercial life of the Channel Tunnel depends on the 30-mile rail ride between English and French shores being one of the safest in the world.

That's why Eurotunnel, the Channel Tunnel's operator, has emphasized safety and loss control at every stage of the project, beginning with its design, according to Commercial Director Christopher Garnett. Fire, earthquake and flood were among the major risks addressed from the start. By the time the tunnel opened for freight hauling May 14, not only were routine safety and loss control measures in place, but disaster plans had been tested in simulated situations.

"Unless there is public confidence in the safety of Eurotunnel's system, it will fail commercially," the company warns in one of several brochures it has written on its safety program.

"Above all, (Eurotunnel) recognizes that unless all of its people are committed to good safety, it will not succeed," the brochure says. "Eurotunnel has therefore determined to create a proactive and cogent safety culture throughout the company."

Indeed, during the recent announcement of 1.6 billion pounds (\$2.4 billion) in additional financing for Eurotunnel—bringing its debt to more than 10 billion pounds (\$15.1 billion)—Mr. Garnett underscored the company's commitment to safety: "We intend to operate the safest transport system in the world."

The Channel Tunnel—an idea



AP/Wide World Photo

Disaster response plans were well in place before the Channel Tunnel rail link opened last month.

whose realization had been thwarted by numerous failed attempts—began as a gleam in the eyes of former British Prime Minister Margaret Thatcher and President François Mitterrand of France in September 1981. Nearly five years later, in January 1986, the British and French governments awarded the contract to build a twin-bore tunnel to The Channel Tunnel Group Ltd., based in London, and Paris-based France-Manche S.A. These two companies formed a partnership now known as Eurotunnel, which

will operate the tunnel well into the 21st century.

Eurotunnel claims that it was awarded the contract because "it was the safest project from the traveler's point of view."

For example, most major railroad accidents result from collision or derailment. The two single-track tunnels minimize the risk of collision, and concrete walkways on both sides of each track would hold rail cars upright even if one of them derailed.

There also is a service tunnel between the rail tunnels, which is

used for maintenance and would facilitate evacuations.

Driver error is another frequent cause of rail accidents, so the tunnel has been designed with an Automatic Train Protection system, which stops a train if a driver ignores maximum speed limits.

But, passengers are less concerned about accidents than flooding. The tunnel, though, was built about 148 feet beneath the seabed, mostly through impermeable chalk that supports the weight of water. During construc-

*Continued on next page*

## Italian government privatizing insurer

By MARIA KIELMAS

ROME—Italy's new government intends to sell 51% of its sole ownership of Rome-based insurer Istituto Nazionale delle Assicurazioni on June 27.

Shares will be priced at 2,200 to 2,700 lire each (\$1.38 to \$1.70), but the government will cap individual stakes in the insurer at 0.5%. In earlier privatizations of state-owned Italian companies, the government capped individual stakes at 3%.

Stock market analysts estimate INA's net asset value at 10 trillion to 11 trillion lire (\$5.84 billion to \$6.42 billion). The insurer's business is 57% non-life and 43% life.

INA, which is Italy's largest life insurer and second-largest in non-life business, wrote gross premiums of 3.12 trillion lire (\$1.82 billion) in 1993 and posted a net profit of 194 billion lire (\$113.3 million), down 3.9% from a year earlier.

Analysts say they are bullish about INA's prospects because the insurer's life insurance business is likely to benefit from pension reforms in Italy. The government is expected to allow the establishment of private pension plans to re-

duce the state's pension liabilities. Deregulation of auto insurance rates, which also is expected, should also provide INA and other Italian insurers with a boost, analysts say.

However, the privatization of INA may be delayed because of ongoing investigations of corruption in the government and Italian businesses, some analysts say.

One insurer being investigated is Fondiaria S.p.A., owned by the Feruzzi financial/industrial group, which has been under investigation by Italian magistrates for alleged corruption and falsification of account information (BI, July 5, 1993).

Magistrates recently announced that executives at Mediobanca, a powerful Milan-based merchant bank with which the Feruzzi group did business, were under investigation for allegedly falsifying the Feruzzi group's account data.

Fondiaria's board has said that the insurer will cooperate in the investigations. Mediobanca said it was being targeted because of the bank's attempts to rescue the ailing Feruzzi group.

*Continued on page 57*

**Analysts are bullish about INA, saying its life business should benefit from Italian pension reforms.**

## Health care fraud alleged in Germany

BONN, Germany—The German government is assessing the potential impact on the nation's public health insurance funds of allegations of widespread fraud by medical device manufacturers and physicians.

Germany's Health Minister Horst Seehofer told a government health committee last week that there is evidence to support allegations that cardiac surgeons have been falsifying the cost of heart surgeries in excess of 45 million deutsche marks (\$27.3 million) annually.

The Federation of Health Insurance Funds, which made the allegations, charges that some doctors have been pocketing up to 3,000 deutsche marks (\$1,823 deutsche marks) per cardiac valve replacement procedure by overcharging the so-called sickness funds.

Karl Kaula, chairman of the federation, claims other implant surgeries may also be affected. "We suspect the same practice applies to other medical products," he said.

Such products would include all types of artificial joints and heart pacemakers.

In testimony before the government health committee, the federation presented evidence of 12 cases in which doctors allegedly received kickbacks from cardiac valve manufacturers.

"It's common practice in nearly all major clinics," a spokesman for the federation contends. The group's claim of overcharging at all 50 German heart-transplant centers is still under investigation.

German Medical Assn. President Karsten Vilmar

*Continued on page 57*

## INTERNATIONAL

## Tunnel

Continued from previous page  
tion, an early tunnel cut made in the 1880s was examined and found to be dry, indicating the chalk is impermeable.

A watertight lining made of steel and iron encircles the tunnel. The tunnel was also built to withstand earthquakes.

But Eurotunnel regards fire as the biggest potential hazard, and the company has put much effort into reducing this risk and providing for good ventilation and efficient means of evacuation.

Fire detection units line the tunnel walls, said Richard Morris, safety director of Eurotunnel in Folkestone, England.

The tunnel trains are designed to resist a fire for up to 30 minutes, enabling passengers to be evacuated along the shuttle to safety in another carriage, on another train or in a service tunnel, he said.

Safety procedures dictate that, if possible, the driver should continue to roll the train out to the nearest open side of the tunnel, said Mr. Morris. The telecommunication system links the tunnel to the control centers; backup gener-

**'Everyone in the company is a safety manager,' says Richard Morris of Eurotunnel.**

ators activate in case of electrical failure; and there are mechanisms to disconnect burning cars from the rest of a train.

If a fire became life-threatening, it would be put out by a concentration of Halon gas, he said.

To prevent serious fire accidents, passengers are prohibited from smoking on the train. Hazardous fuel and chemicals also are banned.

Eurotunnel and its contractors have been policed from construction through initial operation by the Intergovernmental Commission set up under the Franco-British Channel Fixed Link Treaty in 1986.

The commission could have withheld approval of Eurotunnel's proposals for several reasons, including safety, defense, security and the environment.

To assist in its work, the commission has been supported by a Safety Authority, which advises on all safety matters during the construction and operation of the tunnel.

Before the tunnel could be opened last month, Eurotunnel had to submit a "safety case" to the commission and Safety Authority for certification to operate.

The safety case, to be published soon, "shows passengers traveling through the system will be at least 20 times safer traveling through the tunnel than when traveling by conventional railways," stated Alain Bertrand, Eurotunnel's chief operating officer.

"We had to satisfy the authority of the safety of the design, rules, performance and the reality of (using the system)," said Mr. Morris, the safety director.

In January 1993, Eurotunnel established an eight-person Safety Directorate to draw up safety rules and loss control procedures. Although this may seem like a small department for such a large operation, "safety relies on everyone working on the ground, from the train crew to the control center," Mr. Morris said.

"Everyone in the company is a safety manager. I always say I have 2,000 pairs of eyes watching out for me."

To guide the workforce, Mr. Morris has established several measurements of safety:

- The Eurotunnel Safety Audit, which will operate along the lines of the Institute of Loss Control safety audit. The first of the audits, which will be performed in each department, will be conducted soon.

Each department will have to satisfy 23 requirements covered in the audit. For example, audit requirements cover the quality of personnel who train employees and the training procedures used in each department. Other standards are set for leadership and administration, protective equipment, accident investigation, railway operation, visitors on site and purchasing controls.

- Incident and accident procedures, which are computerized using key words to identify hazard trends and find the root causes.

Each incident that could cause an accident is logged into the computer. On average, about 600 incidents occur before an accident happens, said Mr. Morris. The company's safety culture encourages employees to report incidents, he said. "We say that if you make a genuine error and you report it to us, we won't discipline you."

Incidents have been logged during the run up to the opening of the Channel Tunnel. For example, on May 6, when Queen Elizabeth II and President Mitterrand opened the tunnel, a worker was found walking on the beam of a terminal without wearing a harness. He was quickly given one.

