

Business Insurance

Reporting Weekly on Corporate Risk, Employee Benefit and Managed Health Care News / \$4

Entire contents copyright 1998 by Crain Communications Inc. All rights reserved

Retired J&H directors add new charges in amended suit

NEW YORK—Retired Johnson & Higgins directors are leveling new charges in an amended lawsuit alleging they were defrauded in the \$1.8 billion sale of J&H to Marsh & McLennan Cos. Inc. last year.

The original complaint, filed last November, accused J&H's active directors of manipulating the privately held broker's corporate structure to secure the lion's share of the proceeds for themselves and to block the retirees from having any say in the transaction (BI, Dec. 8, 1997).

See Updates on next page

Bill would require analysis of costs/benefits of rules

By MARK A. HOFMANN

WASHINGTON—Cost/benefit analyses of major proposed federal rules would be required before those rules could take effect if Senate committee-approved regulatory reform legislation becomes law.

The Senate Government Affairs Committee approved S. 981, the Regulatory Improvement Act of 1998, by an 8-to-4 vote last week, as two Democratic lawmakers joined the six Republicans present for the vote to pass the bill.

No date has been set for a full Sen-

ate vote.

The measure would apply to proposed federal rules and regulations estimated to have an "annual effect on the economy of \$100 million or more in reasonably quantifiable costs" by the director of the Office of Management and Budget.

It also would apply to rules and regulations otherwise designated by the OMB director as "major" because they would be "likely to adversely affect in a material way" the economy, an economic sector such as small business, or state and local governments. The legislation—sponsored by the commit-

tee's chairman, Sen. Fred Thompson, R-Tenn., and Sen. Carl Levin, D-Mich.—would affect such agencies as the Occupational Safety and Health Administration and the Environmental Protection Agency.

Under the bill, federal agencies would have to take into account quantifiable and non-quantifiable costs and benefits of proposed rules. In situations where costs outweighed benefits, the agencies would have to consider reasonable alternatives to the proposals. The agencies still could implement the rules but would have to provide

See Rules on page 61



And then there were none

Xerox Corp. is selling its seventh and last insurance unit, Crum & Forster. The deals since 1995 include:

- X Crum & Forster Holdings Inc. for \$680 million to Fairfax Financial Holdings Ltd.
- X Westchester Specialty Group Inc. for \$333 million to ACE Ltd.
- X Resolution Group for \$612 million to TRG Holding Corp.
- X Coregis for \$450 million to GE Capital Corp.
- X Constitution Reinsurance Corp. for \$421 million to EXOR America Inc.
- X Industrial Indemnity Holdings Inc. for \$365 million plus debt repayment to Fremont General Corp.
- X Viking Insurance Co. of Wisconsin for \$103 million plus possible future payments to Guaranty National Corp.

GRAPHIC BY JOHN HALL

Xerox sells Crum & Forster to Fairfax

By GAVIN SOUTER

MORRISTOWN, N.J.—Fairfax Financial Holdings Ltd. will greatly expand its presence in the U.S. insurance market with the purchase of Crum & Forster Holdings Inc. for \$680 million.

The deal also marks Xerox Corp.'s exit from the insurance industry 15 years after it bought Crum & Forster for \$1.6 billion in what proved to be an expensive venture into financial services for the document and copy machine company. While it owned Crum & Forster and its units, Xerox spent more than \$2 billion adding to the troubled group's reserves.

The sale supersedes an initial public offering for Crum & Forster that Xerox announced last month (BI, Feb. 16).

Toronto-based Fairfax will pay \$565 million for Crum & Forster and assume \$115 million in debt. The deal includes a \$400 million reinsurance contract to cover Crum & Forster's old liabilities. Xerox will pay the \$75 million premium for the reinsurance.

Crum & Forster had gross written premiums of \$1.06 billion in 1997. The insurer lost \$244 million in 1996, the last full year for which figures are available. However, in the first nine months of 1997 it made a \$24 million profit.

It has not yet been determined what role Crum & Forster Chairman Joseph W. Brown Jr. or other top management will play in the firm after the sale.

If the deal—which is subject to regulatory approvals—is completed as planned by the end of the third quarter, Crum & Forster will account for about 30% of Fairfax's premiums, according to estimates by Standard & Poor's Corp. in New York.

Other insurance companies Fairfax owns include:

See Sale on page 61

Network markets cancer care

By ROBERT KAZEL

FORT LAUDERDALE, Fla.—An alliance of 16 leading cancer centers will try to persuade the nation's largest employers that its member hospitals can provide the best-quality, most cost-effective care for their employees.

The National Comprehensive Cancer Network, founded three years ago to standardize cancer treatment nationally and to serve as a marketing mechanism for many of the country's most prestigious hospitals, is developing a multifaceted strategy for capturing more cancer-care business. That strategy entails:

- Negotiating with employers and managed care organizations for cancer-care carve-outs or other affiliations.

- Developing detailed treatment guidelines for virtually all types of cancer.



Mr. McGivney



- Using these guidelines as a springboard to create a huge database of cancer-treatment outcomes that can be used to showcase the alliance's expertise and guide future treatments.

As early as this week, the NCCN may send marketing letters to Fortune 1000 companies to seek their participation in the network, said William T. McGivney, chief executive officer of the Rockledge, Pa.-based NCCN. The network sent marketing letters to Fortune 300 companies about three weeks ago, he said.

"Probably the most controversial issue that benefit managers deal with is the whole area of cancer," said Mr. McGivney, who presided at a conference sponsored by the NCCN in Fort Lauderdale, Fla., earlier this month.

See Cancer on page 62

IRS eases up on pension errors

Penalties now scaled back for employers that find and fix problems

By JERRY GEISEL

WASHINGTON—New Internal Revenue Service rules will make it easier and less expensive for employers to correct mistakes they or IRS agents uncover in their pension plans.

The new rules, released last week as Revenue Procedure 98-22, assemble in one place the procedures of the four major programs used to correct mistakes.

"There was a mishmash of different procedures. The guidance is all in one place, though the separate programs continue to exist," said Valerie Grace, a consultant in the Washington office

of William M. Mercer Inc.

"This makes voluntary compliance easier and less expensive than in the past," said Pam Scott, a principal with The Kwasha Lipton Group of Coopers & Lybrand L.L.P. in Fort Lee, N.J.

The four programs modified and consolidated as the Employee Plans Compliance Resolution System are: the Administrative Policy Regarding Self-Correction, the Voluntary Compliance Resolution Program, the Walk-in Closing Agreement Program and the Audit Closing Agreement Program.

Generally, these programs are intended to encourage employers to cor-

rect their own mistakes. But in some cases the penalties were so high—potentially millions of dollars—that employers may have been reluctant to use the programs.

With some of the programs, "we could not guarantee employers that a huge penalty would not be thrown at them. In some cases, IRS auditors may have threatened dire consequences," said Ms. Grace.

With penalties now dramatically scaled back, the IRS is encouraging self-examination and self-correction of pension plans, experts say. Generally the penalties are no higher than

See IRS on page 57

Spotlight on:

Risk Management Services

TO SUBSCRIBE CALL

1-800-678-9595

Updates

J&H retirees add new charges

Continued from previous page

The amended complaint, filed last week in U.S. District Court in New York, also charges that:

- J&H's board concealed the impending deal from officers of its UNISON correspondent network who were also non-stockholding members of J&H's board. The three UNISON officials on J&H's board were Christian Dahms, partner of Jauch & Huebener KGaA of Germany, since acquired by Aon Corp.; Patrick Lucas, chairman and chief executive officer of Gras Savoye S.A. of France; and Santiago Gil de Biedma, chairman of Gil y Carvajal of Spain, which Aon Corp. has agreed to acquire.

- Active J&H directors failed to get the best price for the broker. If the deal had been structured as a sale of J&H's assets rather than a sale of its stock—as it would have been without the alleged manipulation of J&H's corporate structure—it would have generated a huge tax deduction for M&M, supporting a purchase price of \$2.1 billion, the suit says.

- The deal required part of the proceeds payable to J&H retirees to be placed in escrow to satisfy possible claims by M&M after the closing. The retirees were not told, though, that M&M could tap the escrowed funds to cover damages it might owe as a result of a 1993 Equal Employment Opportunity Commission lawsuit that invalidated J&H's mandatory retirement policy. The EEOC had brought the suit on behalf of some of the same retirees now suing over the J&H sale, meaning that those retirees could end up being forced to pay their own damages in the EEOC case from their escrowed funds, the suit contends.

Meanwhile, 10 more retired J&H directors have joined the nine original plaintiffs in the latest suit. They are James D. Altman, Edward J. Buchwald, Gilbert H. Dunham, E. Eric Johnson, Kenneth W. Keene, W. Mitchell LaMotte, William C. Remington, Richard J. Rice, J. Kenneth Seward and E. Massie Valentine.

An M&M spokeswoman declined to comment on the complaint.

MetLife to sell Canadian unit

OTTAWA—Mutual Life of Canada becomes the second-largest underwriter of individual and group coverages in Canada with its acquisition of the Canadian operations of Metropolitan Life Insurance Co.

Mutual Life said last week it has agreed to purchase MetLife Canada for \$1.2 billion Canadian (\$852 million). The acquisition involves retail life insurance, group insurance and MetLife Canada's savings business.

With the acquisition, Mutual Life will command more than 10% of the Canadian group life/health market, up from 7%. Its individual life book will represent 16% of the market, up from 10%. That will place the company second in those categories, behind Great West Life Co.

In 1997, the two companies together wrote \$79.1 billion Canadian (\$56.18 billion) in group life insurance and recorded \$1.1 billion Canadian (\$781.2 million) in health insurance in force.

The acquisition is expected to close June 30.

Tax funding urged for NAIC

WASHINGTON—Several consumer organizations are complaining about a "breakdown" in state insurance regulation caused by undue insurer influence at the National Assn. of Insurance Commissioners and are pressing for more independent funding.

Specifically, the groups are urging all governors to allocate public tax monies, either directly or through an interstate compact, to support the Kansas City, Mo.-based organization, rather than allowing the NAIC to rely primarily on insurers' database fees.

"The NAIC budget, about \$40 million, represents a mere 0.4% of the \$9.7 billion in 1996 revenue generated for the states by insurance premium taxes, fees, fines and other revenues from insurance transactions," according to the two-page letter signed earlier this month by Ralph Nader, Bob Hunter of the Consumer Federation of America and representatives of the U.S. Public Interest Research Group and the Consumers Union, all based in Washington.

In recent years, the consumer advocates charge, insurers have "subverted" control of the NAIC's agenda, especially on personal lines issues such as redlining. Insurers also have emphasized their power through NAIC database fee boycotts, the letter says.

NAIC President Glenn Pomeroy of North Dakota denied the consumer groups' "silly" charges, which he described as "reckless and unsupported." A change in funding is not necessary, he said.

Lenore Marema, vp for legal and regulatory affairs for the Alliance of American Insurers in Schaumburg, Ill., said she is concerned that regulators may respond to the letter with a "knee-jerk reaction" and may be reluctant to actively support such projects as the commercial lines deregulation proposal.

Mr. Pomeroy responded by saying that concern gave the critics' charges more credence than they deserve.

Protective buys United Dental

BIRMINGHAM, Ala.—Protective Life Corp. will buy United Dental Care for \$175 million in cash and stock to create the nation's third-largest dental managed care company, the companies announced last week.

The combination of Protective's Dentia-Care operations with United Dental will create a coast-to-coast network. Dallas-based United Dental specializes in group dental insurance, providing coverage to 1.8 million members in 32 states under a broad range of dental benefit programs.

The managed care products of Birmingham, Ala.-based Protective are licensed in 13 states. The company has more than 500,000 members enrolled in dental managed care networks, and it provides dental

See Updates on page 62

Errors & omissions

- Due to a communication error, information on Eldorado Computing Inc. was not received for the March 2 Directory of Benefit Information and Claims Systems. The listing appears on page 51.

Claimants seek to counter
Women with implants want chance to file competing offer

By JOANNE WOJCIK

BAY CITY, Mich.—The committee representing women with silicone breast implants is seeking the right to file a counteroffer to the sweetened settlement proposal Dow Corning Corp. submitted last month.

The Tort Claimants Committee last week filed a motion in U.S. Bankruptcy Court in Bay City, Mich. Under bankruptcy court rules, Dow Corning has the exclu-

sive right to offer a bankruptcy reorganization plan. But because Judge Arthur J. Spector has twice rejected the manufacturer's plans, the women are hoping to win the right to file a competing proposal with the court.

"Dow's had three chances to devise a reasonable solution. Each time they've refused to negotiate and have offered inadequate, unfair and legally flawed plans," asserted Ed Blizzard, an attorney who represents the women and a

committee member.

However, Dow Corning President Gary E. Anderson said in a press release announcing the latest reorganization plan that the company "developed this amended plan with input from a variety of sources and with significant consideration and input from women with breast implants."

He also said the company is "disappointed that the Tort Claimants Committee chose to file

See Dow on page 62

Texas employers to receive workers comp refunds

By MICHAEL BRADFORD

AUSTIN, Texas—Texas employers stand to collect up to an estimated \$76.2 million from insurers in refunds from the state's workers compensation residual market.

But not all employers are pleased with the refund amount, saying attorneys are taking millions of dollars in fees they didn't earn—money they say should go

to policyholders. They have agreed not to fight the fees, however.

A policyholder attorney said the highest possible refund would be \$85 million, with attorneys fees shaving more than 10% off that. The exact amounts will not be known until insurers calculate what policyholders are owed.

The parties agreed to the payout in a settlement that got preliminary approval last week from

Travis County District Court Judge John Dietz. Texas workers comp insurers and the Texas Department of Insurance reached the settlement after months of negotiations.

A hearing on final approval is scheduled for June 10.

The payments go to policyholders that bought retrospectively rated policies from the Texas Workers Compensation Insurance

See Texas on page 57

Better HMO results foreseen for '98

By JUDY GREENWALD

It probably will come at the expense of employers being forced to pay higher rates, but managed care companies could have a better year this year after a 1997 perhaps best forgotten by many companies.

Much will depend, though, on health maintenance organizations' success in increasing rates enough to outpace costs and their ability to handle problems, including inadequate management information systems, integration

of acquisitions, consumers' disenchantment with HMO products and anti-managed care legisla-



HMO stock performance will be tied to individual results.

page 60

tion, observers say. Meanwhile, HMOs' stock performances are likely to depend

upon their particular financial results (see story, page 60).

Major developments in fiscal year 1997 included Kaiser's \$270 million loss for the year and Oxford Health Care's \$284.7 million fourth-quarter loss, which has led it to seek \$700 million through a capital infusion from an outside investment firm and debt financing (BI, Feb. 23, March 2).

However, employers' apparent willingness to accept higher rates should ensure better overall financial results for the industry

See HMOs on page 60

Taking risk straight to investors
Analyst predicts risk managers sometimes will bypass insurers

By GAVIN SOUTER

ORLANDO, Fla.—Risk managers one day will bypass insurers and go straight to institutional investors to obtain coverage for at least some of their corporate risks, an insurance analyst predicts.

"Surely as night follows day, some portfolio manager, somewhere, someday, will take a chance and take some workers comp or general liability risk directly from a risk manager, without an insurer in between. And the rest, as they say, will be histo-

ry," said Alan Levin, a managing director of Standard & Poor's Corp. in New York.



Mr. Levin

While institutional investors still are familiarizing themselves with catastrophe-linked bonds and other risk securitization vehicles, they are

becoming more comfortable with the risks as more deals are completed, Mr. Levin said.

The increase in securitization of risks is just one result of the search for increased efficiency in the insurance business, he said.

The need for a more efficient insurance market is demonstrated by the recent mergers and acquisitions of seemingly healthy companies, Mr. Levin said last week at a seminar sponsored by Standard & Poor's in Orlando, Fla.

The current insurance market

See Levin on page 52

Inside

- As buyers' interest in financing risks in the capital markets grows, brokers and insurers would be wise to share knowledge of the tools with their customers, this week's editorial says. **PAGE 8**

- Although Lloyd's of London may post record 1995 profits, market conditions will prevent such high returns for the next few years, analysts say. **PAGE 55**

- Most jurisdictions fall short of a self-executing workers compensation system, an analyst says at the annual issues conference of the Workers Compensation Research Institute. **PAGE 59**

Departments

Advertiser Index48

Classifieds58
Commentary61
Directory of Risk Management Consultants.....20
Insurance Services Guide56
International.....55
Letters8
Opinions.....8
Ticker.....63

Business Insurance (ISSN 0007-6864) Vol. 32, No. 11, is published weekly by Crain Communications Inc., 740 N. Rush St., Chicago, Ill. 60611-2590. Periodicals postage is paid at Chicago and at additional mailing offices. POSTMASTER: Send address changes to *Business Insurance*, Circulation Department, 965 E. Jefferson Ave., Detroit, Mich. 48207. \$4 a copy and \$87 a year in U.S. \$105 in Canada and Mexico (includes GST). All other countries \$205 a year (includes expedited air delivery). Canadian Post International Publications Mail Product (Canadian Distribution) Sales Agreement No. 0293512, GST No. 136760444. Printed in U.S.A. Copyright 1998 by Crain Communications Inc.

RISK MANAGEMENT SERVICES

Developing your resources Capital markets primed for buyers

By RODD ZOLKOS

With insurers and reinsurers tapping the capital markets for "synthetic reinsurance," the next step in risk securitization might see corporate risk managers transferring risks directly to investors.

Although the risk securitization market remains in its infancy, the catastrophe bond deals done in the past year have helped build the sort of infrastructure that would be needed

before individual corporate buyers could engage in securitization of their risks.

Through the experience of the 1997 cat bond deals by United Services Automobile Assn., Swiss Reinsurance Co. and Tokio Marine & Fire Insurance Co. Ltd., bond underwriters, credit rating agencies and investors have developed the familiarity with risk securitization needed if the market is to take that next step, according to Dan Moyer, senior director and head of the insurance group at bond rating agency Fitch IBCA Inc. in New York.

With that infrastructure in place, if corporate buyers find a lack of appetite for their risks in the traditional insurance market, "if they want to explore the capital markets, the mechanisms exist," Mr. Moyer said.

"My prediction is you will see the first of this within the next 12 months," said Morton N. Lane, president of Sedgwick Lane Financial L.L.C. in Chicago. Others ventured the same time frame for buyer-driven cat bonds.

"I think that when it happens, it will be a defining moment in the capital markets," Mr. Lane

said. "It will be a defining moment for a number of reasons, not the least of which is that when the insured does that, they will effectively be going past both the insurance company and the reinsurance company."

The scenario typically spelled out presents the capital markets supplementing, rather than replacing, traditional insurance markets. In that context, there are several reasons companies might want to look toward transferring certain risks directly into the capital markets.

One is that while the current

See Investors on next page



Legal consultants for hire Can strengthen case, improve settlement terms

By MICHAEL PRINCE

Within the specialized field of risk management consultants lies a subspecialty: consultants who provide advice and often expert testimony in disputes between policyholders and insurers.

The legal consultant, often called the litigation support consultant, is hired by and works for the coverage counsel. But often the policyholder's risk manager will select the consultant. Consultants work less frequently for insurers in their disputes against policyholders.

Also, while consultants might have law degrees, more often they are risk management consultants.

For those risk managers and attorneys who have hired the consultants, they have proven to be a valuable addition to their litigation team, often strengthening the case so the insurer settles the case on better terms than if no consultant were used.

"You must have a consultant that can advise and assist your coverage counsel," said Frank A. Chapman, vp and risk man-

ager for Enterprise Products Co. in Houston.

Another risk manager, Don McLaughlin, director of risk management for Butler Manufacturing Co. in Kansas City, Mo., agrees on the importance of using a consultant. "He can usually help in putting together the case because the attorneys don't have a firm grasp on the underlying issues of insurance," he said.

The legal consultant can perform two roles. First, he or she advises the attorney in developing a litigation strategy, including which people to depose, what questions to ask and how to respond to the insurer's discovery strategy. In this capacity, the consultant is a behind-the-scenes expert whose existence may be unknown to the opponent.

But a more common role is as an expert witness. Here, the consultant will testify in a pretrial deposition and at trial.

"I'm there to testify on custom and practice in the insurance and risk management industry," said Donald Malecki, chairman and chief executive officer of consulting firm Donald S. Malecki & Associates in Cincinnati.

See Legal on page 6

Policyholders can tap help in accounting for claims

By MICHAEL BRADFORD

In a perfect world, harmony would always prevail between policyholders and their insurers when settling claims.

In reality, however, claims can lead to battles over who should pay for what and how much.

Insurers often appear to have an edge, with resources that enable them to call on adjusters, accountants, engineers, architects and other professionals when determining how much a policyholder is owed.

But more policyholders are getting help in presenting their claims from public adjusters and accounting firms.

"We try to even the scales a little bit," explained Don A. Wilks, national director of business insurance consulting with Deloitte & Touche L.L.P. in Dallas. "Insurance companies have a whole army of people working on claims 24 hours a day."

Policyholders, however, don't have the knowledge that comes with handling large losses on a daily basis, he said.

"We help walk our client through the process. We help them get their claim filed and settled," Mr. Wilks said. He said he sometimes negotiates a cash advance from an insurer to get the policyholder back in business after a business interruption loss.

"To some degree, we are a counterbalance to the accountants for the insurance company," agreed Daniel Lentz, Washington-based partner and director of Ernst & Young L.L.P.'s Financial Advisory Services Practice for the Mid-Atlantic Area.

He referred to an industry joke that "having an insurance company adjust your claim is like having the IRS prepare your taxes."

"There's nothing wrong with accountants for insurance companies," Mr. Lentz said.

It's just that the insurer's accountants have been instructed to consider the intricacies of policies and losses differently from the way policyholders do, Mr. Lentz said.

See Adjusters on page 10

Top U.S. independent* risk management consultants

(Ranked by revenues, dollar figures in millions)

Revenues

	1997 pure risk management consulting	% change from 1996	Number of clients	Professional risk management staff ¹	Offices Total/U.S.
1 Ernst & Young L.L.P.	\$41.3	99.5	550	117 ²	8/6
2 Coopers & Lybrand L.L.P.	38.7	10.6	1,970	161	22/13
3 EQE International	30.0	25.0	1,000	410	11/6
4 Andersen Worldwide	28.7	9.5	885	144	8/8
5 Deloitte & Touche L.L.P.	28.2	19.5	1,000	161	27/18
6 Tillinghast-Towers Perrin	27.5	-9.8	790	55	29/17
7 Dames & Moore Group	26.0	18.2	600	148	55/37
8 Watson Wyatt Worldwide	18.8	1.1	1,400	95	15/11
9 KPMG Peat Marwick L.L.P.	10.6	0.0	190 ³	65 ³	11/7
Risk Management & Actuarial Consulting					
10 Milliman & Robertson Inc.	9.3	16.3	1,100	33	24/24

*Not affiliated with insurance companies or brokers¹ Staff figures are given in full-time equivalents² Dedicated to Ernst & Young's risk management and actuarial services group³ Estimate
Source: BI survey

Index:

Complex claims
Specialist consultants
offering help page 16

Back to school for
Risk managers learning
to stay current page 18

Directory
of Risk Management
Consultants page 20

Spotlight Editor:
Michael Prince



Investors

Continued from previous page
insurance market is generally regarded as soft, there remains a latent demand for coverage that is not being served.

Many companies with very large catastrophe exposures don't even try to obtain coverage in the existing market, for example, because they can't obtain the limits they'd require or the cost would be prohibitive. For those companies, the capital markets might provide a way of transferring some of that risk.

Credit quality is another issue some businesses might consider. Corporations buying insurance coverage from companies with the same or lower credit ratings than themselves, and often with expo-

sure to the same risks, might see the capital markets providing an attractive option for risk transfer.

Contractual issues such as disputes over insurance contracts that create claims settlement problems are another possible consideration. In comparison to the insurance contract, the triggering provisions of the bond covenant often are much more clearly defined.

"The way the bonds are structured, there tended to just be cash put up with a trustee," Mr. Moyer said. "From an economic point of view, there's cash on the barrel-head ready to get paid."

Still, while the capital markets offer potential advantages and the mechanisms for using it are now in place, "It's important to note that the market is still in its infancy, and while there still seems

to be a lot of interest in it all, I think the number of deals is still rather small compared to other securitizations we have seen," Mr. Moyer said.

'I think there's really an opportunity for some of the more mundane things to be placed in the capital markets as time goes on,' says Scott M. Sanderson.

The market is far from being as active as those for securitizing credit card receivables, auto loans or mortgages, and needs to reach the sort of size "plateau" where it will have the liquidity and "robustness" needed to be used effi-

ciently, he said.

Some see existing inefficiencies in the capital markets as limiting its applicability for risk transfer.

"The only occasion where I

think it makes sense and immediately comes to mind would be a company that has a large exposure to windstorm, earthquake, things like that and couldn't get enough coverage in the insurance markets," said Richard M. Inser-

ra, assistant treasurer-risk management and insurance at the Union Carbide Corp. in Danbury, Conn.

"They might choose to go to the capital markets," Mr. Inserra said. "Other than that, I don't know that it would make sense."

Capital markets deals "are expensive to do," the Union Carbide risk manager said. "(And) there's a fair amount of time and effort each time getting one of these things off the ground."

"It would have to be a big exposure to make it worthwhile," he said. "Perhaps a group of companies could package their risks together, but even then it would have to be very large."

Scott M. Sanderson, a senior vp with J&H Marsh & McLennan Inc. in Minneapolis, said that while he has seen interest among clients in tapping the capital markets, so far none has had exposures large enough to make that transfer worthwhile.

But while the risk securitization deals done to date have focused on catastrophe risks, Mr. Sanderson said he thinks the capital market opportunities for individual buyers might be more likely to come through pooling more run-of-the-mill exposures.

"I think there's really an opportunity for some of the more mundane things to be placed in the capital markets as time goes on," Mr. Sanderson said.

Using the example of savings and loans making individual mortgage loans, then bundling those loans together and transferring them into a secondary market as mortgage-backed securities, Mr. Sanderson asked, "Why couldn't you do that same sort of thing with some of the more mundane risks like workers compensation?"

"I can see more of a pooling kind of arrangement there," he said. "Say, for example, you had an association of California restaurants."

That's essentially what's been done with the synthetic reinsurance that has been created through risk securitization, Mr. Sanderson suggested, where that reinsurance risk being transferred into the capital markets essentially represents a pooling of smaller risk exposures.

Mr. Inserra said he sees another possibility in a sort of hybrid approach involving both insurers and the capital markets.

"These deals are so complex to put together, I think what you might see is a sort of partnership with a sophisticated insurance company and the capital markets working together," he said. "Sometimes the insurance company might be the initiator, and sometimes it might be the capital markets coming to the insurance company and saying: 'Hey, we've got something going here. Help us understand it.'"

Another possibility some mention is that corporate buyers could follow the model created in last year's cat bond deals and create a special-purpose vehicle to issue the bonds.

That approach can provide insurance accounting benefits and keep the risk securitization activities off the parent corporation's balance sheet.

"What we also could see is that there would be something that would be attached to a normal debt issuance," said Mr. Lane of Sedgwick Lane Financial.

In that case, a company can attach some insurance risk to a

See Investors on page 6

NEW traditions alternative For RISK

FRONTIER INSURANCE GROUP, INC.

A long time player in specialty markets, Frontier is uniquely able to provide you with the expertise and insurance services vital to successful onshore/offshore risk-sharing vehicles such as captives, rent a captives, risk retention groups and other forms of alternative risk transfer.

We will work with our clients in designing the right program to meet their needs. The services critical to customizing coverages include feasibility studies, fronting, reinsurance support, loss control, claims handling, legal, actuarial, underwriting and administration. These services are available bundled or unbundled. We don't put you off with red tape - we listen and respond. Our ability to create value added features gives you a strong competitive edge.

Since its founding in 1977, Frontier has established an enviable reputation as a leader in the development and underwriting of specialty insurance programs. Through quick decision making, agile positioning and the creation of value-added products and services, Frontier continues to provide the necessary ingredients to assure a quality product at a reasonable cost for its client-partners.

The Group offers a choice of admitted and non-admitted carriers depending on the needs and requirements of the clients. For more information on Alternative Risk solutions with Frontier, please call either Dick Marshall @ 800-836-2100, ext. 5341 or Kevin Jeffery, ext. 5402.



HPR
PROPERTY SPECIAL
RISK

YOU'LL WANT WAUSAU HPR ON YOUR SIDE
WHEN THE SPARKS START FLYING.

Highly Protected Risk coverage isn't easy. Just the opposite, in fact. It takes long hours of service from experienced engineers willing to examine every detail of a building, sometimes before it's even built. Professionals who double as teachers in the latest fire protection techniques. And it all must come from an insurer with high in-house capacity and the flexibility to underwrite complex properties. We offer Property Special Risk underwriting including primary/excess layering. As a result, few insurers meet all these requirements, let alone have an A+ A.M. Best Rating. Luckily, you only need one, Wausau.

**THE BUSINESS
INSURANCE EXPERTS.**



Investors

Continued from page 4

more traditional bond deal it's bringing to market in exchange for offering investors a more attractive coupon rate than they could have earned on the traditional debt offering alone.

"What the investor then has to do is say, 'Well, I'm getting 100 extra basis points or 300 or whatever; what extra risk am I taking on for that,'" Mr. Lane said.

Whatever the form corporate buyers transferring risk directly to the capital markets might take, Mr. Sanderson said he's "thrilled about the concept" and confident it will happen, though he's unsure when it will take place.

Fitch's Mr. Moyer also said he's not sure when the move might occur.

One factor hindering the move is that "The insurance expertise really does lie with the insurance companies now," he said.

The fact that investment banks have no historical links with the insurance brokers, who as intermediaries help determine where a policyholder's risk is placed, might further hinder any large-scale move to businesses transferring risks directly into the capital markets, Mr. Moyer suggested.

But, he emphasized, the experience gained through the first cat bond issues means that that kind of risk transfer approach is now possible.

"If a Ford Motor Co. or a big company wanted to call up their regular bankers and say, 'Could you bring in your insurance guys?'... Could that be done?" he asked. "Theoretically, yes. The infrastructure is here more so than it was in the past." **BI**

Legal

Continued from page 3

Anna Engh, a partner with the Washington firm of Covington & Burling and a policyholder attorney, said she hires consultants to help the jury "understand the issues from the perspective of custom and practice of the insurance industry."

Chris Bechhold, a partner with Thompson, Heine & Flory in Cincinnati who represents insurers in litigation with policyholders, says a policyholder's expert "makes the difference between winning and not winning."

As a result, if the policyholder brings in an expert, he feels the need to counter with his own. "If I cannot effectively counter with my own expert, I have a problem,"

he said.

A consultant's expert testimony can cover such areas as what the parties generally expect from a type of policy, how certain policy language developed, the history of a type of policy and what the phrases in the policy mean, said Jim Marshall, executive vp of Silver Insurance Consultants in St. Petersburg, Fla.

Consultants also can testify on such topics as whether an agent or broker breached professional ethics, or whether an insurer dealt fairly with a policyholder.

Either of the consultants' two roles sharply differs from the usual role of risk management consultants.

Legal consultants "deal with a real conflict, with specific facts and policies at issue," said Mr. Marshall, who does both tradi-

tional risk management consulting and legal consulting. Legal consultants are hired when "litigation either has been commenced or is expected to be commenced," he added.

In contrast, risk management consultants work with policy-

'Something about an insurance policy is viewed as a mystique to the legal profession,' says Frank A. Chapman.

holders on an ongoing basis, unrelated to specific disputes with an insurer.

Although a coverage attorney may be experienced in many insurance issues, a legal consultant still can provide the attorney added insight.

"Many of the lawyers involved with coverage problems don't understand insurance policies," said Mr. Chapman. "Something about an insurance policy is viewed as a mystique to the legal profession," he added.

The consultant also performs work a broker cannot. Their work "is superior to any work product I have seen from the broker community," Mr. McLaughlin said. "What we're dealing with here is a higher level of knowledge that you can't get anywhere else."

But consultants can help only if they are the proper ones for the job. Not every consultant is suited for every case. Some experts don't really know the particular topic at issue, so they end up learning it "at your peril," said Mr. Chapman. He said he hires four or five consultants a year for litigation against insurers.

Charles Schropp, a partner with Schropp, Buell & Elligett in Tampa, Fla., said the consultant must be an expert in the precise issue involved.

"People don't know everything about everything," he said. "They have an area of expertise, just as lawyers do."

In his experience, Mr. Chapman said, having a consultant is critical to any coverage dispute. "I have not ever gone into a coverage issue without using an expert to give testimony," he said.

Because using the right consultant is important, Mr. Chapman advises choosing one with an ARM or CPCU designation. "That at least gives you the feeling they know the basic concepts of insurance," he said.

But don't rely solely on those designations, he cautioned. "You must look beyond their credentials," he said. It's important, Mr. Chapman said, to read copies of any depositions the consultant gave in prior cases, to review a list of cases in which the consultant participated and to know those cases' outcomes.

Also, he advises verifying their credentials, as some consultant she interviewed have submitted false curricula vitae.

Experience is another critical aspect of a consultant's background, Mr. Chapman said. He prefers someone who has at least 10 years of experience and knows about risk management, insurance company workings and the brokerage business, as well as the historical trends in policy language and what any changes mean.

Mr. Chapman also looks for
See Legal on page 10

When your clients have unusual risks,



they'll need help overcoming the obstacles.

A customer running a unique business can encounter unusual risks. CNA E&S provides innovative underwriting solutions for the special needs of your excess and surplus clients. To find out how partnering with us can help you ease your clients over the hurdles, just call.

Innovation, Intelligence & Integrity

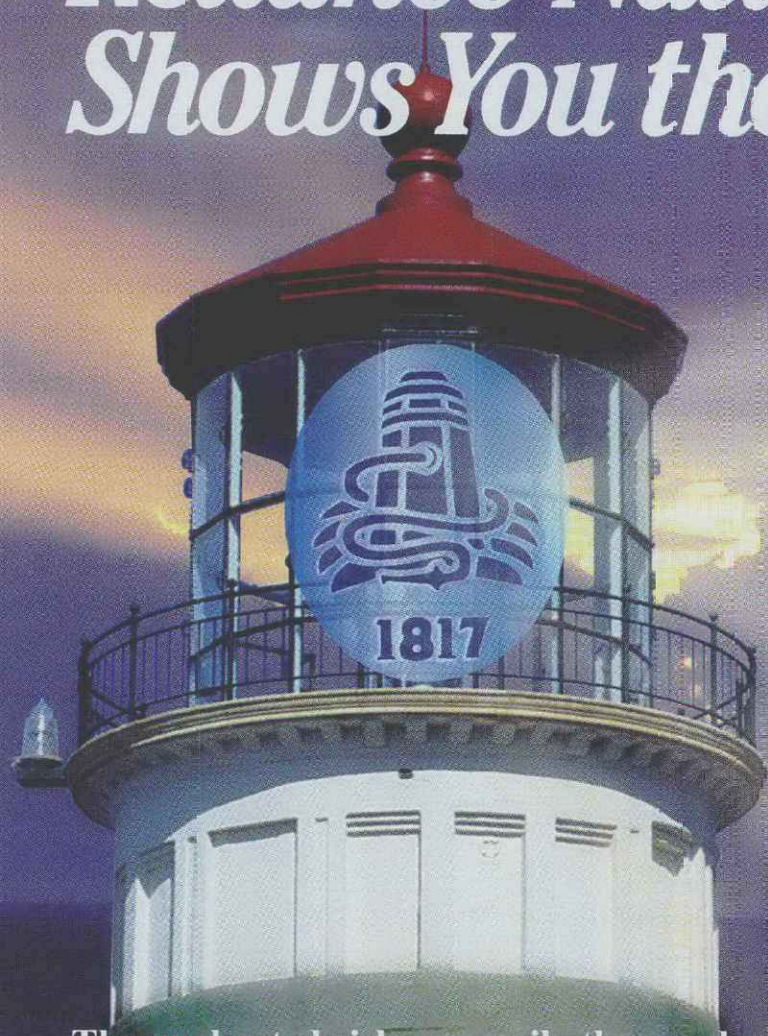
CNA E&S

Chicago
(312) 822.8825

New York
(212) 440.3150

Casualty Risk Services

Reliance National Shows You the Way



The uncharted risk can easily throw a business off course. Reliance National's Casualty Risk Services Division can provide a "light on the horizon" when the waters appear turbulent or the outlook seems dark. Our multidisciplinary team understands your client's unique risk requirements and is always there to guide your way with innovative insurance products, strategic programs and unparalleled services designed to weather most any circumstance.

Insure a steady course...Straight ahead with Reliance National, THE CHOICE.

- ◆ Risk Management Services
- ◆ Integrated Risk Services
- ◆ Excess Workers' Compensation/
Workers' Compensation
Alternative Products
- ◆ Transportation
- ◆ Construction
- ◆ Global Risk Management
- ◆ Environmental Products
- ◆ Global Infrastructure
- ◆ Managed Care
- ◆ Middle Market Casualty

THE CHOICE



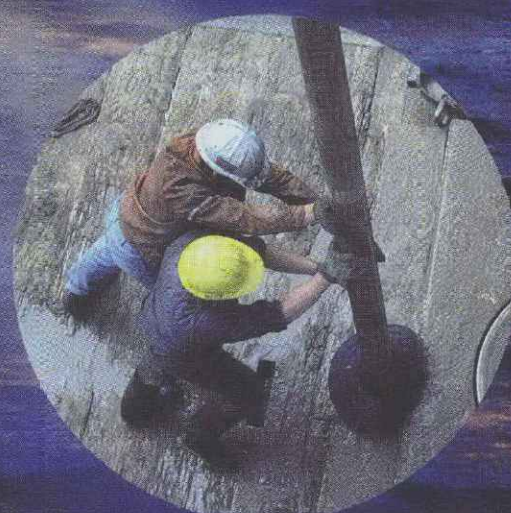
Reliance National

A Reliance Group Holdings Company

77 Water Street, New York, N.Y. 10005

<http://RelianceNational.com>

For further information
write us or call (212) 858-6602



Reliance National's products and programs underwritten by Reliance Insurance Company, Reliance National Indemnity Company, Reliance National Insurance Company, Reliance Insurance Company of Illinois, Reliance Insurance Company of California, United Pacific Insurance Company and/or Reliance Surety Company.

Opinions

Share new tools with buyers

AS INTEREST GROWS in tapping the capital markets for risk financing capacity, it is logical that corporate buyers, as well as insurers and reinsurers, should be able to take advantage of this new resource.

While to date such transactions have involved only insurers and reinsurers transferring catastrophe risk to investors, that is bound to change in the future. It is likely, in fact, that some corporate buyers already are exploring the feasibility of such a financing option.

In other words, what's good for the goose is good for the gander.

As we report in this issue, the handful of cat bond deals of 1997 laid the groundwork for the securitization of risk. The bonds issued last year by various insurers and reinsurers raised the comfort level of rating agencies, investors and bond underwriters and, indeed, the insurance industry itself.

Some observers of this trend express doubt that buyers will avail themselves of the capital markets for anything but the most extreme natural catastrophe exposure, such as large hurricane or earthquake risks. While we disagree, we believe that even if interest were limited solely to catastrophe risks, demand for capital-markets risk financing would be significant.

What occurs next is up to the insurance industry. Insurers and reinsurers can use this newfound source of capital to reduce their costs and pass on savings to their customers, or they can watch their customers bypass them entirely to take advantage of this risk financing option themselves. Investment banks and stock brokerages would be all too willing to step in and lend a hand. Just as some corporate buyers prefer self-insurance options to the traditional market, some buyers are likely to go it alone when it comes to securitizing their risks.

For the rest of the market, however, the insurance industry has an excellent opportunity to provide new cost savings and flexible risk financing tools for these customers.

Insurers and brokers are well-positioned to facilitate this process, providing a conduit to capital markets for buyers. They have the experience and expertise with insurable exposures needed to package risks for the investor. And thanks to the ongoing convergence of insurance and other financial services, they also have the resources and partnerships to make this happen. Travelers Corp., for exam-



ple, with its ownership of a property/casualty insurer and a major Wall Street brokerage, would appear to be especially well-positioned to develop capital-market solutions for clients, and no doubt other insurers have similar abilities or will seek out partners with complementary financial skills.

Brokers also may see an opportunity to line up investors willing to underwrite risk while providing other services buyers need, such as claims handling and loss control.

Although it is unlikely that capital markets soon will compete with the cost and efficiency of the traditional insurance industry, especially given the current competitive market conditions, there is no guarantee the soft market will continue forever. Nor will the traditional market always be able to offer the capacity buyers need for certain risks. For companies with such risks that are unwilling to retain or avoid them, the capital markets may offer a real alternative financing opportunity.

And opportunities also abound for insurers and brokers who see capital markets as a means to provide new solutions for their customers rather than a chance to feather their own nests.

Letters

Editorial should have lauded TPA performance

To the editor: The March 9 editorial, "Beware Outsourcing Pitfalls," missed the biggest point. It accurately talked about how consulting firms that had experimented in administration of client plans had not done well. *BI's* moral to employers was, "...there are several lessons to be learned from the problems some consultants have had in developing outsourcing operations." Bingo! That hit the spot. The consultants are just that—consultants—and when they tried to hurriedly jury-rig benefits administration operations, it often didn't work, no matter how much money they threw at it. Some of those commercial partnerships even raise red flags about potential fiduciary breaches of "self-dealing."

However, the editorial falls flat on its face for what isn't mentioned. The pioneers and continuing successful champions of benefits administration outsourcing are

third-party administration firms. The TPA industry is more than 50 years old. Between 40% and 79% of employers hire TPAs for all or part of their benefit administration (the percent depending on whose statistics you want to believe). TPAs set out from the start to be devoted to cost-efficient outsourced administration. It is not some last-minute sideline outsourcing department.

Employers stranded by the retrenchment of big-name consulting company outsourcing should look in the mirror when assessing blame. They are big-name companies lured by the big names of consulting firms.

The editorial is also silent on the biggest threat for employers. Yes, there are probably software and other solutions for cranking out checks and reports. However, the biggest risk to an employer is the ill-defined and ever-shifting government compliance requirements. Penalties for even innocent or unknowing noncompliance are designed to cripple the employer's finances. Every year, there are more than 1,000 new laws, regulations, interpretations, official opinions and major court cases relating to employee benefit plans. They come from about 300 different government offices (meaning that there are conflicts, often even between dictators from the same governmental agency). Only

about one-third of these requirements get adequate explanation, even in the technical trade journals. That's in part because only about 1% ever get final comprehensive guidance how to comply. (For example, COBRA is now turning 12 years old, and final regs for all situations will probably never come. Even some things written in the temporary regs are shifting.)

Lawyers are quick to say that only a fool is his own counsel. With the threat of government compliance, it might be said that only a foolish employer does his own government compliance administration. Government compliance now relates to every claim as a potential crippling trap for employers. TPAs have purposely designed their services for this reality of life.

BI's editorial did a fine job explaining the minuscule point of the demise of the consultant attempts at outsourcing...but where was the rest of the story about the long-established TPA industry that consultants unsuccessfully tried to mimic? Where is the warning to employers that going it alone is like a stroll through a mine field? Your editorial needs part two and maybe three.

Frederick D. Hunt Jr.
President
Society of Professional
Benefit Administrators
Chevy Chase, Md.

Business Insurance

Reporting weekly on corporate risk,
employee benefit and managed health care news

Vice President/
Publisher/Editorial Director: Kathryn J. McIntyre, ARM (Chicago)

Associate Publisher/Advertising Director: Martin J. Ross III (New York)

Editor: Paul D. Winston (Chicago)

Editor-at-Large: Jerry Geisel (Washington)

Managing Editor: Roseanne White (Washington)

Senior Editors: Meg Fletcher, ARM (Chicago)

Judy Greenwald (San Jose)

Dave Lenckus (Tucson)

Douglas McLeod (New York)

Joanne Wojcik (Los Angeles)

Assistant Managing Editor: Regis J. Coccia (Chicago)

Washington Editor: Mark A. Hofmann (Washington)

Bureau Chiefs: Sarah Gaddard (London)

Gavin Souter (New York)

Graphics Editor: Kathy L. Barnes (Chicago)

Copy Editors: Todd J. Behme (Chicago)

Mary Nick (Chicago)

Assistant Copy Editor: Richard Trout (Chicago)

Associate Editors: Michael Bradford (New Orleans)

Roberto Ceniceros (Los Angeles)

Robert Kazel (Chicago)

Mathew MacDermott (London)

Michael Prince (New York)

Sally Roberts (Denver)

Edwin Unsworth (London)

Rodd Zalkos (Chicago)

Directory Editor: Sandra L. Budde (Chicago)

Assistant Directory Editor: Matt Scroggins (Chicago)

Editorial Assistant: Amanda L. Milligan (Chicago)

Production Assistant: Amy R. Kepka (Chicago)

Assistant to the Publisher: Karen Brown Tucker (Chicago)

Editorial Cartoonist: Roger Schillerstrom (Chicago)

National Sales Manager: Steve Akins (New York)

Midwest Advertising Manager: Robert L. Niesse (Chicago)

District Managers: Blake Delany (New York)

Roger Lynch (New York)

Elizabeth McGahren (New York)

Deborah D. Neale (Chicago)

Classified Advertising Manager: Cheryl Adeszo (Chicago)

Sales Assistant: Lori Lieberman (Los Angeles)

Production Manager: Elmer Kerstowski (Chicago)

Director of Communications: Ronnie I. Drachman (New York)

Promotion Manager: Barbara O'Brien (New York)

EDITORIAL: Chicago: 312-649-5398

Denver: 303-698-7601

London: 171-457-1400

Los Angeles: 213-651-3710

New Orleans: 504-269-9988

New York: 212-210-0100

San Jose: 408-774-1500

Tucson: 520-579-1937

Washington: 202-662-7200

ADVERTISING: Chicago: 312-649-5276

New York: 212-210-0228

Los Angeles: 213-651-3710

COMMUNICATIONS: New York: 212-210-0132

SUBSCRIPTIONS: Detroit: 888-446-1422

Business Insurance is published by Crain Communications Inc.

Keith E. Crain
Chairman

Merrilee Crain
Secretary

William A. Morrow
Executive Vice President/Operations

Robert C. Adams
Vice President/Production

Peter Johnson
Vice President/Circulation

G.D. Crain Jr.
Founder (1885-1973)

Mrs. G.D. Crain Jr.
Chairman (1911-1996)

S.R. Bernstein
Chairman-executive committee (1907-1993)

Published weekly at 740 Rush St., Chicago, Ill. 60611-2590, Fax 312-280-3174, E-mail: biweb@crain.com, Cable CRAINCOM. Offices: 220 E. 42nd St., New York, N.Y. 10017-5806, Fax 212-210-0704, CRAIN COM NYK; 2726 Prytanion, #6, New Orleans, La. 70130, Fax 504-269-0858; Suite 814, National Press Building, Washington, D.C. 20045-1801, Fax 202-638-3155; 6500 Wilshire Blvd., Suite 2300 Los Angeles, Calif. 90048-4947, Fax 213-655-8157; 967 Bermuda Court, Sunnyvale, Calif. 94086-6750, Fax 408-774-1155; New Garden House, 78 Hutton Garden, London EC1N 8JQ England, Fax 171-457-1440; 8157 N. Torrey Way, Tucson, Ariz. 85743, Fax 520-579-3476; 777 E. Speer Blvd., Denver, Colo. 80203-4214; Fax 303-733-9541. \$4 a copy and \$87 a year in U.S. \$105 in Canada and Mexico (includes GST). All other countries \$205 a year (includes expedited air delivery). DAVE KELLEY, circulation manager. Four weeks' notice required for change of address. Send subscription correspondence to Circulation Department, Business Insurance, 965 E. Jefferson Ave., Detroit, Mich., 48207-3185, or phone 888-446-1422 or 313-446-0450, Fax 313-446-6777. Microfilm copies are available from University Microfilms, 300 Zeeb Road, Ann Arbor, Mich. 48103. Microfiche copies available: Bell & Howell, Micro Photo Division, Old Mansfield Road, Wooster, Ohio 44691. Portions of the editorial content of this issue are available for reprint or reproduction in other media. For information and rates to reproduce in general circulation media, contact: JOSEPH P. HANLEY, Crain News Service, 220 E. 42nd St., New York, N.Y. 10017-5806, 212-254-0890. For reprints or reprint permission contact: KAREN BROWN TUCKER, Business Insurance, 740 N. Rush St., Chicago, Ill. 60611-2590, 312-649-5319, Fax 312-280-3174.