After a number of meetings over the year, Eurotunnel was granted its safety certificate by the commission to transport heavy freight vehicles on its regular shuttle service between Folkestone and Calais. Eurotunnel is now working on getting its safety certificates for transporting passengers and tourist vehicles, said Mr. Morris. Executives believe the certificates will be granted by July.

Despite the commitment to safety, there were fatal accidents during the construction phase of the Channel Tunnel.

Eurotunnel hired a group of five British and five French construction companies to build the 30-mile tunnel. Together, the group formed a company known as Transmanche Link. During the prolonged construction phase, 10 people out of the 15,000-member TML workforce were killed.

The British Health and Safety Executive prosecuted TML for five of the eight British deaths between 1989 and 1992 and fined the company a total of 495,000 pounds (\$747,698) plus 111,750 pounds (\$168,798) in legal costs, an HSE spokesman confirmed.

Safety violations resulted in such deaths as a miner being crushed between the tunnel boring machine and a hydraulic segment train, and an employee being trapped between two trains.

As far as anyone knows, there are no civil suits for damages from the families of the men who died, said Paul Tipple, head of legal services for TML in Folkestone. TML's employers liability coverage led by Commercial Union P.L.C. would pay any compensation to workers, he confirmed.

Eurotunnel emphasizes that its contractor, TML, had its own safety managers during the construction phase, while Eurotunnel's safety directors only oversaw the project.

Now that construction is over and Eurotunnel is in a two-year maintenance phase, TML only has a few hundred employees.

To date, Eurotunnel has had 1,450 insurance claims, but they have mainly been due to damage to plant and equipment, insurance sources say.

None of these claims relates to settlements that Eurotunnel made with TML and shuttle-building consortium Bombardier of Canada for target prices for the contract. Eurotunnel paid 1.14 billion pounds (\$1.72 billion) to TML rather than the original contract price of 620 million pounds (\$936.5 million) because of delays in the opening of the tunnel and settled with Bombardier for 406 million pounds (\$613.3 million).

The 500 million pound (\$755.3 million) construction insurance policy lasting for seven years provides third-party liability and construction risks coverage for another two years during the maintenance period, said Jonathan Blackmore, group insurance manager at Eurotunnel's operational headquarters in Calais.

In addition, a property/casualty insurance program for the operations of Eurotunnel went into effect April 4, when practice runs began for the tunnel's shuttle train service. The program includes 650 million ECU in property coverage (\$760.6 million) and more than 100 million pounds (\$151.1 million) in general liability insurance. It is led by Paris-based Union des Assurances de Paris, said Mr. Blackmore.

Eurotunnel's employers liability coverage was being negotiated late last month. **BI**

## Safety

Continued from previous page  
and HSC were anxious to quell fears expressed earlier this year that workplace health and safety standards could fall and employers costs could rise as a result of fewer rules (BI, May 3).

DOE Minister Michael Forsyth and HSC Chairman Frank Davies said the removal of red tape and confusing, outdated and complex laws will have only a positive effect.

Fewer and clearer rules will help improve standards of safety in British industry by enabling companies, particularly smaller ones, to better understand what they should do to improve safety in the workplace, they said.

"I was delighted by the report, which will in no way reduce our health and safety standards. The HSC's report points the way toward more effective law and the enforcement of it. It also makes timely recommendations for improving support available to employers, especially small firms, to help them comply with the law," said Mr. Forsyth, who commissioned the report in May 1993.

Mr. Davies explained that the removal of 94 health and safety regulations and seven pieces of primary legislation should not be viewed as an unprecedented attack on workplace health and safety standards.

"Safety is simple and I hope this will go a long way toward demystifying the regulations," Mr. Davies said.

He added that since the 1974 act, which created the HSC, the commission has weeded out 376 redundant rules. "We've got rid of them at a rate of 25 to 30 per annum anyway. So 100 regulations over three to five years is roughly

**Since 1974, the HSC has weeded out 376 redundant health and safety rules, says Frank Davies.**

the same rate."

As part of the simplification process and overall culling of rules, the HSC recommended a continued trend away from prescriptive regulation toward "goal-setting" rules.

But not everyone is convinced that this is a move in the right direction.

"A lot of industries have relied on prescriptive legislation to ensure that action is taken on regulations, but the trend is still clearly toward goal-setting. The insurance industry is concerned that the goal-setting trend may go so far that people at the grass roots won't be able to keep up

with it," said Miles Seaman, consultant to the Council for Industrial Inspecting Authorities, a lobbying group formed by U.K. insurers when the review was first discussed.

"Will buyers find enough capacity in the insurance market for employers' liability if it's not underpinned by regulations? Also, it is not a foregone conclusion that the insurance industry would be able or willing to pick up the slack in the absence of legislation," Mr. Seaman said.

"Business generally welcomes deregulation as it helps speed up the planning process and in that sense it should be welcomed," said Geoff Saunders, chairman of the Assn. of Insurance & Risk Managers in Industry & Commerce.

"Some risk managers say they use regulations as a risk management tool and as a way of getting heard on the board, but I'm not sure about that argument or the quality of the managers who argue that," Mr. Saunders said.

Victor Rance, liability manager at the Assn. of British Insurers, said the review may threaten business for safety inspectors but could provide opportunities for others.

"Deregulation must be good for British business if it gets rid of unnecessary legislation, and there must be scope and opportunities for insurers to provide advice and guidance in this area." **BI**

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## INTERNATIONAL

# Response to climatic changes viewed

By MARIA KIELMAS

A recent report on the effects of climatic change on the U.K. insurance industry recommends that insurers take steps to address natural catastrophes and, if necessary, raise rates to reflect added exposures.

The report, "The Impact of Changing Weather Patterns on Property Insurance," published last month by the U.K. Chartered Insurance Institute, suggests that insurers must shift more of the burden of weather-related losses to policyholders.

The CII, the United Kingdom's professional insurance organization, recommended that insurers: acquire more information on climatic patterns; serve as a liaison with government and public organizations to promote education on natural catastrophes and their consequences; and create industry groups to more effectively promote insurers' interests in international issues.

However, Herbert Tiedeman, a recently retired consultant to Swiss Reinsurance Co., called for underwriters to take a strictly scientific approach to evaluating climatic changes.

The evidence of a climatic warning is incontrovertible, said Mr. Tiedeman.

However, reports from environmental interest groups and international organizations, such as the United Nations' Intergovernmental Panel on Climate Change, can be influenced by political considerations and a selective use of facts, he cautioned.

Historical and geological records indicate that extremes of climatic change occurred long before human beings became able to influence it.

The insurance industry must come to grips with the nature of the risks in question and analyze its exposure accordingly, Mr. Tiedeman said.

The CII study notes that the increased size and frequency of large insurance claims due to weather-related catastrophes has led the industry to speculate that climate change is partly to blame.

But, the study acknowledges that scientific opinion is divided on that subject.

The most notable effects of climate change in the U.K. insurance market will be increased risk of property losses from storm, flood and subsidence, the study says, adding that business interruption exposures will also increase.

Current computer models that attempt to predict climatic patterns are based on large regional scales and do not provide sufficient detail on areas of interest for insurers, the study says.

Among the actions recommended by the CII study:

- Insurers and reinsurers should continue to provide coverage for natural perils.

To meet this demand while ensuring their commercial survival, insurers should seek assistance from their trade associations to develop measures to provide the required capacity at affordable premiums. This will require a range of initiatives in risk management, information collection and analysis, as well as funding.

- Individual insurers should review their policy wording and rates to ensure that policyholders shoulder a larger share of catastrophe losses.

Shifting more of the loss costs onto policyholders may require

larger deductibles, coinsurance, wording that limits when a policyholder would be indemnified, and requiring policyholders to buy long-term contracts, the CII study suggests.

- All insurance-related organizations should review their business strategies, including investments, to ensure they consider the potential impact of global warming on their operations and, wherever practical, help to mitigate it. Such consideration will involve committing resources to in-house projects and also collaborative initiatives such as the current study.

- All property owners must ensure that they have appropriate disaster plans.

According to the CII study, other issues that need attention in response to climatic exposures are:

- The continuing use of calendar-year reinsurance treaties that commence in mid-winter, one of the most natural hazard-prone seasons of year.

- The difficulty of retrofitting substandard buildings to satisfactory levels.

- Climate data should be made available more cheaply, because it is a national resource and vital for risk management.

- Early attention should be given to archiving exposures and loss data for future research.

Mr. Tiedeman, however, advises caution in insurance industry efforts to project the impact of climatic change. He prefers to deal in scientific facts and rigorous research and analysis. "The climate depends on a large number of parameters," he said.

But, from the evidence available now, the overwhelming conclusion is that changes of temperature are due to the energy output of the sun, he said. "Scientifically, you have to look at the climatic furnace, which is the sun."