BPA
INTERNATIONAL
www.businessinsurance.com
TO SUBSCRIBE CALL 800-678-9595 • 313-446-0450 outside of the United States

Letters to the editor

Business Insurance welcomes letters to the editor. We reserve the right to edit letters for clarity or space. We will not publish unsigned letters. Please send your letters to Letters to the Editor, Business Insurance, 740 N. Rush St., Chicago, Ill. 60611; fax: 312-280-3174; e-mail: pwinston@crain.com

Since Tony Golding chose Liberty Mutual for his global program, managing risk for 30 factories in 12 countries is a much less challenging task. [Which means that things are looking a lot better in his world.]



Tony Golding can't be in 30 factories at once, especially in 12 countries. But since he has Liberty Mutual as a partner, he knows that his global risk is under control. Through our carefully selected worldwide network, we can assess his factories' risk, develop crisis management plans, and respond to local needs. All the while, our central claims management program gives Tony the information he needs. All of this guarantees that everyone he works with (even on the other side of the globe) enjoys safer, more secure lives.

➤ *There's more information we'd like to share. So please call John Ryan at (617) 574-5842.*

**LIBERTY
MUTUAL** 
The freedom of Liberty

Spotlight report

Legal

Continued from page 6

consultants with good communication skills. "You don't want one that is too technically oriented so that he can't get the point he wants to make across to a juror," he said.

Finally, Mr. Chapman added, it's important to listen to a legal consultant who thinks your case is not solid and advises you to settle, even if you disagree.

"Don't hire someone who will simply dance to your tune," he said.

Often insurance companies will object to the consultant's testimony at trial, said Ms. Engh, the Washington attorney. They argue that the expert will testify on the state of the law, an area reserved

for the judge and jury.

Ms. Engh counters that charge by explaining that the consultant discusses neither the law nor prior cases but talks about the policy language and its recognized meaning in the insurance world.

"There is certainly a place for this testimony," she added.

Another benefit of using an expert is it focuses the litigation on the insurance coverage and not on the underlying suit that gave rise to the insurance claim, Ms. Engh said. Frequently, the insurance company tries to change the focus away from the policy and onto the original suit in an attempt to make the policyholder look bad, she said. But using the expert helps to refocus the case to the policyholder's advantage. **BI**

Adjusters

Continued from page 3

"And, not coincidentally, in a way that's favorable to the insurance company," he said.

In the past several years, public adjusters and accountants have joined forces to provide claims adjusting services. For example, KPMG Peat Marwick L.L.P. has formed an alliance with Adjusters International, a consortium of public adjusters located throughout the United States. About five years ago, Arthur Andersen & Co. aligned with The Ritter Group of Cos., a Chicago-based claims management and adjusting firm.

Such alliances of accounting, consulting and loss adjustment services give the policyholder the same capabilities as the insurer

when calculating losses, according to Gerald Ritter, a principal of The Ritter Group.

"We can mirror what the insurance company brings to bear," he said.

Public adjusters "act as an advocate of the insured to help in the development, preparation and settlement of insurance claims," explained Ronald J. Papa, president of National Fire Adjustment Co. Inc. in Buffalo, N.Y., and vp of Adjusters International.

Claims negotiations, "like any transaction, always involve differences of opinions," Mr. Papa said.

Sometimes the differences show up in the final payout.

Hiring these policyholder advocates doesn't always guarantee a larger settlement than the insurer offers. But sometimes the final

check is far more than the insurer originally was prepared to pay, as some risk managers confirmed.

In 1991, a hail storm caused significant damage to schools in the Dallas area. The Dallas Independent School District's insurer, The Travelers Insurance Co., assessed the damage and offered \$2.7 million to settle the claim, a Travelers spokesman confirmed.

"We didn't think that was enough," said Cheryl Johnson, director of risk management for the district.

Adjusters International, which approached the school district after the storm—a common business practice of public adjusters—was hired to do another assessment. The consortium's damage estimate was at least \$13 million.

Travelers finally agreed to pay about \$5.9 million after the school district's deductible, the insurer spokesman said.

In 1993, Beaulieu of America Inc., a Dalton, Ga., carpet manufacturer now named Beaulieu Group Inc., estimated its property and business interruption losses from a winter storm at \$12 million to \$15 million.

Beaulieu's accounting firm, Peat Marwick, introduced its client to Adjusters International. The public adjuster reworked the claim and estimated Beaulieu could recover \$52 million.

The final settlement with Beaulieu's insurer, Liberty Mutual Insurance Co., was \$38 million, nearly triple Beaulieu's initial figure.

Liberty Mutual officials declined to comment.

"They basically do everything," from calculating damages to filing the claim and working with the policyholder to negotiate a settlement, Bob Ingram, director of safety and management at

See Adjusters on page 14



CLICK HERE

FOR A BETTER EMPLOYEE BENEFITS MANAGER

Choosing the right employee benefit cost management partner doesn't need to be as challenging as setting the time on your VCR. GatesMcDonald has a proven track record in all areas of benefits administration, having been an industry leader since 1929. From Risk Management and Employee Benefits to Managed Health Care and Integrated Disability Management - GatesMcDonald is the only option you'll need.

We'll work closely with you to share your vision in establishing the best solutions for your specific needs. **800-336-4733** www.gatesmcdonald.com



Member of the Nationwide Insurance Enterprise



GatesMcDonald is a national leader in creating integrated risk and employee benefit services.



ATTENTION READERS

The **Business Insurance Reader Service Program** provides a direct line of communication between you and the companies providing the products and services you may need.



Turn to our Advertiser Index now to receive information immediately from the advertisers in this issue of *BI* — fill out the reply card or coupon, mail or fax it to our fulfillment bureau.

Take action and make contact now. When you need information *Business Insurance* is the best resource available.

If your card is missing from this issue, call Carol Peacock at 212-210-0236 and ask for another.

Business Insurance

STOP PAYING RETAIL FOR YOUR 401(K) PLAN.

MetLife and United Asset Management offer a major innovation in DC Plans — the added value of institutional style investing, the price you need, and more.



Institutional investment expertise** and a broad range of options.



Customized portfolios to meet plan needs.



Award-winning, customized communication and education programs.



Investment options with consistent style to meet broad participant needs.



1-888-MET-2359

Contact MetLife's Defined Contribution Group.

MetLife

401(k) • Investments & Asset Management
 • Group Dental, Disability, Life, Vision, Long-Term Care • Auto & Homeowners Insurance • Voluntary Benefits

* Compared to typical mutual funds.

** Group insurance products and annuities issued by Metropolitan Life Insurance Company. Auto & Homeowners Insurance underwritten by Metropolitan Property & Casualty Insurance Company and affiliates, Warwick, RI. MetLife/UAM investment products are commingled separate accounts available through group annuity contracts issued by Metropolitan Life Insurance Company, New York, NY. UAM Trust Company is the investment manager for the separate accounts and United Asset Management investment management affiliates are submanagers. Like most insurance and annuity products, MetLife products contain exclusions, limitations, reductions in benefits and terms for keeping them in force. See your MetLife representative for complete details. 971025EC MLIC-LD ©1997 Metropolitan Life Insurance Company, NY, NY. PEANUTS © United Feature Syndicate, Inc.

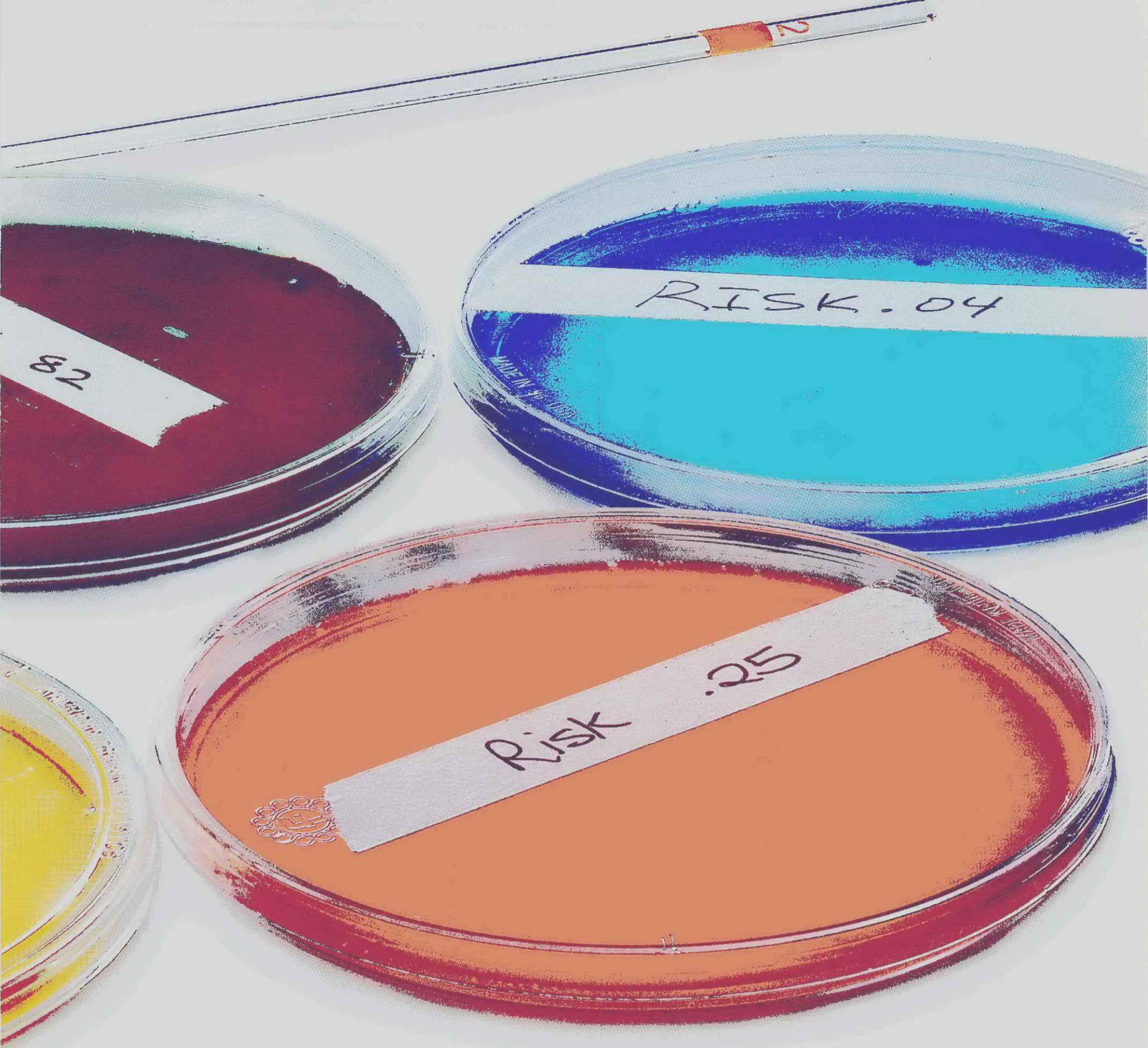


Risk . 03

Risk . 05

MADE IN USA

Risk . 01



serious R&D.

Total risk management demands a totally new culture. Creating that culture is only one of the reasons ZRC combined with the reinsurance expertise of Centre Re to become Zurich Reinsurance (North America). Now, creating new solutions is less about experimentation and more about applied research. Come talk with the one company that can do the work of many.

one call service



1-888-900-ZRNA (9762) <http://www.zurichre-na.com>
Atlanta Boston Chicago Dallas New York San Francisco Stamford



ZURICH RE

Adjusters

Continued from page 10
 Beaulieu, said of Adjusters International.

Mr. Papa of Adjusters International said that "for the most part, it's a very professional and respectful relationship" between the public adjuster and insurer. "We have our vantage point, and they have theirs. Our responsibility is to have done our homework."

Using an outside adjuster can help the process because the policyholder is well-prepared to deal with the insurer, according to Mr. Ritter. "When businesses get into these losses without the proper advice and consulting, positions often freeze."

But the reputation of public adjusters to consistently figure claims much higher than insurers hasn't endeared them to underwriters.

Ms. Johnson said the Dallas School District's insurer wasn't too pleased initially with the district's decision to use a public adjuster.

"At first, they were upset that we had done that," she said. But eventually, the two sides worked together to agree on a settlement.

"I've had insurance companies ask me why we use a public adjuster," said Mr. Ingram. Insurers tell him that the adjusters, who generally work for a percentage of the settlement, have a reputation of inflating claims.

"Our response is that we probably come out somewhere in the middle because it is also widely known that insurance company adjusters minimize the claim," he said.

William J. Falsone, senior vp in charge of property, recovery and surety at Chubb Corp. in Warren, N.J., said, "There are some very good public adjusters, and some that are not so good."

"I would say that they have a place for the insured that does not have a significant inventory or structural loss" and is not familiar with the claims process, he said.

But what is troublesome, Mr. Falsone added, is that "they generally are compensated on a percentage of the loss settlement" and therefore have an interest in seeing insurers pay as much as possible to settle a claim.

"They are an interesting group of people, and I think they can provide a good service," said William S. Rodgers, managing director of broker Willis Corroon Corp. in Nashville, Tenn. "But I think they rarely do provide it because of the way they operate."

Often, claims end up grossly overstated when public adjusters are involved, said Mr. Rodgers, who won't work on a client's claim if a public adjuster is involved.

It's difficult enough to work out the numbers with an insurance company, Mr. Rodgers said, and having to justify a public adjuster's figures is asking too much. Doing so, he said, would cause him to lose credibility with the insurance industry.

"If I work with a public adjuster, everything I say is circumspect," Mr. Rodgers said. While he admitted that public adjusters can be helpful on small losses or with claims where a broker isn't being used to provide claims services, he said, "The reputation they have established is one in which everyone looks at them with a jaundiced eye."

Mr. Rodgers said, "They're the ambulance chasers," showing up en masse to battle for business after a disaster or chasing for clients that suffer fire losses.

It's a charge public adjusters don't entirely deny.

"That's the unfortunate part of the business—soliciting," said Bruce Swerling, a principal with Swerling, Milton & Winnick Public Insurance Adjusters in Boston.

Appearing at disasters does give the profession a reputation as ambulance chasers, he admits, but it provides the only time the firms can approach potential clients when they are definitely in need of the public adjuster's services.

Mr. Swerling defended his profession as one that alleviates the policyholder's burdens of preparing a claim while satisfying the needs of the insurer. And he says that using a public adjuster helps the policyholder get a fair shake.

"Some people think if you live in a million-dollar home and it burns down, you should put a trailer in your driveway," he said.

But it isn't advertising or the pub-

lic adjuster's skill that brings in the most business, Mr. Swerling said. "You want to know what gives us the biggest source of our business?"

'There are some very good public adjusters, and some that are not so good,' says William J. Falsone of Chubb.

The way the insurance companies handle their claims. The public has absolutely no confidence in them."

That's true for Paul Toretta, president of New England Treatment Co. in Woonsocket, R.I. He said he would not hesitate to call on Mr. Swerling again after the poor ser-

vice he received from his insurer on a large claim.

When his waste-disposal company's only furnace malfunctioned and slowed operations several years ago, the foot-dragging with his claim began, Mr. Toretta recalled.

After several months of little response, Mr. Toretta said he was preparing to settle what he considered was a \$525,000 claim for \$300,000 to \$400,000. Before he agreed to the payment, Mr. Swerling was hired to take another look.

The public adjuster's figures indicated the loss was around \$900,000. When a settlement was finally reached, "we collected nearly \$800,000," Mr. Toretta said.

It wasn't just the insurer's original offer that irked Mr. Toretta but also the underwriter's apparent lack of concern for his business. "We didn't know we needed a pub-

lic adjuster because we thought the insurance company would help us with the loss. The insurance company did not help us prepare the claim."

In fact, he added, "They tried to stiff us by being impossible to deal with."

It's not just a money grab to use a public adjuster or an accountant to help with a claim, policyholders say. They need the expertise those professionals provide.

"We're not professionals at assembling loss claims," said Mr. Ingram of Beaulieu. "We're in the carpet and rug business."

That's why a public adjusting firm, even if it agrees with the insurance company's figures, provides a service that gives the policyholder peace of mind that the claim is being fairly handled, Mr. Ingram said. **BI**

Protecc

Factory Mutual System

Accountants summoned to help in typhoon claims

Some Guam businesses are turning to their accountants to help settle damage claims from Typhoon Paka.

After pounding the U.S. territory with high winds and rain in December 1997, the storm left Guam with property damage totaling about \$385 million.

Businesses' overall losses are expected to reach \$115 million, according to a report released earlier this year by the Guam Economic Development Authority. Local government agencies sustained losses of about \$120 million, and homeowners suf-

fered the biggest hit, with damage estimated at \$150 million.

The report is based on damage surveys by the Economic Development Authority and estimates compiled by the American Red Cross and agencies of the local and federal governments.

Property owners that sustained some of the worst damage are asking their accountants to help calculate complicated business interruption and other losses.

"Part of my job is to get over there as soon as possible to start working with clients of the firm," said Don A. Wilks, national director of business insurance consulting at Deloitte & Touche

L.L.P. in Dallas.

And it's not unusual to pick up new clients once his staff is on the scene, Mr. Wilks added. "When people found out we were there, the phone started ringing."

In working with clients on the island, Mr. Wilks said he saw some good policies and a lot of really bad ones. Examples of bad ones, he said, have high deductibles on typhoon coverage or low sublimits for the insurance.

The typhoon caused an estimated \$7 million in damage to Guam International Airport. Property damage of about \$5 million was sustained by Conti-

ental Micronesia, the principal airline serving the island, according to the Economic Development Authority.

The Port of Guam estimates damage will total about \$7 million, and engineering and construction consulting firm Duenas & Associates suffered about \$700,000 in damage to equipment, furniture and fixtures, according to the Economic Development Authority.

Whether from a storm or some other catastrophe, any large policyholder should be ready to handle a business interruption loss, said Daniel Lentz, partner and director of Ernst & Young

L.L.P.'s Financial Advisory Services Practice for the Mid-Atlantic area.

Mr. Lentz said his firm recommends that every client assemble a team including the company's insurance broker, accountant and risk manager that is ready to act when a loss interrupts business.

"We also recommend someone from senior management be there," Mr. Lentz said, and possibly engineers and architects, depending on the type of risk.

Mr. Lentz reminded policyholders that it is in their best interest to be prepared because they will be confronted by a similar team from the insurance company.

—By Michael Bradford

tion.



Since the late 1870s, the automatic sprinkler has provided basic fire protection support for industry. Although the fundamental design of the automatic sprinkler is simple, the facilities it protects have become increasingly complex.

Through the research capabilities of the Factory Mutual Engineering & Research Corporation, Protection Mutual serves the needs of business by pioneering improved sprinkler designs.

This commitment to superior facility protection provides Protection Mutual insureds with an extraordinary insurance value. Protection Mutual combines engineering expertise with insurance to protect the world's leading organizations.

It comes down to one word . . . Protection.

With physical and financial protection, we will secure the future of your business.

It's Our Word.

**Protection
Mutual**

Part of the Factory Mutual System

300 South Northwest Highway
Park Ridge, Illinois 60068 847.825.4474
www.Promutual.com

Business Insurance®

• EVENTS •

RISK MANAGER OF THE YEAR AND RISK MANAGEMENT HONOR ROLL AWARDS

These awards recognize individual accomplishments in the field of risk management. From nominating forms and rules, call or fax:

312/649-5319

fax:312/280-3174

EMPLOYEE BENEFITS COMMUNICATION AWARDS

These awards honor employers for excellence in communicating employee benefits programs. For entry forms and rules, call or fax:

212/210-0299

fax: 212/210-0704

WORKERS COMPENSATION CONFERENCE

Presented in conjunction with IBF Conferences, this event addresses the specific concerns of corporate executives managing workers compensation programs and rehabilitation services. Sessions cover this rapidly changing environment and creative and innovative strategies to curb costs. For details on registration or exhibition, call:

212/210-0299

fax:212/210-0704

Or contact:
Alexandra Scott,
IBF Conferences

212/279-2525

WORLD CAPTIVE FORUM

Presented in conjunction with Skandia/Sinser and Tillinghast-Towers Perrin, this event addresses alternative risk financing and the captives market. This forum brings together innovative captive sponsors and experts serving the risk financing needs of corporations and institutions to explore cutting edge programs. For details on registration or exhibition, call or fax:

212/210-0299

fax: 212/210-0704

Or contact:
Judith Harrington, Conference Director

612/928-4659

For more information, call one of the numbers listed below:

Advertising Information:
212/210-0228

Subscription Information:
800/678-9595

Consultants help broker larger claims recoveries

Experience, clout and contacts with insurers make them valuable, risk managers say

By GAVIN SOUTER

Risk managers with complex claims are increasingly turning to claims consultants at brokerages to help them get maximum payments from insurers.

Specialist claims consultants provide claims experience, access to experts, superior contacts with insurers and clout that even large risk management departments cannot provide, risk managers say.

As the reputation of public adjusters continues to wane, claims consultants provide a viable and often superior alternative, they say.

Specialist claims consultants differ from claims handlers at brokerages, who provide limited claims services to policyholders as part of their standard service. The specialist claims consultant provides much more detailed and extensive service to policyholders with complex claims. Rather than work on the dozzies is likely to handle no more than a dozen a year.

The extra service does carry an extra fee. But according to risk managers who have used claims consultants, the increased size of the claims payments the consultants obtain generally more than makes up for the fees.

In complex cases where a policy-

holder initially is denied coverage even when it seems likely that the policy would cover the claim, a consultant at a brokerage can help avoid litigation between the policyholder and insurer, said Eugene Anderson, senior partner at policyholder law firm Anderson, Kill & Click in New York.

"I'd go with the client to see the broker and say: 'Here is the reason why there is coverage, and we know that you agree that there is coverage. So please can you call the head of the claims department at the insurer and discuss with them how the matter can be resolved,'" Mr. Anderson said.

By using this method in one case, a policyholder obtained \$10 million in coverage without having to sue, he said.

The claims consultants' contacts with insurers are one of the many reasons for using their expertise, said David Evans, litigation and claims manager at AIMCO, a real estate company in Washington.

After AIMCO had suffered a fire loss in KANSO of more than \$3 million, it used the claims consultant at its broker, Sedgwick Group P.L.C., to help analyze, prepare and present the claim to its insurer, Mr. Evans said. The extra service was part of an extensive service agreement AIMCO had negotiated with Sedgwick.

"At one point, things started to get a little sticky, and the consul-

tant set up a meeting with the carrier which included the president of its property company," Mr. Evans said.

He said he believes a local pub-

lic adjuster could not have persuaded such a high-ranking executive to attend a meeting over a claim. "Clout is important," Mr. Evans said.

In one case, a policyholder brought in a consultant after tentatively agreeing with the insurer that there was no coverage and got a \$75 million recovery.

lic adjuster could not have persuaded such a high-ranking executive to attend a meeting over a claim. "Clout is important," Mr. Evans said.

Aside from improving communications with insurers, claims consultants provide expertise in claims work that risk managers and policyholder lawyers do not normally have, said Philip R. Sellinger, a partner at Sills Cummis, a policyholder law firm in Newark, N.J.

"They can assist in presenting settlement data in a way which insurance companies are accustomed to," Mr. Sellinger said.

For example, when a claim contains an allocation issue, the consultant may produce and present a claims package that sets out how

the coverage should be applied. Or a consultant may be called on to provide the complex used to estimate the likely cost of remediating

damages in complex cases involving pollution cleanup, he said. Claims consultants often are used in environmental and asbestos claims, said Dennis Connolly, a senior vice at J&H Marsh & McLennan and a claims consultant in New York.

Consultants that deal with many of these claims and have an intimate knowledge of the insurance market may be able to offer advice on claims strategies that would allow policyholders to collect more money than if they simply relied on their own claims expertise or legal advice, he said.

For example, a claims consultant may advise a policyholder whether or not to accept a claims offer from an insurer in runoff that is less than the amount

claimed, even though the policyholder would likely get a court to uphold its full claim, Mr. Connolly said.

"When you have a claim that may not be completed for 20 years, a recovery may not be worth as much as a substantially discounted settlement," he said.

A claims consultant can advise the policyholder of the likelihood of obtaining the full or partial claim from a troubled insurer, Mr. Connolly said.

Consultants also can spot coverage risk managers miss, he said.

"We had one case where the insured and the insurer were in tentative agreement that a particular claim was not covered. But the insured asked us to take a look at it, and we secured a \$75 million recovery," Mr. Connolly said.

He would not give details but said it was a pharmaceutical products claim.

About half of Mr. Connolly's clients are J&H Marsh & McLennan clients. The other half are clients of other brokers, he said.

When consultants are called in on claims, they work on them as distinct projects, said Joseph Lattanzio, practice leader of catastrophe property claims consulting services at Sedgwick in New York.

"If a client hires me, I'm the person that negotiates directly with the insurance company adjuster," he said.

In addition to using his own expertise, Mr. Lattanzio has his own consultant engineers and accountants, who can match the efforts of experts that insurers bring in.

See Consultants on page 18

**DID YOU KNOW
YOUR MONEY WILL
KEEP BETTER WHEN
REFRIGERATED?**

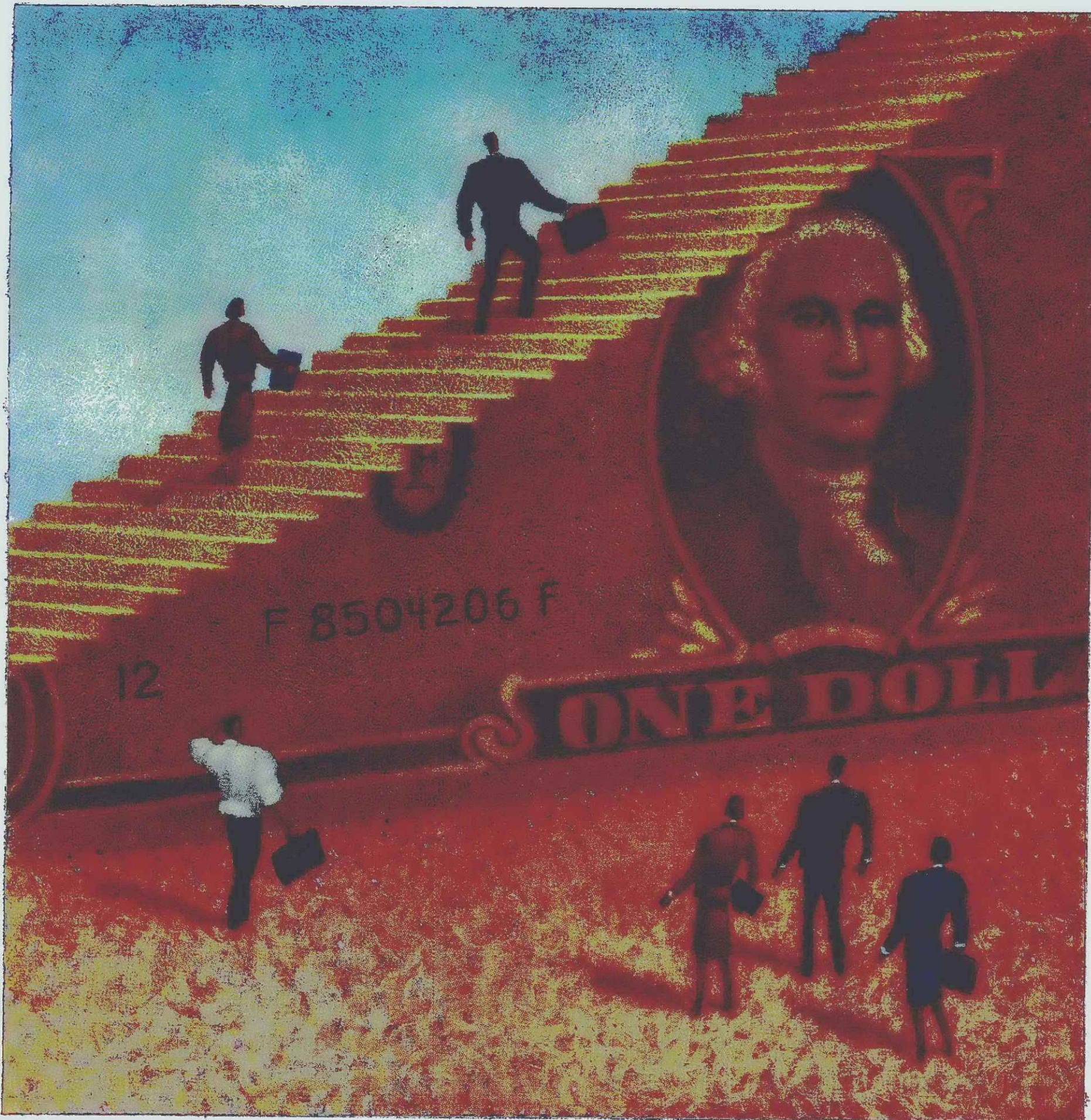
In Vermont, there aren't any palm trees or endless beaches. What we do have, however, is the best partnership to the captive insurance and money management businesses available, due to new legislative initiatives. Vermont

VERMONT

**800-341-2211
802-828-3811**

offers a full captive insurance department, as well as a 75% income tax credit for the money management industry. So the next time you set out on a business venture, forget the island shorts. Try wearing a parka.

B E N E F I T S



PENSIONS/RETIREMENT PLANS

A Spotlight Report on
BENEFITS: PENSIONS/RETIREMENT PLANS
including BI's directory of
401(k) PLAN ADMINISTRATORS

Publishing — April 6, 1998
Ad Closing — March 25, 1998

**Business
Insurance**[®]
www.businessinsurance.com

New York: 212-210-0133 ■ Fax: 212-210-0704
Chicago: 312-649-5276 ■ Fax: 312-649-7937
Los Angeles: 213-651-3710 ■ Fax: 213-655-8157

Evolving role illustrates importance of risk managers continuing education

By MEG FLETCHER

Kee up in class or lose out on the job. That terse message from executives of professional risk management organizations is motivating many risk managers to take continuing education courses to build a firmer foundation for their expanding roles.

"The world of risk management is broadening, so what a risk manager needs to know is enormous," said Jane Combrinck-Graham,

who directs the Center for Advanced Risk Management Education. CARME was established last December as a division of the American Institute for CPCU and the Insurance Institute of America in Malvern, Pa.

"A risk manager must be the communicator of expertise within an organization, and education nourishes that," said Ms. Combrinck-Graham. The institutes, which oversee the Associate in Risk Management program, among others, is developing specialized courses on health care and public entity risk

management topics through CARME.

Norman A. Baglini, chairman and CEO of the institutes, observed that when the New York-based Risk & Insurance Management Society Inc. approached the institutes in the early 1960s to develop the ARM program, the term "risk management" was just beginning to be used. But, he said, "Recent requests from organizations around the world for practical yet conceptual risk financing and risk control education convinced our trustees to dedicate substantial human and financial

resources to this increasingly important discipline."

The need for education has grown as risk managers' responsibilities have changed, noted Amy Geffen, director of professional development for RIMS.

In the past risk managers spent a good deal of their time buying insurance. Today, their companies are exploring a broader range of risk financing alternatives, she said.

Also, many companies are providing opportunities for risk managers to participate in strategic planning for their companies, rather than just focusing on operational issues, Ms. Geffen said.

Risk managers must cope with the trend toward "integrated or holistic risk management," which expands their concerns to include their companies' portfolio risk

and risk to reputation, added Linda Lamel, RIMS' executive director.

In addition, "they want to be prepared to bring products and ideas to their companies," Ms. Lamel said.

"The risk manager today needs to have definitely a growing interaction with the treasury department of his or her company and understand financial and managerial accounting," said John Rath, director of risk management for Milwaukee County, Wis., and vice president of RIMS' national committee for education and student involvement.

"The risk manager today who feels he or she has 'arrived' isn't going to make it without continuing education," Mr. Rath said.

He admitted, however, that

Continued on next page

Consultants

Continued from page 16

In some cases, a claims consultant may even instruct the contractors who are rebuilding a site after a major property claim, he said.

By getting involved in all of the major aspects of a claim, a consultant can optimize the coverage, Mr. Lattanzio said.

"It is the only way that I can guarantee that a claim will be developed in a format that fits the coverage," he said.

For example, a claims consultant can determine whether building code upgrades are necessary for a building and whether the costs of making those upgrades are covered in the insurance policy, Mr. Lattanzio said.

"A lot of insurance policies cover upgrades, but the insurance companies are often shocked by the dollar amount when you claim for them," he said.

The determination of coverage for code upgrades and the presentation of the claim was one benefit of using a claims consultant in AIMCO's Kansas fire claim, said Mr. Evans.

Also, the consultant helped in determining when code upgrades were not needed even though local code officials initially insisted on them, he said.

"They are representing more than just our interests—they are making sure that the construction process is correct," Mr. Evans said.

Claims consultants also are a good alternative to public adjusters, whose fees often are based on the size of the recoveries obtained from insurers, said Frank Christoph, claims director for Browning-Ferris Industries in Houston.

"I don't subscribe to public adjusters; that is not the way I like to operate," he said.

Yet when a policyholder suffers a large loss, it usually doesn't have the experts on staff to deal with the claim, Mr. Christoph said. In particular, he said, policyholders need expert advice in calculating business interruption claims.

When Browning-Ferris had a multimillion-dollar claim after a fire at a unit in Maryland, it used Sedgwick to construct the claim it presented to its insurer, Allend Mutual Insurance Co., Mr. Christoph said.

"We didn't get everything that we asked for. But I think that at the end of it all, we got what we were owed and the insurer felt that it had paid what it owed us," he said. **BI**

DISCOV

E X P A N S I V E

GA General Accident Insurance

When you visit Colorado's Royal Gorge bridge, be
Personal • Small to Large Commercial • Marine •

Continued from previous page

"education is competing with all other demands for an individual risk manager's time."

The professional organizations and vendors that offer learning opportunities are responding to risk managers' time crunch by developing continuing-education materials that use a variety of approaches and media to supplement traditional approaches such as publications. The new approaches include condensed classes and CD-ROM software.

Another new option for risk managers is distance learning, which allows students and teachers to communicate from different locations and at different times, often by computer (BI, Aug. 18, 1997). Such an approach gives students greater independence to determine their own study time,

within certain parameters.

RIMS is engaged in offering a wide variety of programs and courses using both innovative and traditional approaches. This September, it will begin offering courses for its Fellow in Risk Management designation, an advanced professional educational program similar to one already in place in Canada (BI, April 14, 1997).

Obtaining an FRM designation will require 10 classes, including the three courses required for ARM certification or its Canadian equivalent. Accounting and business law classes will be offered first. Plans are for all courses to be available on a credit or non-credit basis through a variety of means, including university classes and online or self-study. Each course will end with a national exam.

RIMS also offers half-day semi-

nars on current issues, such as the Year 2000 crisis and new ways to use risk data. The seminars take

In addition, Ms. Geffen said, beginning in June, online classes lasting from three to six weeks

'The line between financial risk management and insurance risk management is blurring, so people on both sides need to learn more...' says Lev Borodovsky.

place in several locations around the United States.

Other professional development courses are available through multiday sessions. Topics include global risk management, insurance strategies and employment practices liability.

will be offered on risk management survival strategies and managing business risk. These computer-based classes will be provided in an "asynchronous" mode, although the teacher and students may interact frequently in the course of weekly assignments.

Participants also will be able to post questions and answer them as part of the class. These new asynchronous-mode classes will be demonstrated at RIMS' annual conference, beginning April 27 in San Diego.

In addition, RIMS will offer career development seminars that will include resume writing tips. Topics for executive education courses will include critical thinking and leadership.

Even with the introduction of new courses, some of the best educational opportunities provided by RIMS and other educational groups remain their annual conferences, which combine educational sessions with business meetings.

"Networking is a real key advantage to attending the programs," said Jack Gibson, president of the Dallas-based International Risk Management Institute, which publishes commercial lines insurance and risk management information materials and sponsors a construction insurance conference every fall.

Risk managers interested in concentrating on health care risk management may want to consider taking a specialized course available through the insurance institutes' new CARME program, said Ms. Combrinck-Graham. The course stems from a strategic alliance with the American Society of Healthcare Risk Management in Chicago.

A similar alliance with the Public Risk Management Assn. in Arlington, Va., is expected to result in a specialized program for public entity risk managers by year end.

"Our ambitious goal is to improve risk management practice through education, and better practice will benefit many people worldwide with a safer environment," said George L. Head, an AICPCU/IIA vp who pioneered the ARM program and will serve as senior staff of CARME, in a written statement.

Other organizations also are offering risk management education.

"The line between financial risk management and insurance risk management is blurring, so people on both sides need to learn more about each other's discipline," said Lev Borodovsky, director of Credit Suisse First Boston. He is executive director of the Global Assn. of Risk Professionals in Tarrytown, N.Y.

GARP offers a course and examination leading to the Financial Risk Manager designation, which was designed primarily for financial managers.

Risk managers also can learn from new software products designed for finance and business professionals. Learning Insights in Chicago sells two multimedia, CD-ROM-based products that explain 13 alternatives for raising capital as well as financial risk management concepts and applications. Each product costs \$600, according to Lee Guthrie, Learning Insights' senior vp for product development.

Or, for risk managers seeking highly sophisticated software that provides a complete financial risk management program, Algorithmics Inc. in Toronto sells a collection of integrated software for financial institutions and corporations. The product addresses analytic, data management and reporting needs. The entry-level price is about \$500,000, according to Harvey Gordon, Algorithmics' vp for business development. **BI**



re to checkout its spectacular insurance program.
ety • National Programs • International Accounts

1-800-606-4233
www.genacc-us.com

BI directory of risk management consultants

A

A&L Risk Management Ltd.
6110 Blue Circle Drive, Suite 235,
Minnetonka, Minn. 55343;
612-933-5560; fax: 612-931-1147

1997 revenues	
Risk management consulting revenues	NA
Continuous consulting	80%
Risk management audits	8%
Special projects	12%
Staff	
Total	4
Risk management professionals	4
Includes: 1 principal consultant, 2 consultants, 1 analyst, 1 CPCU, 2 ARMs, 1 CSP, 1 CIC	
Clients	
Minimum size	None
Consulting since: 1986.	
Services: Insurance coverage and limits analysis, broker and vendor services analysis, risk man-	

agement organization studies.
Specialties: Manufacturing, global companies, foreign companies with U.S. operations.
Locations: Minneapolis.
Compensation: By the project, on retainer, by the hour; principal consultant, \$125 to \$175; consultant, \$90 to \$110.
Officers: Robert Abrahamson, executive consultant/CEO.

AMI Risk Consultants Inc.
11410 N. Kendall Drive, Suite 208,
Miami, Fla. 33176-1031;
305-273-1589; fax: 305-274-4706

1997 revenues	
Risk management consulting revenues	NA
Continuous consulting	5%
Risk management audits	15%
Special projects	5%
Actuarial/accounting services	75%
Staff	
Total	9
Risk management professionals	6
Includes: 1 principal consultant, 1 consultant, 2 actuaries, 2 analysts; 1 CPCU, 1 ARM, 2 FCASs, 1 ACAS	

Clients
Total58

Consulting since: 1992.
Services: Alternative risk financing consulting, consulting on design of risk management information systems, actuarial consulting.
Compensation: By the project, by the hour; principal consultant, \$180 to \$200; consultant \$130 to \$175; analyst, \$90 to \$120; clerical, \$25 to \$40.
Contact: Bob Ingco, president/chief actuary.

Advanced Insurance Management
3230 S. Harlem Ave.,
Suite 204, Riverside, Ill. 60546;
708-442-0335; fax: 708-442-0820

1997 revenues	
Risk management consulting revenues	NA
Risk management audits	10%
Special projects	90%
Staff	
Total	3
Risk management professionals	2
Includes: 1 principal consultant, 1 consultant; 1 CPCU	

Clients
Total32
Associations2
Minimum size\$20,000

Consulting since: 1987.
Services: Insurance coverage and limits analysis, broker and vendor services analysis, expert witness services.
Specialties: Manufacturing, contractors.
Compensation: By the project, by the hour; principal consultant, \$125; consultant, \$100; clerical, \$25.
Officers: Edward J. Priz, president.

Affiliated Risk Management Cos.
770 N. Jefferson,
Milwaukee, Wis. 53202;
414-271-7333; fax: 414-271-6494

1997 revenues	
Risk management consulting revenues	\$2,925,000
Continuous consulting	50%
Risk management audits	25%
Special projects	25%

Staff
Total550
Risk management professionals39
Includes: 8 principal consultants, 20 consultants, 11 analysts; 1 CPCU, 1 ARM, 2 CSPs, 3 CICs, 2 PEs

Clients
Total292
Associations7
Minimum size\$2,500

Consulting since: 1997.
Services: Most risk management services.
Locations: Chicago; Madison, Milwaukee, Port Washington, Racine, Ripon and Waukesha, Wis.
Compensation: By the project, on retainer, by the hour; principal consultant, \$95 to \$125; consultant, \$75; analyst, \$50; clerical, \$25.
Officers: Paul Price, president; Curt Klade, treasurer; Dave Ginder, vp; Dave Schwoerer, secretary.

J.H. Albert International Insurance Advisors Inc.
72 River Park,
Needham, Mass. 02194;
781-449-2866; fax: 781-449-5430

Continued on page 22

Making a Difference in Healthcare Outcomes

Every Day Low Prices?
Always at Wal-Mart.
Quality Managed Care?
Always at CorVel.

Wal-Mart offers the lowest prices possible, every day, on over 80,000 products.

That adds up to considerable savings for the local community. At CorVel, our national network of over 170 branch offices is built on a similar premise - healthcare is a local service, best delivered at the community level.

A member of the community in Boca Raton, Florida, Wal-Mart associate Zuleika Williams lives in a state where new healthcare legislation for workers' compensation programs has licensed CorVel Corporation

as a managed care organization (MCO). With more than 40,000 associates at over 170 stores statewide, Wal-Mart uses CorVel's integrated service models to assist associates like Zuleika with their healthcare needs.

CorVel joins Wal-Mart in making a difference where it counts - delivering value to the community.

BI directory terms and methodology defined

The directory of risk management consultants lists companies that generate at least \$100,000 of their gross revenue from pure risk management consulting. *Business Insurance* defines pure risk management consulting as providing advice on risk management issues on a fee-for-service basis; this excludes activities such as conferences, publishing, claims administration, computer time sharing, consulting for insurers, captive management and employee benefit consulting.

Listings begin with financial/statistical information. This section includes: total 1997 gross revenues and 1997 revenue generated by risk management consulting, including the percentages attributed to continuous risk management consulting, risk management audits, special risk management projects and actuarial/accounting services.

The **staff** section details the total number of

employees, as well as the number of professional employees assigned to risk management consulting. Professionals are broken out into principal consultants, consultants, actuaries and analysts; professional designations (as defined below) held by staff members are also provided.

Next is the total number of risk management consulting **clients**, including the number of association clients. In addition, the minimum-sized client by risk and insurance budget is listed.

The next section begins with the year risk management consulting services began; **parent company** and **services** provided follow.

If a company specializes in three or fewer services, those specialties are listed. Otherwise, the company reported that it offers most or all of these general risk management consulting services: alternative risk financing

consulting, insurance coverage and limits analysis, broker and vendor services analysis, consulting on design of risk management information systems, risk management organization studies, claims consulting, loss prevention consulting, expert witness services, loss settlement assistance and actuarial consulting.

If a company specializes in consulting to three or fewer types of business or industry, the **specialties** will be listed; otherwise, the company reported that it provides services to all or most types of businesses. Majority-owned **locations** providing risk management consulting are listed next. **Compensation** specifies whether the company is paid on a project basis, on a retainer basis and/or by the hour. If compensation is charged by the hour, the ranges of hourly charges are given for principal consultant, consultant, analyst

and clerical work.

If a member of the Society of Risk Management Consultants is on staff, the listing will indicate **SRMC member**. The names and titles of the company's top **officers** and the name of a **contact person** conclude each listing.

The directory is published as an editorial service; there is no charge to be included. Information reported is based on each company's response to a *BI* questionnaire. Although every effort is made to publish complete and accurate listings, *Business Insurance* is unable to verify all information.

Following are the full professional designations for those abbreviated under the staff heading: **ACAS** is Associate, Casualty Actuarial Society; **ARM** is Associate in Risk Management; **CIC** is Certified Insurance Counselor; **CPCU** is Chartered Property Casualty Underwriter; **CSP** is Certified Safety Professional; **FCAS** is Fellow, Casualty Actuarial Society; **PE** is Project Engineer; **CMC** is Certified Management Consultant.



CorVel Account Executive Mandy Vatter (left), and Wal-Mart Associate Zuleika Williams.

To learn how CorVel can make a difference for you, please contact:

CorVel Corporation

Telephone: 888 7 CORVEL

E-mail: marketing@corvel.com

Or visit our website:

<http://www.corvel.com>



CorVel

Continued from page 20

1997 revenues	
Total gross revenues	\$6,500,000
Risk management consulting revenues	\$6,500,000
Continuous consulting	80%
Risk management audits	5%
Special projects	15%
Staff	
Total	43
Risk management professionals	37
Includes: 9 principal consultants, 26 consultants, 19 CPCUs, 13 ARMs, 1 CSP	
Clients	
Total	800
Associations	6
Consulting since: 1967.	
Services: Most risk management services.	
Compensation: By the hour; principal consultant, \$180 to \$325; consultant, \$150; analyst, \$115.	
SRMC member.	
Officers: Joseph H. Albert, president; Michael A. Rodman, executive vp; George W. West, Thomas L. Atkins, Martin S. Berman, vps.	
Contact: Joseph H. Albert	
Aldrich & Cox Inc.	
3075 Southwestern Blvd., Suite 202, Orchard Park, N.Y. 14227-1287;	
716-675-6300; fax: 716-675-2098	
1997 revenues	
Risk management consulting revenues	NA

Continuous consulting	75%
Risk management audits	20%
Special projects	5%
Staff	
Total	12
Risk management professionals	8
Includes: 3 principal consultants, 4.5 consultants; 5 CPCUs, 2 ARMs	
Clients	
Total	60
Minimum size	None
Consulting since: 1951.	
Services: Most risk management services.	
Compensation: By the project, by the hour; consultant, \$80 to \$165.	
SRMC member.	
Officers: Charles H. Cox, president; James B. Hood Jr., executive vp; Michael B. Coyle, Ernest A. Hoffoth, vps.	
Contact: Charles H. Cox.	
All Risks Ltd. Inc.	
294 Broad St., Red Bank, N.J. 07701;	
732-741-3450; fax: 732-758-1888	
1997 revenues	
Total gross revenues	\$134,634
Risk management consulting revenues	\$134,634
Continuous consulting	47%
Risk management audits	32%
Special projects	21%

Staff	
Total	3
Risk management professionals	2
Includes: 1 principal consultant, 1 analyst.	
Clients	
Total	16
Minimum size	\$2,500
Consulting since: 1970.	
Services: Insurance coverage and limits analysis, excess/wrress services, joint insurance funds.	
Locations: Red Bank, N.J.	
Compensation: By the project, on retainer, by the hour; principal consultant, \$150; analyst, \$53.	
SRMC member.	
Contact: Huber M. Farrow, president.	
Represents minimum fee.	
Alpha Risk Management Inc.	
60 Cutter Mill Road, Great Neck, N.Y. 11021;	
516-829-3500; fax: 516-829-6029	
1997 revenues	
Total gross revenues	\$1,500,000
Risk management consulting revenues	\$1,500,000
Continuous consulting	60%
Risk management audits	15%
Special projects	25%
Staff	
Total	15
Risk management professionals	9
Includes: 6 principal consultants, 2 consultants,	

1 analyst; 1 ARM, 1 CIC	
Clients	
Total	47
Associations	1
Consulting since: 1973.	
Services: Alternative risk financing consulting, insurance coverage and limits analysis, risk management guidelines/audits for banks.	
Specialties: Manufacturing, financial services, real estate.	
Locations: Montreal.	
Compensation: By the project, on retainer, by the hour.	
Officers: Herbert H. Feldman, president/CEO; Judith Scott, managing director-Canada; James E. Branigan, executive vp; Fran Carleton, Arne M. Reyerson, senior vps.	
Altus Partners Inc.	
1 Aldwyn Center, Villanova, Pa. 19085;	
610-526-9130; fax: 610-526-2021	
1997 revenues	
Risk management consulting revenues	NA
Continuous consulting	85%
Risk management audits	10%
Special projects	5%
Staff	
Total	4
Risk management professionals	3
Includes: 1 principal consultant, 1 consultant, 1 analyst	

Clients	
Total	70
Associations	6
Minimum size	\$10,000
Consulting since: 1997.	
Services: Alternative risk financing consulting, insurance coverage and limits analysis, broker and vendor services analysis.	
Compensation: By the project, by the hour; principal consultant, \$150; consultant, \$85; analyst, \$50; clerical, \$25.	
Officers: Charles T. Wilmerding, president; William J. Calderaro, vp.	
Contact: Charles T. Wilmerding.	
American Risk Managers Inc.	
330 County Highway 35, P.O. Box 789, Hamilton, Ala. 35570;	
205-921-7979; fax: 205-921-3146	
1997 revenues	
Total gross revenues	\$650,000
Risk management consulting revenues	\$525,000
Continuous consulting	80%
Risk management audits	10%
Special projects	5%
Actuarial/accounting services	5%
Staff	
Total	12
Risk management professionals	5
Includes: 2 principal consultants, 3 consultants, 3 analysts; 2 CPCUs, 1 ARM, 3 CICs	
Clients	
Total	64
Associations	5
Minimum size	\$25,000
Consulting since: 1979.	
Services: Insurance coverage and limits analysis, claims consulting, loss prevention consulting.	
Locations: Hamilton, Ala.	
Compensation: By the project, on retainer, by the hour; principal consultant, \$125; consultant, \$75; analyst, \$55; clerical, \$35.	
SRMC member.	
Officers: Walter D. Haney Sr., chairman; Walter D. Haney Jr., president; Ginny Hughett, vp.	
Andersen Worldwide	
1601 Market St., Philadelphia, Pa. 19103;	
215-241-8071; fax: 215-241-7420	
1997 revenues	
Total gross revenues	\$11,300,000,000
Risk management consulting revenues	\$28,730,833
Continuous consulting	3%
Risk management audits	3%
Special projects	86%
Actuarial/accounting services	8%
Staff	
Total	103,378
Risk management professionals	144
Includes: 17 principal consultants, 43 consultants, 12 actuaries, 72 analysts; 2 CPCUs, 1 ARM, 11 FCASs, 3 ACAS	
Clients	
Total	885
Associations	6
Services: Most risk management services.	
Locations: San Jose, Calif.; Hartford, Conn.; Atlanta; Chicago; New York; Philadelphia; Houston; Milwaukee.	
Compensation: By the project, on retainer, by the hour; principal consultant, \$300 to \$500; consultant, \$225 to \$300; analyst, \$100 to \$225.	
Officers: Michael L. Toothman, managing partner; Michael L. Bennett, business risk/management consulting; Mark C. Hargis, environmental services; David A. Borghesi, litigation/insurance claim consulting; Richard G. Gregoire, claim consulting.	
Contact: Ellen A. Semple, marketing manager.	
Aon Management Institute Inc.	
628 Hebron Ave., Corporate Center II, Glastonbury, Conn. 06033;	
860-659-6780; fax: 860-659-6787	
1997 revenues	
Total gross revenues	\$3,000,000
Risk management consulting revenues	\$3,000,000
Continuous consulting	95%
Risk management audits	3%
Special projects	2%
Staff	
Total	18
Risk management professionals	9
Includes: 2 principal consultants, 8 consultants, 1 analyst; 3 CPCUs, 4 ARMs, 3 CSPs	
Consulting since: 1986.	
Parent: Aon Corp.	
Services: Claims consulting, loss prevention consulting, benchmarking.	
Locations: San Francisco; Hartford, Conn.; Chicago; St. Louis; Dallas.	
Compensation: By the project, on retainer, by the hour; principal consultant, \$300; consultant, \$250 to \$300; analyst, \$150; clerical, \$50.	
Officers: Rebecca S. Bruce, president/CEO; Fred Muldoon, senior vp; Anne Ritter, Cathie Bigger, Richard Bolmen, senior vps/managing consultants; Mary Ann Allen, Danny Holtsclaw, consultants.	
Aon Risk Management Services Scandinavia A/S	
Strandgade 4C, Copenhagen, Denmark 1401 KBH K;	
45-32-69-7140; fax: 45-32-96-9634	
1997 revenues	
Risk management consulting revenues	NA
Continuous consulting	50%
Special projects	50%
Staff	
Total	10
Risk management professionals	9
Includes: 4 principal consultants, 5 consultants; 5 ARMs, 1 PE	

Click here for **instant** knowledge.

Knowledge is the new currency of business and our interactive SAFECO software puts a wealth of it at your fingertips. It translates data into timely information you can use to make quick, intelligent decisions, reduce losses and save money. And since it gives you a direct link to our nationwide computer network, you can file claims instantly. SAFECO is fast, accurate and easy to use, a power tool for information management. If you'd like to know more, let's talk.

SAFECO Commercial Lines *What's right.™*

www.safeco.com

April 17th, 1906

... Glad I've found at least some work at the construction site. Times are tough and it's one of the few safe jobs you can get nowadays.



On April 18th, 1906 a heavy earthquake devastated San Francisco.

The unexpected happens.
We're there when you need us.

hannover re

Fax +49/511/5604-188

Continued from page 22

Clients	
Total	10
Associations	1
Minimum size	\$100,000
Consulting since: 1990.	
Parent: Aon Corp.	
Services: Insurance coverage and limits analysis, risk management organization studies, loss prevention consulting.	
Locations: Copenhagen, Denmark; Helsingborg, Stockholm and Vaksjoe, Sweden.	
Compensation: By the project, by the hour: principal consultant, \$175 to \$250; consultant, \$125 to \$200.	
Officers: Lone Hertz, managing director; Stuart Henney, executive director.	
Contact: Stuart Henney.	

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

1997 revenues	
Total gross revenues	\$742,000
Risk management consulting revenues	\$592,000
Continuous consulting	75%
Risk management audits	20%
Special projects	5%
Staff	
Total	12
Risk management professionals	10

Clients	
Total	112
Associations	6
Consulting since: 1985.	
Services: Most risk management services.	
Locations: Los Angeles, San Francisco, Atlanta, Chicago.	
Compensation: By the project, on retainer, by the hour: principal consultant, \$105; consultant, \$90.	
Officers: Harry P. Mirijanian, president.	

Applied Risk Management
2101 Webster St.,
Oakland, Calif. 94612;
510-452-9300; fax: 510-452-1479

1997 revenues	
Total gross revenues	\$33,000,000
Risk management consulting revenues	\$3,297,000
Continuous consulting	70%
Risk management audits	15%
Special projects	15%
Staff	
Total	250
Risk management professionals	10
Includes: 10 consultants	
Clients	
Total	30
Associations	27
Minimum size	None

Consulting since: 1980.	
Services: Ergonomics, workers comp program design and audit, data analyses and warehousing.	
Locations: Oakland, Calif.; Austin and El Paso, Texas.	
Compensation: By the project, by the hour: consultant, \$140 to \$165.	
Officers: Irvin D. Nicholas, president/CEO; Dan Nicholson, Jay Ayala, executive vps; Janet Calhoun, Larry Dean, Bill Handley, senior vps.	
Contact: Peggy Eller.	

ARCS International Inc.
8777 E. Via De Ventura,
Suite 135, Scottsdale, Ariz. 85258;
602-951-3903; fax: 602-351-3889

1997 revenues	
Risk management consulting revenues	\$250,000
Special projects	100%
Staff	
Total	5
Risk management professionals	4
Includes: 1 principal consultant, 1 consultant, 2 analysts; 1 CPCU, 1 CSP, 2 FEs	
Clients	
Total	104
Minimum size	\$10,000
Consulting since: 1997.	
Services: Risk management organization studies, loss prevention consulting.	
Specialties: Health care providers, transportation, building contractors.	

Location: Scottsdale, Ariz.	
Compensation: By the project.	
Officers: Charles W. Olsen, president/CEO; Donald Napoli, vp-robust intelligence; Edward Krupinski, vp-engineering; Diane Barkley, CFO; Bonnie Banks Olsen, corporate secretary.	
Contact: Charles W. Olsen.	

ARM Tech
23701 Birtcher Dr.,
Lake Forest, Calif. 92630-1783;
714-472-8324; fax: 714-472-9228

1997 revenues	
Total gross revenues	\$3,450,000
Risk management consulting revenues	\$3,100,000
Continuous consulting	40%
Risk management audits	40%
Special projects	19%
Actuarial/accounting services	26%
Staff	
Total	21
Risk management professionals	14
Includes: 3 principal consultants, 6 consultants, 1 actuary, 4 analysts; 4 CPCUs, 4 ARMs, 1 FCAS, 1 CIC	
Consulting since: 1982.	
Services: Most risk management services.	
Specialties: Health care providers, utilities, construction.	
Compensation: By the project, by the hour: principal consultant, \$185 to \$200; consultant, \$120 to \$150; analyst, \$45 to \$80; clerical, \$25 to \$45.	

SRMC member.	
Officers: Steve P. Kahn, Michael M. Kaddatz, Steven A. Glicksman, principals.	
Contact: Michael M. Kaddatz.	

Associated Consultants Inc.
P.O. Box 636,
Park Ridge, Ill. 60068;
847-698-9880; fax: 847-698-9905

1997 revenues	
Total gross revenues	\$220,000
Risk management consulting revenues	\$184,000
Continuous consulting	95%
Special projects	5%
Staff	
Total	2
Risk management professionals	1
Includes: 1 principal consultant	
Clients	
Total	21
Associations	5
Consulting since: 1981.	
Services: Insurance coverage and limits analysis, broker and vendor services analysis, loss prevention consulting.	
Specialties: Manufacturing, associations, wholesalers/distributors.	
Compensation: By the hour: principal consultant, \$135; consultant, \$90; clerical, \$35.	
SRMC member.	
Officers: Robert K. Nelson.	

AuditRate Inc.
60 W. Superior St.,
Chicago, Ill. 60610;
312-944-2000; fax: 312-944-7000

1997 revenues	
Total gross revenues	\$825,000
Risk management consulting revenues	\$625,000
Continuous consulting	13%
Risk management audits	77%
Special projects	10%
Staff	
Total	9
Risk management professionals	6
Includes: 2 principal consultants, 2 consultants, 2 analysts; 2 CPCUs, 1 ARM, 1 CIC	
Clients	
Total	100
Associations	1
Minimum size	None

Consulting since: 1966.	
Parent: Alper Services Inc.	
Services: Alternative risk financing consulting, insurance coverage and limits analysis, claims consulting.	
Specialties: Manufacturing, health care providers, technology.	
Compensation: By the project, on retainer, by the hour: principal consultant, \$200; consultant, \$150; analyst, \$95; clerical, \$35.	
Officers: Howard C. Alper, president/CEO; Craig A. Kanter, executive vp/COO; Richard A. Swoick, vp.	
Contact: Howard C. Alper.	

Bahr Consultants Inc.
408 Cedar Bluff Road, Suite 220,
Knoxville, Tenn. 37923;
423-694-6098; fax: 423-694-6099

1997 revenues	
Total gross revenues	\$250,000
Risk management consulting revenues	\$250,000
Continuous consulting	80%
Risk management audits	20%
Staff	
Total	3
Risk management professionals	2
Includes: 2 principal consultants; 1 CPCU, 1 ARM, 1 CIC	
Clients	
Total	50
Minimum size	\$30,000

Consulting since: 1987.	
Services: Most risk management services.	
Locations: Knoxville, Tenn.	
Compensation: By the project, on retainer, by the hour: principal consultant, \$125.	
SRMC member.	
Officers: W. Hank Bahr.	

Becher & Carlson Cos.
21700 Oxnard St., Suite 1800,
Woodland Hills, Calif. 91367;
818-715-0800; fax: 818-407-5555

1997 revenues	
Risk management consulting revenues	NA
Continuous consulting	60%
Special projects	30%
Actuarial/accounting services	10%
Staff	
Total	48
Risk management professionals	31
Includes: 11 principal consultants, 17 consultants, 1 actuary, 2 analysts; 2 CPCUs, 3 ARMs, 1 FCAS, 1 CIC	
Consulting since: 1981.	
Parent: American Re-Insurance Co.	
Services: Alternative risk financing consulting, consulting on design of risk management information systems, actuarial consulting.	
Locations: Woodland Hills, Calif.; Atlanta; Honolulu; Princeton, N.J.; Burlington, Vt.; Hamilton, Bermuda; Johannesburg, South Africa.	
Compensation: By the project.	
Officers: David L. Carlson, president/CEO;	

Your Amazing New Digital Office



Aficio™ FX10

An entire office in one small footprint

The digital plain paper copier that's also a high speed laser fax, high resolution scanner and PC printer.

Big capabilities for small offices. The Aficio FX10 from Ricoh. The most versatility for the money. As a digital copier, it's a great buy. As a digital copier, top-quality fax, PC-connectable laser printer and reliable scanner, it's the best multifunction buy in its class. All you have to do is clear off some desk space. And call **800 63 RICOH**. Or meet us online at www.ricoh-usa.com



© 1998 Ricoh Corporation.

Up a creek with a tough risk?



Get back on solid ground with General Star.
Call your broker and put our underwriting expertise,
capacity and security to work for you.



GENERAL STAR

- Market Stability
- Financial Strength
- Underwriting Quality

Specialty underwriting through appointed surplus lines brokers. For a list of brokers in your area,
call General Star Management Company, Stamford, CT (203) 328-5700, ext. 5985, or fax your request to: (203) 328-5840.
Atlanta • Chicago • Dallas • London • Los Angeles • New York • Stamford

**"First weigh the
then take**

Deciding how much risk to accept is a risk all unto itself. But with ERC[®], you can feel more confident in managing those risks. Our network of reinsurance specialists are backed by a century of experience. And, of course, the huge capital reserve of GE. Which means you can do more than consider new risks. You can take them. **It's a world of risks. Be prepared.**

**considerations,
the risks."**

*Helmuth Von Moltke
Prussian General*



ERC[®]

A GE Capital Services Company

© ERC 1998

Continued from page 24

Robert L. Glickstein, senior vp/CFO; James J. Kofmehl, Robert W. Hessel, Gregory K. Myers, senior vps.
Contact: Gregory K. Myers.

Max Bernstein Co.

555 California St., Suite 4490,
 San Francisco, Calif. 94104;
 415-981-3510; fax: 415-362-7100

1997 revenues	
Total gross revenues	\$263,000
Risk management consulting revenues	\$263,000
Continuous consulting	75%
Risk management audits	20%
Special projects	5%
Staff	
Total	5
Risk management professionals	4
Includes: 1 principal consultant, 3 consultants, 3 CPCUs, 2 ARMs	
Clients	
Total	12
Minimum size*	\$2,500
Consulting since: 1987.	
Services: Most risk management services.	
Specialties: Manufacturing, financial services, retail.	
Locations: San Francisco.	
Compensation: By the project, on retainer, by the hour: principal consultant, \$190; consultant, \$150.	

Officers: Max Bernstein, president.
 *Represents minimum fee.

Betterley Donoghue

200 Lincoln St.,
 Boston, Mass. 02111;
 617-482-7015; fax: 617-556-4030

1997 revenues	
Risk management consulting revenues	\$2,200,000
Continuous consulting	70%
Risk management audits	12%
Special projects	18%
Staff	
Total	14
Risk management professionals	10
Includes: 8 principal consultants, 2 consultants; 2 CPCUs, 1 ARM, 1 CMC	
Clients	
Total	155
Associations	4
Consulting since: 1932.	
Services: Most risk management services.	
Locations: Boca Raton, Fla.; Boston.	
Compensation: By the hour: principal consultant, \$200 to \$250; consultant, \$135 to \$175; analyst, \$90 to \$115.	
SRMC member.	
Officers: Kevin F. Donoghue, president/managing director; Richard Betterley, managing director; Michael Norek, Emmanuel Psilakis, senior vps; Joseph Tangney.	
Contact: Michael E. Norek.	

Blackburn Group Inc.

23 Bremen Circle,
 Penfield, N.Y. 14526;
 716-586-4530; fax: 716-586-7479

1997 revenues	
Risk management consulting revenues	NA
Continuous consulting	75%
Special projects	25%
Staff	
Total	6
Risk management professionals	5
Includes: 1 principal consultant, 1 consultant, 3 analysts	
Clients	
Total	170
Consulting since: 1991.	
Services: Most risk management services.	
Locations: Penfield, N.Y.	
Compensation: By the project, on retainer, by the hour: principal consultant, \$125 to \$150; consultant, \$75 to \$125; analyst, \$50 to \$75; clerical, \$30 to \$40.	
Contact: Robert J. Blackburn, managing principal.	

Blades, Macaulay, Crout & Myers Inc.

2444 Morris Ave., P.O. Box 188,
 Union, N.J. 07083; 908-687-3735;
 fax: 908-687-2040

1997 revenues	
Risk management consulting revenues	NA
Continuous consulting	40%
Risk management audits	40%
Special projects	20%
Staff	
Total	4
Risk management professionals	3
Includes: 2 principal consultants, 1 consultant; 1 ARM	
Clients	
Total	25
Associations	3
Minimum size	None
Consulting since: 1926.	
Services: Most risk management services.	
Compensation: By the project, on retainer, by the hour: principal consultant, \$180 to \$190; consultant, \$125 to \$145.	
SRMC member.	
Officers: John J. Crout, president; Richard L. Myers, vp.	

T.E. Brennan Co.

2 Plaza E., Suite 750,
 330 E. Kilbourn Ave.,
 Milwaukee, Wis. 53202;
 414-271-2232; fax: 414-271-0104

1997 revenues	
Total gross revenues	\$1,422,522
Risk management consulting revenues	\$1,093,166
Continuous consulting	66%

Risk management audits	22%
Special projects	12%
Staff	
Total	11
Risk management professionals	5
Includes: 4 principal consultants, 1 consultant; 3 CPCUs, 3 ARMs	
Clients	
Total	235
Associations	1
Consulting since: 1895.	
Services: Most risk management services.	
Compensation: By the project, on retainer, by the hour: principal consultant, \$200; consultant, \$180; analyst, \$65; clerical, \$45.	
SRMC member.	
Officers: Arvid R. Tillmar, chairman/CEO; Thomas E. Gold, president.	

Larry W. Buck & Associates Inc.

820 Gessner, Suite 1355,
 Houston, Texas 77024;
 713-467-4701; fax: 713-467-4780

1997 revenues	
Risk management consulting revenues	NA
Continuous consulting	80%
Risk management audits	10%
Special projects	10%
Staff	
Total	3
Risk management professionals	2
Includes: 1 principal consultant, 1 consultant; 1 ARM	
Clients	
Total	50
Minimum size	None
Consulting since: 1977.	
Services: Most risk management services.	
Locations: Houston.	
Compensation: By the hour: principal consultant, \$200; consultant, \$200.	
SRMC member.	
Officers: Larry W. Buck, president; N. Richard Magel, vp.	

Ken Buhler Associates Inc.

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

1997 revenues	
Total gross revenues	\$600,000
Risk management consulting revenues	\$500,000
Continuous consulting	85%
Risk management audits	10%
Special projects	5%
Staff	
Total	10
Risk management professionals	8
Includes: 3 principal consultants, 2 consultants; 2 PEs	
Clients	
Total	15
Consulting since: 1976.	
Services: Loss prevention consulting, expert witness services, loss settlement assistance.	
Compensation: By the project, by the hour.	
Officers: Ken Buhler, president; Randy Buhler, vp; Sandy Reikin, secretary/treasurer.	

J.D. Byrd & Associates Inc.

7260 Rush River Drive,
 Sacramento, Calif. 95831;
 916-429-2999; fax: 916-427-4743

1997 revenues	
Total gross revenues	\$420,000
Risk management consulting revenues	\$420,000
Continuous consulting	90%
Special projects	10%
Staff	
Total	7
Risk management professionals	7
Includes: 2 principal consultants, 5 consultants; 1 ARM	
Clients	
Total	18
Associations	1
Minimum size	None
Consulting since: 1993.	
Services: Broker and vendor services analysis, consulting on design of risk management information systems, loss prevention consulting.	
Locations: Elk Grove, Hayward, Placerville and Sacramento, Calif.	
Compensation: On retainer, by the hour: principal consultant, \$125; consultant, \$75; clerical, \$15.	
Officers: J. Douglas Byrd, president/CEO; Dr. Clinton R. Collins, medical director.	
Contact: Doug Byrd.	



CGR

455 W. St. Antoine, Suite 310,
 Montreal, Quebec, Canada H2Z 1J1;
 514-392-1253; fax: 514-392-0559

1997 revenues	
Risk management consulting revenues	NA
Continuous consulting	60%
Risk management audits	35%
Special projects	5%
Staff	
Total	3
Risk management professionals	2
Includes: 1 principal consultant, 1 consultant	
Clients	
Total	10
Minimum size	\$50,000
Consulting since: 1987.	
Services: Most risk management services.	
Locations: Montreal.	
Compensation: By the project, on retainer, by the hour.	

[TOO MUCH ON YOUR PLATE?]



LET US TRIM THE FAT!

OUR DATA COLLECTION

PRODUCTS AND SERVICES

STREAMLINE THE RISK

MANAGEMENT PROCESS.

Sometimes managing risk means digesting huge amounts of information.

And when you have too much risk data on your hands, it doesn't take much to ruin your appetite. That's when Corporate Systems goes to work.

We are ready to handle and simplify the most complex consolidation of risk data. Corporate Systems is the industry's only major independent provider of risk management systems. We don't answer to a parent company, so we're 100 percent free to focus on solutions for you.

Turn Corporate Systems' independence into your advantage.



1.800.9-CS-EDGE www.csedge.com

Continued on page 30

The benefit of **ingenuity**

Developing custom solutions to complex or unique problems often requires ingenuity. Such ingenuity comes about only through depth of knowledge and experience.

For more than 40 years, Old Republic Risk Management has focused solely on the alternative

insurance market. This experience enables us to create custom solutions to meet the specialized needs of our clients.

To learn more about how you might benefit from our ingenuity, see us at www.orr.com or call 414/797-3400.



Specialists in the alternative risk market.

Continued from page 28

the hour: principal consultant, \$175; consultant, \$125; analyst, \$100.
Officers: Andre Goyette.

CRM International Group

P.O. Box 61689, Marshalltown
 2107, Johannesburg, South Africa;
 27-11-322-8000;
 fax: 27-11-322-8299

1997 revenues	
Total gross revenues	\$13,790,000
Risk management consulting revenues	\$11,560,000
Continuous consulting	85%
Risk management audits	4%
Special projects	10%
Actuarial/accounting services	1%
Staff	
Total	157
Risk management professionals	102
Includes: 17 principal consultants, 38 consultants, 3 actuaries, 44 analysts	
Clients	
Total	190
Associations	3
Minimum size	\$200,000

Consulting since: 1976.
Parent: Forbes Group Ltd.
Services: Most risk management services.
Locations: Nairobi, Kenya; Cape Town, Durban, Johannesburg, Pretoria and Sandton, South Africa;

London.

Compensation: By the hour: principal consultant, \$100 to \$200; consultant, \$75 to \$160; analyst, \$70; clerical, \$65.

Officers: Frank Butler, Tony Valsamakis, joint chairmen; Paul Skivington, Louis Ferreira, Steve Riordan, directors.

Cannon Cochran Management Services Inc.

2 E. Main St., Danville, Ill. 61832;
 217-446-1089; fax: 217-443-0927

1997 revenues	
Total gross revenues	\$25,400,000
Risk management consulting revenues	\$2,500,000
Continuous consulting	95%
Actuarial/accounting services	5%
Staff	
Total	308
Risk management professionals	15
Includes: 15 principal consultants; 3 CPCUs, 8 ARMs, 3 CS's, 3 CICs	
Clients	
Total	80
Associations	40
Minimum size	None

Consulting since: 1978.
Services: Most risk management services.
Locations: Little Rock, Ark.; Margate, Fla.; Atlanta; Des Moines, Iowa; Oak Brook, Ill.; New Orleans; Brighton, Mich.; Jackson, Miss.; Kansas City

and St. Louis, Mo.; Las Vegas; Harrisburg, Pa.; Austin, Texas.

Compensation: By the project.

Officers: Robert L. Cowgill, chairman/CEO; Gary J. Schirmer, vice chairman; Stephen W. Ferguson, president/COO; G. Bryan Thomas, executive vp/chief marketing officer; Steven F. Luebbert, executive vp.

Contact: Annie Mariage, 800-252-5059 ext. 200.

Cantor & Co.

3100 Wilshire Blvd., Suite 445 E.,
 Beverly Hills, Calif. 90212;
 310-859-7277; fax: 310-859-7415

1997 revenues	
Total gross revenues	\$500,000
Risk management consulting revenues	\$180,000
Special projects	30%
Actuarial/accounting services	10%
Staff	
Total	6
Risk management professionals	4
Includes: 1 principal consultant, 3 analysts	
Clients	
Total	100

Consulting since: 1982.
Services: Alternative risk financing consulting, consulting on design of risk management information systems, actuarial consulting.
Specialties: Health care providers, government, public sector.

Compensation: By the project, on retainer, by the hour: principal consultant, \$180; analyst, \$100.

Officers: Alan B. Cantor, president; Judith J. Szarka, vp.

Contact: Alan B. Cantor.

Capell Industrial Risk Management Inc.

955 Horsham Road, Suite 205,
 Horsham, Pa. 19044;
 215-441-5561; fax: 215-441-5567

1997 revenues	
Total gross revenues	\$445,000
Risk management consulting revenues	\$200,000
Continuous consulting	75%
Risk management audits	5%
Special projects	20%
Staff	
Total	3
Risk management professionals	1
Includes: 1 principal consultant	
Clients	
Total	45
Associations	2
Minimum size	None

Consulting since: 1978
Services: Insurance coverage and limits analysis, claims consulting, expert witness services.
Specialties: Manufacturing, transportation, chemical processing.
Compensation: By the project, on retainer, by

the hour: principal consultant, \$175; clerical, \$45.

Officers: James W. Capell.

Contact: 800-622-7355.

Cardinal Risk Management Alternatives Inc.

10670 N. Central Expressway,
 Suite 460, Dallas, Texas 75231;
 214-365-0055; fax: 214-365-0077

1997 revenues	
Risk management consulting revenues	NA
Continuous consulting	82%
Risk management audits	12%
Special projects	6%
Staff	
Total	3
Risk management professionals	3
Includes: 3 principal consultants; 1 AFM, 1 CSP, 1 PE	
Clients	
Total	8
Minimum size	\$100,000

Consulting since: 1994.
Services: Most risk management services.
Locations: Dallas.
Compensation: By the project, on retainer, by the hour: principal consultant, \$187.50; consultant, \$150; analyst, \$75; clerical, \$50.
SRMC member.
Officers: Robert Duty, president; S.M. Duty, vp.
Contact: Robert Duty.

Casualty Actuarial Consultants Inc.

7101 Executive Center Drive,
 Suite 225, Brentwood, Tenn. 37027;
 615-371-5339; fax: 615-371-5341

1997 revenues	
Risk management consulting revenues	NA
Actuarial/accounting services	100%
Staff	
Total	9
Risk management professionals	8
Includes: 8 actuaries; 1 FCAS, 3 ACAS	
Clients	
Total	190
Associations	100
Minimum size	None

Consulting since: 1989.
Services: Alternative risk financing consulting, expert witness services, actuarial consulting.
Specialties: Individual/group self-insured risks, including workers comp groups and governmental entities.
Locations: Brentwood, Tenn.
Compensation: By the project, by the hour: principal consultant, \$175; consultant, \$150; analyst, \$100.
Officers: J. Edward Costner, president; Lisa Nan Dennison, Cecilia M. LePere, senior vps; Ellen Pierce, assistant vp.
Contact: J. Edward Costner, ext. 100.

Charlesworth & Associates L.C.

P.O. Box 23588,
 Overland Park, Kan. 66283-0588;
 913-851-4730; fax: 913-851-1993

1997 revenues	
Risk management consulting revenues	NA
Continuous consulting	60%
Risk management audits	10%
Special projects	30%
Staff	
Risk management professionals	5
Includes: 3 principal consultants, 2 consultants, 1 CPCU, 5 ARMs	
Clients	
Associations	50
Minimum size	None

Consulting since: 1981.
Services: Insurance coverage and limits analysis, risk management organization studies, loss prevention consulting.
Specialties: Manufacturing, health care providers, government.
Locations: Overland Park, Kan.
Compensation: By the project, on retainer, by the hour: principal consultant, \$75 to \$125; consultant, \$65.
Officers: Art Charlesworth, Bob Charlesworth, Connie McGraw, James Charlesworth, members.
Contact: Bob Charlesworth.

CitySide Associates Inc.

P.O. Box 429, 529 Route 515,
 Vernon, N.J. 07461; 973-764-7590;
 fax: 973-764-8582

1997 revenues	
Total gross revenues	\$500,000
Risk management consulting revenues	\$250,000
Risk management audits	75%
Special projects	25%
Staff	
Total	3
Includes: 2 principal consultants, 1 consultant	
Clients	
Total	12

Consulting since: 1981.
Services: Insurance coverage and limits analysis, claims consulting, expert witness services.
Specialties: Health care providers, government, insurance.
Locations: Vernon, N.J.; New York.
Compensation: By the project, on retainer: principal consultant, \$225; consultant, \$125; analyst, \$75.
SRMC member.
Officers: Ralph Caramecchi, president; Kenneth Richman, vp.

PROFIT PRESERVATION



GAIN CONTROL OF INSURANCE COSTS

At Commonwealth Risk, we design innovative risk financing solutions that return underwriting profit and investment income.

Let our expertise help you preserve your profits.

- Risk/Profit Participation
- Agency Captive Structures
- Rent-A-Captive Facilities
- Quota Share Arrangements
- Captive Management Services
- Accident & Health Programs

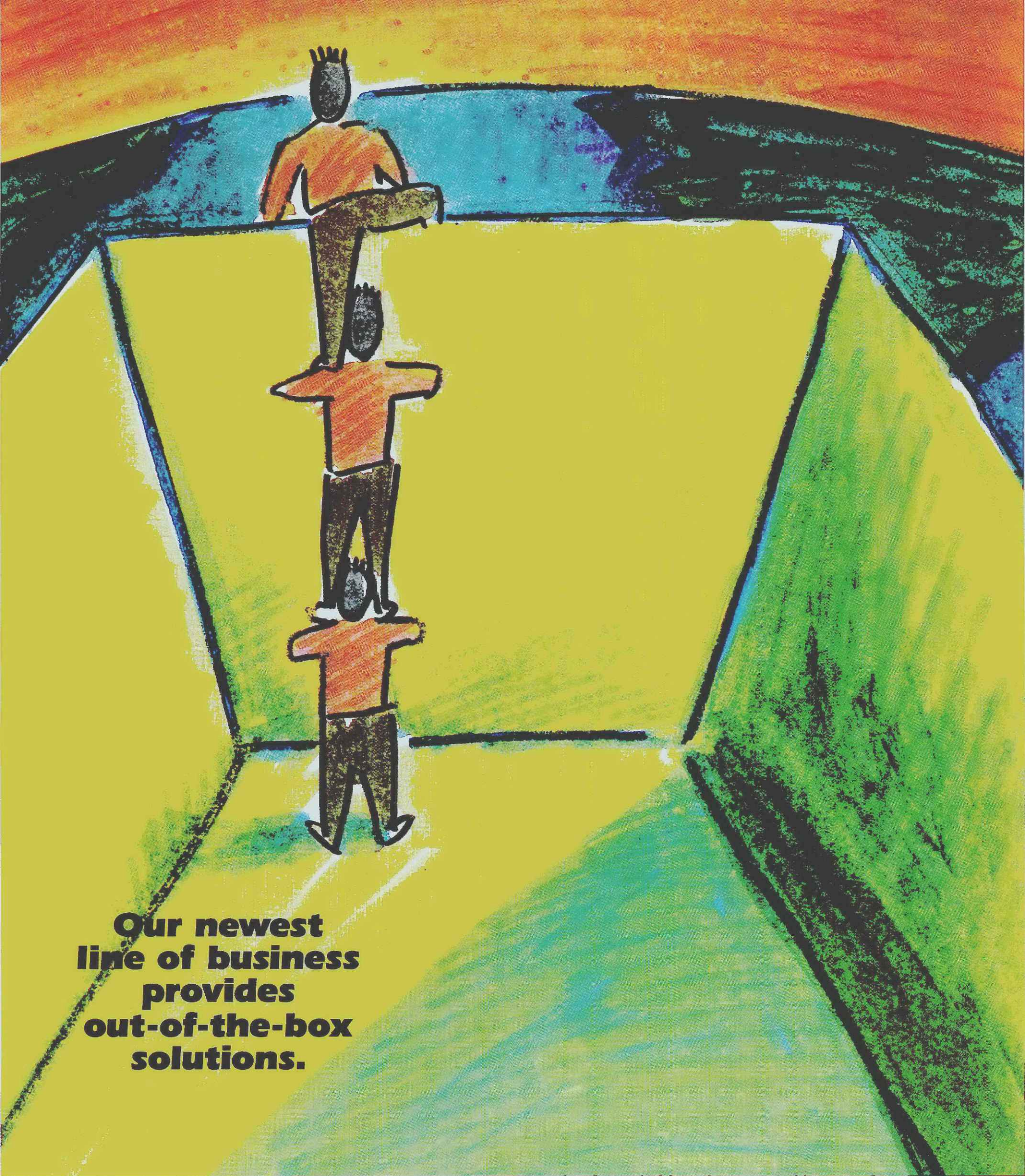
CommonwealthRisk

An MRM Company

Leaders in Alternative Risk Financing.

Call 1.800.474.3330

www.mutrisk.com



**Our newest
line of business
provides
out-of-the-box
solutions.**

Announcing Property Facultative Reinsurance.

Combine our out-of-the-box thinking and personalized approach with expertise in your industry, up to \$100 million capacity, over 40 years of providing innovative reinsurance — and what you get are solutions that open doors to increased business and a long-term partnership.

Call 1-800-200-1546 or visit our website at www.cnare.com for more information on our new property facultative reinsurance or other global reinsurance solutions.

CNA RE

Continued from page 30

CLAIMS (Care Logistics & Informatics Management Service)

P.O. Box 472572,
Charlotte, N.C. 28247;
704-542-5574; fax: 704-543-4923

1997 revenues	
Risk management consulting revenues	NA
Continuous consulting	15%
Risk management audits	10%
Special projects	75%

Staff	
Total	7
Includes: 2 principal consultants, 2 consultants, 2 analysts, 2 CPCUs, 2 ARMs, 1 FCAS, 1 CIC, 1 CMAC	

Clients	
Total	5
Associations	2
Minimum size	\$25,000

Consulting since: 1997.
Services: Broker and vendor services analysis, claims consulting, consulting on design of managed care information systems.
Locations: Boston; Charlotte, N.C.; New York; Salt Lake City.
Compensation: By the project.
Officers: Richard D. Rupert, CEO; David E. Morgan II, president; Paula Medina, vp.
Contact: David E. Morgan II.

Clifford-Ferch & Co.

2747 Crawfords Blvd.,
Suite 208, Fairlawn, Ohio 44333;
330-864-1801; fax: 330-864-1806

1997 revenues	
Risk management consulting revenues	NA
Continuous consulting	25%
Risk management audits	25%
Special projects	50%

Staff	
Total	4
Risk management professionals	3
Includes: 2 principal consultants, 1 consultant	

Clients	
Total	13
Minimum size	None

Consulting since: 1995.
Services: Insurance coverage and limits analysis, claims consulting, loss prevention consulting.
Locations: Akron, Ohio.
Compensation: By the project, on retainer, by the hour: principal consultant, \$155; consultant, \$105; analyst, \$85.
Contact: Daniel C. Buser, president or Conrad G. Hcmung, vp-environmental.

Commercial Risk Consultants Inc.

P.O. Box 606, 34 Wine St., Suite A,
Hampton, Va. 23669-0606;
757-723-0254; fax: 757-723-7953

1997 revenues	
Risk management consulting revenues	NA
Continuous consulting	90%
Risk management audits	5%
Special projects	5%

Staff	
Total	3
Risk management professionals	2
Includes: 1 principal consultant, 1 consultant; 2 CPCUs, 2 ARMs	

Clients	
Total	41
Minimum size	\$100,000

Consulting since: 1979.
Services: Most risk management services.
Locations: Richmond, Va.
Compensation: By the project on retainer, by the hour.
SRMC member.
Officers: John W. Newby, president.

The Compass Co. Inc.

30 Watervliet Ave.,
Albany, N.Y. 12206-1935;
518-459-2966; fax: 518-459-4042

1997 revenues	
Risk management consulting revenues	NA
Continuous consulting	60%
Risk management audits	20%
Special projects	20%

Staff	
Total	1
Risk management professionals	1
Includes: 1 principal consultant; 1 CPCU, 1 ARM	

Consulting since: 1984.
Services: Most risk management services.
Compensation: By the project, on retainer, by the hour: principal consultant, \$150.
SRMC member.
Officers: Edward W.S. Neff, president.

CONFIRM Inc.

30 Watervliet Ave.,
Albany, N.Y. 12206-1935;
518-459-0296; fax: 518-438-4042

1997 revenues	
Risk management consulting revenues	NA
Continuous consulting	60%
Risk management audits	10%
Special projects	20%
Actuarial/accounting services	10%

Staff	
Total	4
Risk management professionals	3
Includes: 1 principal consultant, 2 consultants; 1 CPCU	

Clients	
Total	25

Consulting since: 1989.
Services: Most risk management services.

Specialties: Health care providers, public entities, education.

Locations: Albany, N.Y.
Compensation: By the project, on retainer, by the hour: principal consultant, \$125 to \$175; consultant, \$75 to \$100; clerical, \$25 to \$35.

SRMC member.
Officers: James P. Faughnan Jr., president; Florence Smith, corporate secretary; Paul Czesak, director-risk management.

Consolidated Risk Management

1127 Euclid Ave., Suite 1050,
Cleveland, Ohio 44115-1695;
216-623-1777; fax: 216-241-8267

1997 revenues	
Risk management consulting revenues	NA
Continuous consulting	80%
Risk management audits	10%
Special projects	10%

Staff	
Total	8
Risk management professionals	5
Includes: 2 principal consultants, 2 consultants, 1 analyst; 2 CPCUs, 2 ARMs	

Clients	
Total	33
Minimum size	None

Consulting since: 1985.
Services: Most risk management services.
Compensation: By the project, on retainer, by the hour: principal consultant, \$165 to \$225; consultant, \$90 to \$150; analyst, \$60; clerical, \$40.
Officers: Michael R. Weil, Michael A. Cristofani.
Contact: Michael R. Weil.

Coopers & Lybrand L.L.P.

1155 Peachtree St., Suite 1100,
Atlanta, Ga. 30309; 800-404-2276;
fax: 404-870-1335

1997 revenues	
Total gross revenues	\$70,300,000
Risk management consulting revenues	\$38,700,000
Continuous consulting	10%
Risk management audits	25%
Special projects	50%
Actuarial/accounting services	15%

Staff	
Total	380
Risk management professionals	161
Includes: 105 principal consultants, 115 consultants, 83 actuaries, 62 analysts; 12 CPCUs, 15 ARMs, 63 FCASs, 1 CSP, 24 ACASs, 8 CICs, 2 PEs	

Clients	
Total	1,970
Associations	92
Minimum size	None

Consulting since: 1979.
Services: Most risk management services.
Locations: Los Angeles; San Francisco; Denver; Tampa, Fla.; Atlanta; Chicago; Boston; Parsippany, N.J.; New York; Philadelphia and Valley Forge, Pa.; Dallas; Seattle; Sydney, Australia; Brussels, Belgium; Hamilton, Bermuda; Toronto; Paris; Essen and Munich, Germany; Utrecht, Netherlands; London.

Compensation: By the project, on retainer, by the hour: principal consultant, \$335 to \$550; consultant, \$230 to \$360; analyst, \$140 to \$250; clerical, \$60 to \$100.

SRMC member.
Officers: Paul O'Connell, managing principal; Michael R. Vogler, principal/national director-risk management; Michael Flaherty, principal/national director-casualty claims; Cathy McKeon, principal; Steve Norton, director-risk management consulting, London.

Contact: Michael Vogler.
**Actuaries may also be included in the principal consultant and consultant categories.*

Copper Roof Risk Management

1290 Hornby St., Suite 101,
Vancouver, British Columbia,
Canada V6Z 2G4; 604-669-0456;
fax: 604-682-6738

1997 revenues	
Risk management consulting revenues	NA
Continuous consulting	23%
Risk management audits	40%
Special projects	27%
Actuarial/accounting services	10%

Staff	
Total	3
Risk management professionals	3
Includes: 1 principal consultant, 1 consultant, 1 analyst; 1 CMC	

Clients	
Total	23
Associations	3
Minimum size	None

Consulting since: 1982.
Services: Alternative risk financing consulting, insurance coverage and limits analysis, actuarial consulting.

Specialties: Manufacturing, government, associations.
Compensation: By the project, on retainer, by the hour: principal consultant, \$200; consultant, \$125; analyst, \$80; clerical, \$40.

SRMC member.
Officers: Erika D. Weller, president.

CORE Risk Services

P.O. Box 206, Johanniter-halle,
22145 Wasserstrasse,
Oldenburg, Ind. 47036-0206;
812-933-0656; fax: 812-933-0354

1997 revenues	
Total gross revenues	\$141,595
Risk management consulting revenues	\$141,595
Continuous consulting	85%
Risk management audits	5%

Continued on page 35

Capture Critical Risk Information from NCCI & D&B in One Shot...

RiskSnapshot™ Report



i n s i g h t
into mod history, D&B Rating, CEO name, SIC code, Governing Class code and more



f o c u s
attention on the risks that need it



s p e e d
decisions and write more workers compensation business

RiskSnapshot™ Report is also available on InsNet™ Online Service.

Contact your local NCCI or D&B account executive or NCCI's Customer Service Center at:

(800) NCCI-123
(800) 622-4123

and order your customized RiskSnapshot™ Report today!

© 1997 National Council on Compensation Insurance, Inc. NCCI and RiskSnapshot are registered trademarks of the National Council on Compensation Insurance, Inc. Dun & Bradstreet and D&B are registered trademarks of the Dun & Bradstreet Corporation.



750 Park of Commerce Drive
Boca Raton, FL 33487
(800) 622-4123 • www.ncci.com



Dun & Bradstreet
One Diamond Hill Road
Murray Hill, NJ 07974
(800) 234-3867 • www.dnb.com

Insurer Topics

A special editorial section sent exclusively to insurers and reinsurers



GLOBAL STRATEGIES

In this issue:

Financial crises in Asia present opportunity, risk
Page 32B

Keys to help U.S. companies succeed abroad
Page 32H

Training prepares employees to work in other cultures
Page 32M

Asian crises bring investment opportunities

Need for cash infusions brings bargains, but buyers face financial and other risks

By GAVIN SOUTER

The black economic cloud hanging over much of Southeast Asia could have a silver lining for insurance companies and brokers seeking to invest in the region.

As Asian economies have crumbled, companies of all kinds, including local insurers and brokerages, are

facing their own financial crises, and many would welcome an injection of hard cash.

Consequently, U.S. and European companies could take advantage of those problems, snapping up Asian companies and gaining access to the region at bargain prices.

However, such venture investments also may carry significant risks as economic conditions in the region remain in turmoil.

Potential investors not only face fi-

nancial risks associated with the troubled companies, but the region's regulatory and governmental environment also could change significantly, which may turn the investments sour.

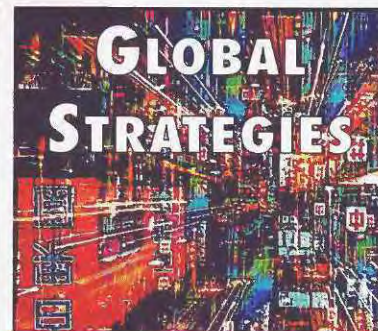
The financial crisis in Asia began last July, when the value of the Thai baht plunged. Shortly afterward, currencies in several more Asian nations came under pressure.

The crisis caused havoc in financial markets throughout the region

and led to multibillion-dollar rescue packages put together by the International Monetary Fund.

Amid the turmoil, though, some companies, including insurers in the United States and Europe, have seen the crisis as an opportunity to expand their investment in the region.

American International Group Inc., for example, bought a majority stake in Bangkok Investment Public Co. Ltd., an auto finance company and lender to small businesses in



Thailand. AIG also sponsored the AIG Asian Infrastructure Fund II, which closed in December with \$1.53 billion in commitments from 17 institutional investors. The fund will invest in infrastructure projects in the region.

Zurich Insurance Group had planned to buy a 24% stake in Peregrine Investment Holdings Ltd. in Hong Kong but pulled out shortly before Peregrine collapsed early this year (*BI*, Jan. 19). In a more low-key move, Zurich subsequently opened a representative office in Seoul, South Korea, with the intention of seeking a license to underwrite there.

Metropolitan Life Insurance Co. set up a joint venture, PT MetLife Segahtera, with an Indonesian life insurer, PT Tunasmas Paduarta, a subsidiary of the Indonesian conglomerate the Tirtamas Group.

The crisis provides opportunities for U.S. insurers to enter the region for a much lower cost than would have been the case prior to the turmoil, said Hanji Huang, a securities analyst who covers Asia for Russell Miller Advisors Asia Inc. in San Francisco.

For example, in South Korea and Indonesia, many industrial companies that have majority holdings in insurers are selling their stakes to focus on core businesses, and they currently will accept much lower offers from buyers to shed those operations, he said.

However, foreign insurers that wish to take advantage of the bargain prices should be prepared to wait for long-term profits, as short-term prospects in Asia look gloomy, Mr. Huang said.

"Short term, it's gloomy because people have to buy rice first rather than buy insurance, so they are canceling policies and insurers are feeling the crunch," he said.

But, in the long term, the region has young populations, and once they recover from this crisis, the economies will continue to grow, Mr. Huang said.

In Japan, the prospects for foreign insurers are not as great as other Asian markets because Japan's domestic insurance industry is well entrenched.

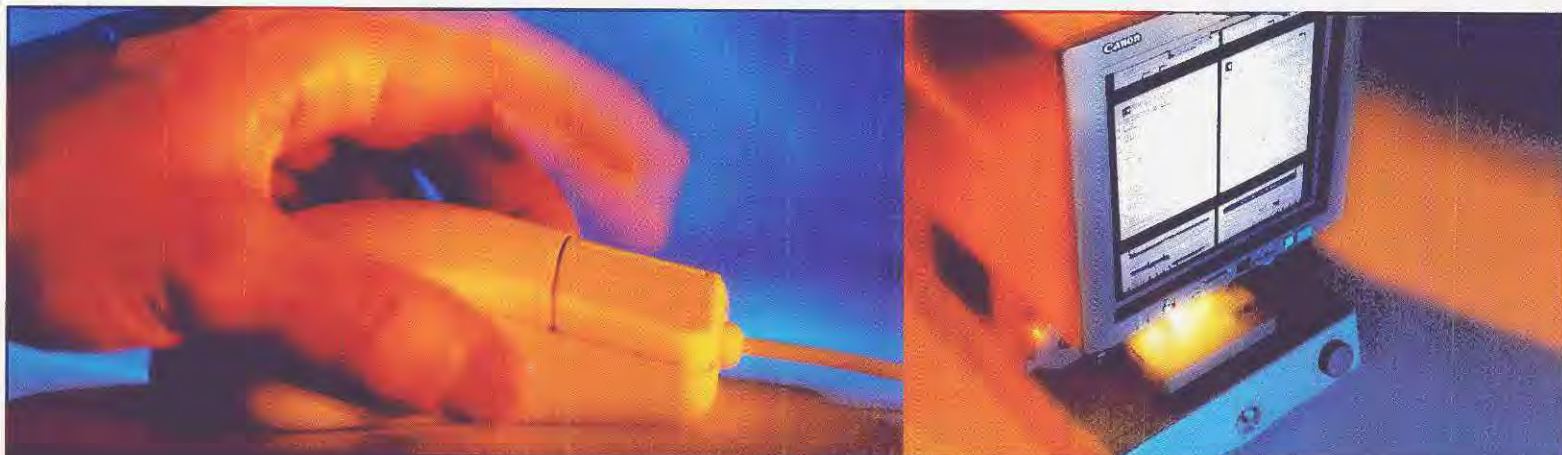
However, brokers may see some acquisition opportunities in Japan as the market deregulates to admit foreign brokers later this year, he said.

"Brokers will play a much bigger role in Japan, so it is a good time for some of the big brokerages to come in and buy small agents across the country and consolidate them," Mr. Huang said.

Brokers and agencies operating throughout Southeast Asia also may be looking for fresh resources.