Mr. Tiedeman also warns that some skepticism should be applied to the selective use of limited evidence about climatic change. Evi-

dence in the recent geological record shows that temperature fluctuations of several degrees centigrade happened long before humans had any influence on the environment, he said.

Mr. Tiedeman says that the record to date is insufficient to prove that there have been systematic changes in temperatures, but from his own research he has identified a long-term climatic cycle of about 500 years, and a medium-term cycle of about 70 years that can be seen from rainfall records.

"These appear to be cycles, but this is a hypothesis and not a theory," he said.

He speculates that the increase in insured losses is because exposures in dangerous areas have increased, something which was not the case historically. "The Greeks stayed away from the places where the gods were."

Perceived climatic changes can not be attributed to just one cause, because there is a complicated interrelationship between factors like: land use; agricultural subsidies; and rainfall retention, Mr. Tiedeman said.

"If a parameter is changing very much and it is not under your control, then the insurance industry needs a suitable safety margin." **BI**

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## Germany

Continued from page 55

has charged that the public health insurance funds are undermining public trust in doctors by making these allegations. Mr. Vilmar blames any excessive pricing on the manufacturer of cardiac valves, which he said have apparently "established a cartel to set the prices."

Germany's Federal Cartel Office has begun investigation into whether cartel agreements among manufacturers exist. If such an agreement is proved, participants would be subject to fines of up to 1 million deutsche marks (\$607.2 million) in addition to triple compensatory damages.

Several manufacturers of replacement heart valves have said they have no knowledge of alleged fraud.

German sickness funds pay 12 billion deutsche marks (\$7.29 bil-

lion) annually to hospitals for all types of surgical procedures. One sickness fund manager estimated that the German Health Care system could save 1.5 billion deutsche marks (\$911.6 million) a year by eliminating kickbacks and overpricing.

The allegations have rekindled support for regulations that would cap health care prices and apply a fee schedule for certain surgical procedures.

The upper house of Parliament is scheduled to vote on such a proposal June 10.

In a letter to Health Minister Seehofer, Mr. Kaula of the Federation of Health Insurance Funds has called for a 10% cut in the amount the sickness funds pay for all types of surgery.

Employers and employees currently contribute 210 billion deutsche marks (\$127.5 billion) annually to the funds for health care coverage.

—By Don Lewis Kirk

## INA

Continued from page 55

Florence-based Fondiaria reported a loss of 465 billion lire (\$271.5 million) last year, an improvement of 19.3% from a loss of 576 billion lire (\$389.7 million) in 1992.

The insurer's underwriting loss in 1993 was 251.6 billion lire (\$146.9 million), compared with a loss of 663.7 billion lire (\$449 million) a year earlier.

Fondiaria's gross premium vol-

ume last year was 6.61 trillion lire (\$3.86 billion), up 8.3% from 1992. Gross premiums from the Italian market rose 10.5% to 5.35 trillion lire (\$3.12 billion). Of this amount, 4.37 trillion lire (\$2.55 billion) came from non-life business and 980 billion lire (\$572.1 million) came from life business. Non-life premium volume rose 6.6% and life premiums increased 32.4% from 1992.

The insurer's loss reserves rose 16.8% to 10.07 trillion lire (\$5.88 billion) last year from 8.62 trillion lire (\$5.83 billion). **BI**

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# Tips for better managing health care

By MEG FLETCHER

CHICAGO—Utilizing managed care effectively in a corporation takes diligence and attention to detail.

Too often, employees receive "under or over care" because employers do not set standards of care and practice guidelines that managed care providers must follow, says a

health care consultant.

This reduces the effectiveness of managed care, according to Dr. John M. Burns, an internist and consultant with The Burns Group in St. Paul, Minn.

Another practice that can impact care, he said, is that not consulting health professionals in the decision to purchase managed care services. Also, employers typically do not

designate a person to take charge of the managed care program, he said.

As a result of these omissions, on one side of the transaction is a purchaser who "buys benefits" instead of a package of products and services that ensures quality and cost-effective care, Dr. Burns said. On the other side is a consumer who is "entitlement-oriented," he said.

"We just cannot afford to give an

entitlement orientation to our beneficiaries, send them out into the practice community and expect the physician to discipline the patient," he said.

Corporations' primary opportunities for controlling health care costs consist of managed care networks, case management, utilization management, quality assurance and employee assistance programs.

To effectively use these approaches, companies should develop an "organized system of care" designed to eliminate unnecessary and inappropriate care, and also adopt external utilization controls, Dr. Burns said.

The aim is to develop a health care program based on the concept of "defined products" that

*Continued on next page*

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Continued from previous page will meet all the needs of the employer and employees, as well as establish the standard of care for the system, he said. The program must also identify external referral resources as part of this approach.

Doing that will help companies become more competitive in the global economy and contribute to improving the health status and reducing the illness risks of the entire community in which they operate.

"Purchasers ought to know what they are buying," Dr. Burns emphasized, which makes it crucial to base the organized system of care on the concept of "defined products."

Those products should be continually developed through regular monthly meetings of clinical services providers to review medical literature, care standards and outcomes.

Products should include revisions or reviews of current standards, including standards and guidelines for periodic examinations, screening and education programs, he said.

They also should include specific clinical criteria that must be met to demonstrate the need for laboratory and imaging services, screening tests or procedures. In addition, there should be criteria for action in follow-up of laboratory imaging or screening procedures, he said.

**'Case management is an integral part of a quality health management system,' says John Burns.**

It also is important to develop operational definitions for all clinical indicators for medical interventions, such as failure of conservative treatment.

Another important product is a list of high-cost or infrequently performed procedures that the system of care refers to providers outside its network and an expla-

nation of why the procedures are referred, Dr. Burns said.

"Such procedures should be subject to case management and selective contracting."

Case management can best be defined as: "A systemic approach to identifying high-cost patients, assessing opportunities to coordinate their care, developing treatment plans that improve quality by selecting alternatives best for the patient and managing patients' total care to ensure optimum outcomes."

"Case management is an integral part of a quality health management system. It is not another form of utilization review," Dr. Burns emphasized.

Companies should make sure

that case management requirements are built into their benefit plans so health care providers have the incentive to cooperate with them as early as possible, Dr. Burns said.

In terms of managing mental health benefits, he recommends barrier-free access to an employee assistance program, use of trained internal health professionals, a medical provider network, case management and protection of confidentiality.

Dr. Burns spoke at a conference on Integrating Managed Health Care and Disability Benefits that was held May 25-26 in Chicago. It was sponsored by Infoline Inc., a subsidiary of International Business Communications. **BI**

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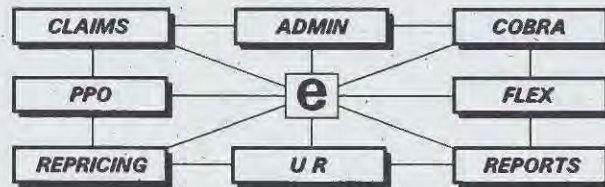
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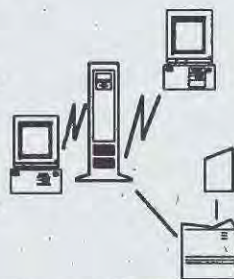
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# Is railroad comp system on track?

## Workers comp less costly than federal compensation system, study suggests

By **RODD ZOLKOS**

A newly released study suggests that state workers compensation programs may be less costly for railroads than the Federal Employers' Liability Act of 1908, under which injured railroad workers are compensated.

Railroads have complained that FELA costs more than workers comp programs, putting them at a competitive disadvantage with other industries like trucking.

The cost differences between the two approaches stem largely from the workers comp system's no-fault approach vs. FELA's tort-

**'It looks pretty clear that for the same kind of injuries, as a general rule workers compensation provides a little less compensation and so it costs a little less' than the Federal Employers' Liability Act of 1908, says Clinton V. Oster Jr.**

based approach, which requires establishing employer negligence while providing that an employee's contributory negligence can reduce or eliminate a compensation award.

However, making a true com-

parison of the two systems is difficult, according to Clinton V. Oster Jr., a professor in the School of Public Environmental Affairs of Indiana University in Bloomington, who chaired a committee of the National Research Council's

Transportation Research Board that studied FELA.

Among the factors clouding the issue is that most workers comp benefits are geared toward workers who earn "considerably less" than most railroad workers, he said. Further complicating the comparison is that any changes to FELA designed to reduce benefits likely would prompt railroad workers to seek offsetting adjustments in future collective bargaining agreements that could cut into any savings, he added.

"It looks pretty clear that for the same kind of injuries, as a general rule workers compensation pro-

vides a little less compensation and so it costs a little less," Mr. Oster said, noting that the administrative costs of workers comp also are typically lower than those of FELA.

"So there does seem to be the potential for some savings, depending on what happened with collective bargaining."

FELA covers about 273,000 workers, most of them employed by major freight railroads. Others covered by the act include Amtrak workers and commuter rail employees.

The study, which took more than a year to complete, was in response to railroad industry claims that because FELA costs more than state workers comp programs it puts railroads at a competitive disadvantage with the trucking industry.