"I would call it a buy opportunity," said Carl Modecki, president

See *Asia* on page 32F



It's Hard To See The Solution When You're All Wrapped Up In The Problem.



you to the future of microfilm, microfiche and paper document management. With a cutting-edge line of electronic filing systems that are designed to handle your document management needs for years to come.

Why face the hassle of your current microfilm management system when Canon offers the high-speed MS400/500 Microfilm Scanner/Laser Printer System? Used with Canofile® for Windows® or other popular imaging software, it easily scans your microfilm directly into your computer. Then, allows you to file, retrieve, send, share, and print that information with the click of a mouse.



High-speed paper document management is easily accomplished by adding Canon's DR-3020 Desktop Document Scanner to the mix. Both the MS400/500 and DR-3020 systems are ISIS certified and can stand alone or be networked into a larger working environment.

So look into the Canon line. You'll quickly find that we have document management all wrapped up. For more information, contact us at **1-800-OK-CANON** or at <http://www.usa.canon.com>.

Canon

EXPERIENCE



[US]



[THEM]

SCUDDER INSURANCE ASSET MANAGEMENT

How Our Resources Make a Difference

What defines experience? A different perspective that leads to the creation of a new business. A track record based on years of evolving knowledge. A long and steadily growing list of satisfied clients. The resources to accommodate virtually any client need within a service structure where every client is treated like the only client....

Scudder Insurance Asset Management (SIAM) became the leading insurance investment manager nearly 20 years ago when we recognized that investing for insurance companies requires specialized experience. We developed new ways to quantify and analyze the combined business and investment risk profile, creating investment strategies specific to each insurance company.

By continually investing in new resources, we have strengthened our leadership position. Today SIAM provides dedicated research, trading and portfolio management expertise across all major international and U.S. markets. Our team of insurance investment

strategists works closely with our portfolio managers to ensure that every investment decision reflects a sophisticated assessment of both sides of the balance sheet. We currently work with 104 property and casualty organizations to meet a diverse range of needs, from enhanced yield to asset/liability modeling to timely recommendations regarding regulatory developments.

Of course we have competitors. New ones are born every day. But they have a lot of catching up to do. Whether you require the resources to satisfy a total investment mandate or expertise in a specific asset class, SIAM's experience can make a difference to your company. To find out how, please contact Sabra Bartlett, Principal, at (800) 225-2471, (617) 295-2276 or sabra_bartlett@scudder.com.

SIAM





SSIMS

CONNING





PROVEN.

RELIABLE.

DISTINCTIVE.

FOR A SECOND, YOU PROBABLY
THOUGHT WE WERE DESCRIBING OUR
INVESTMENT PERFORMANCE.

Would it surprise you if we were? Our asset management teams are known for building strong client relationships. That means precision service and tailored performance strategies are a given. And over time, you realize that your investment solutions, like the company that manages them, look better every day.



Experience wins out.

www.conning.com

Asset Management • Private Equity • Insurance Research

Asia

Continued from page 32B
of the National Assn. of Insurance
Brokers in Washington.

Although insurance intermediaries are not as prevalent in Asia as in the United States, Asian brokerages could be facing financial difficulties and looking for outside investment, Mr. Modecki said.

The crisis also will provide some opportunities for large international brokers already in the region and international insurers seeking more Asian business, Mr. Modecki said.

Policyholders in the region may be wary of dealing with domestic insurers suffering due to the financial crisis and wish to obtain access to stronger foreign insurers, he said.

Brokers looking to expand overseas could view the current financial problems in the area as similar to stock investors buying shares after a market crash, said Charles R. Adams, president of Adams & Son Inc. in Auburn, N.Y., and a vp of the Bureau International des Producteurs des Assurances et des Reassurances, the international brokerage association.

"At the moment, it doesn't look like there is much of a good side to the problem, but there is an opportunity because the economies are bound to come back, and now is the time to get in," he said.

But as in stock market investing, foreign investors in Asia should be careful how they choose which companies to invest in, he said.

Insurers and brokers viewing potential investments in the region should tread very carefully, agreed Simon Hu, regional manager-Asia at A.M. Best Co. in Oldwick, N.J.

"There are many opportunities, but there are many risks as well, and right now, from the perspective of investments, the risks outweigh the opportunities," he said.

The risk of buying into financially troubled companies is not the only concern for would-be investors in the region, he said. Regulatory and accounting structures throughout Southeast Asia also are changing, and the combination of all these elements should make investors wary, Mr. Hu said.

"Whenever the IMF goes into a region, it always prompts fundamental changes in terms of economic, governmental and regulatory structures and that is what we'll see in Korea, Thailand and Indonesia," he said.

For example, the regulators may impose higher capital requirements on companies in some countries. Thus, even if a U.S. company buys a brokerage or insurer for a bargain price now, in the future it may be forced to pump in significant amounts of extra capital to any new

acquisition, Mr. Hu said.

Potential investors would be best advised to wait until late this year, when they should have a clearer picture of the business environment in the region, Mr. Hu said.

The Asian crisis also may spur new underwriting opportunities for insurers in the region.

Although the financial crisis in Asia may dampen demand for some insurance products as commercial policyholders go bankrupt, it also may lead to opportunities to sell other types of coverage, such as credit insurance, said Philip Gawthorpe, managing director of global business at Aon Risk Services in Chicago.

"A lot of companies in the United States who are selling goods to Asia who have traditionally used letters of credit may now look at credit insurance instead," he said.

By insisting that buyers of goods issue letters of credit to the sellers, U.S. companies have guaranteed receiving payments. However, LOCs are expensive for the buyers, and as importers in Asia seek to cut as many costs as possible, they may prefer to use European exporters, who have traditionally used credit insurance to guarantee payment, rather than incur the extra expense of a LOC in order to buy U.S. goods, Mr. Gawthorpe said.

However, trying to buy credit insurance now for exports to Asia is

like trying to buy fire insurance once a fire begins, said John J. Salinger, president of American International Underwriters, a unit of AIG in New York.

Capacity and prices are much more limiting now than before the crisis, he said.

Also, the crisis has dropped the de-

mand for imports in Asia so there are fewer potential policyholders that buy credit coverage, Mr. Salinger said.

So while exporters stung by the crisis may seek protection in the future, those extra premiums for insurers and brokers could be some way off. **BI**

Presentations wanted

Reinsurance presentations are being solicited for possible delivery at the annual Rendez-Vous de Septembre in Monte Carlo, Monaco.

Organizers are looking for presentations of no more than 20 minutes from people younger than 35.

Possible topics are reinsurance distribution or product development; industry structure; company organization; or issues at the macro or micro levels.

Three presentations will be selected for delivery at the 1998 Rendez-Vous, to be held Sept. 7-12 in Monte Carlo, Monaco. Authors of the selected presentations will be notified by the end of June.

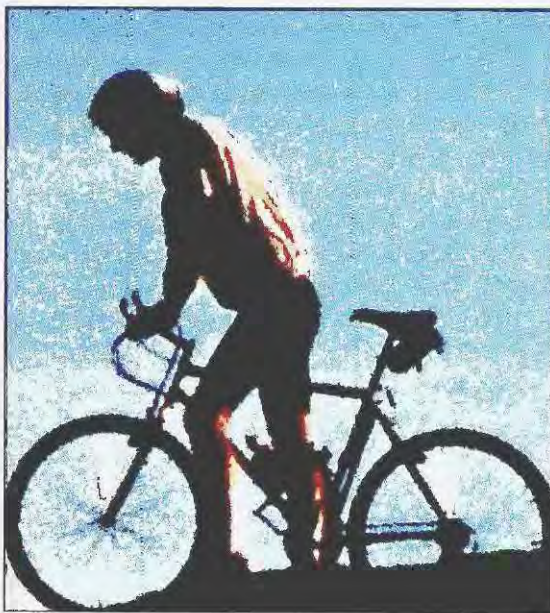
Proposed presentations, including the text of the speech and any overheads (in English or French), along with a resume, must be submitted before April 30 to the General Secretary of the Rendez-Vous de Septembre, 87 rue de Richelieu, 75113 Paris Cedex 02 (France).

For more information about the presentations, contact

Thierry Auger at phone: 33-1-44-86-2557; fax: 33-1-44-86-2427; e-mail: rvs@monaco-congres.com.

For more information on the Rendez-Vous, contact Le Bureau des Rendez-vous de Septembre, Centre de Congres Auditorium de Monte-Carlo, Boulevard Louis II, Monte Carlo, MC 9800 Monaco; phone 377-92-16-6050; fax: 377-92-16-6135.

GET THE BROADER VIEW.



The Hartford opens school for commercial agents

By AMANDA MILLIGAN

The Hartford Financial Services Group Inc. has opened The Hartford School of Insurance for commercial lines agents.

A spokeswoman for The Hartford said the company opened the school in response to a survey of 500 agencies with annual revenues of at least \$1 million. Results showed a great need for producer training and recruitment, she said.

Open to all commercial lines agents, the new school has two parts.

The New Producer Development curriculum is a seven-week course aimed at new agency professionals and recent college graduates. The first three weeks is self-study, with the remainder spent at the Hartford, Conn., headquarters of The Hartford, the spokeswoman said. Topics covered include property/casualty insurance principles, risk management techniques and the basics of underwriting.

Mentoring from both a Hartford

School professional and someone at the student's home agency is continued after the course is concluded. Tuition is \$3,000 plus travel and accommodation costs.

"(This course) is teaching them the ins and outs," the spokeswoman said. "Insurance is a very competitive area. It shortens the learning curve."

For more advanced professionals, the Hartford School also offers a three-day seminar on workers compensation. The seminar is scheduled for several major U.S. cities throughout 1998.

Mark Dembeck, an account executive for Riggs, Counselman, Michaels & Downes in Towson, Md., recently completed the course for new producers. Coming into the insurance industry with a sales and marketing background, Mr. Dembeck said he took the seven-week course as preparation for getting licensed this April.

"I came away with a lot more than I went up there with," said Mr. Dembeck, who has been in his current position since December. "I feel like I'm ahead of the game." **B**

Seek and ye shall find!



AIAccess 2000

A state-of-the-art legislative tracking service for the property-casualty insurance industry

"The best program on the market"

--Steven C. Elliott, Vice President Regulatory Affairs, NAMIC

Call AIA today for a free trial and more information



American Insurance Association

1130 Connecticut Avenue, NW, Suite 1000, Washington, DC 20036
http://www.aiadc.org 800/242-2302 Fax: 202/293-1219

GET THE BROKER PERSPECTIVE.



Relying on one vantage point can make it difficult to see all that's out there. Yet when you do business with a direct reinsurer, one company's point of view is what you get. Brokers, on the other hand, work with many reinsurers to bring you the best alternatives and most innovative thinking. As a result, you benefit from the insight of the entire industry. Brokers also have the freedom to seek out the optimum terms and conditions and the flexibility to place your program with a single reinsurer, or spread your risk among several companies. Most importantly, your broker is your advocate and is on your side every step of the way - from program design through claims settlement. Why not expand your horizons? Call a BRMA reinsurance broker today.

BETTER REINSURANCE THROUGH BROADER VISION.



BRMA IS AN ASSOCIATION COMPRISED OF LEADING REINSURANCE INTERMEDIARY AND UNDERWRITING FIRMS REPRESENTING A CHANNEL OF MORE THAN \$10 BILLION IN REINSURANCE SURPLUS. FOR MORE INFORMATION, CALL 1-212-480-6200.

Patience, a plan can help insurers succeed globally

By Joseph A. Graziano

IT Perspective

A common theme of international expansion is evident in today's insurance marketplace. The deployment of capital is as diverse as the deployment of risks. Insurers today can no longer afford to address risks only associated with their domestic markets but must also recognize the intrinsic value of indigenous overseas markets.

Many of these markets are extremely sophisticated and well-es-

tablished, while many are emerging, seeking the technology required to join the global community. The process a company chooses to enter the international arena will determine its long-term success.

There is no set or magical formula for success. There are, in our experience at Reliance National, several key elements to a successful international expansion program that could apply universally, regardless of the organization or segment of the insurance market.

• **Never lose patience** in dealing with the local regulatory bodies. The process of securing a license can be extremely tedious and bureaucratic. It is a process that many times can test anyone's resolve to enter a given market. The process of applying for a license varies by region and often is complicated by language, social and political differences.

The most important element in dealing with an application process is to have thoroughly researched the application requirements and file only after all the requirements have been completed. Many times

we assume local regulators operate with a certain business sense and are willing to work with us to complete an application. This is not true in many cases, and the regulators can adopt an adversarial position with the companies under—and wishing to be under—their supervision. Accept this and put aside any attitude that may be misinterpreted as arrogance and the process will be smoother.

Also, when reading the codes or regulations governing the application process, many times you will note there is a specific time frame associated with the review and re-

sponse period. Do not place absolute faith in this, as it will likely not occur during that time frame, and the failure to garner a response will only add to the frustration levels.

• **Keep the insurance commissioner close** during the process of establishing an operation in his or her jurisdiction. It is highly recommended that meetings of introduction be held prior to any application to explain your intentions. The application should be personally delivered, unless local practice dictates otherwise, and not be issued through lawyers or any other outside service.

Once the application is filed, it is advisable to continue a dialogue with the commissioner, making yourself available at any time to immediately respond to inquiries or suggestions regarding the application. A higher level of responsiveness or cooperation with the Commissioner will project a true commitment to the local market.

• **Develop a business plan** consistent with your global intentions and your local intentions. Many times mistakes are made as a company seeking to expand outside its domestic market takes a shotgun approach to selecting markets with the attitude of, "We can get in, so let's go." This erroneous approach is then often compounded by attempting to design an operation unique to the local market.

Any design of an international operation must incorporate the concept that what you are building is a network capable of supporting itself and each locality, bolstering each locality where needed and sharing resources both human and mechanical. Local markets must be able to cooperate in order to satisfy not only local but global clients' needs.

The local office also should follow a formula that has been designed as a general framework to be applied in each location. This is not to suggest the local company/branch should not respond to conditions or products that may be unique to that environment. The local operation must have a core base of products that are marketed worldwide and will provide a stream of revenue that will then support the development of a product base or distribution channel that is unique to the local market.

This core product base will establish an identity for your operations and allow you to establish a reputation for a specific service or product.

• **Be prepared to demonstrate the value-added nature of your operations.** Every market we as international insurers look at as a potential market for expansion already will have an existing base of insurance companies and an existing distribution channel.

In some environments, these companies are as sophisticated or even more so than we are. In others, these companies are embryonic and emerging. Regardless of the status, we, as part of our international expansion strategy, must be able to demonstrate that our entry into the market brings with it a certain

Continued on next page

Look at These Names.

NATIONAL MASS TORTS DISPUTE RESOLUTION PANEL

Honorable Arlin M. Adams
Schnader Harrison Segal & Lewis

Richard Chernick, Esq.
Full-time Arbitrator and Mediator

Kenneth R. Feinberg, Esq.
Kenneth R. Feinberg & Associates

Ross R. Hart, Esq.
Full-time Arbitrator and Mediator

Honorable Howell T. Heflin
Former United States Senator

Edward V. Lahey, Jr.
*Senior Vice President, General Counsel & Secretary
PepsiCo, Inc.*

Honorable Thomas D. Lambros
Bricker & Eckler

Jeffrey P. Lennard, Esq.
Sonnenschein Nath & Rosenthal

Professor Francis McGovern
Duke University School of Law

Roberta Cooper Ramo, Esq.
Modrall, Sperling, Roehl, Harris & Sisk, P.A.

Michael B. Shane, Esq.
Full-time Arbitrator and Mediator

Honorable Ira S. Shapiro
Collier, Shannon, Rill & Scott, PLLC

Honorable John Charles Thomas
Hunton & Williams

These experienced mediators and arbitrators, skilled in the resolution of mass claims and complex, multi-party disputes, are available to assist corporations, insurers and reinsurers in the resolution of the most complicated mass torts, bankruptcies and mass claims.

Look to these neutrals for the special expertise to:

- Provide creative dispute management system design
- Facilitate settlement discussions prior to, or during, the litigation process
- Supervise claims administration and funds distribution

For more information on these neutrals or other members of the AAA's national roster, or for a free consultation, please contact:

Mark E. Appel • Senior Vice President
140 West 51st Street • New York, NY 10020
Phone (212) 484-4199 • Fax (212) 765-4440
Internet Address: usadrmea@arb.com



American Arbitration Association

Dispute Resolution Services Worldwide

Offices Nationwide

<http://www.adr.org>

Continued from previous page
added value that will contribute to the continuing development or expansion of the local market.

We should not enter a market attempting to be all things to all people, providing only those services or products that can easily be provided by the local mainstream companies.

Any development of an international operation must recognize that it is our obligation to not only take from the overseas markets but to contribute to them as well. The added value we can contribute to the local market can be in the form of human resources development, technology and products. What we do to expand and develop the markets we enter will be rewarded by a larger market in which we can all share and benefit.

• **Recognize the value of local professional staffs.** A common fault of many international organizations, regardless of industry, is the adoption of the belief that only someone in the existing domestic operations can manage a local operation. This somewhat xenophobic attitude will cause an operation to ignore the potential the local market has to offer. We must at all times bear in mind that ours is not the only way to conduct business, nor is our approach to evaluating risk the only acceptable method.

In every local market there is a cadre of highly skilled individuals who, if employed properly, can provide a competitive edge.

Expatriates are extremely expensive, not only in the dollar value of having a U.S. staff based overseas but in the time it takes to acclimate an individual to the local market.

Expats can and do serve a significant value in the process of expanding internationally, but they should not be used to compensate for an inability to attract or train a qualified local staff. Within Reliance National, out of nearly 400 people involved in the international operations, there are only eight expats. This has certainly not inhibited our ability to grow and in fact is considered one of the key elements of our success and ability to grow.

Any company preparing to expand internationally must be prepared to commit to a program that will develop a local staff.

• **Be prepared to temper your expectation of when a return on the investment can be realized.** The process of expanding requires a significant investment, both in terms of capital and time. While the tolerance for capital investment is an individual decision, every entity entering the international arena must be prepared to invest a significant amount of time to the project.

In many cases, the company that is expanding overseas is not a household name and not a recognizable entity in the local market. This is a hurdle that must be overcome and requires time and effort. The development of various products, particularly in the emerging markets, also will require time and effort. The development of a distribution network requires the same level of effort and time. These issues

cannot be addressed beforehand and will need to be dealt with on the ground. The approach to be taken can be planned for, but the effort still will require time.

The key is to ensure you do not develop unrealistic expectations. When not met, they can result in a loss of commitment to the local market.

• **Recognize the impact U.S. or European market entry may have on the local market.**

While this series of comments may not apply to the U.S. and western European markets, it is often true in the emerging market around the world. Our entry can bring a level of fear to the local market. Few environments can readily stand up to the capital, capacity and technology we can bring to bear in a given market. The local companies and regulators are aware of this and are prepared to take steps that would prevent or restrict our access to their

markets. All of us must be aware of these concerns and must take every step possible to minimize them.

The future development of markets and the prevention of restrictive practices can depend on how well we manage our entry into a market. Our role is not to overwhelm or dominate a market but to support and become an integral part of it.

It is critical that we, as international insurers, become citizens of

the markets we are entering. We must learn to adapt to local custom and practice while continuing to operate as a foreign entity. The success of our industry in the world arena will ultimately depend on our ability to adapt. **BI**

Joseph A. Graziano is executive vp-director of international operations for Reliance National Insurance Co. in New York.



**In a world awash
with capacity,
why should you
reinsure property catastrophe,
marine and aviation risks with PXRE?**

Today, a reinsurance buyer can just about name its price, thanks to a glut of reinsurance capacity.

But what happens when the next Big One hits? The glut will miraculously become a shortage. Because, as everyone knows, there isn't enough reinsurance capital out there to handle world-class catastrophes. Not without sending shock waves of price volatility and default racing through the marketplace.

Today, PXRE remains as committed as ever to disciplined underwriting as a specialist in property catastrophe, marine and aviation reinsurance. While we continue to expand our capital base, and to diversify its sources, we plan to offer coverage only under conditions making it responsible for us to employ our capacity.

That's how we became one of the only specialists to have seen the entire business cycle of the 1990s and lived to tell about it. And it's how we plan on being here to serve you tomorrow.

If you want to reinsure property catastrophe, marine and aviation risks with a company that has seen both ends of the business cycle, call PXRE. In addition to offering security far beyond the reach of our \$400+ million in capital, we are proud to have set the industry standard for response time to both underwriting requests and claims.



PXRE Reinsurance Company
Specialists in Property Catastrophe, Marine and Aviation Reinsurance
NYSE: PXT
Members of BRMA (Brokers and Reinsurers Market Association)

USA: Michael Bleisnick (Domestic Treaty) or Gordon Forsyth (International Treaty) +1 (908) 906-8100 Fax: +1 (908) 906-9283

Brussels: Alain Tounquet +32 (2) 231-13-55 Fax: +32 (2) 230-77-49

Lloyd's: Peter Butler, PG Butler Syndicate 1224 (managed by PXRE Managing Agency Ltd.) +44 (0171) 327-3007/8 Fax: +44 (0171) 626-7602

Insurers increasingly warming to agency clusters

While not all underwriters will use them, many are seeking more information on the groups

By **ROBERTO CENICEROS**

Agency clusters have gained acceptance among skeptical insurers, which now see them as valuable sources of good business.

But even though insurers are no longer as quick to say no, they do have criteria for doing business with clusters. And a few still prefer to avoid clusters.

In years past, many insurance companies said they would not work with clusters, which are groups of agents pooling their resources to gain access to and clout with insurers.

Insurers still fear a loss of control, because in cluster arrangements they don't always have a direct relationship with the agent placing the business. Also, some insurers say the potential is greater that agents will use a

cluster as a dumping ground for their less desirable business. Clusters tend to work together in placing business with a few insurers but still place business individually with other companies.

Yet many insurers are rethinking their decision not to do business with cluster arrangements.

"Companies that had been a little bit reluctant are now seeing that this is the way of the future and this is what is happening now," said Greg Pope, owner of Greg Pope Insurance Agency in Attleboro, Mass.

"Companies can either be a part of it or get left aside and not get a piece of it, and they do see it as a growing trend. Rather than not have anything to do with it, they might as well pick and choose the better (cluster groups) now," said Mr. Pope, president of allMass Group Inc., an eight-agency cluster in Mas-

sachusetts.

Agents in other regions of the country echo his sentiments.

The days are gone when insurers said flat out that they would not deal with clusters, said John Morey, president of The J. Morey Co. in San Jose, Calif., and president of San Francisco-based Insurance Brokers & Agents of the West. Insurer rejection was more pronounced years ago when the cluster idea was new and insurers were uncertain the concept would work.

"Now that it is becoming a very commonplace arrangement for agents, companies feel more and more comfortable with it," Mr. Morey said.

Yet some insurers still decline to work with clusters. Cincinnati Insurance Co. is one.

"The problem we have with clustering—and we don't believe it is bad for agencies to be in clusters—but implicit in cooper-

ating with a cluster is you will do business with every single one of the members," said J.F. Scherer, senior vp in sales and marketing for Cincinnati Insurance Co. and several other units of Fairfield, Ohio-based Cincinnati Financial Corp.

A cluster member could turn out to be associated with an agency that Cincinnati Insurance does not find desirable and is in the same community as a competing agency that the insurer prefers to work with, Mr. Scherer said. That could cause tension with the preferred agency if Cincinnati Insurance allows the cluster agency to handle some of the insurer's business.

While some companies still do not work with clusters, many other insurers continue to call the National Assn. of Professional Insurance Agents for information from an extensive study the association conducted on clusters in 1995.

Insurers and agents call to learn more about clusters, said Patricia Borowski, division vp for the Alexandria, Va.-based PIA. Many insurers call after learning they actually have been dealing with clusters without knowing it, or after having said they would not deal with them.

That happens because their field offices have entered into the arrangements, leaving the home office unaware. The home office often finds out after a negative experience, such as having a block of business leave after a fallout among cluster partners, she explained.

"Insurance companies clearly see the potential advantages of clusters to them for an immediate shot of production and the potential for bringing that shot of production in at a lower expense," she said.

"But companies today are still yet not convinced that clusters as a whole can really provide them with long-term benefits. They certainly appreciate that clusters can provide agencies with more benefits long-term than they can for a company," she added.

Although the PIA completed its cluster study a few years ago, the association continues to update it by surveying companies that call for information.

After talking to insurers and agents requesting information, Ms. Borowski said that during 1997 more large, multistate commercial lines agencies seemed to be considering clustering arrangements, she said.

Yet that does not necessarily signal a trend. Ms. Borowski said she does not have statistical evidence but a limited number of observations.

Additionally, growth in cluster arrangements over the years has tended to ebb and flow. Al-

though the exact number of clusters is unknown, the PIA "very firmly believes that the cluster segment is here to stay," Ms. Borowski said.

Other industry observers also see signs of continued interest.

"More recently we find smaller or rural agents clustering to avoid being terminated," said Neal Montgomery, assistant director of agency compensation for The Travelers Insurance Co. in Hartford, Conn. "We have seen more of it in the last few years even. It seems to be heating up; even within 1997 I have heard of more of these."

For cluster arrangements to work, all parties must understand the business discipline and planning that a quality cluster requires, Ms. Borowski said. It takes more than just a group of agents with successful agencies who hit it off socially and share similar business philosophies.

More importantly, agents must have similar tolerances and expectations for the day-to-day operations of the business. They must understand the discipline each will bring to those operations, she said.

"If that is not in sync, that will destroy the best of plans," Ms. Borowski said. She advises PIA members to be clear on their reasons for joining a cluster and to determine where it will put them in three years.

As for insurers, "every single company has a war story," she said.

So she tries to help them understand that individual bad experiences should not lead to a condemnation of all clusters.

Most, if not all, insurers that work with clusters do not have a written policy on what they require of clusters, several observers said. But many insurers look at a variety of factors.

Gaining operational and processing efficiencies is one chief factor, Mr. Montgomery said. That can come as a result of one or maybe two agents in the group maintaining strong central control.

Some insurers look for the ability to easily terminate relations with individual agencies if their business turns sour, rather than sever ties with the entire group.

Mr. Pope said he keeps insurers happy by applying underwriting standards stricter than insurers require. "A company sees that and they say, 'OK, the business coming through is good quality; it's not high-risk. It's not left-overs,'" he said.

That type of attitude may have helped soften industry attitudes.

Recently, Mike McLaughlin, corporate marketing executive for Royal Insurance in Charlotte, N.C., said he heard of one Royal branch general manager who specifically planned to target cluster business.

"He was going town to town virtually looking for cluster opportunities," Mr. McLaughlin said. **BI**

ACORD TECHNOLOGY CONFERENCE '98



**How PREPARED ARE YOU TO
appropriately apply the TECHNOLOGIES
of today and tomorrow to the Industry?**

**Join 1,000 INSURANCE TECHNOLOGY LEADERS
at the ACORD Technology Conference '98!**

- CIO-specific educational track: **NEW** for 1998!
- Tracks for agents, vendors, P&C and Life companies!
- More than 30 workshops, and three General Sessions on a wide range of timely topics
- Industry veterans and relative newcomers alike will find topics of interest to them, presented to provide each with the most benefit and practical information
- 70-plus software and service providers will showcase the latest in technologies and solutions

Orlando, May 17 - 19, 1998

Registration information: (800) 444-3341, ext. 506
or visit: <http://www.acord.com>

Join us!

Becoming schooled in the ways of the world

Consultants seek to help expatriates understand more than just the etiquette

By **TODD J. BEHME**

In Europe, potential business partners will value the ability to discuss political, economic and cultural trends.

In China, the ability to host a banquet and toast appropriately is valued.

And in Japan, giving and receiving business cards is a ritual. You present yours with both hands, and when you receive one—again with both hands—you read it, perhaps remark on it and later set it in front of you.

"You would never just take it and stick it in your pocket," said Theodore Hoeh, president of Kemper International Corp. in Long Grove, Ill.

"In Japan, there's great ceremony to it," he said. "The Japanese view your business card as an extension of yourself."

Mr. Hoeh organized and attended a recent daylong seminar on Japan for about 25 Kemper employees. Not all of them work in Japan or are responsible for operations in Japan, and group members went in with varying levels of knowledge about Japanese culture.

The seminar, put on by Cendant Intercultural-The Bennett Group in Chicago, covered cultural issues such as the business card lesson, the role entertaining plays in Japan, how to interpret body language, and how and when to discuss business.

"Everyone, including the fellow who had lived in Japan for (seven) years, got something out of it," Mr. Hoeh said.

The group got insights into values and the decision-making process in Japan. "Which, in turn, helps us to shape what we sell," he said.

"We were pleased with the results here, and we'll do this again with another cultural area," Mr. Hoeh said.

Not all insurers use formal programs for preparing employees assigned abroad, but others hire consultants to conduct even more extensive training than the seminar Kemper employees attended.

Executives at Bennett and Accuworld, another company that provides cross-cultural training, emphasized that learning what is behind a country's culture is critical to success.

"We don't believe in doing just the do's and the don'ts," said Susan E. Joyce, president of Accuworld, based in West Hartford, Conn., and Chicago.

"What we want people to understand are the values and mind-sets that drive the behaviors," Ms. Joyce said.

Echoed Martin Bennett, vp-training and consulting services for The Bennett Group, "We're looking at what are the major historical events that have influenced culture."

Mr. Bennett added, "We're more interested in giving people the ability to analyze and understand why

people behave the way they do."

The daylong seminar for Kemper employees was an example of global workforce development training, Mr. Bennett said.

The Bennett Group (formerly Bennett Associates) also helps companies select and train workers for international assignments.

Insurers are expanding their presence in Latin America, Asia and Eastern Europe as markets open in those areas, Ms. Joyce noted. She also cited the privatization of pen-

sions as another reason for U.S. insurers' investments, often in joint ventures.

She estimates insurers make up 30% of her consulting clients.

One thing that distinguishes insurance companies is their need to deal with regulators and higher-level government officials than manufacturers, Ms. Joyce and Mr. Bennett said.

Those realities mean insurance companies' employees abroad need to know the politics of their host

countries. "You also need to be more aware of shifting power and power bases," Ms. Joyce said.

Along the same lines, Mr. Bennett said regulatory issues might make business tougher on insurers entering other countries as opposed to, for example, computer chip manufacturers.

Another observation from Ms. Joyce: Other cultures, such as those in Latin America and Asia, do not understand casual-dress days, which have become common in



the United States. That's because while U.S. companies value a flatter hierarchy and see "casual day" as a way to create a sense of equality, a more stratified hierarchy of authority is more important in some countries.

See **Training** on next page

ENVISION IT.

INEX brings to life solutions for even the most challenging risks. We offer a range of excess and surplus lines capabilities, including innovative excess casualty programs and custom environmental risk policies backed by an A.M. Best rating of "A" (Excellent) for financial strength.

We also open leading-edge opportunities for investors seeking a marketplace for innovative risk alternatives.



And while all our constituents leverage the advantages of our distinctly liberated environment, they build success on a solid infrastructure, grounded in state-mandated regulation. As of January 1, 1998 the stability of INEX participants is monitored by the Director of the Department of Insurance of the State of Illinois to ensure ongoing security for investors and clients.

INEX CAN BRING IT TO LIFE.

To explore INEX's underwriting opportunities or risk solutions, contact Terry Ryan at INEX:

1-800-525-8471 ext. 405; in Illinois: 312-338-3405.

Facsimile: 312-372-0423.

The
Insurance
Exchange

INEX

Training

Continued from previous page

While U.S. companies are task-driven and accustomed to doing business with tools such as faxes and electronic mail, other cultures value relationships more, Mr. Bennett noted.

"Other societies really are more concerned about the interpersonal nature of the business, the business relationship," he said.

Even something as seemingly straightforward as actuarial assumptions might be different in a foreign culture. "Sometimes those assumptions are culturally

conditioned," Ms. Joyce said, noting that what some companies consider a risk-taking behavior might not be thought risky in another culture.

Ms. Joyce calls the Accuworld approach, which typically involves two or three days of training, one that addresses the head, the hands and the heart.

The "head" portion of the training gives the employee accurate information about the country to which he or she has been assigned.

The "hands" involve skill-building, such as knowing the importance of gestures and other movements. "Particularly in

Asia, it's really critical to be able to read people's body language," she said, adding that is important elsewhere, too.

The "heart" component in-

Also, Ms. Joyce said, "What is important for people to figure out before they go overseas is whether they want to adapt," noting that that mental process

'Other societies really are more concerned about the interpersonal nature of the business, the business relationship,' says Martin Bennett of The Bennett Group.

cludes the study of another culture's motivations and mind-sets.

often occurs in the course of the training.

In addition to the normal due

diligence before a merger, acquisition or joint venture, companies also should examine whether their styles are compatible, Mr. Bennett and Ms. Joyce advised.

A cross-cultural arrangement may make perfect sense on paper, "but you still have different attitudes as to how you run your business and manage your business," Mr. Bennett said.

Ms. Joyce and Mr. Bennett both emphasized the importance of preparing a family for the transition to life abroad, too, and insurers echoed those points.

"We don't just train the employees," Mr. Bennett said. "We always bring the family in."

That can take the form of directing spouses and families to resources to help find such simple things as pediatricians, he said.

There was agreement that preparing the families of those assigned overseas is important.

"Assignments can go south very quickly if the family does not adapt well," said Richard Ring, international human resources services manager for the Chubb Group of Insurance Cos. in Warren, N.J.

Chubb includes repatriation, or reacclimation to the United States, in the cross-cultural training it outsources to The Bennett Group for employees in its "zones" outside the United States: Latin America, Canada, Europe and Asia/Pacific.

Chubb has about 85 people working in those zones at any given time, with the majority in Europe or in the Asia/Pacific region, said Mr. Ring. Not all are from the United States, but all have been assigned to country not native to them.

Mr. Ring spent about a year and a half in Singapore beginning in the summer of 1994 as staffing and training manager for the Asia/Pacific operations. Because he was single, he got less training than a family would need. The scope of the assignment and the size of the employee's family determine the type and amount of training, Mr. Ring said.

The training tries to help employees understand the values and protocol of the culture in which they will live. For example, he said, whereas people value independence in the United States, in Singapore it is a "cultural no-no" for a woman to leave home before she is married.

The cross-cultural training "provides a baseline of information for you," Mr. Ring said. It can stimulate questions, and employees after the training can bounce things off others, such as people living in the countries in which they'll work.

"It begins to set the stage to give you an opportunity to be successful," he said, adding that the training is only one piece of the puzzle for someone looking to succeed overseas. **BI**

The entire P/C industry is shopping the Business Centers of their new information Supersite

That's a great reason for you to have a Business Center on PropertyAndCasualty.com. Here are more:

- You can give users a "total" picture of your company
- You can feature all of your products and services
- You can post news about your company—from news releases to Op-eds
- We build your company data into the Supersite search engines
- You will receive inquiries through full-featured e-mail
- Your Business Center will link to and support your own Web site

We're pointing the way straight to www.PropertyAndCasualty.com! As part of a \$750,000 Internet advertising campaign, insurance related keywords have been registered with search engines such as Yahoo!, Excite, Lycos and MetaCrawler. When users type in those keywords, a banner advertisement will appear, and users can go directly to the Supersite.

To order your Business Center, call our Sales Agent, InforMatrix Worldwide, at 800-247-3740.

PROPERTYAND CASUALTY.COM
AN INSURANCE INFORMATION SUPERSITE

2 Walnut Grove Drive, Suite 150, Horsham, PA 19044
215-328-6160 • 800-247-3740 • fax: 215-443-0197
e-mail: info@informatrix.net

Order your Supersite Business Center today!

Global Opportunities

Global Focus

A demographic section distributed exclusively to BI's non-U.S. subscribers.

Articles in *Global Focus* address the specific risk management and employee benefits concerns of executives in countries other than the United States. *Global Focus* provides in-depth reporting on issues unique to these readers' countries.

If your business is targeted to meet the needs of executives around the world, you won't want to miss these 1998 advertising opportunities in *Global Focus*.

ISSUE DATE	AD CLOSING
February 23	February 11
March 30	March 18
<i>Distribution: Association of Insurance & Risk Managers</i>	
June 1	May 20
<i>Distribution: Luxembourg Rendez-Vous</i>	
July 20	July 8
August 31	August 19
<i>Distribution: Monte Carlo Rendez-Vous</i>	
October 26	October 14
<i>Distribution: Baden-Baden; Management Centre Europe Insurance & Risk Management Conference</i>	

**Business
Insurance**
www.businessinsurance.com

For advertising information contact Martin J. Ross, Associate Publisher and Advertising Director
220 East 42nd Street, New York 10017-5806
Phone: 212-210-0228 • Fax: 212-210-0704 • E-mail: mross@crain.com

Communication called key for cedents in claims

Disputes with reinsurers can arise when they are not informed of settlement discussions

By MICHAEL PRINCE

Keeping reinsurers informed during the claims process helps reduce disputes between cedents and reinsurers, attorneys and reinsurance experts say.

Disputes often arise when the reinsurer disagrees with how the ceding company handled the settlement with the policyholder. Such disagreements frequently occur when reinsurers are not kept abreast of the settlement talks and the amounts the insurers are negotiating to settle claims.

"An early and continuous flow of information according to the reinsurance terms and conditions" reduces disputes, said Harold Moskowitz, a partner with Wilson, Elser, Moskowitz, Edelman & Dicker in New York.

When the reinsurers are not informed, they can object to paying. Reinsurers are more adversarial than they used to be when ceding companies don't provide relevant information about the settlement, said Leonard Silver, president of Jenkintown, Pa.-based First Risk Management, a risk management consulting firm. In these instances, reinsurers may claim the cedent acted with less than good faith, he said.

To eliminate this problem, he recommends insurers inform reinsurers of a prospective settlement so it can be adjusted to the

reinsurers' satisfaction. "Good communication and no surprises" are the keys to a good relationship, added Mr. Moskowitz.

For reinsurers, it's also important to know if the cedent has been hit with a claim but has decided not to establish a reserve because the insurer thinks there is no coverage, said Scott Evangelist, vp-claims for CNA Re in Chicago.

A ceding insurer that doesn't establish a reserve frequently won't report it to the reinsurer. But if the cedent loses a fight over coverage, the reinsurer may face a large claim. Reinsurers can balk at this unexpected large claim and will demand an explanation, he said.

Reinsurers also will examine how the cedent allocated the settlement. For example, in a pollution claim, the cedent may allocate the total settlement among many years. But a reinsurer may have written a policy for only some of those years. That reinsurer will want to make sure the cedent properly allocated its share of the loss to those years, experts said.

Insurers take the position that reinsurers follow ceding companies' fortunes. "But this doesn't mean they are obliged to follow unfair settlement allocations," said Lori Nugent, a partner with law firm Blatt, Hammesfahr & Eaton in Chicago.

Over the past 15 to 20 years, the relationship between cedents and reinsurers has changed, experts said. Compared to 20 years

ago, reinsurers are more likely to "independently scrutinize" claims submitted to them and conduct their own investigations, Mr. Moskowitz said.

In the past, disputes were handled with a handshake over lunch, but now lawyers are more commonly brought in to resolve the matter, said Dick Blatt, partner with Blatt, Hammesfahr & Eaton in Chicago. "It's more adversarial between cedents and reinsurers," he said.

"This is probably not a good thing in the industry as a whole," he added, as it increases the costs of the dispute and adds an adversarial element to the disagreement.

Much of the change in the industry occurred during the hard market of 1985, said Mr. Silver. During that time, "a lot of insurers took advantage of reinsurers," he said. Also, the large dollar amounts of pollution claims hit-

ting reinsurers made them examine claims more carefully, he explained.

The increasing adversarial relationship has resulted in longer reinsurance contracts as each point is put in writing in an attempt to eliminate potential disputes. Also, the past decade has seen an increase in standardized clauses, so everyone knows the contract's meaning.

But this has not eliminated disputes over the meaning of a contract, said Steve Bolland, senior vp with Gill & Roeser Inc., a New York-based reinsurance intermediary. In disputes over the meaning of the contract, Mr. Bolland said he thinks it's the reinsurer's fault for not understanding the contract. "If he doesn't understand, then that's tough," he said.

Brokers frequently are brought into the dispute to explain their understanding of the contract, Mr. Bolland noted. This can occur

if the dispute is before an arbitration panel, as most reinsurance contracts require disputes to be settled in that forum.

To avoid disputes, insurers should "tighten up the contract wording," Mr. Bolland recommends. One area he cited was the language that says ceding companies have the sole right to settle cases and reinsurers agree to follow their fortunes. If this language is clear to both parties, he said, then the reinsurers cannot later object to the cedent's settlement.

Mr. Evangelist of CNA Re also pointed out that reinsurers need to know any change in claim evaluation and reserves made by the ceding company. "These are the items that need to be reported promptly," he said. "We would like to understand why such a dramatic change occurred."

Finally, Mr. Evangelist pointed out that by answering the reinsurer's questions and correspondence, ceding companies can help speed up the resolution of their claims. **BI**

Insurers may hire 400 money managers: Study

Insurers could hire as many as 400 external investment managers during the next two years to manage their reserve and surplus assets, according to a recent Eager & Associates survey.

With an eye to total return and portfolio diversification, insurance companies are looking for alternative investments and specialized asset classes to garner better performance than their more traditional fixed-income or balanced portfolios.

Although the opportunities are out there, managers don't seem to fare as well in meeting the needs of the insurance companies that want to hire them, according to the survey, "Insurance Companies' Use of External Managers."

Insurance companies and their consultants were asked to rate investment managers on performance, investment approach, knowledge of insurance

industry issues, fees, services beyond investment management and systems/modeling capabilities. The insurers and consultants were provided with a list of 25 well-known managers they now use, used in the past, or are considering hiring. Eager, a business strategy consultant to investment management firms, put the list of managers together through research that included several investment management databases; Tracker, Eager's proprietary database; and other insurance industry publications. Asked to rate the managers on a scale of one to five, the overall grade was average, said David Holmes, director of market research.

Questionnaires went to 1,622 domestic non-captive insurance companies and 14 of the investment management consulting firms that handle manager searches for insurance companies.

—Crain News Service

READER REPLY SERVICE

Insurer Topics

To obtain free information on the products and services advertised, turn to our post-paid Reader Service Reply Card bound in this issue, or complete the coupon below and mail to:

**BUSINESS INSURANCE
Reader Service Center
650 So. Clark St., 6th Floor
Chicago, IL 60605-1702**

Issue of March 16		
Reader Service #	Advertiser	Page #
—	Acord.....	32L
—	Acord.....	32H1-32H4
—	American Arbitration Assoc.....	32H
—	American Insurance Assoc.....	32G
—	BRMA.....	32F-G
—	Business Insurance.....	32O
100	Canon Micrographics.....	32B
101	Conning & Company.....	32D-E
102	INEX.....	32M
—	Informatrix Worldwide.....	32N
—	PXRE Reinsurance Company.....	32I
103	Scudder Ins. Asset Mgmt.....	32C
104	Swiss Re America.....	32J-K

Business Insurance

Circle the numbers below that correspond to the companies listed on our Advertiser Index for the March 16, 1998 issue. Cards with more than 20 items circled will not be processed. This card expires May 11, 1998.

FREE LITERATURE FOR READERS

Issue Date: MARCH 16, 1998
Card Expiration: MAY 11, 1998

All questions must be answered to process inquiries.

PLEASE CHECK ONE ITEM FOR EACH CATEGORY:

- 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"/> Consultant	<input type="checkbox"/> Inst
<input type="checkbox"/> Educational Inst	<input type="checkbox"/> Actry/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
---	----------------------------------	----------------------------------
- Do you now receive a personally addressed copy of Business Insurance?

<input type="checkbox"/> Yes	<input type="checkbox"/> No, so please send subscription info
------------------------------	---

1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
16	17	18	19	20	21	22	23	24	25	26	27	28	29	30
31	32	33	34	35	36	37	38	39	40	41	42	43	44	45
46	47	48	49	50	51	52	53	54	55	56	57	58	59	60
61	62	63	64	65	66	67	68	69	70	71	72	73	74	75
76	77	78	79	80	81	82	83	84	85	86	87	88	89	90
91	92	93	94	95	96	97	98	99	100	101	102	103	104	105
106	107	108	109	110	111	112	113	114	115	116	117	118	119	120
121	122	123	124	125	126	127	128	129	130	131	132	133	134	135
136	137	138	139	140	141	142	143	144	145	146	147	148	149	150

Please print clearly

Name _____
 Title _____
 Company _____
 Address _____
 City _____ State _____ Zip _____
 Phone () _____

We've got a better strategy for targeting top decision-makers.

BI's RIMS coverage helps you pinpoint your best prospects.

In an arena as vast as the commercial insurance marketplace, reaching top decision-makers can be like taking a shot in the dark. You aim ... release ... then hope for the best. Unless, of course, you're relying on *Business Insurance* to guide your message.

BI zeroes in on the buyers of risk management, workers comp, employee benefits and health care services — reaching them with wide-ranging coverage of the Risk & Insurance Management Society's annual conference, one of the industry's most important meetings. Pin down your best prospects as they turn to our RIMS Preview Issue to scout out the sessions, exhibitors and San Diego attractions that will keep them on target during the conference.

When it comes to reaching risk and benefit managers, brokers, consultants, insurers and reinsurers, *BI* points the way. Call to reserve ad space today.

RIMS Preview

Publishing: April 20 · Closing: April 8
Distribution: NMHCC

Keep your eye on these additional RIMS opportunities:

Captives/Risk Manager of the Year

Publishing: April 27 · Closing: April 15

Directory: Captive Managers

Distribution: RIMS, Alliance of American Insurers

RIMS Report: Employee Benefits & Workers Comp

Publishing: May 4 · Closing: April 22

RIMS Report: Risk Management

Publishing: May 11 · Closing: April 29

***Business
Insurance***[®]
www.businessinsurance.com

New York: 212-210-0228 · Fax: 212-210-0704

Chicago: 312-649-5276 · Fax: 312-649-7937

Los Angeles: 213-551-3710 · Fax: 213-655-8157

EMERGENCY PROCEDURE

IN CASE OF OIL SPILL:

1) FIND YOUR HIP BOOTS.

2) MAKE SURE
YOUR CLEANUP DOLLARS
ARE BEING SPENT EFFICIENTLY.



GAB Robins' response to an environmental crisis begins long before an event ever occurs. Thorough preparation (such as conducting "mock spills" with our clients) allows us to identify potential problems and develop the best response plan. And our environmental experts don't just manage claims; they audit expenses to make sure your cleanup dollars are well spent. Questions? answers@gabrobins.com or call **888.888.4242**



Continued from page 32

Special projects	10%
Staff	
Total	3
Risk management professionals	2
Includes: 1 principal consultant, 1 consultant, 1 ARM	
Clients	
Total	15
Minimum size	None
Consulting since: 1993.	
Services: Most risk management services.	
Compensation: By the project, on retainer, by the hour: principal consultant, \$135; consultant, \$60.	
Officers: Robert Bernens, Mary Ellen Wilson.	

Corporate Risk Management Inc.
350 E. Ogden Ave.,
Westmont, Ill. 60559;
630-920-0000; fax: 630-920-0157

1997 revenues	
Risk management consulting revenues	NA
Continuous consulting	40%
Risk management audits	40%
Special projects	20%
Staff	
Total	7
Risk management professionals	4
Includes: 2 principal consultants, 2 consultants; 1 CPCU, 2 ARMs, 2 CICs	
Clients	
Total	57
Minimum size	\$50,000
Consulting since: 1979.	
Services: Insurance coverage and limits analysis, broker and vendor services analysis, expert witness services.	
Locations: Westmont, Ill.	
Compensation: By the project, on retainer, by the hour: principal consultant, \$250; consultant, \$175; analyst, \$100.	
Officers: Robert A. Wilson, president; Robert W. Wilson, executive vp; Scott R. Wilson, vp.	
Contact: Robert A. Wilson.	

Corporate Risk Management Inc.
505 Fenton Ave.,
Charlotte, N.C. 28207;
704-335-0185; fax: 704-377-2973

1997 revenues	
Risk management consulting revenues	NA
Continuous consulting	70%
Risk management audits	20%
Special projects	10%
Staff	
Total	6
Includes: 2 principal consultants, 2 consultants, 1 analyst, 1 CPCU, 2 ARMs	
Clients	
Total	50
Consulting since: 1978.	
Services: Most risk management services.	
Locations: Charlotte, N.C.	
Compensation: By the project, on retainer, by the hour: principal consultant, \$150; consultant, \$125; analyst, \$80; clerical, \$65.	
Officers: William B. Heeney, president; Mark S. Moss, vp.	
Contact: William B. Heeney.	