"The railroad unions are very strongly in favor of keeping the FELA system, perhaps making some improvements to it," Mr. Oster said.

FELA is unlikely to be abandoned, but the committee did suggest that railroad management and labor look for ways to improve the law.

"The law can be improved while still maintaining some of its character," said Herbert R. Northrop, professor emeritus of management at the Wharton School of the University of Pennsylvania in Philadelphia and a committee member.

The railroad worker compensation program likely will remain a federal one to avoid a jurisdictional nightmare, he said. "It has to be a national system when the guy's traveling all over."

One possible improvement of FELA would be a move toward a no-fault system, which could reduce litigation of workers' claims, the committee found.

"Because FELA is not a no-fault system... it's a system which has inherently a somewhat higher degree of litigation," Mr. Oster said, but added that "relatively few" FELA claims go to trial.

Even if a no-fault approach were adopted, the notion that workers comp systems operate without litigation "is also wrong," he said.

In fact, the committee's research suggests that while FELA and workers comp systems started earlier this century as "parallel lines," those lines have begun to converge, said John Arcudi, Connecticut Workers' Compensation commissioner and also a committee member.

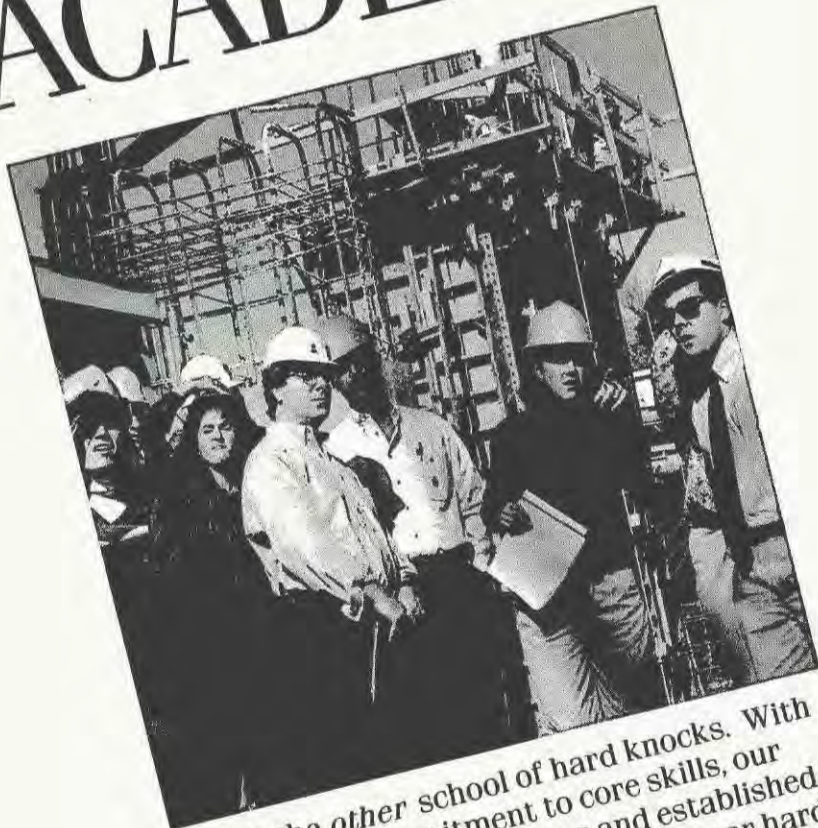
Mr. Arcudi believes any significant FELA reform will have to wait for a resolution of the national health care debate.

"The big dynamic that nobody can predict is what's going to happen if we have national health care," he said. "That's certainly something that would have a big impact on both systems."

President Clinton's reform proposal, for example, calls for a commission to study the feasibility of integrating group health care with workers comp medical care under a reformed delivery system.

Copies of the commission's study, "Compensating Injured Railroad Workers under the Federal Employers' Liability Act," are available for \$28 from the Transportation Research Board by calling 202-334-3214.

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# Policy wording

Continued from page 1

advising its self-insured customers to follow suit.

"Most of our present contract language was developed 20 years ago, long before there was interest in managed care," explained Kathy Worthington, manager of coverage policy for the Hartford, Conn.-based unit of Aetna Life & Casualty Co. "As we increasingly become a managed care company, we need contracts to support our medical and managed care experience."

In health care coverage disputes, as in other lawsuits, ambiguous contracts are construed against the drafter. "We feel it's better to make it clear to everyone," said Ms. Worthington.

Aetna also wanted to make contract language among its different health plans more consistent, Ms. Worthington said. "We have acquired a number of health maintenance organizations and some of their existing contract language differed from our HMOs and our indemnity plans. We wanted to gain some consistency in plan language."

Prudential Insurance Co. of America changed its health care contracts last year to "be more explicit about what is medically necessary," said Dr. Charles Cutler, vp of medical services in Newark, N.J. "We try to be clear without being too narrow because the difficulty is you can lock yourself into some things that may not make sense for the insurer or the patient."

Prudential's practices came under fire last year in a lawsuit brought by the state of Texas. State officials charged Prudential with unfair and deceptive trade practices for promising to cover "medically necessary" procedures and then denying coverage for a controversial breast cancer treatment (*BI*, Oct. 11, 1993). Prudential eventually agreed to cover the treatment (*BI*, April 4).

Most insurers allow exceptions to standard contracts for larger accounts that request them. But, Dr. Cutler noted, it also is important for health insurers and self-insured plan sponsors to be "consistent in our decision-making within plan language because that's the standard you are held to (by the courts)."

That standard proved critical last year when a California jury awarded \$89 million to a woman after HealthNet denied her breast cancer treatment claims (*BI*, Jan. 3). The woman's lawyers successfully argued, among other things, that the HMO had covered the treatment for other plan members. Woodland Hills, Calif.-based HealthNet settled the case for an undisclosed amount in April.

"It's very difficult to develop specific definitions for health care contracts because of the dynamism in the medi-

cal field," noted Alice Gosfield, a health law attorney in Philadelphia. And, definitions alone may not be enough to satisfy a judge or jury. "Therefore, it's critical to develop appropriate procedures (for making decisions) internally and follow those."

Ms. Gosfield said courts hearing health care coverage disputes usually examine two things: the process by which a plan denies coverage and the appropriateness of the process' results.

Clear contract language by itself may not deter patients, particularly seriously ill ones, from suing health plans that deny coverage for experimental treatments, pointed out Daniel Engel, a health and employee benefits attorney with Peterson & Ross in Chicago. But, he added, it may discourage meritless suits. "It certainly gives insurers added protection. By defining what is experimental more specifically, courts will be less inclined to find ambiguities that can be

**Prudential 'tries to be clear without being too narrow because the difficulty is you can lock yourself into some things that may not make sense for the insurer or the patient,' says Dr. Charles Cutler.**

construed against the insurer," he said.

That applies to self-insurers as well. "Self-funded plans aren't exempt from the obligation to have clear health plan language," explained Mr. Engel. "The concept of ambiguity in contract language applies to them as well."

"There's probably no language that would protect an employer if they don't have a fair and reasonable process for denying a claim," said First Chicago's Mr. Bonin.

"What courts and individuals want to know is: 'What is your process to determine whether something is experimental?' A lot of the change in contract language is in reaction to courts thinking we haven't defined these terms and we are just being arbitrary," Prudential's Dr. Cutler said.

When Aetna altered its contract language, it expanded its definition of "medically necessary" to better reflect the health insurer's specific requirements for a procedure to be covered, Ms. Worthington explained. Previously, medically necessary procedures were defined only as those "widely accepted professionally."

Treatments now must meet certain guidelines to be deemed medically necessary. Among other things, Aetna will determine whether the treatment is:

- Based on documented and peer-reviewed literature or contained in reports and guidelines published by nationally recognized health care organizations.

- Approved by specialists in the relevant field.
- Appropriate given the patient's health status.
- Likely to produce a significant positive outcome.

In addition, before approving expensive diagnostic tests, like magnetic resonance imaging, Aetna now will evaluate whether they are likely to affect the type of treatment a patient would receive.

The insurer also changed its definition of "experimental/investigational" treatments. "Originally, we said we would deny charges for procedures, drugs or devices that are determined by Aetna to be experimental or still under clinical investigation," Ms. Worthington explained.

Now the contract says coverage will be denied if there is "insignificant outcomes data available from controlled clinical trials or from medical literature to show the treatment is safe and effective."

Coverage also will be denied when a nationally recognized medical society has stated in writing that a procedure, drug or device is experimental or when written protocols used by a facility studying the procedure, drug or device say it is experimental.

Aetna also says that it will not pay for drugs or medical devices that require but do not have approval from the Food and Drug Administration.

The insurer will make exceptions, though. "If a disease is expected to cause death within a year and a treatment looks 'promising,' we'll make an exception," said Ms. Worthington. "We will have a panel of experts review the case to give us input on the type of disease involved."