Crain, Langner & Co.
3728 Waitley Drive,
Richfield, Ohio 44286;
330-659-3142; fax: 330-659-6241

1997 revenues	
Total gross revenues	\$380,000
Risk management consulting revenues	\$360,000
Continuous consulting	40%
Risk management audits	25%
Special projects	35%
Staff	
Total	4
Risk management professionals	2
Includes: 2 principal consultants; 2 CPCUs, 1 ARM	
Clients	
Total	100
Associations	10
Minimum size	None
Consulting since: 1939.	
Services: Most risk management services.	
Compensation: By the project, on retainer, by the hour: principal consultant, \$125 to \$140.	
SRMC member.	
Officers: Thomas E. Borror, president; Kenneth R. Butler, vp.	
Contact: Kenneth R. Butler.	

Creative Risk Concepts International
6114 LaSalle Ave., Suite 355,
Oakland, Calif. 94611;
510-531-9150; fax: 510-531-2531

1997 revenues	
Risk management consulting revenues	NA
Risk management audits	10%
Special projects	90%
Staff	
Total	1
Risk management professionals	1
Includes: 1 principal consultant; 1 CPCU, 1 ARM	
Clients	
Total	20
Consulting since: 1985.	
Services: Most risk management services.	
Locations: Oakland, Calif.	
Compensation: By the hour: principal consultant, \$225.	
SRMC member.	
Contact: Donn McVeigh.	

Crisis Management International Inc.
8 Piedmont Center, Suite 420,
Atlanta, Ga. 30305;
404-841-3400; fax: 404-841-3404

1997 revenues	
Total gross revenues	\$719,960
Risk management consulting revenues	\$708,514
Continuous consulting	98%
Risk management audits	2%
Staff	
Total	5
Risk management professionals	3
Includes: 2 principal consultants, 1 consultant	
Clients	
Total	150
Associations	4
Consulting since: 1989.	
Services: Claims consulting, loss prevention consulting, expert witness services.	
Locations: Atlanta.	
Compensation: By the project, on retainer, by the hour: principal consultant, \$250; consultant, \$195 to \$250; analyst, \$60.	
Officers: Bruce T. Blythe, president/CEO.	
Contact: Daniel Paulk.	

Mac Curless Co.
7623 E. 26th St.,
Wichita, Kan. 67226;
316-687-5533; fax: 316-687-3516

1997 revenues	
Total gross revenues	\$125,000
Risk management consulting revenues	\$115,000
Continuous consulting	90%
Special projects	10%
Staff	
Total	1
Risk management professionals	1
Includes: 1 principal consultant; 1 PE	
Clients	
Total	5
Minimum size	None
Consulting since: 1995.	
Services: Loss prevention consulting, expert witness services, building code analyses/consulting.	
Compensation: By the project, on retainer, by the hour: principal consultant, \$85 to \$120.	
Officers: MacDonald Curless.	

Dames & Moore Group
911 Wilshire Blvd., Suite 700,
Los Angeles, Calif. 90017;
213-996-2200; fax: 213-996-2212

1997 revenues	
Total gross revenues	\$653,378,000
Risk management consulting revenues	\$26,000,000
Risk management audits	1%
Special projects	99%
Staff	
Total	5,500
Risk management professionals	148
Includes: 25 principal consultants, 88 consultants, 35 analysts	
Clients	
Total	600
Minimum size	None
Consulting since: 1948.	
Services: Loss prevention consulting, expert witness services, natural hazards.	
Locations: 55 locations worldwide.	
Compensation: By the project, by the hour: principal consultant, \$175 to \$250; consultant, \$125 to \$175; analyst, \$75 to \$125.	
Officers: Arthur C. Darrow, CEO; Mark Snell, CFO; Hank Klehn, executive vp; Alan Krusi, William Villet, senior vps.	
Contact: Maureen Boyle; 675 Hegenberger Rd., Suite 210, Oakland, Calif. 94621; 510-577-7535.	

Deloitte & Touche L.L.P.
2200 Ross Ave., Suite 1600,
Dallas, Texas 75201;
214-777-7721; fax: 214-777-7220
City Place, 185 Asylum St.,
Suite 3100, Hartford, Conn. 06103;
860-543-7337; fax: 860-543-7371

1997 revenues	
Total gross revenues*	\$3,000,000,000
Risk management consulting revenues	\$28,200,000
Continuous consulting	20%
Risk management audits	20%
Special projects	50%
Actuarial/accounting services	10%
Staff	
Total	63,000
Risk management professionals	161
Includes: 12 principal consultants, 100 consultants, 30 actuaries, 19 analysts; 10 CPCUs, 8 ARMs, 14 FCASs, 6 ACAS, 4 CICs, 15 CMCs	
Clients	
Total	1,000
Minimum size	None
Consulting since: 1978.	
Services: Most risk management services.	
Locations: 27 locations worldwide.	
Compensation: By the project, on retainer, by the hour: principal consultant, \$275 to \$450; consultant, \$150 to \$250; analyst, \$90 to \$150; clerical, \$40 to \$60.	
Officers: William D. O'Connell, Don A. Wilks, Mark Charron, Greg Higgins, Harvey Michaels, Jan Lommele, Greg Pollard, Joseph Anastasi.	
Contact: Don A. Wilks, Dallas; Mark Charron, Hartford, Conn.	
*Includes U.S. revenue only.	

Devine & Tweedale Inc.
7633 Ganser Way, Suite 200,
Madison, Wis. 53719-2093;
608-833-9595; fax: 608-833-8088

1997 revenues	
Risk management consulting revenues	\$600,000
Continuous consulting	55%
Risk management audits	40%
Special projects	5%
Staff	
Total	6
Risk management professionals	3
Includes: 1 principal consultant, 2 consultants; 2 CPCUs, 3 ARMs	
Clients	
Total	50
Associations	15
Minimum size	None
Consulting since: 1979.	
Services: Insurance coverage and limits analysis; loss prevention consulting; design, implementation and monitoring of association-endorsed insurance programs.	
Specialties: Public sector, associations, property management.	
Compensation: By the project, by the hour: principal consultant, \$125; consultant, \$110; analyst, \$60.	
Officers: Dennis G. Tweedale, president; Barbara B. Tweedale, vp/secretary.	
Contact: Joy M. Gander-Rozzell.	

Dispute Resolution Management
3773 Cherry Creek Drive N.,
Suite 575, Denver, Colo. 80209;
800-516-4359 or 303-331-4430;
fax: 303-331-4439

1997 revenues	
Risk management consulting revenues	\$1,000,000
Special projects	100%
Staff	
Total	6
Clients	
Total	14
Consulting since: 1996.	
Services: Insurance coverage and limits analysis, claims consulting, loss settlement assistance.	
Specialties: Utilities, public sector, mining/petrochemical companies.	
Locations: Denver, Baltimore, Philadelphia, Salt Lake City.	
Compensation: By the project.	
Officers: William J. Russell, president; Tamie P. Speciale, vp.	
Contact: William J. Russell.	

Dothage Risk Management Consultants Inc.
9540 Pine Spray Court,
St. Louis, Mo. 63126;
314-842-5898; fax: 314-842-7725

1997 revenues	
Risk management consulting revenues	NA
Continuous consulting	80%
Risk management audits	10%
Special projects	10%
Staff	
Total	1
Risk management professionals	1
Includes: 1 principal consultant; 1 ARM	
Consulting since: 1993.	
Services: Most risk management services.	
Locations: St. Louis.	
Compensation: By the project, on retainer, by the hour: principal consultant, \$125.	
Officers: Alan Dothage, president.	

ECS Risk Control Inc.
600 Eagleview Blvd.,
Exton, Pa. 19341;
800-858-0853; fax: 610-458-7285

1997 revenues	
Total gross revenues	\$9,400,000
Risk management consulting revenues	\$9,400,000
Continuous consulting	90%
Special projects	10%
Staff	
Total	70
Risk management professionals	59
Includes: 3 ARMs, 6 CSPs, 1 PE	
Clients	
Total	40
Associations	2
Consulting since: 1985.	
Parent: ECS Inc.	
Services: Loss prevention consulting, expert witness services.	
Locations: Los Angeles; San Francisco; Hartford, Conn.; Orlando, Fla.; Atlanta; Chicago; Detroit; Exton, Pa.; Dallas; Houston; Seattle.	
Compensation: By the project, by the hour: principal consultant, \$75 to \$110; consultant, \$75 to \$100; clerical, \$30.	
Officers: Bill Kronenberg, president/CEO; Frank Piliro, executive vp/CFO; James Splain, senior vp.	
Contact: Corporate marketing, 800-327-1414.	

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

1997 revenues	
Total gross revenues	\$50,000,000
Risk management consulting revenues	\$30,000,000
Continuous consulting	60%
Risk management audits	10%
Special projects	30%
Staff	
Total	500
Risk management professionals	410
Includes: 60 principal consultants, 90 consultants, 260 analysts; 1 CPCU	
Clients	
Total	1,000
Associations	100
Minimum size	None
Consulting since: 1981.	
Services: Alternative risk financing consulting, consulting on design of risk management information systems, claims consulting.	
Locations: Los Angeles; San Francisco; Boston; St. Louis; Houston; Seattle; Auckland, Australia; Paris; Tokyo; Singapore; London.	
Compensation: By the project, on retainer, by the hour.	
Officers: D.O. Frazier, chairman; P.I. Yanev, president; J. Johnson, COO; G.W. Reitter, CFO; R. Kunar, director-marketing.	
Contact: Charles Scawthorn.	

Effective Risk Management
19200 Von Karman Ave.,
Suite 500, Irvine, Calif. 92612-1540;
714-251-1500; fax: 714-251-1715

1997 revenues	
Risk management consulting revenues	NA
Continuous consulting	20%
Risk management audits	10%
Special projects	70%
Staff	
Total	2.5
Includes: 1 principal consultant, 0.5 consultants	
Consulting since: 1993.	
Services: Most risk management services.	
Compensation: By the project, on retainer, by the hour: principal consultant, \$175 to \$250.	
SRMC member.	
Officers: Pauline Thomas.	

Elam Consulting Inc.
15 Northtown Drive, Box 2,
Jackson, Miss. 39211;
601-952-0403; fax: 601-977-0807

1997 revenues	
Risk management consulting revenues	NA
Continuous consulting	85%
Risk management audits	10%
Special projects	5%
Staff	
Total	3
Risk management professionals	2
Includes: 1 principal consultant, 1 consultant	
Clients	
Total	100
Associations	2
Consulting since: 1988.	
Services: Most risk management services.	
Locations: Jackson, Miss.	
Compensation: By the project, on retainer, by the hour: principal consultant, \$150; consultant, \$120; analyst, \$120; clerical, \$50.	
Contact: Jonathan Eric Elam, president.	

Ernst & Young L.L.P.
787 Seventh Ave.,
New York, N.Y. 10019;
212-773-5433; fax: 212-773-1730

1997 revenues	
Total gross revenues	\$50,924,000
Risk management consulting revenues	\$41,344,000
Continuous consulting	15%
Risk management audits	20%
Special projects	28%
Actuarial/accounting services	37%
Staff	
Total	250
Risk management professionals	117
Includes: 25 principal consultants, 35 consultants, 30 actuaries, 27 analysts; 7 CPCUs, 10 ARMs, 20 FCASs, 22 ACAS	
Clients	
Total	550
Minimum size	None
Consulting since: 1922.	
Services: Most risk management services.	
Locations: Los Angeles; Atlanta; Chicago; Boston; New York; Philadelphia; Hamilton, Bermuda; Montreal.	
Compensation: By the project, on retainer, by the hour: principal consultant, \$480; consultant, \$300; analyst, \$150.	
SRMC member.	
Officers: James Blinn, Rusty Kuehn, Orin Linden, Lee Smith, Steve Visner, partners.	
*Dedicated to Ernst & Young's risk management and actuarial services group.	

EVAZBO Risk Management Consulting Services Inc.
Popular Bank Building, Ninth Floor,
Old San Juan, Puerto Rico 00901;
787-723-1950; fax: 787-723-8128

1997 revenues	
Total gross revenues	\$425,000
Risk management consulting revenues	\$425,000
Continuous consulting	80%
Risk management audits	10%
Special projects	10%
Staff	
Total	8
Risk management professionals	4
Includes: 1 principal consultant, 2 consultants, 1 analyst; 2 CPCUs, 2 ARMs	

Clients	
Total	25
Consulting since: 1974.	
Services: Insurance coverage and limits analysis, claims consulting, loss prevention consulting.	
Specialties: Manufacturing, health care providers, government.	
Locations: Tampa, Florida; New York; Santo Domingo, Dominican Republic.	
Compensation: By the project, on retainer by the hour: principal consultant, \$150; consultant, \$100; analyst, \$75; clerical, \$25.	
Officers: Edna Vazquez de Bonnet, president; Chandrissa Bonnet, vp; Gloria Gordils, secretary; L. Alexander Bonnet, treasurer.	

Felton Associates
3255 Fritchie Drive,
Baton Rouge, La. 70809-1567;
504-925-2833; fax: 504-928-2833

1997 revenues	
Risk management consulting revenues	NA
Continuous consulting	25%
Risk management audits	20%
Special projects	55%
Staff	
Total	1
Includes: 1 principal consultant; 1 CPCU	
Clients	
Total	35
Minimum size	None
Consulting since: 1976.	
Services: Most risk management services.	
Compensation: By the hour: principal consultant, \$175.	
SRMC member.	
Officers: Robert S. Felton, owner.	

R.M. Fields International L.L.C.
629 Public Ledger Building,
Independence Square,
Philadelphia, Pa. 19106;
215-625-9639; fax: 215-625-9679

1997 revenues	
Risk management consulting revenues	NA
Risk management audits	100%
Staff	
Total	10
Includes: 2 principal consultants, 4 consultants, 4 analysts	
Clients	
Total	58

Continued from previous page

Services: Most risk management services.
Locations: Pembroke Pines, Fla.
Compensation: By the project, on retainer.
SRMC member.
Officers: David E. Fortune, president; John Nugent, Jose E. Pardo, Ana Alvarez, vps.
Contact: David E. Fortune.

Fowler Risk Management Consulting

8401 Mayland Drive,
 Richmond, Va. 23294;
 804-270-9524; fax: 804-270-9527

1997 revenues	
Risk management consulting revenues	NA
Continuous consulting	80%
Risk management audits	10%
Special projects	10%
Staff	
Total	1
Risk management professionals	1
Clients	
Total	20
Associations	1
Minimum size	None
Consulting since: 1988.	
Services: Most risk management services.	
Locations: Richmond, Va.	
Compensation: By the project, on retainer, by the hour: principal consultant, \$165; consultant, \$100; analyst, \$80; clerical, \$40.	

Leonard R. Friedman Risk Management Inc. (LRF/RM)

170 Great Neck Road,
 Great Neck, N.Y. 11021;
 516-466-0750; fax: 516-466-0997

1997 revenues	
Total gross revenues	\$1,000,000
Risk management consulting revenues	\$1,000,000
Continuous consulting	85%
Risk management audits	10%
Special projects	5%
Staff	
Total	8
Includes: 3 principal consultants, 1 consultant, 4 analysts; 1 CPCU, 4 ARMs	
Clients	
Total	50
Consulting since: 1974.	
Services: Most risk management services.	
Locations: Great Neck, N.Y.	
Compensation: By the project, on retainer, by the hour: principal consultant, \$200; consultant, \$175; analyst, \$95; clerical, \$50.	
SRMC member.	
Officers: Alice B. Weiss, president; Susan G. Kaufman, executive vp; Rachel Efrati, vp.	
Contact: Susan G. Kaufman.	



G.C.G. Risk Management Inc.

11 Beach St.,
 New York, N.Y. 10013;
 212-431-3000; fax: 212-941-6546

1997 revenues	
Total gross revenues	\$4,200,000
Risk management consulting revenues	\$4,110,000
Continuous consulting	90%
Risk management audits	2%
Special projects	8%
Staff	
Total	33
Clients	
Total	725
Associations	17
Consulting since: 1977.	
Services: Workers compensation risk management consulting only, including workers compensation claims review, reserve analysis and loss control.	
Specialties: Workers compensation.	
Locations: Fairport, New York, Schenectady, and Westbury, N.Y.	
Compensation: By the project, on retainer.	
Officers: Joseph M. Gnesin, president; Charles S. Cates, vp; Ross L. Gnesin, treasurer; Lawrence E. Grimm, secretary.	

Gage-Babcock & Associates Inc.

3975 Fair Ridge Drive N., Suite 310,
 Fairfax, Va. 22033-2924;
 703-934-6440; fax: 703-385-6749

1997 revenues	
Total gross revenues	\$6,400,000
Risk management consulting revenues	\$1,300,000
Continuous consulting	60%
Risk management audits	20%
Special projects	20%
Staff	
Total	60
Risk management professionals	37
Includes: 7 principal consultants, 30 consultants; 3 ARMs, 4 CSPs, 23 PEs	
Clients	
Total	51
Associations	1
Minimum size	None
Consulting since: 1952.	
Services: Most risk management services.	
Locations: Los Angeles; San Francisco; Atlanta; Chicago; New York; Vancouver, British Columbia.	

Compensation: By the hour.
Officers: Thomas W. Jaeger, president; Al Longhitano, chairman; Mario Antonetti, treasurer; Charles Hahl, Fred C. Bradley, board members.
Contact: Douglas J. Rollman, director-business development.

Gallagher Bassett Services Inc.

The Gallagher Centre, 2 Pierce
 Place, Itasca, Ill. 60143-3141;
 630-773-3800; fax: 630-285-4000

1997 revenues	
Total gross revenues	\$126,000,000
Risk management consulting revenues	\$7,000,000
Continuous consulting	60%
Risk management audits	20%
Special projects	20%
Staff	
Total	60
Risk management professionals	45
Includes: 8 principal consultants, 37 consultants; 2 ARMs, 12 CSPs, 3 PEs	
Clients	
Total	518
Associations	25

Consulting since: 1962.
Parent: Arthur J. Gallagher & Co.
Services: Loss prevention consulting.
Specialties: Manufacturing, health care providers, transportation.
Locations: Little Rock, Ark.; Denver; Farmington, Conn.; Miami and Orlando, Fla.; Atlanta; Schaumburg, Ill.; Kansas City and St. Louis, Mo.; Middletown, N.Y.; Arden, N.C.; Melbourne, Australia; Toronto; London.
Compensation: By the project, on retainer, by the hour: principal consultant, \$95 to \$125; consultant, \$90 to \$115.
Officers: John G. Campbell, chairman; Peter J. Durkalski, president; Michael J. Billings, Emil Bravo, Richard McKenna, executive vps.
Contact: Tracy D. Mock, area vp-marketing services.

Gates McDonald & Co.

3455 Mill Run Drive,
 Hilliard, Ohio 43026; 800-336-4733
 or 614-777-3000; fax: 614-777-3265

1997 revenues	
Total gross revenues	\$87,900,000
Risk management consulting revenues	\$4,000,000
Continuous consulting	2%
Special projects	3%
Actuarial/accounting services	95%
Staff	
Total	1,333
Risk management professionals	20
Includes: 5 consultants, 15 analysts	
Clients	
Total	1,200
Associations	25
Consulting since: 1929.	
Parent: Nationwide Insurance Enterprise.	
Services: Alternative risk financing consulting, claims consulting, actuarial consulting.	
Locations: Hilliard, Ohio.	
Compensation: By the project, on retainer.	
Officers: David Hollingsworth, president; Richard Hoyt, vp-unemployment compensation; David R. Brown, vp-corporate marketing/business development; Gerry Sheldon, vp-risk management services; Margaret Bainbridge, vp-state fund services; Peter Barr, vp-healthcare management services plus.	
Contact: David R. Brown.	

General Consulting Services

113 N. Kickapoo St.,
 Lincoln, Ill. 62656;
 217-732-1830; fax: 217-732-2146

1997 revenues	
Risk management consulting revenues	NA
Continuous consulting	80%
Special projects	20%
Staff	
Total	11
Includes: 4 principal consultants, 4 consultants	
Clients	
Total	37
Associations	2
Services: Most risk management services.	
Compensation: By the project.	
Officers: Barbara O'Donohue, president; Thomas O'Donohue, vp; Cathy Vale, secretary/treasurer.	
Contact: Thomas O'Donohue or Cathy Vale.	

Global Risk Management Center Inc.

11200 Westheimer, Suite 921,
 Houston, Texas 77042;
 713-789-0563; fax: 713-785-8016

1997 revenues	
Total gross revenues	\$296,000
Risk management consulting revenues	\$296,000
Continuous consulting	45%
Risk management audits	5%
Special projects	50%
Staff	
Total	4
Risk management professionals	2
Includes: 1 principal consultant, 1 consultant	
Clients	
Total	7
Consulting since: 1991.	
Services: Most risk management services.	
Locations: Houston.	
Compensation: By the project, on retainer.	
Officers: John A. Lindquist, president; Diane J. Lindquist, vptreasurer.	

Mel Griffin & Associates

P.O. Box 486,
 Rio Linda, Calif. 95673;
 916-991-4315; fax: 916-991-0907

1997 revenues	
Risk management consulting revenues	\$175,000
Continuous consulting	50%
Risk management audits	40%
Special projects	10%
Staff	
Total	4
Risk management professionals	3
Includes: 2 principal consultants, 1 consultant	
Clients	
Total	50
Minimum size	None

Consulting since: 1981.
Services: Most risk management services.
Locations: Rio Linda, Calif.
Compensation: By the project, on retainer, by the hour: principal consultant, \$110.
Officers: Mel Griffin, owner/president; Don Blackhurst, principal consultant.



HJH Group Inc.

3837 Northdale Blvd., Suite 352,
 Tampa, Fla. 33624; 813-985-4535;
 fax: 813-985-6851

1997 revenues	
Total gross revenues	\$630,000
Risk management consulting revenues	\$500,000
Risk management audits	80%
Special projects	20%
Staff	
Total	5
Risk management professionals	5
Includes: 2 principal consultants, 3 consultants; 1 CPCU, 2 ARMs, 1 FCAS, 1 CSP, 1 PE	
Clients	
Total	25

Consulting since: 1993.
Services: Risk management organization studies, claims consulting, analysis/implementation of managed care programs for workers comp.
Locations: Tampa, Fla.
Compensation: By the project, on retainer, by the hour: principal consultant, \$175 to \$200; consultant, \$125 to \$150; clerical, \$25.
Officers: Dennis L. Huffman, principal/CEO; Catherine K. Johnson, principal/president.
Contact: Catherine K. Johnson.

Walter Haner & Associates Inc.

545 N. Maple Ave.,
 Ridgewood, N.J. 07450;
 201-445-7020; fax: 201-445-0328

1997 revenues	
Risk management consulting revenues	NA
Actuarial/accounting services	100%
Staff	
Total	2
Risk management professionals	1
Includes: 1 principal consultant, 1 analyst; 1 FCAS	
Consulting since: 1992.	
Services: Alternative risk financing consulting, actuarial consulting.	
Compensation: By the project.	
Contact: Walter Haner, consulting actuary.	

Harvard Aimes Group

6 Holcomb St., P.O. Box 16006,
 West Haven, Conn. 06516;
 203-933-1976; fax: 203-933-0281

1997 revenues	
Risk management consulting revenues	NA
Continuous consulting	100%
Staff	
Total	3
Risk management professionals	2
Includes: 1 principal consultant, 1 analyst	
Clients	
Total	15
Minimum size	None
Consulting since: 1984.	
Services: Risk management organization studies, risk management executive searches.	
Compensation: By the project, on retainer.	
Officers: James J. Gunther, principal.	

The Hastings Management Group

1508 E. 86th St., Suite 239,
 Indianapolis, Ind. 46240;
 317-571-9996; fax: 317-571-9497

1997 revenues	
Risk management consulting revenues	NA
Continuous consulting	76%
Risk management audits	12%
Special projects	9%
Actuarial/accounting services	1%
Staff	
Total	7
Risk management professionals	6
Includes: 3 principal consultants, 3 consultants	
Clients	
Total	51
Associations	1
Minimum size	None

Consulting since: 1984.
Parent: Hastings & Hastings.
Services: Most risk management services.
Locations: Phoenix; Findlay, Ohio.
Compensation: By the project, on retainer, by

the hour: principal consultant, \$125 to \$175; consultant, \$75 to \$125; clerical, \$25 to \$35.

Officers: Philip Hastings, CEO; Robin Williams, vp-operations/marketing; Shannon Hastings, vp-administration.
Contact: Robin Williams.

Health Insurance Specialists Inc.

30 W. Gude Drive, Suite 220,
 Rockville, Md. 20850;
 301-217-9100; fax: 301-217-9111

1997 revenues	
Risk management consulting revenues	NA
Continuous consulting	100%
Staff	
Total	8
Risk management professionals	3
Includes: 2 principal consultants, 1 analyst; 1 CPCU, 2 CMCs	
Clients	
Total	25
Associations	12
Minimum size	\$25,000

Consulting since: 1982.
Services: Most risk management services.
Locations: Rockville, Md.
Compensation: By the project, on retainer, by the hour: principal consultant, \$200 to \$250; consultant, \$150 to \$175; analyst, \$125; clerical, \$75.
Officers: Jon S. Belinkie, president; Eileen Drucker, vp.
Contact: Jon S. Belinkie.

Helmsman Management Services Inc.

9 Riverside Road,
 Weston, Mass. 02193;
 617-243-7985; fax: 781-736-0256

1997 revenues	
Risk management consulting revenues	NA
Continuous consulting	57%
Special projects	22%
Actuarial/accounting services	21%
Staff	
Total	42
Includes: 5 principal consultants, 6 consultants, 8 actuaries, 23 analysts; 3 ARMs, 2 FCASs, 4 ACASs	
Clients	
Total	53
Minimum size	None

Consulting since: 1983.
Parent: Liberty Mutual Group.
Services: Most risk management services.
Compensation: By the project.
Officers: Amy J. Leddy, vp/manager; Edmund F. Kelly, president; Bob Litke, vp; Barry Gilvar, secretary; Elliot Williams, treasurer.
Contact: Edith Shearman, 175 Berkeley St., Boston, Mass. 02117-0140; 617-357-9500 ext. 43986.

Henderson Insurance & Risk Management Consultants Inc.

3300 Henderson Blvd., Suite 206,
 Tampa, Fla. 33609; 813-287-2986;
 fax: 813-289-0583

1997 revenues	
Risk management consulting revenues	\$201,275
Continuous consulting	60%
Risk management audits	40%
Staff	
Total	3
Includes: 2 principal consultants, 1 analyst	
Clients	
Total	38
Consulting since: 1970.	
Services: Alternative risk financing consulting, insurance coverage and limits analysis, broker and vendor services analysis.	
Locations: Tampa, Fla.	
Compensation: By the hour: principal consultant, \$125; consultant, \$120; analyst, \$50; clerical, \$15.	
SRMC member.	
Officers: Otto Lee Henderson, president; James Lee Henderson, William Armistead, vps; Julia Clare Henderson, secretary/treasurer.	

The Hilder Group Inc.

220 Campus Drive, Suite 201,
 Arlington Heights, Ill. 60004;
 847-342-4900; fax: 847-342-4907

1997 revenues	
Risk management consulting revenues	NA
Continuous consulting	75%
Risk management audits	15%
Special projects	10%
Staff	
Total	4
Risk management professionals	3
Includes: 2 principal consultants, 1 consultant	
Clients	
Total	15
Minimum size	\$100,000

Consulting since: 1987.
Services: Most risk management services.
Locations: San Diego.
Compensation: By the project, on retainer, by the hour: principal consultant, \$215; consultant, \$150.
SRMC member.
Officers: Daniel E. Hilder, president; Thomas P. Donahoe, vp.
Contact: Daniel E. Hilder.

See page 21 for directory terms.

Hilton Hilliard & Associates

P.O. Box 842014,
 Houston, Texas 77284-2014;
 800-804-4741; fax: 800-914-8019

1997 revenues	
Risk management consulting revenues	NA
Continuous consulting	70%
Special projects	30%
Staff	
Total	4
Risk management professionals	3
Includes: 1 principal consultant, 2 consultants	
Clients	
Total	25
Minimum size	\$750

Consulting since: 1991.
Services: Loss prevention consulting, OSHA compliance consulting.
Specialties: Construction.
Locations: Houston.
Compensation: By the hour: principal consultant, \$150; consultant, \$125; analyst, \$100; clerical, \$50.
Officers: J. Hilton Hilliard, risk manager; Andrew H. Hilliard, safety instructor; Mary H. Hilliard, safety records/procedure instructor.

P.M. Hudson & Associates Inc.

20303 Stedmall Place,
 Gaithersburg, Md. 20879;
 301-212-9300; fax: 301-990-0665

1997 revenues	
Risk management consulting revenues	NA
Continuous consulting	64%
Risk management audits	30%
Special projects	6%
Staff	
Total	5
Risk management professionals	3
Includes: 1 principal consultant, 1 consultant, 1 analyst	



You can't always bank on face value.

In business, things aren't always what they seem. You need to look very closely to understand a company's true financial picture. If the image portrayed is not an accurate representation, then it could be you that's left hanging.

But with Signet Star, that will never happen. We have the strength of over \$250 million of policyholders' surplus ready and available. And we are a member of the W.R. Berkley Corporation group of companies. Our outstanding financial position has been recognized with an "A" (Excellent) rating by A.M. Best and an "AA-" claims-paying ability rating from Standard and Poor's.

Our business is reinsurance and we are totally committed to it. Signet Star has six operating divisions staffed with experts in their respective fields, and we're growing.

So for risk coverage that's picture perfect, look to Signet Star. We've got the commitment and the capital to keep you covered. And that's a promise you can bank on.

Alternative Markets Division, Florham Park, New Jersey
Facultative ReSources, Inc.,
Stamford, Connecticut; Atlanta, Georgia; Schaumburg, Illinois
Fidelity & Surety Division, Schaumburg, Illinois
Latin American & Caribbean Division, Coral Gables, Florida
Professional Liability Treaty Division, Florham Park, New Jersey
Property & Casualty Treaty Division, Florham Park, New Jersey



A MEMBER COMPANY OF
W.R. BERKLEY CORPORATION

Capital you can bank on.

Continued from page 36

IRMG Risk Advisory Services

1 Executive Drive, P.O. Box 1383,
Fort Lee, N.J. 07024;
201-592-7100; fax: 201-592-7859

1997 revenues	
Risk management consulting revenues.....NA	
Continuous consulting.....70%	
Risk management audits.....10%	
Special projects.....10%	
Actuarial/accounting services.....10%	

Staff	
Total.....410	
Includes: 20 principal consultants, 15 consultants, 15 analysts; 14 CPCUs, 5 ARMs, 1 CSP, 4 CMCs	

Clients	
Total.....400	
Associations.....5	

Consulting since: 1958.
Parent: IRMG.
Services: Alternative risk financing consulting, claims consulting, transaction structuring and management within a quantitative context.
Locations: Newark, Del.; Minneapolis; New York; Cleveland; Seattle; Melbourne, Australia; Barbados; Bermuda; Toronto; Cayman Islands; Helsinki, Finland; Frankfurt, Germany; Guernsey; Ireland; Isle of Man; New Zealand; Singapore; Johannesburg, South Africa.
Compensation: By the project, by the hour.
Officers: Bruce F. Belfiore, James W. Hutchin,

William F. Ramonas, managing partners.
Contact: Emory Shawver, president-American Risk Services, Fort Lee, N.J.

Independent Risk & Insurance Management Services Inc.

13901 N. 73rd St., Suite 219,
Scottsdale, Ariz. 85260;
602-483-9005; fax: 602-483-8988

1997 revenues	
Risk management consulting revenues.....NA	
Continuous consulting.....45%	
Risk management audits.....20%	
Special projects.....25%	
Actuarial/accounting services.....10%	

Staff	
Total.....2	
Risk management professionals.....2	
Includes: 1 principal consultant, 1 analyst	

Clients	
Total.....40	
Associations.....2	
Minimum size.....None	

Consulting since: 1981.
Services: Most risk management services.
Locations: Phoenix.
Compensation: By the project, on retainer, by the hour: principal consultant, \$110; analyst, \$45.
Officers: James Loeb, principal.

Industrial Risk Specialists Inc.

150 Great Neck Road,
Great Neck, N.Y. 11021;
516-487-1700; fax: 516-487-1146

1997 revenues	
Risk management consulting revenues.....NA	
Continuous consulting.....85%	
Risk management audits.....10%	
Special projects.....5%	

Staff	
Total.....17	
Risk management professionals.....13	
Includes: 2 principal consultants, 6 consultants, 5 analysts; 1 CPCU, 3 ARMs	

Clients	
Total.....125	

Consulting since: 1980.
Services: Most risk management services.
Compensation: By the project, on retainer, by the hour: principal consultant, \$200 to \$250; consultant, \$165 to \$190; analyst, \$60 to \$90.
SRMC member.
Officers: Robert S. Sterling, president; Pat Antonacci, executive vp; Les Welch, vp.
Contact: Robert S. Sterling.

INSPRO Risk Management Inc.

P.O. Box 515039,
Dallas, Texas 75251;
972-235-3030; fax: 972-235-3556

1997 revenues	
Risk management consulting revenues.....NA	
Continuous consulting.....50%	
Risk management audits.....20%	
Special projects.....30%	

Staff	
Total.....5	
Risk management professionals.....3	
Includes: 2 principal consultants, 1 consultant; 1 CPCU, 2 ARMs	

Clients	
Total.....25	
Minimum size.....\$100,000	

Consulting since: 1991.
Services: Most risk management services.
Locations: Dallas.
Compensation: By the project, on retainer, by the hour: principal consultant, \$100 to \$150; consultant, \$60 to \$75; analyst, \$25 to \$35; clerical, \$25 to \$35.
Officers: Gerald P. Brunker, Paul J. McVeary, Al Angel.
Contact: Gerald P. Brunker.

Insurance Audit & Inspection Co. Inc.

6314-G Rucker Road,
Indianapolis, Ind. 46220-4892;
317-259-1013; fax: 317-465-1004

1997 revenues	
Risk management consulting revenues.....NA	
Continuous consulting.....80%	
Risk management audits.....10%	
Special projects.....10%	

Staff	
Total.....10	
Risk management professionals.....7	
Includes: 4 CPCUs, 3 ARMs, 1 CIC	

Clients	
Total.....250	

Consulting since: 1901.
Services: Most risk management services.
Locations: Columbus, Ohio.
Compensation: By the project, on retainer, by the hour.
SRMC member.
Officers: Mary C. Houtz, chairman emeritus; Daniel C. Free, president/general counsel; Mary E. Free, secretary/treasurer; Jack Harris, executive vp; Kenneth Bush, vp.
Contact: Daniel C. Free.

Insurance Buyers' Council & First Risk Management/IBC Inc.

9690 Deereco Road, Suite 650,
Timonium, Md. 21093;
410-561-9200; fax: 410-561-9351

1997 revenues	
Total gross revenues.....\$2,030,000	
Risk management consulting revenues.....\$2,012,000	
Continuous consulting.....91%	
Risk management audits.....7%	
Special projects.....2%	

Staff	
Total.....17	
Risk management professionals.....12	
Includes: 8 principal consultants, 3 consultants, 1 analyst; 7 CPCUs, 11 ARMs	

Clients	
Total.....140	
Associations.....29	
Minimum size.....None	

Consulting since: 1945.
Parent: Insurance Buyers' Council Inc.
Services: Most risk management services.
Locations: Timonium, Md.
Compensation: On retainer, by the hour: principal consultant, \$125 to \$175; consultant, \$110 to \$125; analyst, \$80 to \$100; clerical, included.
SRMC member.
Officers: Adam P. Sielicki Jr., president/treasurer; Fredric W. Schultz, chairman; Thomas J. Krzys, vp.

Insurance Consulting Associates

1 International Blvd., Suite 605,
Mahwah, N.J. 07495-0091;
201-512-9600; fax: 201-512-9635

1997 revenues	
Risk management consulting revenues.....NA	
Continuous consulting.....85%	
Risk management audits.....7%	
Special projects.....8%	

Staff	
Total.....45	
Includes: 12 principal consultants, 9 consultants, 12 analysts; 2 CPCUs, 8 ARMs, 4 CICs	

Clients	
Total.....297	
Associations.....9	
Minimum size.....None	

Consulting since: 1956.
Services: Most risk management services.
Locations: Clark, Hasbrouck Heights, Mahwah and Wyckoff, N.J..
Compensation: By the project, on retainer, by the hour: principal consultant, \$250 to \$350; consultant, \$200 to \$250; analyst, \$100 to \$150; clerical, \$60 to \$75.
SRMC member.
Contact: Barron S. Wall, managing associate.

Insurance Control Systems Inc.

1118 N. La Brea Ave., Inglewood,
Calif. 90302; 213-678-7115;
fax: 310-673-3350

1997 revenues	
Risk management consulting revenues.....NA	
Continuous consulting.....76%	
Risk management audits.....10%	
Special projects.....4%	
Actuarial/accounting services.....10%	

Staff	
Total.....6	
Risk management professionals.....1	
Includes: 1 principal consultant; 1 ARM, 1 CSP	

Clients	
Total.....26	
Minimum size.....\$100,000	

Consulting since: 1989.
Services: Most risk management services.
Compensation: By the project, on retainer.
Officers: A. Kirkpatrick, president; V. Paganelli, vp-operations/administration; V. Heitkamp, controller; D. Paganelli, service director.
Contact: Ira Black, 310-672-2114.

Insurance Review & Management

1820 Water Place, Suite 210,
Atlanta, Ga. 30339;
770-955-4474; fax: 770-955-4358

1997 revenues	
Risk management consulting revenues.....NA	
Continuous consulting.....75%	
Risk management audits.....20%	
Special projects.....5%	



Makes a big impression.



Engineered to perform.

The country's largest independently owned broker is quick to respond, flexible, a proven performer, and focused on its clients. We provide unparalleled service and outstanding results.

Whether you are a risk manager looking for more from your broker, or a successful insurance professional looking for an exciting and rewarding career opportunity, you have a choice.

Look to Lockton.



Kansas City ■ Denver ■ St. Louis ■ Houston ■ Los Angeles ■ Chicago ■ Dallas ■ New York ■ Nashville

www.lockton.com



NEW YORK • CHICAGO • DALLAS • HARTFORD • ITASCA • MIAMI
 SAN FRANCISCO • STAMFORD • HAMILTON • MILAN • LONDON • TORONTO • MONTREAL • HONG KONG • TOKYO • SYDNEY
 SINGAPORE • PARIS • ABIDJAN • MADRID • MEXICO CITY • RIO DE JANEIRO • AMSTERDAM • HANOVER • BOGOTA • SEOUL

SCOR SHARES YOUR RISKS WORLDWIDE

SCOR RE



Two World Trade Center • New York, NY 10048-2495 • 212-390-5200
 Chicago 312-663-9393 • Dallas 972-401-1066 • Hartford 860-525-2300 • Itasca 630-775-7300 • Mexico City 011-525-524-4515 • Miami 305-679-9951 • San Francisco 415-247-6565
 www.scor.com

Rated "A+" (Superior) by A.M. Best

Continued from page 38

Staff	
Total	2
Risk management professionals	2
Includes: 1 principal consultant, 1 analyst; 1 CPCU	
Clients	
Total	75
Associations	2
Minimum size	None
Consulting since: 1985.	
Services: Most risk management services.	
Compensation: By the project, on retainer, by the hour; principal consultant, \$120; analyst, \$35; clerical, \$17.	
Contact: T. Joe Byrd.	

Insurance & Risk Management

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

1997 revenues	
Total gross revenues	\$250,000
Risk management consulting revenues	\$250,000
Risk management audits	80%
Special projects	20%
Staff	
Total	5
Risk management professionals	4
Includes: 4 consultants; 1 CSP	

Clients	
Total	300
Minimum size	None
Consulting since: 1988.	
Services: Loss prevention consulting, occupational engineering.	
Specialties: Manufacturing.	
Locations: Fort Wayne, Indianapolis, Muncie and Warsaw, Ind.; Defiance and Sylvania, Ohio.	
Compensation: By the hour; principal consultant, \$90; consultant, \$90; clerical, \$35.	
Officers: Jim Van Dyck, Ron Haruff, Harold Everett, Dewey Tagtmeyer, account executives; Jim Krouse, director-risk control services.	
Contact: Jim Krouse.	

Insurance Services Office Inc. (ISO)

7 World Trade Center, New York,
N.Y. 10048-1199; 800-888-4476

1997 revenues	
Total gross revenues	NA
Actuarial/accounting services	100%
Staff	
Total	2,200
Risk management professionals	2
Includes: 1 principal consultant, 1 actuary; 118 CP-CUs, 14 ARMs, 23 FCASs, 23 ACAS	
Clients	
Total	2

Associations	1
Consulting since: 1996.	
Services: Actuarial consulting, insurance coverage and limits analysis, loss settlement assistance.	
Locations: Nationwide.	
Compensation: By the project, by the hour.	
Officers: Fred R. Marcon, chairman/president/CEO; Michael Fusco, executive vp/COO; Carole Banfield, executive vp-information services; Donald J. Rainone, executive vp-marketing and strategic planning; Mavis A. Walters, executive vp-government relations.	
Contact: Alfred Weller, 212-898-5990.	

Integrated Risk Solutions Inc.

7502 Greenville Ave., Suite 500,
Dallas, Texas 75231; 214-890-9248;
fax: 214-890-9249

1997 revenues	
Risk management consulting revenues	\$105,000
Risk management audits	35%
Special projects	65%
Staff	
Total	1
Risk management professionals	1
Includes: 1 principal consultant; 1 CPCU	
Clients	
Total	6
Associations	2
Minimum size	None
Consulting since: 1997.	

Services: Insurance coverage and limits analysis, broker and vendor services analysis, reinsurance.	
Specialties: Public sector, associations, charitable non-profits.	
Compensation: By the project, on retainer, by the hour; principal consultant, \$150; clerical, \$50.	
SRMC member.	
Officers: Cathy L. Jones, president.	

Interisk Corp.

1111 N. Westshore Blvd., Suite 208,
Tampa, Fla. 33607-4711;
813-287-1040; fax: 813-287-1041

1997 revenues	
Continuous consulting	80%
Risk management audits	10%
Special projects	10%
Staff	
Total	6
Risk management professionals	4
Includes: 2 principal consultants, 2 consultants; 4 CP-CUs, 4 ARMs, 1 CSP, 1 CMC	
Clients	
Total	200
Associations	25
Minimum size	None
Consulting since: 1976.	
Services: Most risk management services.	
Locations: Tampa, Fla.; Greensboro, N.C.	
Compensation: By the project, on retainer, by the hour; principal consultant, \$150 to \$200; consul-	

tant, \$75 to \$150; analyst, \$50 to \$75; clerical, included.

Officers: Lawton Swan III, Sidney G. Webber.

Interisk Limited

1600 Dove St., Suite 310,
Newport Beach, Calif. 92660;
714-553-6630; fax: 714-553-6635*

1997 revenues	
Total gross revenues	\$475,586
Risk management consulting revenues	\$467,921
Continuous consulting	15%
Risk management audits	2%
Special projects	83%
Staff	
Total	6
Risk management professionals	4
Includes: 1 principal consultant, 2 consultants, 1 analyst; 3 CPCUs, 3 ARMs, 1 CIC	
Clients	
Total	36
Minimum size	None

Consulting since: 1992.
Services: Insurance coverage and limits analysis, broker and vendor services analysis, expert witness services.

Compensation: By the project, on retainer, by the hour; principal consultant, \$175 to \$295; consultant, \$125 to \$195; analyst, \$75; clerical, \$45.

SRMC member.
Officers: James A. Robertson, president.
Contact: James A. Robertson or Linda K. Edgell.
*New area code (949) effective April 18, 1998.

International Insurance Consultants Inc.

7702 FM 1960 E., Suite 200, P.O.
Box 2946, Humble, Texas 77346;
281-852-3883; fax: 281-852-6446

1997 revenues	
Total gross revenues	\$200,000
Risk management consulting revenues	\$120,000
Continuous consulting	70%
Risk management audits	20%
Special projects	10%
Staff	
Total	4
Risk management professionals	3
Includes: 2 principal consultants, 1 consultant; 2 ARMs	
Clients	
Total	12

Consulting since: 1994.
Services: Insurance coverage and limits analysis, risk management organization studies, expert witness services.

Specialties: Transportation, technology, public sector.
Compensation: By the hour; principal consultant, \$150; consultant, \$120; analyst, \$90; clerical, \$75.
Contact: Gerald M. Lavey, president.

J&H Marsh & McLennan

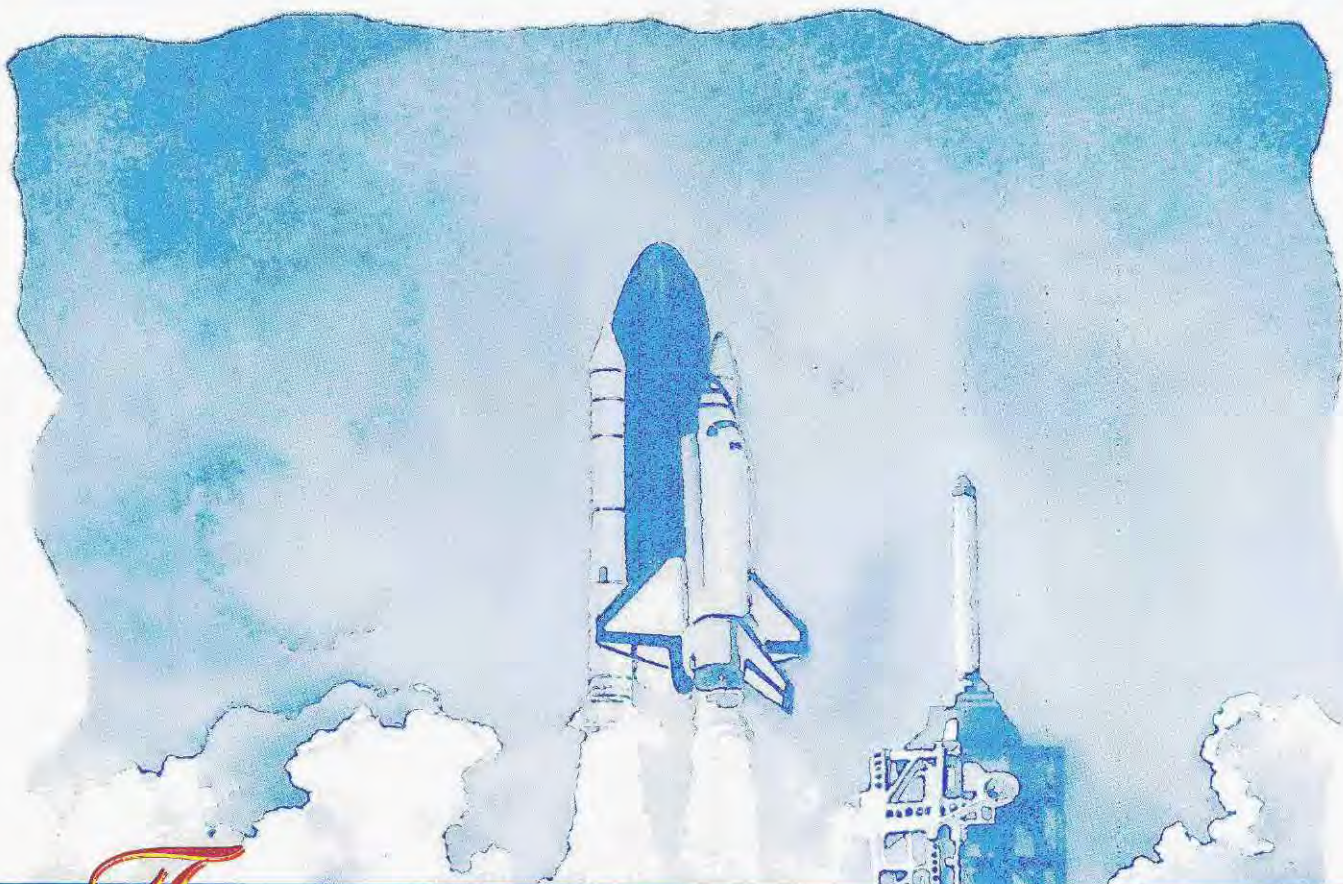
1166 Ave. of the Americas,
New York, N.Y. 10036-2774;
212-345-6000; fax: 212-345-4808

1997 revenues	
Risk management consulting revenues	NA
Staff	
Total	20,000
Risk management professionals	1,500
Consulting since: 1910.	
Parent: Marsh & McLennan Cos. Inc.	
Services: Most risk management services.	
Locations: 89 locations worldwide.	
Compensation: By the project, on retainer, by the hour.	
Officers: John Deitchman, Fred Packer, MacRobert Thompson, managing directors.	
Contact: Susan Sauer, 500 W. Monroe St., Chicago, Ill. 60661; 312-627-6264.	

JM Risk Management Co. of the Southwest Inc.

305 FM 474,
Boerne, Texas 78006-7809;
830-537-4076; fax: 830-537-5023

1997 revenues	
Risk management consulting revenues	NA
Continuous consulting	99%
Special projects	1%
Staff	
Total	2
Risk management professionals	1
Includes: 1 principal consultant, 1 analyst	
Clients	
Total	43
Consulting since: 1987.	
Services: Alternative risk financing consulting, insurance coverage and limits analysis, broker and vendor services analysis.	
Specialties: Manufacturing, LP gas, welding hard goods/industrial compressed gases.	
Compensation: On retainer, by the hour; principal consultant, \$115 to \$125.	
Contact: James C. Macdonald, president.	



*There once was some cargo trekked from many a place
To be part of the shuttle that flew into space.
On overseas flights,
And trains through the night,
McGee's cargo coverage kept up with the pace.*



It was to be a whirlwind tour of shipping and risk, beginning with the manufacturer's aerospace components being sent to a series of facilities worldwide. Parts and technology would be added at each stop. The final destination was the space shuttle, where finished pieces would be installed onboard.
The agent called McGee. We responded with a policy that covered the cargo exposures worldwide and included an alternative risk transfer mechanism to the client's Bermuda captive.
If we can tackle tough risks like this, just imagine what we can do on risks that are a bit more down-to-earth. Whether it's ocean marine, inland marine or related property, see what a horse of a different color can do. Call McGee today at 1-800-235-6029.



“General Re’s actions went far beyond the contract.”



Robert Caldwell, left, with John Seibert, General Re

“Everyone from General Re worked very hard to help us survive the worst catastrophe loss in our history. Their willingness to help was instant and sincere...real people who care...with enthusiasm, professionalism and a wealth of knowledge. General Re proved it is a lot more than just very secure financial support.”

Robert Caldwell, President,
N.C. Grange Mutual Insurance Company



The difference is...the quality of the promise

General Reinsurance Corporation
General Re Financial Products Corporation
General Re-New England Asset Management, Inc.

General & Cologne
RE

www.genre.com

Continued from page 40

K

**KPMG Peat Marwick L.L.P.-
Risk Management &
Actuarial Consulting**
345 Park Ave.,
New York, N.Y. 10154;
212-872-5872; fax: 212-872-6973

1997 revenues	
Risk management consulting revenues.....	\$10,630,000
Risk management audits.....	10%
Special projects.....	50%
Actuarial/accounting services.....	40%
Staff	
Total.....	65
Includes: 5 CPCUs, 9 FCASs, 13 ACAS	
Clients	
Total.....	190
Consulting since: 1987.	
Services: Most risk management services	
Locations: Los Angeles; Hartford, Conn.; Atlanta; Chicago; New York; Radnor, Pa.; Dallas; Bermuda; Toronto; Cayman Islands; London.	
Compensation: By the project.	

Officers: Patricia Teufel, Aaron Halpert, Mark Anderson, Larry Lott.
Contact: Robert Klipara, 212-872-5872; Roger Wada, 312-240-2299.
** Estimate.*

KRM Risk Management Services Inc.

1E51 E. First St. Suite 1040,
Santa Ana, Calif. 92705;
714-560-9200; fax: 714-480-1254

1997 revenues	
Total gross revenues.....	\$5,905,593
Risk management consulting revenues.....	\$4,724,474
Continuous consulting.....	80%
Special projects.....	10%
Actuarial/accounting services.....	10%
Staff	
Total.....	6
Risk management professionals.....	5
Includes: 2 principal consultants, 3 consultants	
Clients	
Total.....	33
Associations.....	7
Minimum size.....	\$50,000
Consulting since: 1993.	
Services: Alternative risk financing consulting, expert witness services.	
Locations: Kingsburg and Santa Ana, Calif.; Atlanta; Nashville, Tenn.	

Compensation: By the project.
Officers: Robert M. McIntosh, president.

Keenan & Associates

P.O. Box 4328,
Torrance, Calif. 90510
310-212-3344; fax: 310-212-0354

1997 revenues	
Total gross revenues.....	\$47,000,000
Risk management consulting revenues.....	\$2,415,000
Continuous consulting.....	70%
Risk management audits.....	10%
Special projects.....	20%
Staff	
Total.....	450
Includes: 3 principal consultants, 16 consultants; 5 CPCUs, 10 ARMs, 2 CSPs	
Clients	
Total.....	112
Associations.....	50
Minimum size.....	None
Consulting since: 1978.	
Services: Most risk management services.	
Specialties: Health care providers, public sector, workers comp insurers.	
Locations: Campbell, Chico, Eureka, Fresno, Irvine, Oakland, Rancho Cordova, Riverside, Sacramento, San Diego and Westlake Village, Calif.	
Compensation: By the project on retainer.	
Officers: John R. Keenan, CEO/president; David J. De Wenter, executive vp/COC; Sean K. Smith,	

president-schools division; Richard B. Stewart, executive vp; Keith R. Pippard, CFO.
Contact: David J. De Wenter.

L

Lambton-Thomson Associates Inc.

148 York St.,
London, Ontario, Canada, N6A 1A9;
519-642-3079; fax: 519-642-3023

1997 revenues	
Risk management consulting revenues.....	NA
Continuous consulting.....	75%
Risk management audits.....	15%
Special projects.....	10%
Staff	
Total.....	2
Risk management professionals.....	1
Includes: 1 principal consultant	
Clients	
Total.....	15
Minimum size.....	\$100,000
Consulting since: 1989.	
Services: Insurance coverage and limits analysis, broker and vendor services analysis, public-private partnership infrastructure projects.	

Specialties: Manufacturing, financial services, government.

Compensation: By the project, on retainer, by the hour: principal consultant, \$150 to \$175; clerical, \$25 to \$35.

Officers: A. John Thomson, president; Judy Lambton, vp.

M

James R. Mahurin

114 Third Ave. S.,
Franklin, Tenn. 37064;
615-790-0083; fax: 615-790-0083

1997 revenues	
Risk management consulting revenues.....	NA
Continuous consulting.....	75%
Risk management audits.....	15%
Special projects.....	10%
Staff	
Total.....	1
Includes: 1 principal consultant; 1 CPCU, 1 ARM	
Clients	
Total.....	41
Minimum size.....	\$50,000
Consulting since: 1984.	
Services: Insurance coverage and limits analysis, broker and vendor services analysis, expert witness services.	
Locations: Franklin, Tenn.	
Compensation: By the hour: principal consultant, \$125.	
SRMC member.	
Officers: James R. Mahurin.	

McNeary Insurance Consulting Inc.

6255 Morrison Blvd., Suite 200,
Charlotte, N.C. 28211;
704-365-4150; fax: 704-365-4155

1997 revenues	
Total gross revenues.....	\$3,321,137
Risk management consulting revenues.....	\$3,321,137
Continuous consulting.....	85%
Risk management audits.....	7%
Special projects.....	4%
Actuarial/accounting services.....	4%
Staff	
Total.....	29
Risk management professionals.....	22
Includes: 4 principal consultants, 10 consultants, 8 analysts; 12 CPCUs, 13 ARMs, 1 CSP, 6 CICs	
Clients	
Total.....	317
Associations.....	3
Minimum size.....	None
Consulting since: 1956.	
Services: Most risk management services.	
Locations: Atlanta; Richmond, Va.	
Compensation: By the project, on retainer, by the hour: principal consultant, \$180 to \$210; consultant, \$160; analyst, \$90 to \$110; clerical, \$50-\$55.	
Officers: William Yaeger, president; Al Fuller, Mark Francis, Carter Whitley, senior vps; Sam Boone, vp.	

Meadowbrook Inc.

26600 Telegraph Road,
Southfield, Mich. 48076;
248-358-1100; fax: 248-358-1614

1997 revenues	
Total gross revenues.....	\$39,832,000
Risk management consulting revenues.....	\$4,522,000
Continuous consulting.....	74%
Special projects.....	20%
Actuarial/accounting services.....	6%
Staff	
Total.....	463
Risk management professionals.....	25
Includes: 3 principal consultants, 12 consultants, 1 actuary, 4 analysts; 14 CPCUs, 18 ARMs, 1 FCAS, 3 CSPs, 9 CICs	
Clients	
Total.....	119
Associations.....	45*
Minimum size.....	\$50,000
Consulting since: 1985.	
Parent: Meadowbrook Insurance Group Inc.	
Services: Most risk management services.	
Locations: Montgomery, Ala.; Cerritos, Calif.; Miami; Overland Park, Kan.; Saginaw and Southfield, Mich.; Bloomington, Minn.; Summit, N.J.; New York; Bridgetown, Barbados; Hamilton, Bermuda.	
Compensation: By the project, on retainer.	
Officers: Merton J. Segal, chairman; James Parry Sr., Joseph Henry, Robert Cubbin, executive vps; Daniel Gibson, CFO.	
Contact: Jeff Bowlby, vp-marketing; 248-204-8161.	
<i>* Estimate.</i>	

Medfacts Ltd.

1608 Route 88, Brick, N.J. 08724;
800-257-1463; fax: 732-785-9401

1997 revenues	
Total gross revenues.....	\$4,000,000
Risk management consulting revenues.....	\$4,000,000
Continuous consulting.....	100%
Staff	
Total.....	14
Includes: 1 principal consultant, 7 consultants	
Clients	
Total.....	150
Consulting since: 1989.	
Services: Consulting on design of risk management information systems, claims consulting, expert	



**GERLING AMERICA
INSURANCE COMPANY**

YOUR PARTNER

**FOR INDUSTRIAL AND COMMERCIAL INSURANCE
IN EUROPE AND THE UNITED STATES**

Gerling America is part of the Gerling Group, an international insurance and reinsurance group headquartered in Cologne, Germany. Founded in 1904, the Group operates in more than 29 countries with a premium volume of U.S. \$10 billion, invested assets of U.S. \$28 billion and a total of 10,000 employees.

Gerling America Insurance Company (GAIC) writes industrial and commercial property, casualty and ocean marine insurance. GAIC is rated "A" by A.M. Best and its Financial Rating is Class VIII, with capital surplus of over U.S. \$100 million.

GERLING AMERICA INSURANCE COMPANY

717 Fifth Avenue • New York, New York 10022

Telephone: (212) 756-2600 • Facsimile: (212) 319-5626

<http://www.gerlingamerica.com>

Continued on next page

Continued from previous page

witness services.
Specialties: Utilities, government, professional services.
Locations: Worldwide.
Compensation: By the project.
Officers: Martin H. Evans, president; Eileen Noto-macola, executive vp.

Melanber Inc.
 Box 1C1, Rural Route #1,
 Boutlier's Point, Nova Scotia,
 Canada, B0J 1G0;
 902-826-7579; fax: 902-826-7996

1997 revenues

Total gross revenues	\$148,000
Risk management consulting revenues	\$148,000
Continuous consulting	70%
Risk management audits	15%
Special projects	15%

Staff
 Total3
 Includes: 2 principal consultants, 1 consultant

Clients
 Total10
 Associations1

Consulting since: 1978.
Services: Most risk management services.
Compensation: By the project, on retainer, by the hour: principal consultant, \$175; consultant, \$100.
SRMC member.
Officers: Mel J. Parsons, president; Beryl Shapley-Parsons, secretary/treasurer.

Milliman & Robertson Inc.
 289 Edgewater Drive,
 Wakefield, Mass. 01880;
 781-213-6200; fax: 781-213-6201

1997 revenues

Total gross revenues	\$35,000,000
Risk management consulting revenues	\$9,250,000
Continuous consulting	10%
Risk management audits	25%
Special projects	25%
Actuarial/accounting services	40%

Staff
 Total52
 Risk management professionals33
 Includes: 5 principal consultants, 8 consultants, 16 actuaries, 4 analysts, 1 CPCU, 2 ARMs, 18 FCASs, 4 ACASs, 1 CIC, 1 CMC

Clients
 Total1,100
 Associations23

Consulting since: 1932.
Services: Most risk management services.
Locations: 24 offices nationwide.
Compensation: By the project, on retainer, by the hour: principal consultant, \$300; consultant, \$225; analyst, \$125; clerical, \$60.
Officers: Joel Chansky, Allen Kaufman, Bob Brian, consulting actuaries; William Granahan, senior consultant; Haralyn Isaac, claims consultant.

Muetteties, Bennett and Associates (MBA) Inc.
 36 Midvale Road,
 Mountain Lakes, N.J. 07046-1330;
 973-335-6448; fax: 973-335-9665

1997 revenues

Total gross revenues	\$800,000
Risk management consulting revenues	\$800,000
Special projects	25%
Actuarial/accounting services	75%

Staff
 Total5
 Risk management professionals5
 Includes: 1 CPCU, 4 FCASs

Clients
 Total15
 Minimum sizeNone

Consulting since: 1978.
Services: Consulting on design of risk management information systems, expert witness services, actuarial consulting.
Specialties: Manufacturing, financial services, utilities.
Compensation: By the hour: principal consultant, \$200 to \$300; consultant, \$175 to \$250; analyst, \$75 to \$125.
Officers: Charles F. Cook, president; John H. Muetteties, executive vp; Regina M. Berens, Peter A. Bennett, Mark J. Mahon, vps.
Contact: Mark J. Mahon.



National Property & Casualty Services
 45 Atlantic Ave., Second Floor,
 Long Branch, N.J. 07740;
 732-222-6100; fax: 732-222-8040

1997 revenues

Risk management consulting revenues	NA
Continuous consulting	90%
Risk management audits	5%
Special projects	5%

Staff
 Total4
 Risk management professionals3
 Includes: 2 principal consultants, 1 consultant

Clients
 Total42

Consulting since: 1995.
Services: Insurance coverage and limits analysis, claims consulting, loss prevention consulting.

Specialties: Manufacturing, retail, technology.
Locations: Long Branch, N.J.
Compensation: On retainer.
Officers: Stephen S. Levy, president; Steven Sultan, executive vp.

National Risk Services Inc.
 1 Executive Drive, Suite 215,
 Fort Lee, N.J. 07024; 201-944-7533;
 fax: 201-585-0487

1997 revenues

Risk management consulting revenues	NA
Continuous consulting	30%
Risk management audits	40%
Special projects	30%

Staff
 Total6
 Includes: 1 principal consultant, 1 consultant; 1 CPCU

Consulting since: 1987.
Services: Alternative risk financing consulting,

claims consulting, expert witness services.
Compensation: By the project, on retainer, by the hour: principal consultant, \$285; consultant, \$180; analyst, \$150; clerical, \$80.
Officers: Montgomery Gale, president.

Next Millennium Consulting Inc.
 7988A Old Georgetown Road,
 Bethesda, Md. 20814;
 301-986-8500; fax: 301-986-8504

1997 revenues

Risk management consulting revenues	NA
Risk management audits	20%
Special projects	80%

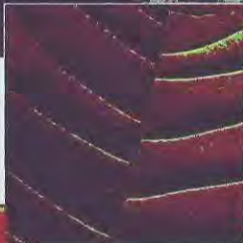
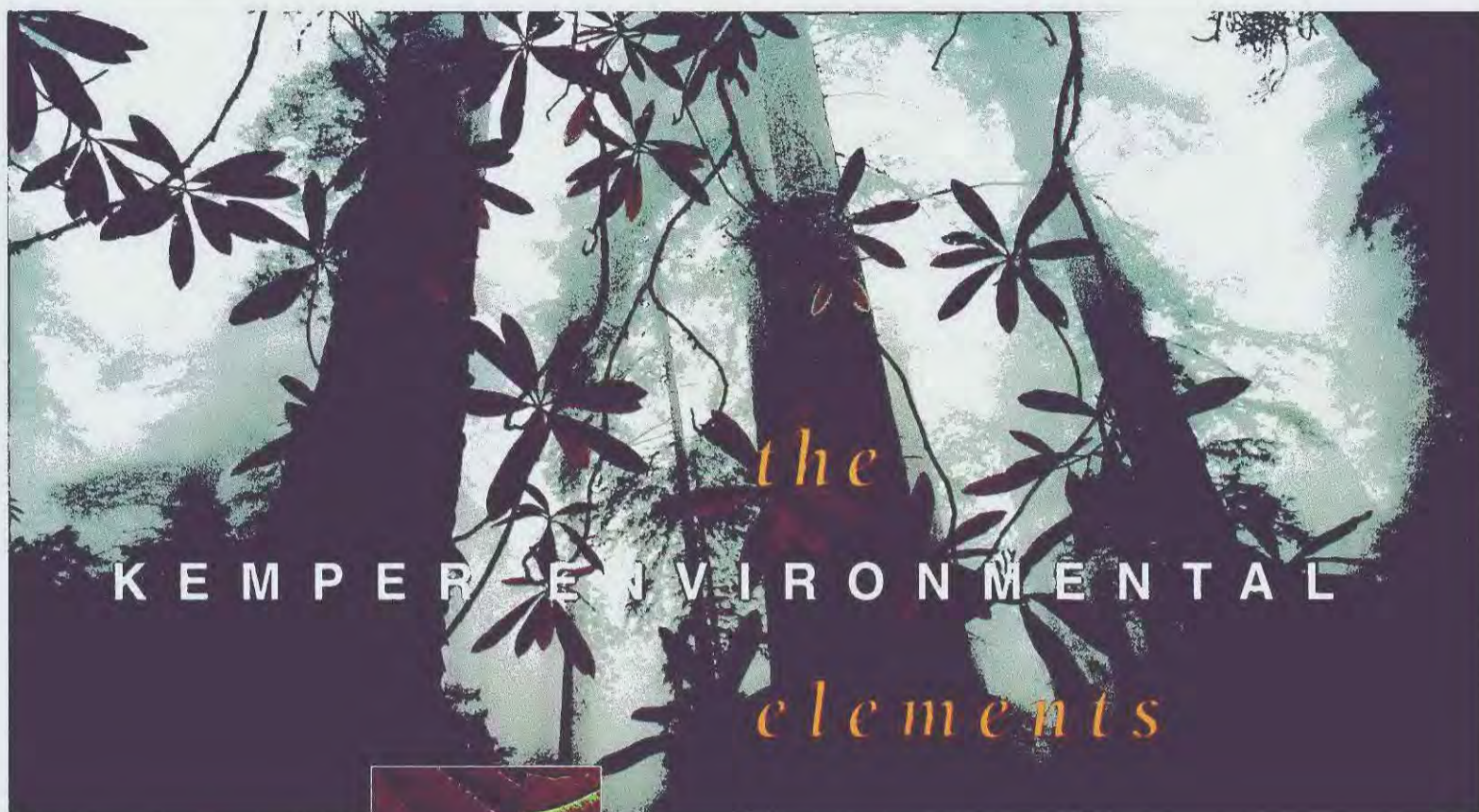
Staff
 Total5
 Risk management professionals5

Continued on next page



Highly Protected Risk Engineering & Associated Services
 We do **WHATEVER IT TAKES** to excel in property loss control!

Matrix Risk Consultants, Inc., 3491 Newmark Dr., Miamisburg, OH 45342
 Phone: 937/438-7200 FAX: 937/438-7220 matrix@matrixrc.com



redefined.

Kemper Environmental. It's the best of Kemper: its *accessibility, flexibility, integrity, superior financial strength*, and more...reborn in a full line of environmental insurance coverages.

Terms and conditions carefully *refined* to address distinctive needs. Experts focused on specific business classes and innovative ways to *reinvigorate* each client's bottom line. Account teams, including claims specialists, that *reaffirm* the Kemper commitment, with promises kept.

A Fortune 500 manufacturer seeking clean-up coverage and an engineer with E&O exposure; a developer revitalizing contaminated properties and a contractor looking for performance guarantees; a pharmaceutical association seeking the efficiencies of a group captive and a

conglomerate in the market for finite risk solutions... where do they all turn?

Contact:
 John Reynolds, Paul Murdch
 609.936.3000
 800.679.0025
 Fax 609.936.3058
 Princeton Forrestal Village
 136 Main Street, Suite 320
 Princeton, NJ 08540-5735
 environ@KemperInsurance.com



the elements redefined

Available limits of liability up to \$150 million, and Kemper's A XIV (Excellent) rating from A.M. Best for financial strength, further illuminate our ability to deliver consistently.

Kemper Environmental coverages are underwritten by member companies of Kemper Insurance Companies, and Kemper Environmental Limited, an INEX participant.

Continued from previous page

Clients: 2 principal consultants, 3 consultants

Staff:

Total3
Minimum size\$500,000

Consulting since: 1997.

Services: Insurance coverage and limits analysis, broker and vendor services analysis, Year-2000 risk management.

Locations: Bethesda, Md.

Compensation: By the hour: principal consultant, \$195 to \$275; consultant, \$145 to \$250; analyst, \$115 to \$195; clerical, \$50 to \$75.

Officers: Andrew Pegalis, president; John D Stewart Jr., vp.



Erin Oberly
643 Bay St.,
San Francisco, Calif. 94133;
415-885-5727

1997 revenues

Risk management consulting revenuesNA
Risk management audits43%
Special projects63%

Staff:

Total1
Risk management professionals1
Includes: 1 principal consultant, 1 ARM

Clients:

Total37
Associations4
Minimum sizeNone

Consulting since: 1992.

Services: Most risk management services.

Locations: San Francisco.

Compensation: By the hour: principal consultant, \$175.

Contact: Erin Oberly.

1997 revenues

Total gross revenues\$5,500,000
Risk management consulting revenues\$5,500,000
Continuous consulting83%
Risk management audits5%
Special projects15%

Staff:

Total47

Richard Oliver International
1717 Park St., Suite 200
Naperville, Ill. 60563; 630-637-1717;
fax: 630-637-5003

1997 revenues

Total\$5,500,000
Risk management consulting revenues\$5,500,000
Continuous consulting83%
Risk management audits5%
Special projects15%

Staff:

Total47

Risk management professionals: 66
Includes: 24 principal consultants, 7 consultants, 5 analysts, 2 CPCUs, 6 ARMs, 1 CSU, 1 PE

Clients:

Total65
Minimum sizeNone

Consulting since: 1972.

Parent: Willis Corroon Group P.L.C.

Services: Most risk management services.

Specialties: Manufacturing government global companies.

Locations: Denver, Adelaide, Brisbane, Hobart, Melbourne, Perth and Sydney, Australia, Fio de Janeiro and Sao Paulo, Brazil; Hong Kong, Kuala Lumpur, Malaysia; Auckland and Wellington, New Zealand; Singapore; Woking, United Kingdom.

Compensation: By the project, on retainer, by the hour: principal consultant, \$130 to \$250; consultant, \$90 to \$120; analyst \$60 to \$100.

Officers: Robert J. Reilly, president; Norman A. Alessi, Pat Knight, Kathy Brody, Charles J. Valerio, senior vps.

Contact: Jennifer A. Eastler, vp; 330-637-8057.



Paragon Reinsurance Risk Management Services Inc.
3500 W. 30th St.,
Minneapolis, Minn. 55431;
612-844-3752; fax: 612-896-4646

1997 revenues

Risk management consulting revenuesNA
Continuous consulting52%
Special projects31%
Actuarial/accounting services17%

Staff:

Total30
Includes: 4 CPCUs, 4 FCASs

Consulting since: 1994.

Parent: E.W. Blanch Holdings Inc.

Services: Alternative risk financing consulting, consulting on design of risk management information systems, reinsurance risk management administration.

Specialties: Public sector, associations, reinsurance.

Locations: Atlanta, Chicago, Minneapolis, New York, Cincinnati.

Compensation: By the project, by the hour.

Officers: William P. Windhous, president; David Grady, Kevin T. Campion, senior vps; Patricia Getly, vp; Martin D. Brody, president-UriSURE.

Contact: William Winchost.

Præventus, a unit of Continental Casualty Co.
333 S. Wabash, 25 South,
Chicago Ill. 60665; 888-600-4776;
fax: 312-755-2070

Staff:

Total36
Risk management professionals31
Includes: 18 principal consultants, 9 consultants, 4 analysts, 2 ARMs

Consulting since: 1998.

Services: Most risk management services.

Specialties: Health care providers.

Locations: Phoenix; Durango, Colo.; Atlanta; Chicago; New York.

Compensation: By the project.

Officers: Dennis Chockaszian, chairman, CEO; Eernia Hengesbaug, COO; Thomas Taylor, president-specialty operations; James W. Macdonald, president-CNA HealthPro; Bruce Dmytrow, senior vp-CNA HealthPro.

Contact: Bruce Dmytrow, 312-822-4331.

Professional Liability Risk Management Ltd.
214 Bronson Road, Suite 203,
Syracuse, N.Y. 13219-1408;
800-523-7475; fax: 315-486-3963

1997 revenues

Total gross revenues\$232,348
Risk management consulting revenues\$235,778
Continuous consulting50%
Risk management audits10%
Special projects40%

Staff:

Total6
Risk management professionals2
Includes: 1 principal consultant, 1 consultant

Clients:

Total28
Associations20
Minimum size\$100,000

Consulting since: 1983.

Services: Most risk management services.

Specialties: Architects/engineers.

Compensation: By the project, on retainer by the hour: principal consultant, \$200; consultant, \$100; clerical, \$25.

Contact: Eli Matposon III, president.

Professional Risk Management Inc.
9979 Valley View Road, Suite 255,
Eden Prairie, Minn. 55344-3596;
612-629-8922; fax: 612-629-8924

1997 revenues

Risk management consulting revenuesNA
Continuous consulting91%
Risk management audits2%
Special projects7%

Staff:

Total1
Risk management professionals1
Includes: 1 principal consultant, 1 CPCU, 1 ARM, 1 CID

Clients:

Minimum sizeNone

Consulting since: 1983.

Services: Most risk management services.

Compensation: By the project, by the hour: principal consultant, \$115 to \$175.

SRMC member.

Officers: Carl F. Lidstrom

Professional Risk Management Consultants
393 Vanadium Road,
Pittsburgh, Pa. 15243;
412-429-3301; fax: 412-429-3310

1997 revenues

Risk management consulting revenuesNA
Continuous consulting15%
Risk management audits40%
Special projects45%

Staff:

Total4
Risk management professionals3
Includes: 2 principal consultants, 1 consultant, 3 CPCUs, 3 ARMs

Clients:

Total100

Consulting since: 1983.

Parent: Halliwell Consulting Group.

Services: Most risk management services.

Specialties: Manufacturing, financial services, public sector.

Compensation: By the project, on retainer, by the hour: principal consultant, \$180 to \$185; consultant, \$125.

Contact: Thomas S. Baily, president



RWL & Associates dba RWL Group
1631 Dorchester, Suite 102,
Plano, Texas 75075-6312;
972-985-3187; fax: 972-596-3047

1997 revenues

Risk management consulting revenuesNA
Continuous consulting40%
Risk management audits30%
Special projects30%

Staff:

Total4
Risk management professionals2
Includes: 2 principal consultants

Clients:

Total350
Associations5
Minimum sizeNone

Consulting since: 1981.

Services: Most risk management services.

Compensation: By the project, on retainer, by the hour: principal consultant, \$195.

SRMC member.

Officers: Robert W. Lazarus, president; Robert A. Lazarus, corporate secretary.

Contact: Robert W. Lazarus.

Thomas C. Radzewicz Risk Management Consulting
300 W. Main St.,
Northborough, Mass. 01532;
508-393-6699; fax: 508-393-6709

1997 revenues

Risk management consulting revenuesNA
Continuous consulting70%
Risk management audits15%
Special projects15%

Staff:

Total1
Risk management professionals1
Includes: 1 principal consultant, 1 CPCU

Clients:

Total30
Minimum sizeNone

Consulting since: 1994.

Services: Most risk management services.

Locations: Northborough, Mass.

Compensation: By the hour: principal consultant, \$170.

SRMC member.

Officers: Thomas C. Radzewicz, principal.

Ron Rakich & Associates
25622 Dana Mesa Drive,
San Juan Capistrano, Calif. 92675-4313; 714-248-4976;
fax: 714-443-2204

1997 revenues

Risk management consulting revenuesNA

Continued on next page



For the strongest Provider Stop Loss program,
choose the inventive force behind it.

With new managed care contracts, more of the financial responsibility for patient health services is falling on hospitals and physician groups.

That's why R.E. Moulton's Provider Stop Loss products are essential. We offer:

- Claim Specific Stop Loss
- Carve-out Stop Loss
- HMO Reinsurance

As one of the country's largest managing general underwriters, R.E. Moulton, Inc. has the expertise and relationships with quality carriers to solve provider insurance challenges.

Pioneers in the Realm of Possibility



R.E. Moulton, Inc.
50 Doaks Lane
Marblehead, MA 01945
781-631-1325
www.remoultoninc.com

Continued from previous page

Continuous consulting15%
 Risk management audits15%
 Special projects70%

Staff

Total1
 Risk management professionals1
 Includes: 1 principal consultant; 1 CPCU, 1 ARM

Clients

Total10
 Associations2
 Minimum sizeNone

Consulting since: 1985.
Services: Most risk management services.
Specialties: Health care providers, transportation, public sector.
Locations: San Juan Capistrano, Calif.
Compensation: By the project, on retainer, by the hour: principal consultant, \$180; consultant, \$150; analyst, \$100 to \$125.
Officers: Ron Rakich.

Recon L.L.C.
 9 Mott Ave., Suite 309,
 Norwalk, Conn. 06850;
 203-854-9962; fax: 203-866-3892

1997 revenues

Total gross revenues\$750,000
 Risk management consulting revenues\$150,000
 Special projects100%

Staff

Total6
 Risk management professionals2
 Includes: 2 consultants; 1 CMC

Clients

Total4
 Minimum sizeNone

Consulting since: 1993.
Services: Claims consulting, loss prevention consulting, emergency response programs.
Locations: Norwalk, Conn.
Compensation: By the hour: principal consultant, \$125; consultant, \$100; clerical, \$40.
Contact: Kenneth Kosinski, president.

Regent Consultants Corp.
 544 Broadway, Suite 200,
 Massapequa, N.Y. 11758;
 516-541-0021; fax: 516-541-1964

1997 revenues

Risk management consulting revenuesNA
 Continuous consulting95%
 Risk management audits5%

Staff

Total4
 Includes: 1 principal consultant, 1 consultant; 1 CPCU, 1 ARM

Clients

Total25

Consulting since: 1968.
Services: Most risk management services.
Locations: New York.
Compensation: By the project, on retainer.
SRMC member.
Contact: Philip Platzer, president, 516-541-0021.

RISK Administration & Management Co.
 2300 Clayton Road, Suite 600,
 Concord, Calif. 94520;
 510-685-1600; fax: 510-685-1750

1997 revenues

Risk management consulting revenues\$842,276
 Continuous consulting90%
 Risk management audits2%
 Special projects8%

Staff

Total12
 Includes: 6 principal consultants, 4 consultants; 2 PEs

Consulting since: 1982.
Parent: InsPro Corp.
Services: Most risk management services.
Locations: Concord and Hacienda Heights, Calif.; Fort Mill, S.C.
Compensation: By the project, on retainer, by the hour.
Officers: Garrett Allison, Charon Laura, William Zerkle, Charles Cisco, Adrienne Ericson, administrators.
Contact: Garrett Allison or Adrienne Ericson.

Risk Analysts Inc.
 24 Greenway Plaza, Suite 1100,
 Houston, Texas 77046-2401;
 713-507-9400; fax: 713-507-9433

1997 revenues

Total gross revenues\$664,462
 Risk management consulting revenues\$495,462
 Continuous consulting60%
 Risk management audits12%
 Special projects26%
 Actuarial/accounting services2%

Staff

Total12
 Risk management professionals12
 Includes: 3 principal consultants, 7 consultants, 1 analyst; 3 CPCUs, 6 ARMs, 2 CSPs, 4 CICs

Clients

Total80
 Associations5
 Minimum sizeNone

Consulting since: 1982.
Parent: Wisenberg Insurance & Risk Management.
Services: Most risk management services.
Compensation: By the project, on retainer, by the hour: principal consultant, \$250; consultant, \$175; analyst, \$125; clerical, \$60.
Officers: Joe L. Williams, president; Thomas Francis, executive vp; Irving Pozmantier, chairman; Nicholas Dalby, director-risk control.
Contact: Thomas C. Francis, 713-507-4771.

Risk Concepts Ltd.
 1800 Diagonal Road, Suite 600,
 Alexandria, Va. 22314;
 703-684-4475; fax: 703-548-9446

1997 revenues

Total gross revenues\$679,687
 Risk management consulting revenues\$634,640
 Risk management audits90%
 Special projects10%

Staff

Total4
 Includes: 3 principal consultants

Clients

Total56

Consulting since: 1989.
Services: Risk management organization studies, claims consulting, loss prevention consulting.
Specialties: Financial services, professional services, global companies.
Locations: Asheville, N.C.; Alexandria, Va.
Compensation: By the project.
Officers: Gene Eskildsen, president; James Stewart, secretary/treasurer.

Risk Concepts of Louisiana Inc.
 P.O. Box 6455, Metairie, La. 70009;
 504-885-7475; fax: 504-885-7445

1997 revenues

Total gross revenues\$250,000
 Risk management consulting revenues\$200,000
 Continuous consulting80%
 Risk management audits5%
 Special projects10%
 Actuarial/accounting services5%

Staff

Total2
 Risk management professionals1
 Includes: 1 principal consultant; 1 ARM

Clients

Total6

Consulting since: 1992.
Services: Most risk management services.
Locations: New Orleans.
Compensation: By the project, on retainer, by the hour: principal consultant, \$100 to \$225.
Officers: Ralph L. Peterson Sr., president; Joy R. Dillard, vp.
Contact: Ralph L. Peterson Sr.

Risk Consultants Inc.
 7506 E. Independence Blvd.,
 Suite 100, Charlotte, N.C. 28227;
 704-537-3400; fax: 704-532-2359

1997 revenues

Total gross revenues\$556,678
 Risk management consulting revenues\$218,973
 Continuous consulting85%
 Risk management audits10%
 Special projects5%

Staff

Total10
 Risk management professionals6
 Includes: 2 principal consultants, 2 consultants, 2 analysts; 1 CPCU, 2 ARMs

Clients

Total100
 Associations2
 Minimum sizeNone

Consulting since: 1969.
Services: Most risk management services.
Locations: Charlotte, N.C.
Compensation: By the project, on retainer, by the hour: principal consultant, \$100; consultant, \$100; analyst, \$50; clerical, \$20.
Officers: Richard C. Canovai, president; Teresa P. Deaton, David R. Lively, vps; J. Lanny Goode, vp-sales; Beverley D. Ratcliff, assistant vp.

Risk Consultants Inc.
 6969 Carey Lane,
 Maple Grove, Minn. 55369;
 612-425-4040; fax: 612-425-4038

1997 revenues

Total gross revenues\$140,000
 Risk management consulting revenues\$140,000
 Continuous consulting5%
 Special projects95%

Staff

Total2
 Risk management professionals1
 Includes: 1 principal consultant, 1 analyst

Clients

Total11
 Associations11

Consulting since: 1978.
Parent: Risk Management Inc.
Services: Insurance coverage and limits analysis, claims consulting, expert witness services.
Compensation: By the hour: principal consultant, \$300; consultant, \$200; analyst, \$100; clerical, \$30.
Officers: Andrew F. Whitman.

Risk Consulting Group
 23120 Alicia Parkway, Suite 200,
 Mission Viejo, Calif. 92692;
 714-583-1161; fax: 714-583-0245

1997 revenues

Risk management consulting revenuesNA
 Continuous consulting50%
 Risk management audits20%
 Special projects30%

Staff

Total12
 Risk management professionals8
 Includes: 2 principal consultants, 3 consultants, 3 analysts; 1 CPCU, 1 ARM, 1 CIC

Clients

Total55
 Associations6
 Minimum sizeNone

Continued on next page

**INSURANCE FOR CULTURES, SPECIMENS,
 LAB ANIMALS AND EVEN GERMS OF IDEAS.**

In an industry as complex as biotechnology, a company needs an insurance response that recognizes its special needs. An insurer must have a thorough knowledge of the biotech industry gained over time to develop a custom-tailored insurance program. At Chubb, our biotech insurance has proven effective in 15 years of clinical trials.

Our life sciences insurance specialists can help build a specially designed portfolio of property insurance products and loss prevention services to protect an R&D facility where ideas are germinated, as well as protect lab animals and equipment, even various sources of funding and income. Liability insurance for products and clinical trial risks helps protect a company's lifeblood—its future financial success.

From cultures to catastrophes, Chubb offers a dynamic approach to your insurance needs. If you want to know more, call your independent agent or broker, or visit Chubb's web site at <http://www.chubb.com>

**INSURE
 YOUR WORLD
 WITH CHUBB**



For promotional purposes, Chubb refers to member insurers of the Chubb Group of Insurance Companies underwriting coverage. The precise coverage afforded is subject to the terms and conditions of the policies as issued. Not all insurers do business in all jurisdictions. Chubb Group of Insurance Companies, Box 1615, Warren, NJ 07061-1615

Continued from previous page

Consulting since: 1976.
Services: Most risk management services.
Locations: Franklin Lakes, N.J.
Compensation: By the project, on retainer.
SRMC member.
Officers: Bob Ford, Pat Kelly, principals; Kevin Michaels, Mary Finch, Austin Weldon, managers.
Contact: Bob Ford.

Risk Control Inc.

216 Water St.,
 Excelsior, Minn. 55331;
 612-474-5204

1997 revenues	
Risk management consulting revenues.....	NA
Continuous consulting.....	88%
Risk management audits.....	5%
Special projects.....	7%

Staff	
Total.....	5
Includes: 3 principal consultants, 1 consultant; 2 ARMs	
Clients	
Associations.....	1
Minimum size.....	\$50,000

Consulting since: 1978.
Services: Most risk management services.
Compensation: By the project, or retainer, by the hour: principal consultant, \$125; consultant, \$90; clerical, \$25.

SRMC member.
Contact: Jerry L. Brecke, president.

Risk Control Strategies

170 Great Neck Road,
 Great Neck, N.Y. 11021;
 516-466-0750; fax: 516-466-0997

1997 revenues	
Total gross revenues.....	\$300,000
Risk management consulting revenues.....	\$300,000
Continuous consulting.....	50%
Special projects.....	50%

Staff	
Total.....	8
Includes: 2 principal consultants, 2 consultants, 3 analysts; 1 CPCU, 4 ARMs	

Clients	
Total.....	15

Consulting since: 1980.
Parent: Leonard R. Friedman Risk Management Inc.
Services: Claims consulting, loss prevention consulting, loss settlement assistance.
Compensation: By the project, on retainer, by the hour: principal consultant, \$185; consultant, \$150; analyst, \$35; clerical, \$50.
SRMC member.
Officers: Susan G. Kaufman, president; Alice B. Weiss, vp.
Contact: Susan G. Kaufman.

Risk International Services Inc.

320 Springside Drive, Suite 250,
 Akron, Ohio 44333; 330-666-2556;
 fax: 330-666-0842

1997 revenues	
Risk management consulting revenues.....	NA
Continuous consulting.....	92%
Risk management audits.....	7%
Special projects.....	1%

Staff	
Total.....	63
Risk management professionals.....	48
Includes: 15 principal consultants, 12 consultants, 1 secretary, 20 analysts; 3 CPCUs, 1 ARM, 1 CAS	

Clients	
Total.....	40

Consulting since: 1936.
Parent: Millennial Assurance Services Inc.
Services: Most risk management services.
Locations: Philadelphia, Houston, Salt Lake City.
Compensation: By the project, on retainer, by the hour: principal consultant, \$110 to \$200; consultant, \$85 to \$125; analyst, \$60 to \$90; clerical, \$25 to \$45.
Officers: Del R. Jones, chairman/CEO-Millennial Assurance Services Inc.; David C. Hatch, president/COO-Millennial Assurance Services Inc.; Terrell E. Hunt, president-risk; Douglas L. Talley, vpcounsel; Michael D. Davis, assistant vp.
Contact: Michael D. Davis.

Risk Management Affiliates Ltd.

515 Rockaway Ave., Suite 411,
 Valley Stream, N.Y. 11581;
 516-561-7177; fax: 516-825-2384

1997 revenues	
Risk management consulting revenues.....	NA
Continuous consulting.....	80%
Risk management audits.....	10%
Special projects.....	10%

Staff	
Total.....	4
Includes: 2 principal consultants, 2 consultants; 1 CPCU, 1 ARM	

Clients	
Total.....	25
Associations.....	3

Consulting since: 1991.
Services: Most risk management services.
Specialties: Health care providers, public sector.
Compensation: By the project, on retainer, by the hour: principal consultant, \$150; consultant, \$125; clerical, \$40.
Contact: Reynold M. Corn, president.

The Risk Management Center Inc.

P.O. Box 207,
 Manakin-Sabot, Va. 23103-0207;
 804-784-0394 fax: 804-784-0396

1997 revenues	
Risk management consulting revenues.....	NA
Continuous consulting.....	50%
Risk management audits.....	20%
Special projects.....	30%

Staff	
Total.....	4
Risk management professionals.....	2
Includes: 1 principal consultant, 1 consultant; 1 CPCU, 2 ARMs, 1 CSP	

Clients	
Total.....	25
Associations.....	3
Minimum size.....	\$150,000

Consulting since: 1993.
Services: Most risk management services.
Specialties: Transportation, public sector, associations.
Locations: Richmond, Va.
Compensation: By the project, on retainer, by the hour: principal consultant, \$100; consultant, \$75; clerical, \$30.
SRMC member.
Contact: Richard F. O'Hare, president.

Risk Management Consultants Inc.

1621 E. Flamingo Road, Suite 15-B,
 Las Vegas, Nev. 89119;
 702-369-7475; fax: 702-796-7475

1997 revenues	
Risk management consulting revenues.....	NA
Continuous consulting.....	100%

Staff	
Total.....	3
Risk management professionals.....	1

Clients	
Total.....	18
Minimum size.....	None

Consulting since: 1986.
Services: Most risk management services.
Locations: Las Vegas.
Compensation: By the project, on retainer, by the hour: principal consultant, \$150.
Contact: K. Steven Kawa, president.

Risk Management Consulting Associates

400 W. Main St., P.O. Box 39,
 Wyckoff, N.J. 07481;
 201-847-0200; fax: 201-847-9244

1997 revenues	
Total gross revenues.....	\$725,000
Risk management consulting revenues.....	\$725,000
Continuous consulting.....	90%
Risk management audits.....	5%
Special projects.....	5%

Staff	
Total.....	5
Risk management professionals.....	3
Includes: 3 principal consultants; 2 ARMs	

Clients	
Associations.....	2

Consulting since: 1980.
Services: Most risk management services.
Compensation: By the project, on retainer
Officers: Gary D. Salt, president.

Risk Management Dynamics Inc.

77 Cameron Drive,
 Holland, Pa. 18966;
 215-364-4404; fax: 215-364-2890

1997 revenues	
Risk management consulting revenues.....	NA
Continuous consulting.....	90%
Risk management audits.....	5%
Special projects.....	5%

Staff	
Total.....	6
Risk management professionals.....	2
Includes: 2 principal consultants; 2 CPCUs, 2 ARMs	

Clients	
Total.....	45
Associations.....	1

Consulting since: 1987.
Services: Most risk management services.
Compensation: On retainer, by the hour: principal consultant, \$200; clerical, \$35.
SRMC member.
Officers: Alvin E. Mangold, president; Bernice L. Mangold, secretary; David T. Mangold, vp.

The Risk Management Group

160-A Keaa St., Hilo, Hawaii 96720;
 808-961-6752; fax: 808-961-3995

1997 revenues	
Risk management consulting revenues.....	\$150,000
Continuous consulting.....	50%
Risk management audits.....	50%

Staff	
Total.....	2
Includes: 1 principal consultant, 1 consultant	

Clients	
Total.....	15
Associations.....	2

Consulting since: 1980.
Services: Most risk management services.
Specialties: Health care providers, education, associations.
Compensation: By the project, on retainer.
Officers: M.R. Walden, president; E. Walden, secretary/treasurer.



Don't listen if they try to tell you that there's nothing new under the sun. New ideas are being born all the time at First State. New products. New services. New combinations. Ideas born out of a great diversity of experience in professional liability that span the gamut from - architects & engineers to EPLI, from financial services to miscellaneous E&O. Wonder what's new? Take a closer look at First State.

FIRST STATE

NOTHING NEW?

Continued on page 48

Directory terms explained on page 21.



FAST-TRACKED: APRIL 9, 1970
DOWNSIZED: MARCH 10, 1995

(EMPLOYMENT PRACTICES LIABILITY INSURANCE CREATED: MARCH 12, 1992)

After the Federal Employment Discrimination Laws under Title VII were expanded in 1991, Lexington was among the very first insurers to understand the need for Employment Practices Liability coverage. And we've been the industry leader ever since. As workplace discrimination, workplace sexual harassment and wrongful termination suits continue to rise in frequency and severity, Lexington continues to work with the companies we insure to help identify and reduce potential employment problems. Call your agent or broker to find out how the largest U.S.-based excess and surplus lines underwriter can help you, or call 617-772-4586.

LEXINGTON INSURANCE COMPANY PIONEERS IN REVOLUTIONARY COVERAGE

READER REPLY SERVICE

PRODUCTS & SERVICES LISTING

Issue of March 16

Reader Service #	Advertiser	Page #	Reader Service #	Advertiser	Page #
1	American Institute for CPCU	.49	21	Liberty Mutual	.9
2	Burnham Systems	.56	—	Lockton Companies	.38
—	Business Insurance	.17,33	—	Matrix Risk Consultants	.43
3	Capital Re	.60	22	Wm. H. McGee & Co., Inc.	.40
4	Carvill America, Inc.	.52	23	Metropolitan Life Ins. Co.	.11
5	Chubb Group of Insurance Co's	.45	24	Midlands Management Corp.	.52
6	CNA/Excess & Select	.6	—	R. E. Moulton Insurance Agency	.44
7	CNA/HealthPro	.51	25	NCCI	.32
8	CNA/Reinsurance	.31	26	NILS Publishing Company	.50
—	CCIA	.33R	27	Old Republic Risk Management	.29
9	Commonwealth Risk Service	.30	—	Outdoorsman Agency	.52
10	Corporate Systems	.28	28	Protection Mutual Ins. Co.	.14-15
11	Corvel Corporation	.20-21	29	Pyramid Services Inc.	.56
12	Employers Reinsurance Corp.	.26-27	30	Reliance National	.7
—	First State Management Group	.46	31	Ricoh of America	.24
13	Frontier Adjusters	.57	32	Royal Insurance	.64
14	Frontier Insurance Co.	.4	—	SAFECO Insurance Company	.22
15	GAB Robins	.34	37	SCOR Re	.39
—	Gates McDonald	.10	—	Sedgwick Re London	.54
—	General Accident Ins.	.18-19	—	Signet Star Reinsurance	.37
16	General Reinsurance	.41	—	State Comp. Ins. Fund	.33R
17	General Star Management	.25	33	Technical Insurance Services	.56
18	Gerling America	.42	34	USF&G	.53
19	G & M Marine Incorporated	.50	—	Vermont Dept. of Econ. Development	.16
—	Hannover Reinsurance	.23	—	Wausau Insurance Company	.5
—	Kemper Environmental	.43	35	WLT Software of FL, Inc.	.5
20	Lexington Insurance	.47	36	Zurich Reinsurance	.12-13



To obtain free information on the products and services advertised, turn to our post-paid Reader Service Reply Card bound in this issue, or complete the coupon below and mail to:

BUSINESS INSURANCE
Reader Service Center
650 S. Clark St., 6th Fl.
Chicago, IL 60605-1702



Circle the numbers below that correspond to the companies listed on our Advertiser Index for the **March 16, 1998** issue. Cards with more than 20 items circled will not be processed. This card expires **May 11, 1998**.