To be "promising," a treatment need not have been clinically tested, she said. For terminally ill patients, often time is too short for clinical trials but, within a small sample of patients, a treatment may be determined to offer some hope.

Insurers say including line item exclusions in health care contracts is tricky.

"We made the decision that, as much as possible, we would not have specific disease exclusions," said Prudential's Dr. Cutler. Exclusions can be a "logistical nightmare" because changes in health care treatments occur so rapidly.

"The HealthNet decision has made everyone leery about denying coverage for autologous bone marrow transplants for breast cancer treatment, he said.

But insurers really just need a good medical justification. "Our approach is to ask fewer questions about whether a treatment is investigational or experimental, and ask more questions about whether it's appropriate for that particular patient."

## For the record

### Employees not liable for sexual harassment

NEW ORLEANS—An individual employee cannot be held liable for sexual harassment under Title VII of the Civil Rights Act of 1964 because the act only provides for the liability of an "employer," the 5th U.S. Circuit Court of Appeals has ruled.

Paula Jo Grant, a sales representative in the Houston branch office of Lone Star Co., says she was the victim of frequent sexual harassment by male employees and the branch manager, Mitchell Murray. She filed suit in June 1989 against Lone Star and some of the employees who engaged in the harassment, claiming that the behavior created a "hostile work environment" that altered the conditions of her employment in violation of Title VII.

After a jury trial, all defendants but Mr. Murray were found not liable. The district court found Mr. Murray liable for sexual harassment not as an employer, but personally, because he participated directly in the acts and encouraged and condoned acts of other workers.

The lower court ordered Mr. Murray to pay Ms. Grant back pay of \$5,905 and told him and another individual to pay \$62,500 in attorneys' fees and \$4,678 in expenses.

Mr. Murray appealed, claiming the court could not render judgment against him as an individual, but only as an employer, for back pay damages under Title VII.

In his May 27 opinion for the 5th Circuit, Judge Jerry E. Smith agreed. "Because Murray is not an 'employer' under Title VII, the trial court erred by holding him individually liable for harassing Grant."

Citing a 5th Circuit decision from 1981, Judge Smith said, "Only 'employers,' not individuals acting in their individual capacity who do not otherwise meet the definition of 'employers,' can be liable under Title VII."

### Replacement costs include upgrades

ANCHORAGE, Alaska—Insurers that pay a policyholder's replacement costs for a building destroyed by fire must also pay the cost of upgrades required by building codes, the Alaska Supreme Court ruled.

In its ruling last month, the high court reversed a July 1992 order by the Superior Court of the 2nd Judicial District in Nome.

The high school building in the village of Stebbins was destroyed by fire in 1989. Bering Strait School District was insured by two all-risk policies issued by RLI Insurance Co. and Lexington Insurance Co., a subsidiary of American International Group Inc.

"In order to rebuild the high school building in accordance with current building codes, an additional \$206,466 had to be expended," court papers say. "The insurance companies refused to pay this sum," though they paid the approximately \$3.5 million replacement cost.

The school district sued the insurers for code upgrade costs in 1991. Agreeing with the insurers, the Superior Court judge ruled that they did not have to pay the upgrade costs, based on the policies' exclusion of coverage "against loss or increased cost occasioned by any civil authority's enforcement of any ordinance or law regulating the recon-

struction, repair or demolition" of the insured property.

But the high court ruled 4-1 in favor of the policyholder's "reasonable expectation" that coverage will be provided. "Building owners buy replacement-cost insurance so that if their buildings are destroyed they can be replaced and their uses restored without cost."

The insurers have not decided whether to seek a rehearing, said their attorney, Randy L. Arthur, special counsel with Bullivant, Houser, Bailey, Pendergrass & Hoffman in Portland, Ore.

### Judge assigned to Trade Center suits

NEW YORK—All of the 400 plus World Trade Center bombing liability lawsuits against the Port Authority of New York & New Jersey have been assigned to New York State Supreme Court Judge Stanley Sklar for the determination of liability.

Last month, Blair Fensterstock, an attorney with Sutherland, Asbill & Brennan in New York, was selected liaison counsel for an eight-member WTC plaintiffs' counsel steering team that will conduct all interaction with Judge Sklar during the pretrial period.

### AIG forms unit to sell derivatives

NEW YORK—A new American International Group Inc. unit will focus on hedging financial and insurance risks for large corporate and institutional clients through financial derivatives and traditional insurance.

AIG Combined Risks Ltd. in London will also develop self-insurance programs. Heading the unit is Diego Waiters, formerly managing director

of J.P. Morgan's London office, where he was responsible for mergers and acquisitions for financial institutions in Europe and for financial reinsurance activities. He will report to Petros Sabatacakis, AIG's senior vp-financial services in New York.

"AIG's reinsurance, corporate finance and derivative structuring skills are well-established and will now be utilized to solve clients' risk management problems in a more coordinated way," Mr. Sabatacakis said.

### PBGC names Sirkin to new post

WASHINGTON—Stuart A. Sirkin became director of the Pension Benefit Guaranty Corp.'s Corporate Policy and Research Department on June 2.

Mr. Sirkin, who joined the PBGC last year as special assistant to PBGC Executive Director Martin Slate, succeeded David Lindeman, who joined the Social Security Administration several weeks ago. As director of policy and research, Mr. Sirkin will oversee policy and legislative analysis, special projects and forecasts and research.

Mr. Sirkin is the first official to have served in senior policy positions in all three federal agencies charged with implementing the Employee Retirement Income Security Act. Before joining PBGC, Mr. Sirkin worked in the Internal Revenue Service and the Pension and Welfare Benefits Administration of the Department of Labor.

### Bill would set standards for long-term care cover

WASHINGTON—Rep. Barbara Kennelly, D-Conn., last month intro-

duced legislation, H.R. 4526, that would set uniform federal standards for long-term health insurance policies.

In addition, the measure would allow individuals to make penalty-free withdrawals from individual retirement accounts to pay premiums for long-term care policies.

### Information in brief

The third annual Spencer/Gallagher golf tournament, held before the Risk & Insurance Management Society conference in New Orleans in April, drew 144 golfers and raised \$6,000 for the Spencer Educational Foundation. . . Michael W. Painter chairman and CEO of the international and risk management division of Bowring Marsh & McLennan Ltd. will leave the company for the next two years to work at the U.K. Department of Trade and Industry. Michael D. Jones, executive director of the company, will take over Mr. Painter's duties until he returns. . . The 7,500 United Auto Workers union members at Navistar International Corp. plants nationwide overwhelmingly rejected a proposal last week to trade lower initial wages for new hires in return for new lump sum payments to retirees and surviving spouses. . . Financial guarantee insurer Financial Security Assurance Holdings Inc. in New York and selling shareholder US West Capital Corp. together sold 7.5 million FSA shares for \$20 per share, or \$150 million, in an initial public offering. Two million of the 7.5 million shares were purchased by Fund American Enterprises Holdings Inc., giving Fund American a 7.6% ownership share in FSA. In addition, Fund American chairman Jack Byrne has been elected FSA's chairman.

## Updates

### EEOC suing Martin Marietta

Continued from page 2

Marietta pay an unspecified amount of lost wages, benefits and damages and reinstate all wrongfully terminated individuals.

Martin Marietta, which denied the charges, would not say whether it was covered by employment practices liability insurance.

### Ad criticizes Exec Life rehab

LOS ANGELES—In political ads leading up to the June 7 primary elections, California State Treasurer Kathleen Brown, the leading Democratic candidate for governor, accused her chief opponent, Insurance Commissioner John Garamendi, of botching the rehabilitation of Executive Life Insurance Co.

The ads, which began running on television last week, open with a 64-year-old widow named Helen McGrath who says she was counting on annuity payments from Executive Life, but "because of John Garamendi I don't know that I'll see any of these payments in my lifetime."

The ad continues: "When John Garamendi seized Executive Life, the result was financial disaster. John Garamendi for governor? Now that's putting California into the wrong hands."

The ad campaign follows a heated exchange between Ms. Brown and Mr. Garamendi during televised debates that also featured Democratic hopeful state Sen. Tom Hayden of Santa Monica.

After Mr. Garamendi accused Ms. Brown of denying that the Securities and Exchange Commission was investigating her office, she charged the insurance commissioner had mishandled the rehabilitation of Executive Life (BI, Aug. 23, 1993).

Ms. Brown has been leading in the polls.