1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
16	17	18	19	20	21	22	23	24	25	26	27	28	29	30
31	32	33	34	35	36	37	38	39	40	41	42	43	44	45
46	47	48	49	50	51	52	53	54	55	56	57	58	59	60
61	62	63	64	65	66	67	68	69	70	71	72	73	74	75
76	77	78	79	80	81	82	83	84	85	86	87	88	89	90
91	92	93	94	95	96	97	98	99	100	101	102	103	104	105
106	107	108	109	110	111	112	113	114	115	116	117	118	119	120
121	122	123	124	125	126	127	128	129	130	131	132	133	134	135
136	137	138	139	140	141	142	143	144	145	146	147	148	149	150

Please print clearly

Name _____

Title _____

Company _____

Address _____

City _____ State _____ Zip _____

Phone () _____

FREE LITERATURE FOR READERS

Issue Date: **MARCH 16, 1998**

Card Expiration: **MAY 11, 1998**

- All questions must be answered to process inquiries.
- PLEASE CHECK ONE ITEM FOR EACH CATEGORY:
- My organization is best described as:
 - A Mfg/Svcs
 - B Association
 - C Union
 - D Government
 - E Educational Inst
 - F Ins Agent
 - G Ins Broker
 - H Ins/Reins Co
 - I Consultant
 - J Actry/Attorney
 - K Adj/Apprs
 - L TPA
 - M Health care
 - N Other
 - Number of employees:
 - 1 150 or less
 - 2 151 - 499
 - 3 500 - 999
 - 4 1,000 - 4,999
 - 5 5,000 or more
 - 6 Unknown
 - My title is best defined as:
 - A Administrative Mgt
 - B Financial Mgt
 - C Risk Mgt
 - D Benefits Mgt
 - E Loss Prevention Mgt
 - F Other
 - My purchasing involvement for the requested products is to:
 - 1 recommend only
 - 2 specify
 - 3 approve
 - Do you now receive a personally addressed copy of Business Insurance?
 - A Yes
 - B No, so please send subscription info

Continued from page 46

Risk Management Services Inc.

1319 Dexter Ave. N., Suite 300,
 Seattle, Wash. 98109-3541;
 206-282-6077; fax: 206-282-5939

1997 revenues

Risk management consulting revenues	.....NA
Continuous consulting	.....60%
Risk management audits	.....20%
Special projects	.....20%

Staff

Total	.....4
Risk management professionals	.....3
Includes: 1 principal consultant, 2 consultants	

Clients

Total	.....14
Minimum size	.....None

Consulting since: 1990.
Services: Insurance coverage and limits analysis, claims consulting, installation of risk management information systems.
Specialties: Maritime industries, law firms.
Compensation: By the project, by the hour: principal consultant, \$125 to \$175; consultant, \$75 to \$100.
Officers: Roger Phillips, president; Elizabeth Seymour, manager.
Contact: Elizabeth Seymour.

Risk Resources/Corporate Policyholders Counsel

185 S. York St., Elmhurst, Ill. 60126;
 630-617-5100; fax: 630-617-5128

1997 revenues

Total gross revenues	.....\$1,000,000
Risk management consulting revenues	.....\$1,000,000
Continuous consulting	.....70%
Risk management audits	.....15%
Special projects	.....15%

Staff

Total	.....6
Risk management professionals	.....4
Includes: 2 CPCUs, 2 ARMs	

Clients

Total	.....100
Associations	.....10

Consulting since: 1992.
Services: Most risk management services.
Compensation: By the project, on retainer, by the hour: principal consultant, up to \$210; clerical, \$40.
SRMC member.
Officers: Steven A. Coombs, president; Robert J. Trompeter, executive vp; William Leinheiser, senior vp.
Contact: William Leinheiser.

RiskCap

1655 Lafayette St., Suite 200,
 Denver, Colo. 80218;
 303-388-5688; fax: 303-388-5585

1997 revenues

Total gross revenues	.....\$1,845,000
Risk management consulting revenues	.....\$965,500
Continuous consulting	.....79%
Risk management audits	.....6%
Special projects	.....15%

Staff

Total	.....21
Risk management professionals	.....14
Includes: 1 principal consultant, 6 consultants, 7 analysts; 4 CPCUs, 2 ARMs, 1 CIC	

Clients

Total	.....47
Associations	.....5

Consulting since: 1976.
Services: Most risk management services.
Locations: Detroit; Grand Cayman.
Compensation: By the hour: principal consultant, \$175 to \$200; consultant, \$150 to \$175; analyst, \$125; clerical, \$35.
SRMC member.
Officers: Michael Murphy, principal consultant; Sherlyn Farrell, J. Lawrence Lawson, senior consultants; Richard Poling, Donna Holstlaw, consultants.
Contact: Michael Murphy.

RiskSolutions

1151 Greenwood Ave., Suite 100,
 San Carlos, Calif. 94070;
 650-592-8000; fax: 650-592-4366

1997 revenues

Risk management consulting revenues	.....\$300,000
Continuous consulting	.....25%
Risk management audits	.....20%
Special projects	.....45%
Actuarial/accounting services	.....10%

Staff

Total	.....2
Risk management professionals	.....2
Includes: 2 principal consultants; 1 CPCU, 1 ARM	

Clients

Total	.....42
Associations	.....4
Minimum size	.....None

Consulting since: 1996.
Services: Most risk management services.
Locations: San Carlos, Calif.
Compensation: By the project.
Contact: Bruce Coddling, president, or Brian Gagan, executive vp.

Roberts Resources Inc.

1048 Irvine Ave., Suite 61,
 Newport Beach, Calif. 92663;
 714-515-4750; fax: 714-574-9845

1997 revenues

Risk management consulting revenues	.....NA
Continuous consulting	.....20%
Risk management audits	.....30%

Special projects50%

Staff

Total	.....1
Includes: 1 principal consultant; 1 ARM	

Clients

Total	.....17
Minimum size	.....\$1,000

Consulting since: 1989.
Services: Most risk management services.
Locations: Newport Beach, Calif.
Compensation: By the project, on retainer, by the hour: principal consultant, \$150.
Contact: Sheila P. Roberts, president.



SRG Strategy & Risk Group

P.O. Box 1778,
 Sun City, Ariz. 85372;
 602-583-4107; fax: 602-583-4108

1997 revenues

Risk management consulting revenues	.....NA
Risk management audits	.....50%
Special projects	.....50%

Staff

Total	.....2
Risk management professionals	.....2
Includes: 2 principal consultants; 1 CPCU	

Clients

Total	.....63
Associations	.....5
Minimum size	.....None

Consulting since: 1987.
Parent: Ralph Korn & Associates Inc.
Services: Most risk management services.
Locations: Sun City, Ariz.; Laguna Hills, Calif.
Compensation: By the project.
SRMC member.
Officers: Ralph Korn, principal.

Seaver, Rudolph & Associates Inc.

1001 E. Main St., Suite E,
 St. Charles, Ill. 60174;
 630-443-0020; fax: 630-443-6439

1997 revenues

Total gross revenues	.....\$400,000
Risk management consulting revenues	.....\$400,000
Continuous consulting	.....30%
Risk management audits	.....45%
Special projects	.....25%

Staff

Total	.....5
Risk management professionals	.....3
Includes: 2 principal consultants, 1 analyst; 1 CPCU, 1 ARM	

Clients

Total	.....50
Minimum size	.....None

Consulting since: 1898.
Services: Alternative risk financing consulting, insurance coverage and limits analysis, expert witness services.
Locations: Neshkoro, Wis.
Compensation: By the project, on retainer, by the hour.
Officers: Ronald E. Seaver, president/treasurer; Richard G. Rudolph, senior vp; Laurie K. Filipinski, vp/secretary/office manager.

Sedgwick Risk Services

3401 West End Ave., Suite 180,
 Nashville, Tenn. 37203;
 615-783-2500; fax: 615-298-1120

1997 revenues

Risk management consulting revenues	.....\$23,500,000
Continuous consulting	.....50%
Risk management audits	.....20%
Special projects	.....25%
Actuarial/accounting services	.....5%

Staff

Total	.....190
Includes: 55 principal consultants, 110 consultants, 5 actuaries, 20 analysts; 10 CPCUs, 36 ARMs, 2 FCASS, 41 CSPs, 4 ACAS, 7 PEs	

Clients

Total	.....1,200
Associations	.....6
Minimum size	.....None

Consulting since: 1976.
Parent: Sedgwick Group P.L.C.
Services: Most risk management services.
Locations: Los Angeles; San Francisco; Atlanta; Chicago; Boston; Detroit; New York; Portland, Ore.; Philadelphia; Columbia, S.C.; Memphis and Nashville, Tenn.; Dallas; Seattle.
Compensation: By the project, on retainer, by the hour: principal consultant, \$175 to \$295; consultant, \$135 to \$190; analyst, \$110 to \$145; clerical, \$50 to \$100.
Officers: Jane Hill Fleming, senior vp-risk services, Sedgwick Inc.; Richard M. Duval, president-financial/actuarial consulting; Charles W. Kahsen, director-claims consulting services; Joseph Labetti, director-risk control consulting.
Contact: Jane Hill Fleming.

Self-Insurance Specialists Inc.

6909 S. Holly Circle, Suite 204,
 Englewood, Colo. 80112;
 303-741-5683; fax: 303-741-5639

1997 revenues

Risk management consulting revenues	.....NA
Continuous consulting	.....65%
Risk management audits	.....5%
Special projects	.....5%
Actuarial/accounting services	.....25%

Continued on page 50

Continued from previous page

Staff	
Total	2
Risk management professionals	1
Includes: 1 principal consultant; 1 CPCU, 1 ARM	
Clients	
Total	8
Associations	3
Consulting since: 1991.	
Services: Most risk management services.	
Specialties: Education, government, public sector.	
Locations: Denver.	
Compensation: By the project, on retainer, by the hour.	
Contact: Sally A. Arnold, president.	

Shelter Island Risk Services L.L.C.
P.O. Box 568, 14 Tarkettle Road,
Shelter Island, N.Y. 11964;
516-749-1535; fax: 516-749-7885

1997 revenues	
Total gross revenues	\$342,294
Risk management consulting revenues	\$273,812
Continuous consulting	40%
Special projects	50%
Actuarial/accounting services	10%
Staff	
Total	4
Risk management professionals	4
Includes: 4 principal consultants; 1 CPCU	
Clients	
Total	16
Consulting since: 1994.	
Services: Alternative risk financing consulting, consulting on design of risk management information systems, software consulting.	
Locations: Atlanta; Ramsey, N.J.; New York and Shelter Island, N.Y.	
Compensation: By the project, on retainer, by the hour: principal consultant, \$150 to \$200; consultant, \$115 to \$150; analyst, \$90 to \$115; clerical, \$25.	
Officers: Richard F. Denning, president; Richard L. Aman, Ira L. Skop, Roger H. Dunkin, regional directors.	

Richard E. Sherman & Associates Inc.
415 Williamson Way, Suite 5,
Ashland, Ore. 97520;
541-488-0331; fax: 541-488-7759

1997 revenues	
Total gross revenues	\$480,000
Risk management consulting revenues	\$215,000
Actuarial/accounting services	100%
Staff	
Total	5
Risk management professionals	3
Includes: 1 principal consultant, 2 actuaries; 1 FCAS	
Clients	
Total	33
Associations	8
Minimum size	None
Consulting since: 1991.	
Services: Alternative risk financing consulting, expert witness services, actuarial consulting.	
Locations: Ashland, Ore.	
Compensation: By the project, by the hour: principal consultant, \$175 to \$370; analyst, \$50 to \$70.	
Officers: Richard E. Sherman, president.	

SIGMA Risk Management Inc.
400 Third Ave. S.W., Suite 1400,
Calgary, Alberta, Canada T2P 4H2;
403-264-8244; fax: 403-264-8248

1997 revenues	
Total gross revenues	\$400,000
Risk management consulting revenues	\$400,000
Continuous consulting	30%
Risk management audits	50%
Special projects	20%
Staff	
Total	4
Risk management professionals	2
Includes: 1 principal consultant, 1 consultant, 1 analyst; 2 ARMs, 2 PEs, 2 CMCs	
Clients	
Total	15
Associations	2
Consulting since: 1992.	
Services: Most risk management services.	
Specialties: Financial services, utilities, petrochemical industries.	
Compensation: By the hour: principal consultant, \$200; consultant, \$125; analyst, \$50.	
SRMC member.	
Officers: J.M. Gordon, president.	

Simsco Consulting Services
14825 St. Mary's Lane, Suite 130,
Houston, Texas 77079;
281-496-3056; fax: 281-538-5338

1997 revenues	
Risk management consulting revenues	NA
Continuous consulting	60%
Risk management audits	10%
Special projects	30%
Staff	
Total	1
Risk management professionals	1
Includes: 1 principal consultant	
Clients	
Total	15
Minimum size	\$1,000
Consulting since: 1995.	
Services: Insurance coverage and limits analysis, broker and vendor services analysis, expert witness services.	

Locations: Houston.
Compensation: By the project, on retainer, by the hour: principal consultant, \$150.
Officers: J. Carlton Sims.

E.W. Siver & Associates Inc. dba Siver Insurance Consultants
P.O. Box 21343,
St. Petersburg, Fla. 33742;
813-577-2780; fax: 813-579-8692

1997 revenues	
Total gross revenues	\$1,492,000
Risk management consulting revenues	\$1,044,400
Continuous consulting	20%
Risk management audits	10%
Special projects	60%
Actuarial/accounting services	10%
Staff	
Total	10
Risk management professionals	5
Includes: 2 principal consultants, 3 consultants; 2 CPCUs, 2 ARMs	
Clients	
Total	80
Associations	2
Minimum size	None
Consulting since: 1970.	
Services: Most risk management services.	
Specialties: Health care providers, government, law firms.	
Locations: St. Petersburg, Fla.	
Compensation: By the project, on retainer, by the hour: principal consultant, \$200 to \$300; consultant, \$100 to \$200; clerical, \$35 to \$45.	
SRMC member.	
Officers: Edward W. Siver, president/senior consultant; James Marshall, executive vp/senior consultant; Robert F. McBurney, senior vp/senior consultant; Jean A. Cornillaud, corporate secretary.	
Contact: Edward W. Siver.	

Smith Consulting Group
1150 Foothill Blvd.,
La Canada, Calif. 91011-3248;
818-790-0573; fax: 818-790-0576

1997 revenues	
Risk management consulting revenues	NA
Continuous consulting	75%
Risk management audits	10%
Special projects	15%
Staff	
Total	1
Risk management professionals	1
Includes: 1 principal consultant	
Clients	
Total	14
Minimum size	None
Consulting since: 1985.	
Services: Most risk management services.	
Compensation: By the project, on retainer, by the hour: principal consultant, \$165 to \$225.	
Officers: Dick Smith, principal.	

C.J. Spivey Associates Inc.
6813-B Fairview Road,
Charlotte, N.C. 28210;
704-364-6187; fax: 704-362-7143

1997 revenues	
Total gross revenues	\$630,444
Risk management consulting revenues	\$327,841
Continuous consulting	62%
Risk management audits	23%
Special projects	15%
Staff	
Total	2
Risk management professionals	1
Includes: 1 principal consultant; 1 ARM	
Clients	
Total	7
Associations	1
Minimum size	\$100,000
Consulting since: 1981.	
Services: Most risk management services.	
Specialties: Health care providers, education, government.	
Locations: Charlotte, N.C.	
Compensation: By the project, on retainer, by the hour: principal consultant, \$150; consultant, \$100; clerical, \$40.	
Officers: C.J. Spivey, president/treasurer; B.R. Spivey, vp/secretary.	

William H. Sternburg & Associates Inc.
125 Greenleaf St.,
Quincy, Mass. 02169;
617-773-6672; fax: 617-479-7563

1997 revenues	
Risk management consulting revenues	\$320,000
Continuous consulting	95%
Risk management audits	2%
Special projects	3%
Staff	
Total	3
Risk management professionals	2
Includes: 1 principal consultant, 1 consultant; 1 CPCU	
Clients	
Total	45
Consulting since: 1991.	
Services: Most risk management services.	
Compensation: By the project, on retainer, by the hour: principal consultant, \$175 to \$200; consultant, \$150; clerical, \$65.	
Contact: Emily F. Schabacker, president.	

Stogniew & Associates
12225 28th St. N.,
St. Petersburg, Fla. 33716;
813-572-7400; fax: 813-572-7459

1997 revenues	
Total gross revenues	\$815,000
Risk management consulting revenues	\$650,000
Continuous consulting	75%
Risk management audits	15%
Special projects	10%
Staff	
Total	13
Risk management professionals	9
Includes: 2 principal consultants, 7 consultants	
Consulting since: 1980.	
Services: Insurance coverage and limits analysis, claims consulting, expert witness services.	
Specialties: Financial services, health care providers, professional services.	
Locations: Los Angeles.	
Compensation: By the project.	
Officers: Gerald F. Stogniew, executive director; Rosemary Stogniew, secretary/treasurer; Kristen J. Stogniew, general counsel.	
Contact: Gerald F. Stogniew.	

Strang & Associates
5396 Maricopa Drive,
Simi Valley, Calif. 93063;
805-522-1725; fax: 805-522-1973

1997 revenues	
Risk management consulting revenues	NA
Continuous consulting	60%
Risk management audits	30%
Special projects	10%
Staff	
Total	2
Risk management professionals	2

Staff	
Total	1
Includes: 1 principal consultant	
Clients	
Total	10
Minimum size	None
Consulting since: 1991.	
Services: Most risk management services.	
Specialties: Manufacturing, aviation.	
Locations: Simi Valley, Calif.	
Compensation: By the project, on retainer.	
SRMC member.	
Officers: James P. Strang, principal.	

TLJ Partners Inc.
P.O. Box 12979,
Jackson, Miss. 39236;
601-364-7308; fax: 601-366-1815

1997 revenues	
Risk management consulting revenues	NA
Continuous consulting	97%
Special projects	3%
Staff	
Total	2
Risk management professionals	2

Risk management professionals	
Includes: 2 principal consultants; 2 CPCUs, 1 ARM	
Clients	
Total	15

Consulting since: 1997.
Services: Most risk management services.
Locations: Jackson, Miss.
Compensation: On retainer.
Officers: Thomas L. Joyner Jr., Leland H. Rogers.
Contact: Thomas L. Joyner Jr.

D.L. Tibbals Risk Management Consulting Inc.
990 Hammond Drive, Suite 310,
Atlanta, Ga. 30328;
770-395-3850; fax: 770-395-3852



1997 revenues	
Total gross revenues	\$358,187
Risk management consulting revenues	\$358,187
Continuous consulting	60%
Risk management audits	10%
Special projects	30%
Staff	
Total	2
Risk management professionals	2

Continued on next page

CPCU PREFERRED.

"At Mirage Resorts, we seek out the most qualified individuals in every aspect of our business. This includes the insurance professionals whom we contract with. I consider the CPCU designation to be an indicator of superior qualifications."

James E. Pettis - Risk Manager
Golden Nugget Risk Management Corporation



Even when the risks don't include dolphins or a \$20 million volcano, they demand the insurance and risk management expertise that is synonymous with CPCU, the property and casualty insurance business's premier professional designation.

The American Institute for CPCU confers this prestigious designation. It signifies extensive knowledge of the insurance mechanism and the business environment in which it operates.

CPCUs who join the CPCU Society have access to a network of other insurance professionals who promote and support continuing education, professionalism, and industry and community service.

There is no substitute for CPCU.

For more info, call (800) 644-2101 (AICPCU) or (800) 932-CPCU (CPCU Society).

Clients	
Total	50
Consulting since: 1987	
Services: Alternative risk financing consulting, insurance coverage and limits analysis, broker and vendor services analysis.	
Specialties: Health care providers, technology, hospitality.	
Compensation: By the hour: principal consultant, \$200 to \$250; clerical, \$60.	
SRMC member.	
Officers: David L. Tibbals, president.	

Tillinghast-Towers Perrin
175 Powder Forest Drive,
Weatogue, Conn. 06089;
860-843-7000; fax: 860-843-7001

1997 revenues	
Total gross revenues	\$69,700,000
Risk management consulting revenues	\$27,500,000
Continuous consulting	5%
Risk management audits	5%
Special projects	60%
Actuarial/accounting services	30%
Staff	
Total	394

Risk management professionals	55
Includes: 13 principal consultants, 18 consultants, 9 actuaries, 15 analysts	
Clients	
Total	790
Minimum size	\$15,000
Consulting since: 1946.	
Parent: Towers Perrin.	
Services: Most risk management services.	
Locations: 29 offices worldwide.	
Compensation: By the project, by the hour: principal consultant, \$325 to \$450; consultant, \$190 to \$385; analyst, \$130 to \$185; clerical, \$78.	
Officers: Randy Hindman, Charles Lee, Jerry Miccolis, Hugh Rosenbaum, John Yonkunas.	
Contact: John Yonkunas.	

Tweedy Risk Consulting Inc.
P.O. Box 372,
Barrington, R.I. 02806;
401-245-0805; fax: 401-245-2838

1997 revenues	
Risk management consulting revenues	NA
Continuous consulting	40%
Risk management audits	5%
Special projects	55%
Staff	
Total	1

Risk management professionals	1
Includes: 1 principal consultant; 1 CMC	
Clients	
Total	11
Associations	3
Minimum size	None
Consulting since: 1996.	
Services: Insurance coverage and limits analysis, consulting on design of risk management information systems, claims consulting.	
Locations: Barrington, R.I.	
Compensation: By the hour: principal consultant, \$200 to \$250.	
Officers: David A. Tweedy, president.	

U

UIC Inc.
11 Harristown Road,
Glen Rock, N.J. 07452;
201-444-3888; fax: 210-444-9335

1997 revenues	
Risk management consulting revenues	NA
Continuous consulting	95%
Special projects	5%
Staff	
Total	25
Risk management professionals	12
Clients	
Total	548
Minimum size	\$200,000
Consulting since: 1978.	
Services: Most risk management services.	
Compensation: On retainer.	
Contact: Thomas Kovatch, president.	

Waters Risk Management
7300 Park St. N.,
Seminole, Fla. 33777-4601;
813-397-8665; fax: 813-397-3585

1997 revenues	
Risk management consulting revenues	NA
Continuous consulting	20%
Risk management audits	20%
Special projects	60%
Staff	
Total	3
Risk management professionals	2
Includes: 1 principal consultant, 1 consultant; 2 CPCUs, 2 ARMs	
Clients	
Total	35
Associations	2
Consulting since: 1978.	
Services: Most risk management services.	
Specialties: Government.	
Locations: Seminole, Fla.	
Compensation: By the project, by the hour: principal consultant, \$130; consultant, \$120; clerical, \$25.	
SRMC member.	
Officers: Al Waters.	

Watson Wyatt Worldwide
6707 Democracy Blvd., Suite 800,
Bethesda, Md. 20817-1129;
301-581-4600; fax: 301-581-4688

1997 revenues	
Total gross revenues	\$18,800,000
Risk management consulting revenues	\$18,800,000
Continuous consulting	15%
Risk management audits	5%
Special projects	40%
Actuarial/accounting services	40%
Staff	
Total	95
Risk management professionals	95
Includes: 19 consultants, 30 actuaries, 33 analysts, 5 CPCUs, 8 ARMs, 5 FCASs, 5 ACAs, 2 CICs, 1 PE	
Clients	
Total	1,400
Associations	85
Minimum size	None
Consulting since: 1973.	
Services: Most risk management services.	
Locations: San Francisco; Phoenix; Stamford, Conn.; Honolulu; Chicago; Wellesley Hills, Mass.; Southfield, Mich.; Minneapolis; New York; Dallas; Washington, D.C.; Toronto; Netherlands; London and Surrey, U.K.	
Compensation: By the hour: consultant, \$200 to \$500; analyst, \$75 to \$225; clerical, \$40 to \$105.	
Officers: James A. Swanke Jr., practice director; Mitchell Cole, northeast regional practice director; James A. Rech, southwest regional practice director; Paul Van Zuiden, midwest regional practice director; Ward Ching, west regional practice director; Jeff Jordan, Boston practice leader; Jim Gordon, Phoenix practice leader.	

WEB Insurance Consultants Inc.
23 Tindall Road, P.O. Box 4065,
Middletown, N.J. 07748;
732-671-9455; fax: 732-671-2820

1997 revenues	
Risk management consulting revenues	NA
Continuous consulting	79%
Risk management audits	10%
Special projects	11%
Staff	
Total	3
Risk management professionals	2
Includes: 1 principal consultant, 1 consultant; 1 ARM	
Clients	
Minimum size	None
Consulting since: 1981.	
Services: Most risk management services.	
Compensation: By the project, on retainer, by the hour.	
Officers: William Brengel, president; Barbara Benedetto, vp.	
Contact: William Brengel.	

1997 revenues	
Risk management consulting revenues	NA
Continuous consulting	50%
Risk management audits	1%
Special projects	20%
Actuarial/accounting services	29%
Staff	
Total	77
Risk management professionals	35
Includes: 11 principal consultants, 28 consultants, 7 actuaries, 9 analysts, 4 CPCUs, 9 ARMs, 4 FCASs, 3 ACASs, 1 CIC, 2 PEs	
Clients	
Total	400
Associations	15
Minimum size	None
Consulting since: 1976.	
Parent: Willis Corroon Group P.L.C.	
Services: Most risk management services.	
Locations: Los Angeles; Chicago; New York; Nashville, Tenn.	
Compensation: By the project, on retainer, by the hour: principal consultant, \$240; consultant, \$190; analyst, \$95; clerical, \$40.	
Officers: James V. Davis, chairman/CEO; Bill Panning, president/COO; Jonathan Davis, Ed Davenport, Dave Wisniewski, managing directors.	
Contact: Amber J. Grunden, 615-872-3401.	

1997 revenues	
Risk management consulting revenues	NA
Continuous consulting	79%
Risk management audits	10%
Special projects	11%
Staff	
Total	3
Risk management professionals	2
Includes: 1 principal consultant, 1 consultant; 1 ARM	
Clients	
Minimum size	None
Consulting since: 1981.	
Services: Most risk management services.	
Compensation: By the project, on retainer, by the hour.	
Officers: William Brengel, president; Barbara Benedetto, vp.	
Contact: William Brengel.	

1997 revenues	
Risk management consulting revenues	NA
Continuous consulting	79%
Risk management audits	10%
Special projects	11%
Staff	
Total	3
Risk management professionals	2
Includes: 1 principal consultant, 1 consultant; 1 ARM	
Clients	
Minimum size	None
Consulting since: 1981.	
Services: Most risk management services.	
Compensation: By the project, on retainer, by the hour.	
Officers: William Brengel, president; Barbara Benedetto, vp.	
Contact: William Brengel.	

1997 revenues	
Risk management consulting revenues	NA
Continuous consulting	96%
Staff	
Total	39
Associations	5
Minimum size	None
Consulting since: 1991.	
Services: Claims consulting, loss prevention consulting, expert witness services.	
Locations: Newtown, Pa.	
Compensation: By the project, on retainer, by the hour: principal consultant, \$110; consultant, \$55 to \$98; analyst, \$45; clerical, \$32.	
Officers: Robert A. West, president; Maureen A. West, secretary.	
Contact: Pamela Eutsler.	

Robert L. Wilkinson
155 24th Ave., Suite 5,
San Francisco, Calif. 94121;
415-387-5522; fax: 415-387-0771

1997 revenues	
Risk management consulting revenues	NA
Continuous consulting	75%
Risk management audits	20%
Special projects	5%
Staff	
Total	1
Risk management professionals	1
Includes: 1 principal consultant; 1 CPCU, 1 ARM	
Clients	
Total	39
Associations	5
Minimum size	None
Consulting since: 1994.	
Services: Insurance coverage and limits analysis, broker and vendor services analysis, expert witness services.	
Locations: San Francisco.	
Compensation: By the project, by the hour: principal consultant, \$150 to \$250.	
SRMC member.	

Willis Corroon Advanced Risk Management Services
26 Century Blvd.,
Nashville, Tenn. 37214;
615-872-3200; fax: 615-872-3254

1997 revenues	
Risk management consulting revenues	NA
Continuous consulting	50%
Risk management audits	1%
Special projects	20%
Actuarial/accounting services	29%
Staff	
Total	77
Risk management professionals	35
Includes: 11 principal consultants, 28 consultants, 7 actuaries, 9 analysts, 4 CPCUs, 9 ARMs, 4 FCASs, 3 ACASs, 1 CIC, 2 PEs	
Clients	
Total	400
Associations	15
Minimum size	None
Consulting since: 1976.	
Parent: Willis Corroon Group P.L.C.	
Services: Most risk management services.	
Locations: Los Angeles; Chicago; New York; Nashville, Tenn.	
Compensation: By the project, on retainer, by the hour: principal consultant, \$240; consultant, \$190; analyst, \$95; clerical, \$40.	
Officers: James V. Davis, chairman/CEO; Bill Panning, president/COO; Jonathan Davis, Ed Davenport, Dave Wisniewski, managing directors.	
Contact: Amber J. Grunden, 615-872-3401.	

R.P. Wittuck & Associates Inc.
5727 Schultz Road, Erie, Pa. 16509;
814-825-0525; fax: 814-825-1598

1997 revenues	
Risk management consulting revenues	NA
Continuous consulting	96%

MARINE INSURANCE PROBLEMS?

No Prohibited Class Of Business
All Classes Of Marine Insurance Available

- Over 40 years of experience
- A & A+ rated companies
- \$25,000,000 in-house capacity for liability

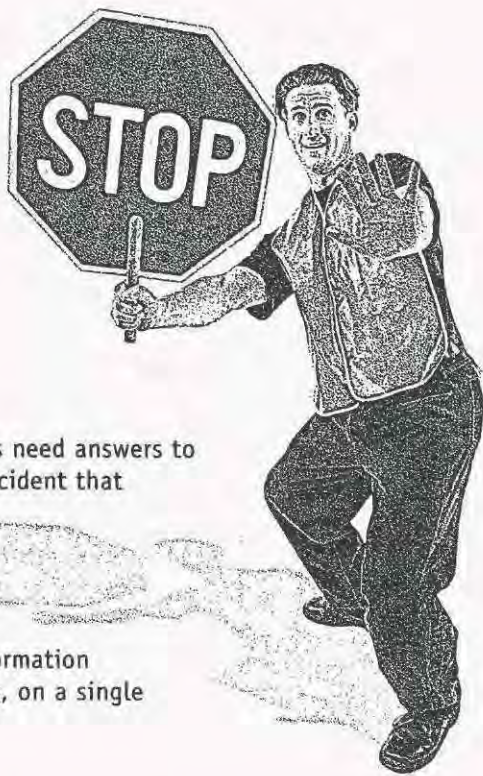
600 Maritime Bldg. • New Orleans, La. 70130
Phone (504) 588-9044 • Fax (504) 588-9397



G&M Marine

A SERVICE OFFICE FOR AGENTS AND BROKERS

Compliance Is No Accident



When America's insurers and regulators need answers to their compliance questions—it's no accident that they turn to INSource.

INSource delivers all the information

Complete statutory and regulatory information for your choice of 54 U.S. jurisdictions, on a single CD-ROM, updated monthly.

Make no mistake

State terminology is slippery—it seems that each state speaks a different language! That's why every INSource document is consistently indexed. So you can answer complex, multi-state research questions quickly and confidently.

When the question involves compliance, INSource delivers all the answers. No other service even comes close.

Call today for a FREE Trial

1-800-423-5910

www.nils.com

INSource is a product of NILS Publishing Company. Serving the information needs of insurance professionals for over 50 years.

Weil & Son Inc.

1127 Euclid Ave., Suite 1050,
Cleveland, Ohio 44115-1695;
216-781-1300; fax: 216-241-8267

1997 revenues	
Risk management consulting revenues	NA
Continuous consulting	80%
Risk management audits	5%
Special projects	15%
Staff	
Total	6
Risk management professionals	5
Includes: 1 principal consultant, 3 consultants, 1 analyst; 1 CPCU, 1 ARM	
Clients	
Total	23
Minimum size	None
Consulting since: 1985.	
Services: Most risk management services.	
Compensation: By the project, on retainer, by the hour: principal consultant, \$225; consultant, \$90 to \$150; analyst, \$60; clerical, \$40.	
Contact: Michael R. Weil.	

1997 revenues	
Total gross revenues	\$400,000
Risk management consulting revenues	\$240,000
Continuous consulting	28%
Risk management audits	10%
Special projects	60%
Actuarial/accounting services	2%
Staff	
Total	3
Risk management professionals	1
Includes: 1 principal consultant	
Clients	
Total	60
Minimum size	\$50,000
Consulting since: 1991.	
Services: Claims consulting, loss prevention consulting, expert witness services.	
Locations: Newtown, Pa.	
Compensation: By the project, on retainer, by the hour: principal consultant, \$110; consultant, \$55 to \$98; analyst, \$45; clerical, \$32.	
Officers: Robert A. West, president; Maureen A. West, secretary.	
Contact: Pamela Eutsler.	

1997 revenues	
Risk management consulting revenues	NA
Continuous consulting	45%
Risk management audits	20%
Special projects	30%
Actuarial/accounting services	5%
Staff	
Total	8
Includes: 2 principal consultants, 3 consultants, 2 analysts; 3 CPCUs, 3 ARMs	
Clients	
Total	150
Associations	2
Minimum size	None
Consulting since: 1968.	
Services: Most risk management services.	
Compensation: By the project, on retainer, by the hour: principal consultant, \$190 to \$245; consultant, \$150 to \$185; analyst, \$100 to \$125; clerical, \$50.	
SRMC member.	
Officers: C.C. Griffin, president; Gary W. Griffin, senior vp; Don Huff, Jim Bukowski, Robert Jones, senior consultants.	

R.A. West Associates Inc.
2865 S. Eagle Road, Suite 359,
Newtown, Pa. 18940;
215-860-5026; fax: 215-860-0883

1997 revenues	
Risk management consulting revenues	NA
Continuous consulting	45%
Risk management audits	20%
Special projects	30%
Actuarial/accounting services	5%
Staff	
Total	8
Includes: 2 principal consultants, 3 consultants, 2 analysts; 3 CPCUs, 3 ARMs	
Clients	
Total	150
Associations	2
Minimum size	None
Consulting since: 1968.	
Services: Most risk management services.	
Compensation: By the project, on retainer, by the hour: principal consultant, \$190 to \$245; consultant, \$150 to \$185; analyst, \$100 to \$125; clerical, \$50.	
SRMC member.	
Officers: C.C. Griffin, president; Gary W. Griffin, senior vp; Don Huff, Jim Bukowski, Robert Jones, senior consultants.	

1997 revenues	
Risk management consulting revenues	NA
Continuous consulting	20%
Risk management audits	20%
Special projects	60%
Staff	
Total	3
Risk management professionals	2
Includes: 1 principal consultant, 1 consultant; 2 CPCUs, 2 ARMs	
Clients	
Total	35
Associations	2
Consulting since: 1978.	
Services: Most risk management services.	
Specialties: Government.	
Locations: Seminole, Fla.	
Compensation: By the project, by the hour: principal consultant, \$130; consultant, \$120; clerical, \$25.	
SRMC member.	
Officers: Al Waters.	

1997 revenues	
Risk management consulting revenues	NA
Continuous consulting	20%
Risk management audits	20%
Special projects	60%
Staff	
Total	3
Risk management professionals	2
Includes: 1 principal consultant, 1 consultant; 2 CPCUs, 2 ARMs	
Clients	
Total	35
Associations	2
Consulting since: 1978.	
Services: Most risk management services.	
Specialties: Government.	
Locations: Seminole, Fla.	
Compensation: By the project, by the hour: principal consultant, \$130; consultant, \$120; clerical, \$25.	
SRMC member.	
Officers: Al Waters.	

1997 revenues	
Risk management consulting revenues	NA
Continuous consulting	75%
Risk management audits	20%
Special projects	5%
Staff	
Total	1
Risk management professionals	1
Includes: 1 principal consultant; 1 CPCU, 1 ARM	
Clients	
Total	39
Associations	5
Minimum size	None
Consulting since: 1994.	
Services: Insurance coverage and limits analysis, broker and vendor services analysis, expert witness services.	
Locations: San Francisco.	
Compensation: By the project, by the hour: principal consultant, \$150 to \$250.	
SRMC member.	

1997 revenues	
Risk management consulting revenues	NA
Continuous consulting	75%
Risk management audits	20%
Special projects	5%
Staff	
Total	1
Risk management professionals	1
Includes: 1 principal consultant; 1 CPCU, 1 ARM	
Clients	
Total	39
Associations	5
Minimum size	None
Consulting since: 1994.	
Services: Insurance coverage and limits analysis, broker and vendor services analysis, expert witness services.	
Locations: San Francisco.	
Compensation: By the project, by the hour: principal consultant, \$150 to \$250.	
SRMC member.	

1997 revenues	
Risk management consulting revenues	NA
Continuous consulting	50%
Risk management audits	1%
Special projects	20%
Actuarial/accounting services	29%
Staff	
Total	77
Risk management professionals	35
Includes: 11 principal consultants, 28 consultants, 7 actuaries, 9 analysts, 4 CPCUs, 9 ARMs, 4 FCASs, 3 ACASs, 1 CIC, 2 PEs	
Clients	
Total	400
Associations	15
Minimum size	None
Consulting since: 1976.	
Parent: Willis Corroon Group P.L.C.	
Services: Most risk management services.	
Locations: Los Angeles; Chicago; New York; Nashville, Tenn.	
Compensation: By the project, on retainer, by the hour: principal consultant, \$240; consultant, \$190; analyst, \$95; clerical, \$40.	
Officers: James V. Davis, chairman/CEO; Bill Panning, president/COO; Jonathan Davis, Ed Davenport,	

Continued from previous page

Risk management audits.....	2%
Special projects.....	1%
Staff	
Total.....	4
Includes: 1 principal consultant, 1 consultant, 2 analysts	
Clients	
Total.....	26
Minimum size.....	None
Consulting since: 1991.	
Services: Most risk management services.	
Locations: Erie, Pa.	
Compensation: On retainer.	
Officers: R.P. Wittuck, president; V.A. Wittuck, secretary.	



YMCA Services Corp.

10 S. LaSalle St.,
Chicago, Ill. 60603; 312-578-1090;
fax: 312-578-1095

1997 revenues	
Total gross revenues.....	\$2,113,814
Risk management consulting revenues.....	\$1,014,630
Continuous consulting.....	99%
Special projects.....	1%
Staff	
Total.....	27
Risk management professionals.....2	
Includes: 1 principal consultant, 1 consultant.	
Clients	
Total.....	362
Associations.....	161
Minimum size.....	None
Consulting since: 1987.	
Services: Loss prevention consulting, risk management program design and training.	
Specialties: Associations, non-profit organizations.	
Compensation: By the project, on retainer.	
Officers: Marvin E. Reinke, president; William Smith, vp.	



The Zigmund Co. Ltd.

2319 Walnut St.,
Harrisburg, Pa. 17103;
717-232-7551; fax: 717-232-7552

1997 revenues	
Risk management consulting revenues.....	NA
Continuous consulting.....	88%
Risk management audits.....	10%
Special projects.....	2%
Staff	
Total.....	5
Risk management professionals.....4	
Includes: 2 principal consultants, 2 consultants; 1 CPCU, 2 ARMs, 1 CIC.	
Clients	
Total.....	55
Minimum size.....	None
Consulting since: 1982.	
Services: Insurance coverage and limits analysis, broker and vendor services analysis, expert witness services.	
Locations: Harrisburg, Pa.	
Compensation: By the project, on retainer, by the hour: principal consultant, \$85 to \$150; consultant, \$85 to \$125; clerical, \$45.	
Officers: Ruth A. Moraski.	
Contact: Joseph Zinobile.	

The listing below was omitted from the Directory of Employee Benefit Information and Claims systems in the March 2, 1998 issue of *Business Insurance*.

Eldorado Computing Inc.

5353 N. 16th St., Suite 400,
Phoenix, Ariz. 85016;
602-604-3100; fax: 602-604-3115
Benefit systems since: 1984.
Software systems:
■ HEALTHpac.
Price: \$80,000 to \$200,000. Quoted individually.
System requirements: 486, Pentium, DEC Alpha or RS/6000 PC; DOS, Windows 3.11 or above, UNIX or AIX platform; 16MB RAM, 500MB hard disk; VGA or SVGA video; single or multiple user; network operating systems supported include Novell Netware, Windows NT and UNIX; database management systems supported include DB/C Databas.
Internet/intranet access.
Customization optional.

First installation: 1984.
Total installations: 25 in employee benefit departments.
Benefits managed: Flexible benefits, disability, COBRA, group health plans, dental, vision, prescription drug.
Features: Enrollment, eligibility verification, claims management, multi-option processing for coordination of benefits, aggregate/specific tracking, fund accounting, hour banking, case management, utilization review, EOBs, accepts user-defined and multiple-standard usual and customary fee schedules, batch checks, ad hoc report generation.
Optional modules: PPO claims repricing, provider contract management, medical code unbundling, MICR encoded laser check, optical character recognition scanning.
■ MCSpac Managed Care System.
Price: \$80,000 to \$200,000. Quoted individually.
System requirements: 486, Pentium, DEC Alpha, HP, or RS/6000 PC; DOS, Windows 3.11 or above, UNIX or AIX platform; 16MB RAM, 500MB hard disk; VGA or SVGA video; single or multiple multiple user; network operating systems supported include Novell Netware, Windows NT and UNIX; database man-

agement systems supported include DB/C Databas.
Internet/intranet access.
Customization optional.
First installation: 1995.
Total installations: 7 in employee benefit departments.
Benefits managed: Group health plans.
Features: Allows claims input from EDI or manual input sources, contract repricing of professional or facility claims, automatic adjudication, complete PCP/referral processing, patient encounter tracking, capitation processing, integrated case management, output routing system, user services subsystem.
Optional modules: Medical code unbundling, MICR encoded laser check, optical character recognition scanning.
User support: User groups/meetings, on-site training, online support, telephone assistance eight hours per day.
Staff: 30 total, 20 professionals.
Clients: 139 total. Sold systems to 22 clients in 1997.
Officers: Zane Bell, president/CEO.
Contact: Robert A. Hass, vp-marketing, ext. 285.

Business Insurance
• SERVICES •

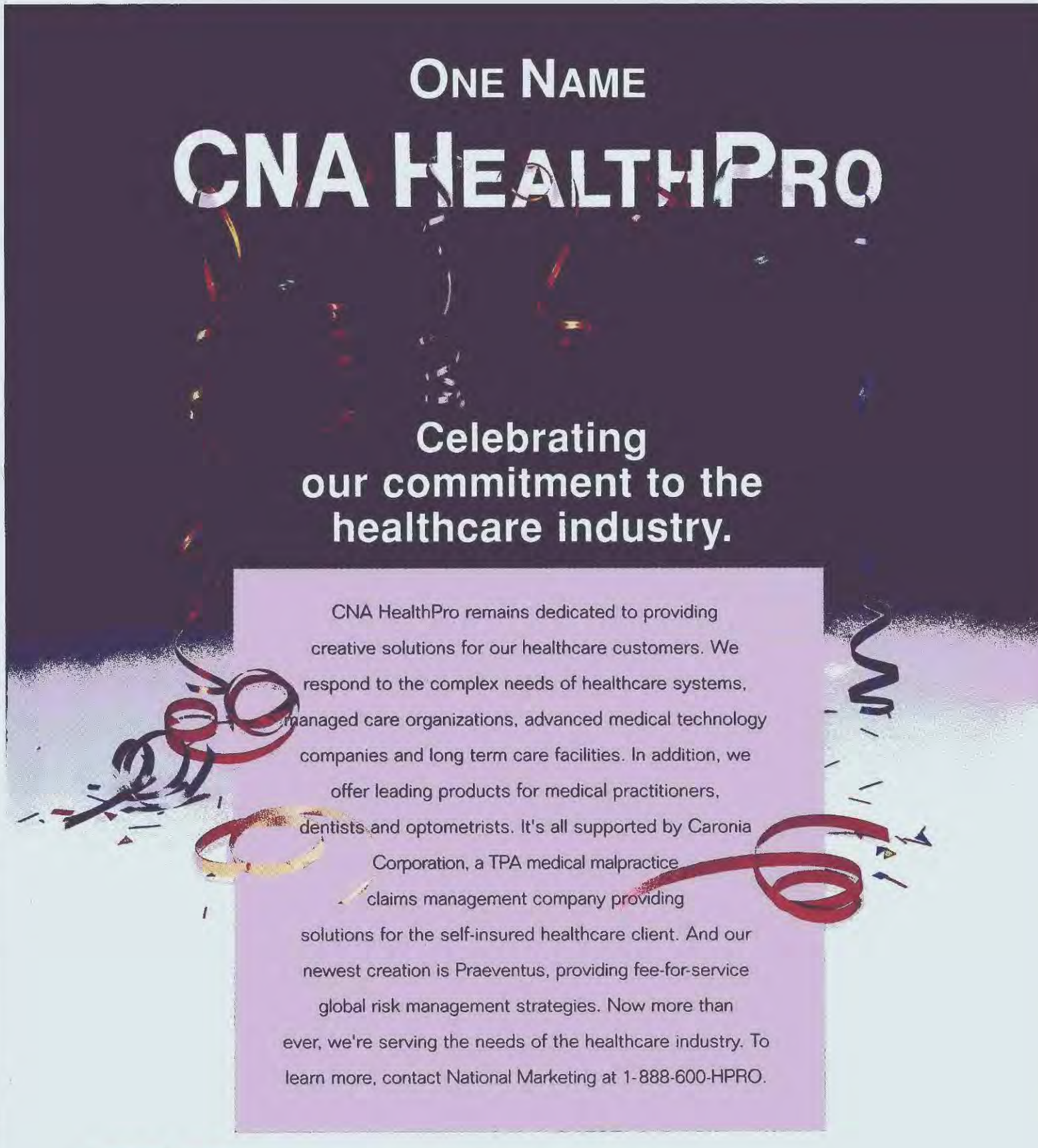
ON-LINE SERVICES
Now you can find *Business Insurance* on the World Wide Web. BI's home page includes many important departments, including ... UPDATES for late-breaking news posted each Friday ... INTERNET ARTICLES from past issues ... a DATE-BOOK of searchable industry-wide meetings and events ... WEB LINKS listing sites on the web of interest to risk and benefit managers ... ONLINE FORUMS for users to exchange information ... and much more:
www.businessinsurance.com

REPRINT SERVICES
BI's Reprint Department can provide reprints, in quantities of 100 or more, of any article appearing in the weekly newsmagazine. Legal permission, complying with U.S. copyright laws, also can be provided to companies wishing to reprint on their own, material appearing in the newsmagazine. For information, call or fax:
312/649-5319
Fax: 312/280-3174

ARTICLE FAX SERVICE
For article photocopies sent by fax on the same day, call us with your credit card information, specify BI issue date and article headline. The charge is \$7.50 per copy/per article. In-publication directories are not available by fax. For article photocopies call:
312/649-5398

SINGLE COPY SALES
To order any current or back issue of *Business Insurance*, call the single copy sales division of BI's Circulation Department:
313/446-1609

LIST RENTAL
Portions of BI's subscriber database are available to qualified companies for list rental. For available titles and a price quote, call our list broker:
800/678-9595



ONE NAME
CNA HEALTHPRO

**Celebrating
our commitment to the
healthcare industry.**

CNA HealthPro remains dedicated to providing creative solutions for our healthcare customers. We respond to the complex needs of healthcare systems, managed care organizations, advanced medical technology companies and long term care facilities. In addition, we offer leading products for medical practitioners, dentists and optometrists. It's all supported by Caronia Corporation, a TPA medical malpractice claims management company providing solutions for the self-insured healthcare client. And our newest creation is Praeventus, providing fee-for-service global risk management strategies. Now more than ever, we're serving the needs of the healthcare industry. To learn more, contact National Marketing at 1-888-600-HPRO.

CNA HEALTHPRO

This program is underwritten by one or more of the CNA companies. CNA is a registered service mark and trade name of CNA Financial Corporation.



We Cover The Great Outdoors

The Outdoorsman Agency, a leading manager of specialty insurance programs, invites inquiries from agents seeking admitted markets for outdoor professionals.

Eligible risks include: big game hunting outfitters, fishing guides, lodges, and sporting clays.

800-849-9288 • Fax (803) 799-6609 • E-mail outdoorins@aol.com

wingshooting preserves, canoe/kayak and backpacking guides and...our newest program covering sporting firearms retailers and indoor & outdoor ranges.

Call to discuss the Outdoorsman advantage we can offer you and your clients.



If you're considering a Captive, you must consider Midlands.



When you're considering forming a captive, you want market support that is not only financially stable but understands your needs and can tailor products to fit those needs.

At Midlands we're specialists in Self-Insurance programs and don't just dabble with Captives, we work with them every day. We know the importance of being able to react and innovate. That's why we have products in the areas of Excess Workers' Compensation, Excess Employer's Liability, General Liability and Insurance Agents E & O and are poised to create a new program that will fit your unique situation.