### Briefly noted

**Keene Corp.** is seeking up to \$400 million in damages from 27 law firms that have filed thousands of lawsuits against the former asbestos producer. Keene—which filed for Chapter 11 protection in 1993 (BI, Dec. 6, 1993)—charges in a suit filed Friday in U.S. Bankruptcy Court, that the law firms fraudulently obtained some \$55 million, in some cases for unimpaired claimants. . . . As part of ongoing U.S. trade negotiations, the **Japanese Ministry of Finance** is proposing allowing foreign insurance brokers to register with the government and do business in Japan. Carl Modecki, president of the National Assn. of Insurance Brokers, criticizes the proposal for apparently reserving large pieces of business for established Japanese agencies and maintaining rate and form restrictions on insurance products. . . . **South Carolina Gov. Carroll Campbell** will forgo an expected bid for the Republican presidential nomination to become president of the American Council of Life Insurance. He will succeed Richard Schweiker, who will retire early next year. . . . **Florida Insurance Commissioner Tom Gallagher** has entered the race for the Republican gubernatorial nomination. Mr. Gallagher, who made an unsuccessful bid for the nomination in 1986 and has been insurance commissioner since 1988, is one of 11 candidates. The state's primary is Sept. 8. . . . **Gov. Pete Wilson** has approved **California's first 24-hour health care pilot project**. Kaiser Permanente will provide all work-related and non-work-related health care for employees of San Diego County and of the San Diego Community College District. Three private businesses also are planning to join the project. . . . **Beleaguered members of the former Gooda Walker Ltd. syndicates** are being asked to pay 70.3 million pounds (\$106.2 million) in cash calls by the end of July. Additional calls totaling 30.5 million pounds (\$46.1 million) were made last week on syndicates 290 and 298 payable in January 1995. Former **underwriter Derek Walker** will take the stand this week in the Gooda Walker trial, in which members are suing dozens of members agents to recover losses. . . . **Travelers Corp.** would not comment on reports that it is discussing a possible merger or sale of its health plans with Humana Inc., WellPoint Health Networks Inc. and an unidentified firm. Travelers is continuing to negotiate a deal with Metropolitan Life Insurance Co. . . . **Vickie F. Kartchner** has been named president and chief operating officer of **Scottsdale Insurance Co.**, succeeding Rolland L. Wieggers, the founder of the Scottsdale, Ariz.-based insurer. Mr. Wieggers will become chairman, succeeding Leon J. Weinberger, who is retiring. . . . **Robert A. Anker** has been named chairman and CEO of **The Lincoln National Life Insurance Co.** in Fort Wayne, Ind. Mr. Anker succeeds Ian M. Rolland, who will remain chairman and CEO of Lincoln National Corp., the parent company. Jon A. Boscia has been named president and chief operating officer, succeeding Mr. Anker. . . . **Frank A. Patalano** has been named president of a new health care division at New York-based American International Group Inc.'s domestic brokerage group. He will be responsible for the health care-related liability insurance underwritten by subsidiaries National Union Fire Insurance Co. and the American Home Assurance Co. . . . **Colorado Gov. Roy Romer** last week signed into law a package of **small-business health care reforms**. H.B. 94-1210, among other things, prohibits insurers in most cases from denying coverage based on pre-existing conditions. . . . **Standard & Poor's Corp.** last week placed its BB- rating of **Alexander & Alexander Services Inc.'s** \$60 million 11% convertible sinking fund debentures due in 2007 on CreditWatch with negative implications. Separately, S&P raised the claims-paying ability rating of **Industrial Indemnity Co.** to A+ from A and removed the company from CreditWatch, where it had been since March 1993. . . . **San Francisco-based USI Insurance Services Corp.** has acquired property/casualty broker **TriWest Insurance Services** of Sherman Oaks, Calif., with \$6 million in premiums. Terms of the deal were not disclosed. **USI Chairman Bernard H. Mizel** said that USI has signed letters of intent to acquire "two major specialty brokers" and hopes to conclude those deals by August. . . . A **Sacramento County Superior Court judge** last week dismissed a suit filed by the **California Assn. of Hospitals & Health Systems** that had challenged the application of the **Division of Workers Compensation's medical fee schedule** for outpatient services.

## NCQA

Continued from page 2

The release of the list comes at a time when HMOs are increasing the information they provide employers, such as "report cards" indicating how they stack up in certain quality of care measurements.

Benefit experts welcome the publication of the NCQA's list so that employers can assess the quality of care offered through HMOs and health plans can compare themselves.

"It is a benchmark to help employers evaluate overall quality performance of plans," explained Glenn Meister, a principal with A. Foster Higgins & Co. Inc. in Los Angeles.

While the accreditation standards are an important tool, they should be just one means an employer uses to assess which HMOs it will offer to employees, said Foster Higgins' Mr. Meister.

"It should not be the final word," he said, adding that employers also have to evaluate an HMO's administrative performance and its prices.

Others say the list will encourage HMOs to improve quality.

"HMOs now know what is expected of them and what they need to improve. The issue is not one of pass or fail. The issue is quality improvement," said Kathryn Abernethy, national health care practice leader in the Arlington, Va., office of consultant Tow-

**'Because of our high standards, we find that a large percentage of plans do not receive full accreditation on their first review,' explained Marybeth Krovisky, vp of accreditation for the National Committee for Quality Assurance.**

ers Perrin.

Criteria that the NCQA uses to rate HMOs include the extent to which a plan examines the quality of care it provides patients and the steps it is taking to ensure members have access to care in a reasonable amount of time.

The group also evaluates whether a plan encourages preventive care, how it tracks physicians' performance and how well it responds to member and physician appeals when it denies payment or services.

The NCQA does not publish, as part of its agreement with HMOs, the specific reasons why a plan receives a certain rating. The health plans themselves, though, are responding to the ratings.

A spokeswoman for Aetna Life & Casualty Co. said that two California-based HMOs operated by Aetna, one in San Bernardino and the other in San Diego, were denied accreditation the first time they applied because they were too new to have developed a track record on quality issues.

"We are confident that the plans now have track records" that will enable them to meet all

standards for accreditation, the Aetna spokeswoman added.

Plans that have been denied accreditation can re-apply for review after one year. New reviews of the two Aetna plans are scheduled.

NCQA officials say it is not surprising that relatively few—29%—plans receive full accreditation.

"Because of our high standards, we find that a large percentage of plans do not receive full accreditation on their first review," explained Marybeth Krovisky, vp of accreditation.

"But once plans come forward to be reviewed and implement quality improvement projects, they move up the accreditation ladder," she added.

The NCQA now is beginning to review preferred provider organizations.

Free single copies of "Accreditation List," which list the 118 HMOs and their status, are available from the National Committee for Quality Assurance, 1350 New York Ave., N.W., Suite 700, Washington, D.C. 20005.

## Nuclear liability

Continued from page 2

Mr. Brown's firm represents the Contractors International Group on Nuclear Liability, a group of nine companies including such construction giants as Bechtel Power Corp., Babcock & Wilcox, Raytheon Engineers & Constructors and Combustion Engineering.

Russia and the Ukraine last year agreed to indemnify U.S. contractors if they are sued following an accident.

However, Mr. Brown noted that those agreements are between governments and do not include waivers of sovereign immunity, leaving contractors worried that they may prove unenforceable.

Contractors argue that the best short-term solution is for the U.S. government to indemnify them for these liabilities, but the government has so far expressed reservations about doing so, Mr. Brown pointed out.

The Clinton administration has offered the treaty proposal as a long-term solution.

Since the treaty only is in discussion stages and will likely take a year or more to ratify, contractors will probably continue to balk at undertaking projects in the former Soviet Union in the interim, Mr. Brown said.

Nevertheless, he expressed general support for the plan as a long-term answer.

"There may be some nits and gnats that are not being addressed," he said, but "the concept is a good one."

The treaty proposal was not developed specifically to aid contractors, though one of its key goals is to facilitate safety upgrades for aging reactors in the former Soviet Union and elsewhere, those familiar with the proposal say.

Another goal is to ensure compensation of injured parties outside the country where an accident occurs.

The International Atomic Energy Agency began discussions on an international nuclear liability convention after the 1986 explosion at the Chernobyl nuclear plant in the Ukraine. That explosion, the worst nuclear accident in history, caused extensive damage in former Soviet republics and in Europe, though the Soviet Union never compensated European neighbors for damages.

The proposed treaty, circulated at an IAEA meeting in Vienna last month, calls for each participating country to shift exclusive liability for compensating nuclear accident victims to the nuclear plant operator.

Claims against the operator would then be channeled to compensation funds as outlined in the treaty.

Under the treaty, each participating nation would set up a fund amounting to at least \$280 million to

pay claims of its own citizens and those of other countries damaged by a nuclear plant accident in its territory.

The fund could be established through insurance, pooling of operator funds, regional pooling or with government money, the proposal says.

Countries may set up funds far higher than the \$280 million minimum, but the relatively low minimum was set to attract as many treaty participants as possible, the proposal notes.

Domestic and foreign claims against a country's fund would be paid proportionally, without any preference to domestic claims until total payments from the fund hit about \$1.4 billion. When payments exceed \$1.4 billion, a country could choose not to pay foreign claims.

If a country's fund is less than about \$1.4 billion but is not enough to cover domestic and foreign damages from an accident, foreign victims could tap a supplemental fund to which all participating countries would contribute.

The supplemental fund would amount to as much as \$420 million, with \$105 million being the most any single country could be required to contribute. Contributions would be determined by a formula that could be based on the number of nuclear plants a country operates or the country's consumption of nuclear energy.

If a country's own fund is more than \$1.4 billion, though, the treaty assumes that fund is sufficient to pay all claims and the supplemental fund could not be tapped.

For example, if a country had a \$300 million fund and suffered a \$400 million nuclear accident—with half the damage domestic and half foreign—the country's fund would be divided evenly to cover domestic and foreign claims. This would leave \$50 million in uncovered domestic claims and \$50 million in uncovered foreign claims.

The foreign claimants, though, could tap the supplemental fund to pick up their unpaid amounts.

The treaty would have relatively little impact on the current U.S. nuclear liability system, which is governed by the Price-Anderson Act and already provides for coverage of up to \$9 billion through utility industry assessments.

One change, though, would be the need for the United States to contribute \$105 million to the treaty's supplemental damage fund. It has not been determined how this money would be raised, and the treaty could face a fight in the Senate—which must consent to its terms—if the federal government is required to foot this bill, sources familiar with the treaty say.

The current draft of the treaty will be discussed informally over the next several months and is expected to be brought up for more formal discussions at an IAEA meeting in October. EJ

# Shell plant closed after fire

## Coverage includes captive memberships

By RODD ZOLKOS

BELPRE, Ohio—A Shell Chemical Co. plant remains shut down after a May 27 explosion and fire left three presumed dead, the plant severely damaged and the company unable to fulfill its contracts.

About 500 people work at the southeastern Ohio plant, which produces Kraton, a thermoplastic rubber used in products like shoe soles and as an additive in asphalts, roofing materials and motor oils.

No damage estimates were available, and the Shell Oil Co. unit could not say when operations would resume.

Shell is a member of Bermuda-based mutual Oil Insurance Ltd. and its affiliate Oil Casualty Insurance Ltd. OIL provides members with up to \$200 million in all risk property insurance. OICL provides members with \$100 million in liability limits excess of \$50 million.

Shell would not comment on its insurance or its self-insured retention, but Shell is known in the industry for having a very extensive insurance program.

"The plant is shut down," the Shell spokesman said. "There are several units that remain operable and at the proper time they

will be brought back up. We are committed to restart the operable units and to rebuild the damaged areas of the plant."

The explosion will disrupt Kraton production for an "undetermined amount of time," he said. One thermoplastic processing unit was severely damaged, and some pipes and storage tanks were damaged as well.

"Shell Chemical has declared force majeure for all Kraton products, effective as of the incident," Shell said in a statement, explaining that the explosion was outside its control and will prevent the company from honoring its contracts. "Shell will work closely with its affected customers to minimize the impact on their businesses."

"It will take some time to resume production from undamaged facilities," the company statement said.

One outside expert cautioned that a plant like Shell's facility could be closed for months.

Physical damage and the need to comply with environmental and safety rules will both delay a reopening, said Bob Wargin, director of chemical technology for Packer Engineering Inc. in Naperville, Ill.

But often what causes a delay is not federal regulators, he said. "It's often management it-

self trying to make sure they know what happened and not wanting to expose anybody to anything."

The Belpre plant produced 325 million pounds of Kraton yearly, more than half the total annual worldwide production of Shell's parent, Royal Dutch/Shell Group. Industry experts didn't foresee a significant ripple effect from the plant's shutdown on the operations of Kraton users, however.

During the early stages of the Belpre fire, there reportedly were two separate blazes in different areas of the plant, one in the thermoplastic processing area and the other in a storage area containing five tanks filled with styrene.

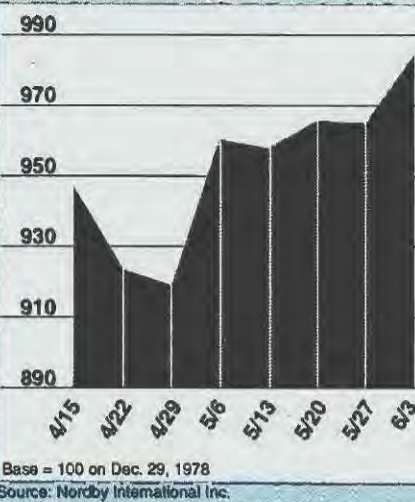
Firefighters from 16 area fire departments spent nearly 10 hours battling the blaze—which sent flames 300 to 600 feet in the air—and approximately 1,700 people within a one-mile radius of the plant were evacuated.

Three workers are presumed to have died in the fire, though only one body has been recovered.

The company has set up a claims processing center with a toll-free number for local residents who believe they have claims against Shell in connection with the explosion and fire.

Though the plant is shut down, employees have been reporting to work as usual while repairs and cleanup continue. **BI**

### BI Insurance Index



Insurance stocks surged ahead last week, as the Business Insurance Index gained 19.3 points to 984.5 on June 3 from 965.2 on May 27. Advancing issues were led by: FHP International, up 10.8%; TakeCare Inc., up 7.5%; and Provident Life & Accident Insurance Co., up 7.4%. Decliners followed: American Indemnity Financial Corp., down 6.4%; USLIC Corp., down 3.9%; and Penn-America Group Inc., down 3.6%. Most active was U.S. Healthcare, 6.8 million shares traded. The NYSE Composite rose 2%; the NYSE Composite was up 0.62%; the Standard & Poor's 500 was up 0.61%; and the Dow Jones 30 Industrials gained 0.4%.

## P/C insurers

Continued from page 2  
Ill.-based insurer.

As predominately personal lines insurers, neither Allstate nor State Farm is included in BI's list of the largest commercial insurers.

Industrywide, insurers suffered underwriting losses of \$10.5 billion during the quarter, nearly double the \$5.3 billion in underwriting losses during the same period last year, according to ISO and the NAI.

Insurers' post-dividend combined ratio worsened to 116.5% from 108.2% a year earlier. Mr. Mooney said that without the catastrophes, the combined ratio probably would have been about 106%.

The statistics represent consolidated esti-

mates for the whole U.S. property/casualty industry based on data from underwriters that account for about 96% of the nation's premium volume.

Much of the quarter's loss arose from record-breaking catastrophe losses that reached \$6.5 billion during the first quarter, according to the Property Claim Services division of the American Insurance Services Group. More than two-thirds of those losses stemmed from January's Los Angeles earthquake. Insurers also were hit by losses from the deep freeze in the first quarter.

The industry's net investment income remained virtually flat at slightly more than \$8 billion during the first quarter, compared with \$8.1 billion a year earlier. Realized capital gains dropped to \$1 billion from \$2.7 billion in 1993.

Mr. Mooney called the drop in realized capital gains particularly significant. During the 1980s, insurers made up for underwriting losses with investment income that ran in the double-digit range. Although investment returns dropped during the early 1990s, insurers enjoyed a surge in capital gains. But that surge has ended.

"Opportunities to make up losses through investment are vanishing," he said.

Net written premiums rose to \$61.8 billion during the first quarter, compared to \$59.3 billion during the same period last year. Net earned premiums increased to \$58.8 billion from \$56.8 billion a year ago. The industry's consolidated surplus grew to \$177.2 billion at the end of March from \$169 billion a year earlier, but surplus was down from \$181.8 billion at the end of 1993. **BI**

### British Issues

June 2 Companies	Price pence	P/E	Div. pence	Yield %	1 week	
					High	Low
Comml Union	535	17.0	31.0	5.8	535-516	
Genl Accident	578	11.6	34.4	6.0	578-541	
Gdn Royal Exch	172	11.1	9.5	5.5	172-164	
Royal	259	11.3	9.4	3.6	259-234	
Sun Alliance	307	13.7	18.4	6.0	307-287	

Brokers	Price pence	P/E	Div. pence	Yield %	1 week	
					High	Low
Bradstock	113	12.9	6.9	6.1	114-113	
CE Heath	367	14.1	20.5	5.6	371-367	
Hogg Group	257	N/M	7.1	2.8	257-257	
JIB Group	179	15.7	9.4	5.3	179-178	
Lloyd Thmpson	246	16.6	8.4	3.4	246-234	
Lowndes Lmbt	409	12.7	18.8	4.6	411-409	
PWS Holdings	57	N/M	2.5	4.4	60-57	
Sedgwick Grp	169	18.7	7.5	4.4	176-167	
Steel Bri Jones	124	N/M	11.3	9.1	129-124	
Willis Corroon	160	14.7	8.3	5.2	168-159	

Source: Philip Olsen, London\* Estimated; others actual 1993

## BI Industry Stock Report MAY 31, 1994, THROUGH JUNE 3, 1994

Company	Exchange	Price	Weekly % change	Year to date % change	Annual		Vol.(000)	\$ Div.	% Yield	P/E	Book value	Mkt./Bk. value	Company	Exchange	Price	Weekly % change	Year to date % change	Annual		Vol.(000)	\$ Div.	% Yield	P/E	Book value	Mkt./Bk. value
					High	Low												High	Low						
Accordia Inc.	NYS	28.25	-1.31	14.72	28.75	19.38	6	0.80	2.12	14	10.22	2.76	Mutual Risk Mgmt. Ltd.	NYS	23.50	-0.53	-21.67	32.75	21.16	64	0.28	1.19	14	7.71	4.12
Alexander & Alexander	NYS	16.38	4.80	-17.61	28.00	14.00	719	1.00	6.11	182	6.73	2.43	NAC Re Corp.	OTC	30.50	5.63	4.72	38.25	24.00	248	0.16	0.52	14	16.24	5.9
E.W. Blanch Holdings Inc.	NYS	20.13	0.00	15.83	23.50	15.75	15	0.32	1.59	19	4.10	4.91	National Re Corp.	NYS	30.63	2.08	0.00	37.13	26.88	113	0.16	0.52	10	17.51	7.5
Gallagher Arthur J. & Co.	NYS	32.50	1.56	-9.09	37.13	28.13	25	0.88	2.71	-16	7.52	4.32	Navigators Group	OTC	19.00	7.04	-45.71	39.00	16.50	21	0.00	0.00	-11	16.99	12
Hib. Rogal & Hamilton	NYS	12.63	3.06	-3.81	15.13	11.13	25	0.48	3.80	19	4.51	2.80	Nobel Insurance Ltd.	OTC	8.50	1.49	11.48	8.50	6.50	17	0.20	2.35	5	8.84	24
Marsh & McLennan	NYS	87.50	0.57	7.53	91.88	77.00	349	2.68	3.06	18	16.76	5.22	NWNL Companies	NYS	34.00	5.43	4.62	38.75	27.00	278	0.88	2.59	12	25.97	42
Poe & Brown	OTC	19.75	-1.25	9.72	20.75	16.88	19	0.40	2.03	16	3.02	6.54	Ohio Casualty Corp.	OTC	27.38	3.30	-14.12	36.00	26.50	375	1.44	5.26	13	47.68	0.57
BROKERS	AVERAGE		1.1	2.5					3.1	41			Old Republic Int'l	NYS	22.63	0.56	0.56	27.63	21.50	170	0.48	2.12	8	25.57	0.96
INSURERS/REINSURERS													Orion Capital Corp.	NYS	34.13	3.80	10.53	37.50	28.63	24	0.72	2.11	9	27.43	24
ACE Ltd.	NYS	26.88	-0.92	-11.89	36.00	24.50	254	0.44	1.64	6	28.74	0.94	Penn-America Group Inc.	OTC	6.75	-3.57	-12.20	9.50	6.50	5	0.00	0.00	8	8.21	-0.9
Acceptance Insurance Cos.	NYS	12.50	1.01	7.53	15.63	11.13	14	0.00	0.00	15	9.65	1.30	Phoenix RE Corp.	OTC	25.75	-0.96	-6.36	38.25	18.50	104	0.28	1.09	8	15.99	-29
AEGON N.V.	NYS	52.25	-3.02	-4.57	58.50	43.25	60	2.94	5.63	10	34.71	1.51	Provident Life	NYS	27.25	7.39	-13.83	31.88	24.38	261	1.04	3.82	-13	26.38	-0.3
Aeina Life & Casualty	NYS	57.83	6.96	-4.36	66.25	49.75	953	2.76	4.79	-9	71.84	0.80	Re Capital Corp.	OTC	12.50	-0.99	-8.26	15.50	12.25	15	0.32	2.56	11	18.88	0.74
Allied Group Inc.	OTC	26.00	3.48	4.00	32.75	21.34	139	0.60	2.31	7	10.45	2.49	Reliance Group Holdings	NYS	5.75	2.22	-25.81	10.38	5.00	445	0.32	5.57	8	4.22	3.6
Allmerica Prop. & Casualty	NYS	15.88	3.25	-26.31	22.16	15.00	41	0.16	1.01	8	56.97	0.28	RLI Corp.	NYS	21.50	-1.71	-19.63	27.75	21.38	50	0.56	2.60	-35	22.91	0.94
Allstate Corp.	NYS	25.38	2.01	-14.71	34.25	22.63	1374	0.72	2.84	16	18.43	1.58	St. Paul Companies	NYS	79.50	2.58	-11.42	98.00	75.38	562	3.00	3.77	9	57.84	-37
American General	NYS	28.50	5.07	0.00	36.50	24.88	2924	1.16	4.07	23	22.09	1.29	SAFECO Corp.	OTC	58.13	1.81	2.75	65.75	48.50	357	1.96	3.49	10	41.59	-35
American Heritage Life Ins.	NYS	18.88	4.14	1.34	25.13	16.75	11	0.60	3.18	12	12.42	1.52	SCOR U.S. Corp.	NYS	11.13	-1.11	-11.88	17.00	10.13	18	0.36	3.24	62	16.08	0.68
American Indemnity/Fin'l	OTC	11.00	-6.38	-15.38	16.25	11.00	12	0.24	2.18	4	16.18	0.68	Seibels Bruce Group	OTC	1.75	0.00	0.00	2.13	0.31	65	0.00	0.00	-2	1.90	0.92
American International	NYS	93.88	1.08	6.52	100.25	81.75	1364	0.44	0.47	15	45.25	2.07	Selcive Ins. Group	OTC	24.50	-2.97	-19.01	31.00	22.75	29	1.12	4.57	12	23.11	1.06
American Re Corp.	NYS	33.88	1.12	19.91	37.50	23.50	203	0.00	0.00	18	14.80	2.29	Sphere Drake Holdings	NYS	16.63	4.72	0.76	21.63	14.63	55	0.12	0.72	7	12.17	-37
Aon Corp.	NYS	34.38	3.77	6.87	39.00	30.00	303	1.28	3.72	13	33.10	1.04	Statesman Group Inc.	NYS	14.88	0.85	19.00	15.25	10.00	319	0.10	0.67	6	6.65	1.72
Argonaut Group	OTC	28.00	0.90	-8.20	35.50	26.25	24	1.16	4.14	8	27.65	1.01	TIG Holdings	NYS	20.13	-3.01	-11.05	28.00	17.25	374	0.20	0.99	-15	18.49	1.09
AVEMCO Corp.	OTC	15.75	0.00	-16.00	22.00	14.50	27	0.44	2.79	13	8.13	1.94	Titan Holdings, Inc.	NYS	9.50	2.70	-12.84	13.38	9.00	16	0.24	2.53	8	8.93	1.06
Baldwin & Lyons Inc.	OTC	14.75	1.72	-0.84	16.25	12.66	432	0.24	1.63	9	12.59	1.17	Tokio Marine & Fire	OTC	63.63	-1.36	17.82	67.00	49.25	19	0.38	0.60	-	57.72	1.10
Berkley W.R. Corp.	OTC	39.63	4.97	20.99	48.00	32.00	110	0.44	1.11	17	28.12	1.41	Torchmark Corp.	NYS	42.00	1.20	-6.15	59.75	36.75	666	1.12	2.67	10	17.35	2.42
Berkshire Hathaway Inc.	NYS	16350.00	0.62	0.15	17800.00	14000.00	0	0.00	0.00	24	8115.28	2.01	Transatlantic Holdings	NYS	54.00	-1.37	1.17	61.50	45.38	265	0.36	0.67	14	29.60	1.82
Capital RE Corporation	NYS	20.13	0.63	-21.84	26.50	16.50	55	0.20	0.99	8	21.66	0.93	Travelers Corp.	NYS	32.88	-1.87	-15.43	49.50	32.13	4925	0.60	1.83	8	33.35	0.99
Capsure Holdings Corp.	NYS	15.38	0.00	13.89	19.38	12.75	15	0.00	0.00	15	13.08	1.18	Trenwick Group Inc.	OTC	42.75	3.01	10.32	47.75	33.25	63	1.00	2.34	-16	26.00	1.84
Chubb Corp.	NYS	82.25	1.23	4.61	93.38	70.75	362	1.84	2.24	27	46.59	1.77	United Fire & Casualty	OTC	39.00	0.00	8.33	44.00	34.75	1	1.08	2.77	10	28.96	1.35
CIGNA Corp.	NYS	71.88	5.70	13.64	72.50	56.50	1294	3.04	4.23	17	78.23	0.92	Unifrin	OTC	40.88	0.31	-3.82	46.75	38.50	99	1.40	3.43	26	38.90	1.35
CNA Financial Corp.	NYS	65.75	-1.13	-16.51	96.75	62.50	237	0.00	0.00	-32	77.92	0.84	UNUM Corp.	NYS	46.25	-1.60	-11.90	60.13	44.50	1341	0.96	2.08	-11	27.55	1.58
Continental Corp.	NYS	17.63	-0.70	-36.20	34.63	16.88	1562	1.00	5.67	20	38.99	0.45	US Facilities Corp.	OTC											

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