Call us today. We can help.



MIDLANDS MANAGEMENT CORPORATION
Supporting America's Agent System With Innovative Products.

P.O. Box 22778 • Oklahoma City, Oklahoma 73123
405-840-0074 • 800-800-4007 • FAX 405-840-5432

Levin

Continued from page 2

already exhibits efficiencies in the blurring of barriers between insurers and other financial services companies, Mr. Levin said.

For example, in the United States the fastest growing sellers of annuities are banks, the most successful innovators in the property/casualty market are brokers, and a relatively new form of corporation—the health maintenance organization—dominates the health insurance business, he said.

Insurers have contributed to the blurring by unbundling services, such as loss control services and claims administration, and then competing with specialized service providers to supply those services, Mr. Levin said.

Cat bonds are the latest development in the increasingly homogenized financial services market, he said.

"The transactions hold appeal to the capital markets because institutional investors are constantly on the prowl, looking for assets to invest in that offer a higher yield with little or no increase in risk," Mr. Levin said.

The cat bonds not only offer attractive yields but also are usually unrelated to other assets in an investment portfolio. Therefore, they broaden the spread of an investment risk and grab the attention of institutional investors, he explained.

"Naturally, when (an institutional investor) is first confronted with the strange concepts involved, such as first-loss triggers, self-insured retentions and so on, they may be reticent to commit funds, but as these securities have become more commonplace, the willingness to buy them has increased," Mr. Levin

said.

Insurers, too, have been tentative in embracing the new bonds, he said.

But with the continued mergers in the reinsurance industry, that is changing, Mr. Levin said. Reinsurance buyers are recognizing that with fewer reinsurers to choose from, they may have difficulty in obtaining reinsurance when the market hardens. To avoid this difficulty, more and more reinsurance buyers are establishing alternatives to reinsurance now to take full advantage of them in the future, he said.

The catastrophe risks that will be

'Perhaps we will look back on 1998 as the watershed year, when a few transactions occurred which defined the new paradigm for the insurance business,' Alan Levin says.

taken on by investors in the future will be the most profitable types of business where the risk manager is prepared to invest in loss control, Mr. Levin said.

"By far the most severe implication for insurers is the potential for profitable business to be absorbed by the supplier with the cheapest form of raw material—capital—which is the capital markets," he said.

Currently the capital markets-related deals are more expensive than traditional reinsurance due to the soft pricing in the reinsurance market and the expense of putting together unique capital-markets deals, Mr. Levin noted.

When the capital-markets products take off, insurers may find that they will be marginalized into handling only run-of-the-mill business, Mr. Levin said.

More complex business would be largely retained and handled by third-party specialists. The excess

layers would then be placed with the capital markets through an investment bank or brokerage, he said.

"Perhaps we will look back on 1998 as the watershed year, when a few transactions occurred which defined the new paradigm for the insurance business," Mr. Levin said.

Those transactions will not be limited to securitization deals.

Already this year, USF&G Corp. announced it will merge with The St. Paul Cos. Inc. even though USF&G had become a healthy company, said Mr. Levin (BI, Jan. 26). As insurers around it grew bigger,

USF&G was left with the prospect of either concentrating on specialties and shrinking or becoming part of a larger company, he said.

Similar factors have influenced Argonaut Insurance Co., which is rumored to be up for sale, he said.

Menlo Park, Calif.-based Argonaut had focused its business in areas such as workers compensation, where its expertise gave it a competitive edge, but now even that business faces cutthroat competition, Mr. Levin said.

"The simple truth was that Argonaut had become a very nice division for another company but, quite possibly, not viable as an independent company," he said.

All insurers face the difficult task of specializing enough to differentiate themselves from other insurers but at the same time having a book diverse enough to support a critical mass, Mr. Levin said.

"We have, therefore, come to believe that in the insurance business, virtually every company is either a buyer or a seller. The time has come that you no longer can avoid the choice," he said. **BI**

Carvill

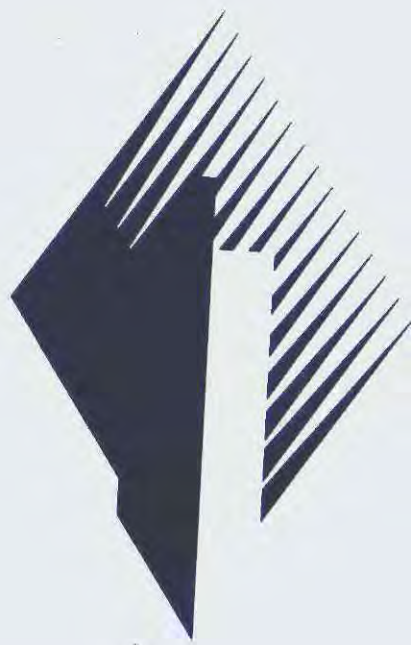
Reinsurance Intermediary

INDEPENDENCE
INTEGRITY
SERVICE

CONSISTENT PHILOSOPHY & PERFORMANCE

SINCE 1977

Atlanta Bermuda Chicago London Stamford



Our door is always open.

Open to ideas. Open to change. Open to non-traditional solutions. At USF&G, our underwriters are committed to providing the right protection for every client, every time. The ability to draw on resources from across USF&G's businesses fosters dynamic partnerships and creative, innovative programs. It also opens up unlimited opportunities for growth. That's why more brokers and agents are recommending USF&G to their clients every day. *Our door is always open.*



Analysis of strategy key in ratings, S&P says

By GAVIN SOUTER

ORLANDO, Fla.—It takes more than just number-crunching to determine the most secure insurers, says a group of Standard & Poor's Corp. analysts.

Short-term growth or shrinkage in premiums can be deceptive, and a more thorough analysis of management strategies is necessary to determine ratings for insurers, they say.

One of the key parts of any rating is determining whether an insurer has a competitive advantage over its peers, the analysts say.

Such an advantage can help secure long-term growth, a stronger financial advantage and thus a better rating for insurers, they say.

They were speaking in Orlando, Fla., last week at S&P's insurance seminar on "Growing an insurance

business in a low-growth environment: Is growth important?"

In answer to that question, the analysts said growth is important but that it must be well-controlled growth.

Insurers' chief financial officers often ask, "We can grow our business at the flick of a switch, but is that the right thing to do in a soft market?" said Mark Puccia, a managing director of S&P.

With the soft property/casualty insurance market, which showed real premium growth of only 1% last year, many insurers are taking the view that, for now, premium growth is not necessarily the most important goal, he said.

"It all has to do with strategy...and when we meet with managements, we make critical judgments," Mr. Puccia said.

For example, the analysts will try to determine whether an insurer is driven by market share goals or financial goals and whether those goals are achievable, he said.

S&P also will look at factors such

'Top-line growth for the sake of growth is not really viewed as the answer for a higher rating....,' says S&P director Kristin Brooks.

as how an insurer compensates its employees. For example, if an insurer states that it will not grow for growth's sake but then compensates its employees based on the number

of sales they make, there is an obvious contradiction, Mr. Puccia said.

Unfocused growth does not lead to stronger insurers, agreed Kristin Brooks, an S&P director.

"Top-line growth for the sake of growth is not really viewed as the answer for a higher rating, and sometimes it can prove detrimental," she said.

However, profitable growth is important, she said.

While there are certain points in the insurance cycle when an insurer should scale back its premium growth, in the long term, strong insurers need to show growth or face losing out to competitors and becoming weaker, Ms. Brooks said.

"If the market you are in isn't growing, you'd better find a way to make it grow...over the long term, if a company cannot achieve prof-

itability it will ultimately sap its financial strength," she said.

The past decade offers examples of insurers that have, in a low-growth market, managed to increase premiums and generate strong profits, Ms. Brooks said.

The ability of companies to differentiate themselves and low operating costs have been the two main drivers of that profitable growth, she said.

Insurers find it difficult to differentiate themselves through products, as they are easily and quickly copied by competitors, so usually they differentiate themselves through superior service, Ms. Brooks said.

One example of a company that has achieved growth and profitability through reducing its costs is Cincinnati Insurance Co., said Cincinnati Coyle, an S&P director.

The property/casualty insurer has lower operating costs than many of its competitors mainly because it only operates from one office, its field personnel work out of their homes, and the insurer relies on agents to be the spokesmen or representatives for the company, he said.

Cincinnati then uses the cost savings to help it pay contingent commissions based on volume and profitability, and the combination of low costs and higher commissions results in higher profits and premiums, Mr. Coyle said.

"Year after year they outperform the industry in terms of annual change in net written premium growth," he said.

Another company that has managed to show strong growth in the current soft market is Zurich Insurance Group, said Rob Jones, a director in the London office of S&P.

Through a series of acquisitions and a concentration on market sectors where it believes it has a competitive advantage, Zurich has grown in recent years from a largely Switzerland-based company to a global insurer, he said.

"It is highly focused on profitable growth. It doesn't aim to be all things to all people; it focuses on market segments and product groups," Mr. Jones said.

Zurich does not rely solely on traditional insurance products in its strive for profitable growth. Over the past several years it has become a significant asset manager, he said.

However, in 1996 S&P did downgrade Zurich to AA+, as it felt it was working its capital harder than it had in the past, Mr. Jones noted.

Another element S&P increasingly includes in its analysis of insurers is strategy for dealing with the Year 2000 computer problem, said Robert Partridge, an S&P director.

For property/casualty companies, S&P is interested to see whether the insurers will be able to function immediately after Dec. 31, 1999, and also what liabilities they face, he said.

Currently, S&P asks insurers how much they have spent on remediating the problem, when they are due to test their systems and what the results have been of any tests, Mr. Partridge said.

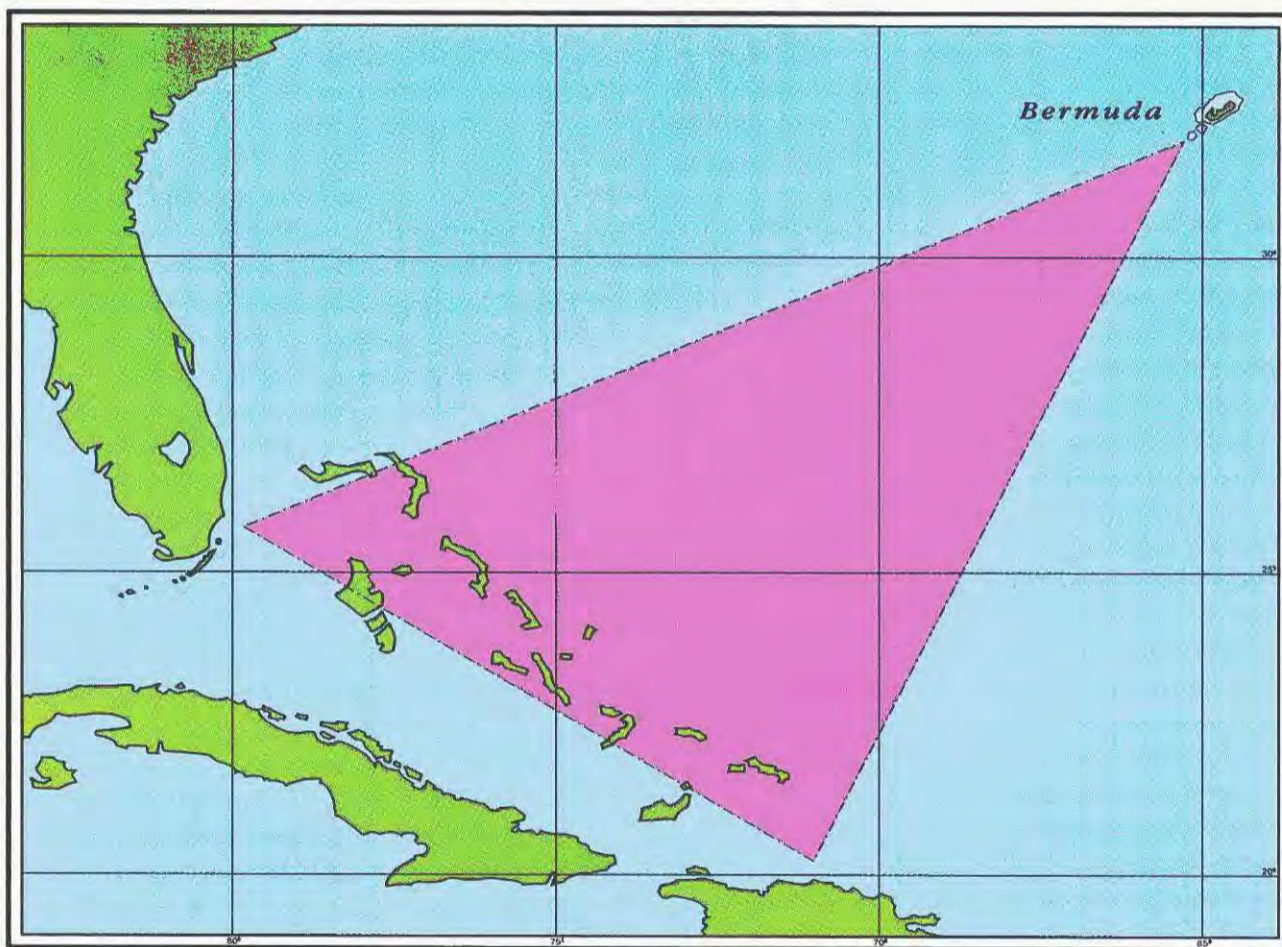
S&P also is developing an exposure-based system to try to assess the exposures insurers face as a result of Year 2000 losses, he said.

"But there is no case law, and there is no firm idea of what those exposures might be," Mr. Partridge said.

Another new assessment tool S&P is introducing this year is its earnings adequacy model, he said. The model will incorporate investment income and the inherent risks different lines of business have, Mr. Partridge said.

The model is being tested but will be introduced as a rating tool later this year, he said. **BI**

You may be heading into danger.
One phone call could help you avoid it.



There's no such thing as 'uncharted' in the Sedgwick Re world.

Reinsurance may have made your risk portfolio pretty well watertight.

But what of major hazards like stock market crises, which could blow your financial resources and balance sheet right off course without warning?

You know Sedgwick Re as a world leader in reinsurance broking. What may surprise you is that we're also at the leading edge when it comes to providing strategic and comprehensive solutions, covering financial as well as purely insurance risks.

For the latest thinking in these relatively-unexplored waters, call us on one of the numbers below.

You'll almost certainly find that we can help you steer a safer course.



Sedgwick Re

INTERNATIONAL

Record profits for Lloyd's?

Global Briefs

By SARAH GODDARD

LONDON—Preliminary figures indicate that Lloyd's will post record profits of more than £1.2 billion in the next few weeks.

Although the market officially will report its global result for the 1995 year of account in

LLOYD'S

May, under its three-year accounting system, last Monday was the filing date for individual syndicate reports, and analysts pounced on the accounts to start calculating their final estimates.

While 1995 year profits may be a record, analysts warn that Lloyd's will not see similar

high returns in the next few years due to softening rates and market conditions.

The latest estimates remain exactly that, however, because certain syndicates had been given extensions to the official deadline.

Lloyd's declined to comment on which syndicates received a reporting extension, but they are generally expected to include the so-called "orphan" syndicates, which have no successor syndicate year of account into which to close their liabilities.

As syndicate figures have poured in, the latest estimates exceed previous profit predictions of about £1 billion (\$1.65 billion).

Mark Hewlett, managing director of Syndicate Underwriting Research Ltd., explained that "peak insurance rating levels in most business classes, combined with low loss incidence and high utilization of capacity, pointed to-

See Lloyd's on next page

Diminishing returns

Estimated returns on capacity at Lloyd's of London are expected to decrease as the effect of softening rates take hold.

	1995	1996	1997	1998
Profit (in billions of pounds)	£1.06	0.69	0.41	0.29
% return on capacity	10.4%	6.9	4.0	2.9

Source: Syndicate Underwriting Research Ltd.

Service to resolve unclaimed assets

By EDWIN UNSWORTH

LONDON—A new company may ease U.K. employers' burden and expense of locating former employees who are entitled to pension benefits.

The new company, Unclaimed Assets Register Ltd., was created by Aon Risk Services Ltd. to help individuals or their heirs track down assets, such as pension benefits, that have not been claimed, either because the rightful owner has forgotten about or is unaware of their existence. Other assets that will be tracked by the new company include life insurance policies, stock dividends and government bonds or other savings.

Once operational, the UAR for a fee will conduct searches of the asset database for individuals and employers.

The new company is the brainchild of Keith Hollender, a consultant to Aon who convinced the company of the financial and publicity advantages of forming the register, of which he is now director. He says he knows of nothing like it anywhere else in the world.

A 1996 study by London-based market researcher Mintel International Group Ltd. concluded that the total amount of unclaimed assets in the United Kingdom was

about £77 billion (\$126.33 billion).

Mr. Hollender estimated the amount as much lower, though still in excess of £6 billion (\$9.84 billion). Around £1 billion (\$1.64 billion) of this is from unclaimed pension benefits and £500 million (\$820.4 million) in unclaimed life insurance benefits, he said.

The first service to be established by the UAR will help clients track down unclaimed life insurance benefits. Mr. Hollender expects this service to be available by the end of this year.

The UAR will begin with this service because life insurance companies have good, relatively up-to-date records that, in many cases, are computerized. While he and his team are still visiting life insurers to solicit their cooperation in providing information to the UAR, Mr. Hollender said no one has so far rejected the proposal. The insurers, he said, "are also aware that if they don't make very thorough efforts to trace these people (with unclaimed policies), they could be criticized by their regulator."

Mr. Hollender also noted that the service benefits the insurer, as most life companies continue to pay interest on unclaimed policies. In addition, the life insurance industry has faced criticism in certain past

See UAR on page 57

Research may spur more injury claims

RSI can be measured: Study

By CAROLYN ALDRED

LONDON—Newly published research may help injured workers and their employers by shedding light on the effects of repetitive strain injuries.

While an organization representing U.K. labor unions predicted the findings would lead to thousands of claims against employers, insurers and employers noted that plaintiffs still must prove injuries were work-related.

Researchers at University College in London found significant differences in sensitivity to vibration in patients with RSI compared with people who do not suffer from the disorder. The results of their study, published last month in the London-based International Archives of Occupational and Environmental Medicine, show there is a measurable sensory deficit in RSI sufferers.

This discovery could lead to an objective test for RSI, helping employees win compensation and allowing companies to monitor employees at risk for developing RSI, the scientists claim.

Dr. Bruce Lynn, a neurophysiologist, and Jane Greening, a physical therapist, used a 100-hertz vibrator to test sensation on the hands and arms in a group of patients diagnosed with RSI and a group of "at risk" office workers over a two-year period.

The research team discovered that the ability to sense small threshold vibration was greatly reduced among RSI patients, who required a vibration of nearly twice as strong as that for an age-matched control group.

In contrast, vibration increased to a strong level produced pain in 14 of the 17 RSI patients. This scenario of reduced initial sensitivity but increased responsiveness to stimuli once they can be felt is similar to the situation in a number of painful neurological conditions, according to the researchers, who concluded that the findings strongly indicate a nerve-related cause of RSI. Symptoms of RSI include burning, soreness, stiffness, numbness and cramping in the hands.

The study, sponsored by the non-profit medical research

See RSI on next page

U.K. pension plan investments shrink

By EDWIN UNSWORTH

One in four U.K. employers that sponsor pension plans may need to contribute more money to meet funding requirements following shrinking investment returns during 1997, a recent report says.

An analysis released last week by actuarial consultants at London-based Bacon & Woodrow cites two main reasons that the performance of pension plan investments were adversely affected last year.

First, the government abolished tax credits last July on dividends paid to pension funds, and second, both U.K. and overseas equities underperformed against the statutory minimum funding requirement.

As a result, up to 25% of U.K. corporate pensions may have failed to meet the MFR of 100%

of plan liabilities, as set out in the Pensions Act introduced last April, according to Bacon & Woodrow.

"If the MFR funding level continues to fall, some companies will have to make significant contributions to make up the shortfall," said Penny Webster, a partner at Bacon & Woodrow.

She said any pension plan that invested in domestic and overseas equities is likely to have underperformed the MFR by eight percentage points. The shortfall could be greater for those that invested more heavily in Far East markets, where shares fell sharply in the final quarter of 1997.

Bacon & Woodrow says an "average" pension plan, with about 60% of MFR liability linked to equities, required an investment return of about 17% to match its MFR liability in-

crease, whereas the median return over the last nine months of 1997 was only 11%.

As a result of this situation, the actuarial firm says it is lobbying to change the basis for calculating the MFR. The law is inflexible because it requires companies to make short-term contributions to their pension plans if the MFR falls below 90%, the firm said. Bacon & Woodrow advocates amending the MFR to give a longer period, possibly five years, over which variations could be corrected.

Also, the MFR measures equity-linked liabilities against gross dividend yield on the All-Share Index, and Bacon & Woodrow questioned whether equities remain the correct measure for active liabilities. Although the All-Share Index is the major benchmark for U.K. fund managers, covering about 98% by value of

the stocks traded on the London Stock Exchange, Bacon & Woodrow said a more objective measure would be based on gilts, or government bonds.

The government is considering changing the MFR formula as a result of the effects of the abolition of tax credits on dividends earned by pension funds, though it has no timetable for implementing any such changes.

Last month, the National Assn. of Pension Funds published the results of a survey of private and public pension funds showing the effects of the abolition of tax relief on dividends and the increased costs of administering pension funds due to the Pensions Act. The survey found that more U.K. employers are switching to defined contribution plans from defined benefit plans (BI, Feb. 23).

Finnish insurer Pohjola Group has embarked on an expansion drive to expand its business in the Baltic Rim countries of Estonia, Latvia, Lithuania, Poland and Russia. It now has tiny shares of the markets in those countries but is aiming for its non-life market share in those countries to grow 15% to 20% annually. Pohjola currently holds a 29% share of the Finnish market and is looking to those neighboring countries for future development and investment. . . . Bermuda-based ACE Ltd. and New York-based Capital Re Corp. have formed a joint venture, ACE Capital Re Ltd., a Bermuda-domiciled reinsurer that will specialize primarily in financial risks. The company, which has paid-in capital of \$20 million, will write traditional and custom-designed programs covering financial guarantees, mortgage guarantees and a broad range of financial risks. David A. Buzen, Capital Re's chief financial officer, said ACE Capital Re is a successor to Capital Global Underwriters Ltd., a joint venture between Capital Re and Bermuda-based GCR Holdings formed in 1996 (BI, Feb. 10, 1997). GCR Holdings was acquired by X.L. Insurance Co. Ltd. last year (BI, May 12, 1997). ACE purchased X.L.'s shares in Capital Global for an undisclosed amount, said Mr. Buzen. . . . Occupational pensions in Japan likely will be overhauled after the announcement by the ruling Liberal Democratic Party that it will consider introducing 401(k)-type defined contribution plans. Japanese businesses have been calling for the option of providing defined contribution plans for their employees, and the idea is being reviewed by a ministerial study group looking at pension reforms. . . . U.K. loss adjuster Crawford-THG last week warned businesses to be prepared for a renewal of mainland terrorist attacks by the Irish Republican Army in the wake of intelligence reports that the IRA has been carrying out "dry" bomb attacks in London. . . . In the wake of the recent economic crisis in Southeast Asia, Japanese insurer Mitsui Marine & Fire Insurance Co. Ltd. is considering injecting funds into failed broker Sanyo Securities Co. Ltd. to create a new securities broker, which could mark the first foray of a non-life insurer into the Japanese securities sector. . . . U.S. insurer Chubb Corp. has bought Venezuelan insurer Italseguros Internacional. . . . U.K. accountant Coopers & Lybrand has been appointed to manage the scheme of arrangement for Fremont Insurance Co. (UK) Ltd. . . . Gross premiums written in the Malaysian insurance market rose 14.4% to 11.1 billion ringgit (\$2.83 billion) last year over 1996 volume, according to figures released last week by Bank Negara, the industry's regulator. During 1997, the Malaysian government enacted new insurance legislation designed to protect policyholders in the wake of the failure of motor insurer Mercantile Insurance Sdn bhs in 1994. . . . Following its planned acquisition by Trenwick Group Inc., SOREMA (UK) Ltd.'s AA- claims-paying ability rating from Standard & Poor's Corp. has been placed on S&P's CreditWatch with negative implications. At the same time, the London rating agency has assigned an A rating to Reliance National Insurance Co. (Europe) Ltd. . . . A military investigation into the events surrounding last month's cable car accident in Cavalese, Italy, in which 20 people died when a Marine Corps plane hit a cable (BI, Feb. 9), has concluded pilot error was to blame. The Pentagon investigation found that the jet was flying too low and too fast for the terrain and blames both the pilot and the crew for the tragedy. This decision could lead to the U.S. government being responsible for liabilities arising from the accident.

Services Guide

CPCU® and IIA candidates
 I guarantee you will learn more in less time with The Burnham System — or your money back
 Ray Burnham, CPCU, CLU, ARM
 19 Everett Street, Southbridge, MA 01550
 Call 1-800-GET-CPCU Now!

Are You Ready For RIMS?
 Publishing in **Business Insurance**
April 27
Captives/Risk Manager of the Year
Ad Closing: April 15
 Call Now To Reserve Your Ad Space!
 (312) 649-5340

Business Insurance

Circulation Breakdown Commercial Consumers

Administrative:
 CEO's, Presidents, and Owners 2,710
 Vice Presidents, General Managers and Other Administrative Personnel 5,122

Financial:
 Chief Financial Officers and Vice Presidents of Finance 5,429
 Secretaries, Treasurers, controllers and other Financial Personnel 4,145

Risk/Employee Benefits:
 Vice Presidents, Directors, Managers, and other related personnel of: insurance, risk, employee benefits, personnel, compensation, pension, safety, security, industrial relations, human resources and employee/labor relations 14,748

Sub-total 32,154
 Associations 286
 Government, Unions and Educational Institutions 1,019

Commercial Consumers
Sub-total 33,459
 Insurance Agents and Brokers 8,083
 Insurance Companies 6,933
 Accountants, Actuaries, Attorneys & Consultants 2,705
 Adjusters, Appraisers, TPA's, Captive Managers & Health Care Providers 1,578
 Others Allied to the Field 757

Total Qualified 53,515
 Non-qualified/Paid Subscriptions 14
 Single Copy Sales 27

TOTAL CIRCULATION 53,556
 * Source: Business/Occupational breakdown of qualified circulation, November 24, 1997 Issue, as submitted to BPA for December 1997 BPA Publisher's Statement

Lloyd's

Continued from previous page
 wards global profits in excess of £1 billion" for the 1995 year of account. "At this early stage, it looks most likely that this figure will be surpassed."

Since December, SURL has upped its estimate for the 1995 result to a profit of at least £1.17 billion from £1.06 billion (to \$1.93 billion from \$1.82 billion).

This figure almost matches last year's £1.18 billion (\$2.02 billion), though it actually produces a better rate of return since the capacity available to Lloyd's underwriters dropped to £10.2 billion from £10.9 billion in 1994.

Other analysts are more bullish. Tony Harris, managing director of SWB Insurance Research Ltd., has increased his December 1997 profit forecast to £1.25 billion from £1.1 billion (to \$2.06 billion from \$1.88 billion), based on the results he had received by the middle of last week.

Part of the profit stems from Lloyd's implementation of inception date allocation in 1995, which "could have had a significant effect," he said. Inception date allocation means that, for the first time, premiums for policies are allocated to the year in which the risk is written rather than the year the Lloyd's Policy Signing Office issues the policies.

In addition, several large syndi-

INTERNATIONAL

icates writing short-tail marine business had substantial reserves for the 1993 and 1994 account years, which may have boosted investment income for 1995, Mr. Harris said.

Mr. Harris' estimates include all charges, including a 1.5% special levy toward the market's reconstruction and renewal program, but they don't include members agents' fees and their profit commissions.

Lloyd's 1995 year profit 'is a result not likely to be repeated for many years,' says Chatset Director Charles Sturge.

Sedgwick Oakwood Lloyd's Underwriting Agents Ltd. is expecting a marginally lower profit, at £1.22 billion (\$2.01 billion), and it calculates members agents' profit commission to reach about £55 million (\$90.8 million).

Corporate members of Lloyd's also face an additional Central Fund levy totaling £22 million (\$36.3 million) on their final distributions.

The orphan syndicates' results may reduce the market's overall earnings by £25 million to £40 million (\$41.3 million to \$66 million), said Philip Maidens, SOLUA's director of syndicate research.

"Some are closing with surpluses, but many will close with a deficit," he added. It is expected that several of the orphans—particularly those that wrote personal accident excess-of-loss business in 1993 and 1994—will remain open for another year at least.

Mr. Maidens agreed with the view that 1995 was a particularly low year for losses but noted that hurricanes Luis, Opal and Marilyn had affected certain non-marine syndicates.

Ironically, the highest estimated profit comes from analyst Chatset Ltd., once a thorn in Lloyd's side with what turned out to be particularly accurate estimates during the market's major loss years. Not counting the extra Central Fund levy on corporate members, Chatset predicts Lloyd's will post £1.26 billion (\$2.08 billion) in profit. The final result after an estimated £150 million in members agents' fees and profit commissions will be around £1.1 billion, according to Chatset Director Charles Sturge.

But Mr. Sturge warned, "This is a result not likely to be repeated for many years." Compared with the 12.4% return on capacity for 1995, the return for the 1996 account year likely will be halved as market conditions continue to deteriorate, he said.

Chatset estimates a maximum return of 4% on 1997's £10.3 billion capacity, and Mr. Sturge warned that "the market is very concerned about premium levels for 1998."

SBW's Mr. Harris is estimating the return for 1998 business as 2.5%. **BI**

RSI

Continued from previous page
 group Action Research, also looked at a group of 29 office workers who used keyboards extensively. None of the workers had RSI, but after examination with the vibrometer, many showed a reduction in sensitivity in the hand.

"The use of vibration testing, which is relatively inexpensive to carry out, may offer a simple way to monitor the progress of RSI patients," said Ms. Greening in a statement. "The unexpected finding of clear changes in many office workers also opens up the possibility of providing early warning for them. If detected early, changes in work practices can then be made and hopefully the risk of developing RSI can be greatly reduced."

RSI is often "misdiagnosed because symptoms are varied and non-specific in nature, with no obvious sign of injury or inflammation. The pain suffered is often attributed to stress or a poor state of general health," she said.

This study, however, shows that a "key feature of (RSI) appears to be minor nerve damage, especially to the median nerve, which is the major nerve in the hand," said her statement.

"These findings should not only help doctors and physiotherapists to establish and monitor effective treatments but should also help to improve acceptance of RSI by professional and laypeople alike," said Anne Luther, director general of Action Research.

"There are obvious repercussions for the medical and legal professions as research such as this highlights RSI to be a real medical condition," said Ms. Luther.

Risk managers say the research may help settle RSI claims more quickly and illustrate possible preventive measures.

"If there was a more scientific basis to determine the extent of the condition, it will work in favor of the employee and employer," said Kevin Charlesworth, controller-casualty risk management at London-based British Telecommunications P.L.C.

"It will detect genuine claims and the extent of the injury," enabling

companies to settle valid claims promptly and fairly, while weeding out false RSI claims, he said. RSI claims, like back-injury claims, may not be work-related and can be difficult to prove or disprove, he noted.

Chris Holden, assistant group insurance manager for London-based chemical company Courtaulds P.L.C., agreed. "It would be great if we could detect vulnerability to RSI and prevent any condition from developing," he said. "Anything that identifies things in advance is a good risk management development."

However, the Trades Union Congress, which represents U.K. labor unions, welcomed the findings, claiming they will help thousands of RSI sufferers prove their condition was work-related.

According to the TUC, about 100,000 keyboard users in the United Kingdom suffer RSI symptoms and

A more scientific basis to detect RSI 'will work in favor of the employee and the employer,' says Kevin Charlesworth.

about as many workers develop RSI from other repetitive tasks, including checkout operations and assembly-line work. Last year, the TUC won compensation for more than 2,000 RSI sufferers.

The research will help establish an objective medical test for RSI and persuade employers to improve conditions for people working at keyboards, the TUC said in a statement.

"Tens of thousands of sufferers can take some comfort today that their pain is real—the product of intensive keyboard use," said TUC General Secretary John Monks in a statement. "The dangers of computer overuse should now be clear to employers and their insurers, and they must take urgent steps to ensure that the work they are giving their staff is safe."

The TUC is calling on employers to reassess working conditions for key-

board users and on computer manufacturers and employers to warn keyboard users about the dangers of excessive or inappropriate use.

It also calls for research funding bodies to step up research into RSI.

If funding can be obtained, Ms. Greening and Dr. Lynn plan to look at other tests of nerve function in RSI patients and examine median nerves by magnetic resonance imaging to locate the site of nerve injury.

"The new study, if proved valid, will mean that more cases will be successful in court," said Andrew Tucker, a partner with law firm Irwin Mitchell, based in Sheffield, England. He noted that judgments to date have been noted that recognizing RSI as a work-related injury.

A spokesman for London-based insurer Commercial Union P.L.C. said the research has "raised awareness of the condition and could lead to more claims being filed." But he noted that a plaintiff still must prove he or she has a medical condition that has been caused by working conditions.

Derek Howie, an underwriting manager with London-based Eagle Star P.L.C., does not agree with the TUC that publication of the research will lead to "thousands more claims." He points out that proving an RSI claim against an employer is a complex and expensive issue, involving considerable medical expertise.

Mr. Howie added that most companies, particularly in high-risk industries such as electronics, have a much greater awareness of the RSI problem and are managing the risk better.

Oscar Tempest, a claims manager for London-based Iron Trades Insurance Co. Ltd., does not think the study will increase claims in the short term. "The study was based on a very small sample of people, and more research needs to be done on the biological aspects," he said.

He noted that RSI claims have not increased dramatically in recent years, as some observers had predicted. Part of this is due to employers taking more preventive measures, he said. Recent court cases also have demonstrated the difficulties involved in establishing a claim and proving an RSI injury exists and is work-related, he noted. **BI**

WLT
CLAIMS PROCESSING SOFTWARE SINCE 1979
 831 NORTH HERCULES AVE., CLEARWATER, FLORIDA 34625
 (813) 442-9296 FAX: (813) 443-4936
 www.wltsoftware.com

Pyramid Services Inc.
PYRAMID CLAIMS & RISK MANAGEMENT SOLUTIONS
 CUSTOMER-BASED SOLUTIONS FOR PERFORMANCE-DRIVEN COMPANIES

The Pyramid System	Pyramid Support Services
Risk Management	Pyramid Training Center
Claims Administration	Highly Skilled Support Staff
Policy Administration/Rating	Customer Support Tracking
Medical Case Management	Electronic Bulletin Board
Medical Bill Review	The Pyramid User Association
Disability Management	Account Executive Program
800 Claims Reporting	Numerous On-site Alternatives
Document Imaging	Quality Survey Program

WINDOWS • DOS • ORACLE • SYBASE • SQLSERVER NT
Pyramid Services, Inc. An AON Company
 Call Our Corporate Office: (203) 743-6000 x262

UAR

Continued from page 55

cases for not doing more to find the rightful beneficiaries of policies they had underwritten.

Life insurers welcome the idea of the UAR, he said. Once a system for searching for life insurance benefits is set up, the UAR will add other asset search services, such as unclaimed dividends or pension benefits.

Pensions is one area where the incidence of unclaimed benefits will only worsen without something like the UAR, said Mr. Hollender.

Personal pensions have been available in Britain only since 1988. As people who bought these pensions retire, the problem of matching benefits

and beneficiaries likely will grow.

The Occupational Pensions Advisory Service, an independent organization partly funded by the government, agrees the problem is likely to worsen. The agency said a search register will help in tracking down individuals entitled to personal pensions.

The UAR also expects to aid Britain's about 200,000 employer-sponsored pension plans in finding missing beneficiaries. When plan trustees cannot find participants using their own records, trustees turn to the Letter Forwarding Service of the U.K. Department of Social Security. This service carries a charge and is successful in only about 50% of cases.

If the DSS service fails, trustees can use private credit-checking agencies, which charge about £15 to £30 (\$25 to

\$49) per participant.

One of the UAR's aims is to stop the growth of so-called bounty hunters. Currently, six or seven such companies in Britain—compared with many more in the United States—troll through public records such as share registers, then track down the unwitting owners of those assets and charge them a fee of 25% or more of whatever they help recover.

The UAR is not intended to be used as a tool to help these bounty hunters get richer. Persons wanting to use the register will have to prove their identities and show some link with the objects of their search. Mr. Hollender said the details still are being worked out. However, he expects that most searches would be made by executors.

In fact, he believes executors will be

the UAR's bread and butter, as "once we've got a register of this kind in place, executors would almost be obliged to search it. If they didn't, they could be deemed negligent."

Pricing has yet to be decided. The cost to the user will depend on whether he or she wants to search the whole register or just one element of it, such as pensions listings. Pricing is also complicated by the U.K.'s Data Protection Act, which means that the UAR will not be able to keep certain information within its database and may only be able to steer users to locate that information themselves.

Aon expects the UAR to be profitable. It has no other shareholders in the UAR, though there will be business partners on a contractual basis for computer and data input services.

Mr. Hollender says the principal reason it has taken so long to offer this service is that establishing the database is complex, and various parties possessing the data may not agree to cooperate.

Aon also has experience with insurance-related databases, such as the Art Loss Register, which helps trace lost or stolen artworks, and the Equipment Register, which helps trace lost or stolen construction equipment.

Mr. Hollender also has an appropriate background. He has worked as a merchant banker, a publisher of a business magazine and a scripphile—an expert in old documents. He even advised the U.K. government on verifying the authenticity of pre-1917 Russian bonds. **BI**

Texas

Continued from page 2

Facility between May 1, 1991, through 1992, years when the fund generated surpluses.

An estimated 2,000 to 4,000 policyholders would be entitled to share in the settlement amount, said Scott M. Clearman of the law firm McClanahan & Clearman L.L.P. in Houston.

The refunds come atop amounts already ordered by the Insurance Department related to surpluses recorded by the fund in 1993 and 1994 (*BI*, July 28, 1997; July 14, 1997).

The Insurance Department esti-

mates the refunds total about \$200 million for all four years.

Texas law requires the residual market to return surpluses to retrospectively rated policyholders, but insurers may assess those policyholders to make up deficits. Insurers had argued no payments should have been ordered for 1991 and 1992 because the Insurance Department had set the factor for assessments at zero. The factor should apply equally to rebates for that period, insurers claimed.

The settlement would end the affected insurers' suit, filed last summer, to block the Insurance Department order to make the payments.

Not all employers are happy with

the agreement.

The settlement calls for insurers to pay 87 cents for every dollar of refunds owed to policyholders. Of that amount, 9 cents—or 10.34%—goes to policyholder attorneys in the case. If the settlement reaches \$85 million, that would amount to \$8.8 million.

Judge Dietz's preliminary approval, however, states the fees are not expected to exceed \$8.5 million, which would mean the total payout could be slightly lower than \$85 million.

A group of policyholders filed an objection, claiming Mr. Clearman unnecessarily intervened and therefore was not entitled to such a hefty fee.

"Our interests were being represented by the Texas attorney general" in his capacity as attorney for the Texas Department of Insurance and Insurance Commissioner Elton Bomer, said James E. Green, risk manager at Justin Industries Inc. in Fort Worth, Texas.

Policyholders withdrew their objection last week when it became clear it would be too costly to fight longer and that their chances of lowering the fee was slim, he said. "We still believe very strongly that Mr. Clearman's fee

is grossly out of line," Mr. Green said.

Mr. Clearman said the 10.34% fee "is about as low as you will find anywhere" for such legal work. He noted his intervention included a request for the payouts in 1993 and 1994, which insurers paid without a fight and on which he collected no fees.

Two other attorneys worked on the case and will share in the fees, he said. They are Mark Perlmutter of Perlmutter & Reagan L.L.P. in Austin, and Charles Silver, an attorney and professor at the University of Texas.

Mr. Clearman sought class certification for his suit in May 1997 on behalf of Sandwich Chef of Texas Inc. He said many of the plaintiffs think the fee for the case is not out of line.

He stressed that the \$85 million settlement figure is not firm, because insurers haven't calculated the refunds.

Several Texas insurers did not participate in the settlement. According to Judge Dietz's order, non-participating insurers already should have sent policyholders refunds for all the contested years.

Liberty Mutual Insurance Co. is one that refused to participate and said in a statement that it has complied with

the department's order and paid the refunds. As for the 1991 and 1992 refunds, the insurer is "seeking a judicial determination regarding the validity" of the rule for those years.

The insurer said it paid the amounts related to 1991 and 1992 subject to its right to "re-collect" the money if the rule is found invalid for those years.

Liberty Mutual said because it is a mutual company, "we believe those particular funds should have been retained as policyholder surplus for the benefit of all our customers."

A spokesman said Liberty Mutual has refunded about \$18 million to retrospectively rated Texas policyholders insured from 1991 through 1994.

The Texas Workers' Compensation Insurance Facility stopped writing coverage at the end of 1993 and is running off its business. It had a surplus for 1994 for policies that expired in 1994. The Texas Workers' Compensation Insurance Fund replaced it in 1994 as the residual market.

Insurers received \$718.5 million in residual market refunds for 1991-1994: \$253.9 million for 1991, \$315 million for 1992, \$132.4 million for 1993 and \$17.2 million for 1994. **BI**

IRS

Continued from page 1

\$35,000, and in most cases would be far less, if any.

"The overall message the IRS is giving employers is to self-review and self-correct," said Seth Tievsky, a partner with Ernst & Young L.L.P. in Washington. Such programs are vital for a pension system governed by complex and ever-changing laws and regulations, despite recent congressional efforts at simplification.

In addition, the potential for mistakes in administering their plans is high for many other reasons. Employers with far-flung operations, for example, may not receive the demographic data needed from all units to run required non-discrimination tests. In other cases, employees may inadvertently contribute more than is allowed into a 401(k) plan, and the mistake may not be caught in time.

These and other mistakes and pension rule violations can be corrected under the new revenue procedure.

The most significant change—from a financial standpoint—involves the Walk-In Cap. This program affects pension plans that were not being operated according to their terms or forms. One example would be a 401(k) plan in which employees were allowed to borrow against their account balances even though plan documents lacked loan provisions.

Under the Walk-In Cap, the employer acknowledges the mistake and seeks IRS approval for a specific means to fix the problem. Previously, IRS agents also could seek a "compliance correction fee" equal to 40% of the maximum payment amount. The maximum payment amount refers to how much revenue the IRS would gain if the plan were disqualified. When a plan is disqualified, highly compensated employees are taxed on vested benefits, and the investment income earned by the plan is taxed.

As a result, for large pension plans, a compliance correction fee could amount to millions of dollars.

"The IRS started out with a huge and often unreasonable penalty as its initial negotiating position," said

Kwasha Lipton's Ms. Scott.

Under the revamped program, correction fees generally would range from \$2,000 for the smallest pension plans—those with 10 or fewer participants—to up to \$35,000 for plans with at least 1,000 participants.

"This is a dramatic change," she said of the scaled-back penalties for the Walk-In Cap program.

Other programs involved in the new revenue procedures and the changes the IRS has made include:

- The Voluntary Compliance Resolution Program, or VCR. This deals with certain operational mistakes, such as failure to cover certain eligible employees in a pension plan. In this program, the employer proposes a remedy and agrees to pay fees—depending on the size of its pension plan—from \$500 to \$10,000.

The most significant change to the VCR program gives employers more time to fix problems—150 days, up from 90 days—and reduces the number of details employers must submit to the IRS about corrective actions.

- The Administrative Policy Regarding Self-Correction. This program also involves operational errors. In this program, the employer simply fixes the problem after uncovering it. It does not notify the IRS of the problem or the remedy.

Under the new revenue procedure, IRS agents—if they later audit the plan—will have less discretion to reject employers' corrective changes.

"If you do everything right, they have to apply relief to you," Mercer's Ms. Grace said.

- The Audit Cap. This program involves situations where IRS agents audit plans and uncover operational and plan document errors.

While sanctions still will be a negotiated percentage of the maximum payment amount, the sanctions will not be, in the words of the new procedure itself, "excessive and will bear a reasonable relationship to the nature, extent and severity of the failures."

Factors the IRS will consider in setting a sanction would include the number of employees affected and the extent to which the employer tried to fix the problem before IRS auditors stepped in. **BI**

Frontier / **ADJUSTERS**

Founded in 1957

650 advertised locations to provide professional multi-line services for you

Frontier offices are operated by independent owner-operators doing business under the Frontier name exclusively under franchise or license agreements

NATIONWIDE TRUCK LOSS HOTLINE
800-426-7228

Adjusters available 24 hours a day - 7 days a week

Home Office Phoenix, AZ
800-528-1187

Fax: 800-553-4799

E-Mail: frontier@frontieradjusters.com

Web Site: www.frontieradjusters.com

Call or e-mail for more information and a 1998 directory

The Professional Marketplace

RATES AND CLOSING TIME:

Rates: Display classified is \$171.00 per column inch, minimum of one inch. Straight classified is \$15.50 per line, minimum of 5 lines. Count 34 characters per line (include each space and punctuation as a character). Additional \$25.00 charge for all blind box ads. Only those responses which fit into a business size envelope will be forwarded. Responses are forwarded daily.

Closing: Published every Monday. Copy must be in typewritten form by 5:00 Tuesday, 6 days preceding publishing date. No verbal phone copy accepted. Most major credit cards accepted. Mail ads to, Cheryl Adeszko, Classified Advertising, 740 N. Rush St., Chicago, IL 60611. For more information call 312-649-5340, FAX 312-649-7937, or e-mail cadeszko@crain.com

HELP WANTED

SENIOR VICE PRESIDENT/PRODUCER U.S. Multinational Operations

Dynamic/fast growth multinational risk management services firm seeks entrepreneurial, hands on individual to develop/manage U.S. operations. Candidates should possess:

- 14+ years of multinational broker/underwriter sales, program design, marketing, program implementation.
- "Can do" attitude/Well organized
- Large as well as emerging multinational account experience
- Great client presentation skills
- A reputation for client service/satisfaction

E-mail resume or letter of interest to: INTLBRKER@AOL.com. ALL INQUIRIES WILL BE HELD IN STRICT CONFIDENCE.

HELP WANTED

"Where Professionals Insure Their Careers"

EXECUTIVE RECRUITERS NATIONWIDE

- Risk Management
- Safety & Loss Control
- Claims Management
- Insurance Brokerage
- Risk Management Consulting

Also Ask About Our Temporary Opportunities

15 James Street, Main Level, Florham Park, NJ 07932
Call 201-765-9000 • Fax 201-765-9009

RMA RICHARD MEYERS & ASSOCIATES, INC.

cadeszko@crain.com

HELP WANTED

ACTUARY VICE PRESIDENT LEVEL
Managing General Agency, 200 million annual premium, seeks actuary to head Actuarial and Product Development Department. The ideal candidate will have ACAS or higher with a minimum of 5 to 7 years personal lines experience. Must possess strong management and communication skills. Compensation package includes medical, life, Long Term Disability, paid vacation, 401(k) plan, and incentive bonus plan. Send resume and salary history to: ATTN: Personnel-Code ACTVP, P.O. Box 141150, Gainesville, FL 32614-1150.

HELP WANTED

LOGIC ASSOCIATES, INC.
RISK MANAGER \$90K - \$110K + Plus Bonus
Our client, a New York Metro Area Fortune 100 consumer products company seeks a risk management professional to assume the duties and responsibilities of International Risk Manager. Ideal candidate will have a strong background in safety loss control, property loss conservation and Property/Casualty insurance programs. An MBA in Finance is a plus. For more information please contact Bill Perry, Barry Citron or Abe Altschule at:

LOGIC ASSOCIATES, INC.
67 Wall Street - Suite 2411
New York, NY 10005
Telephone: (212) 227-8000
Toll Free #: (888) 77 LOGIC
Fax: (212) 766-0188

"The Original and #1 Choice in Risk Management Recruiting"

BUSINESS OPPORTUNITY

Rebate Program Offered to TPA/ASO/MGUs

Med-Corp will rebate percentage of savings achieved on every claim reviewed back to TPA/ASO/MGU. For more information contact Mary or Ron at 908-688-1100.

HELP WANTED

UNDERWRITERS

Established and growing MGA with a matrix of underwriting authorities seeks results oriented "Underwriters" to join our team. If you have a "producer following" and wish to align with a progressive management team, we should be talking. Candidates must be highly motivated, organized, innovative, decisive and possess strong interpersonal communication skills and capable of "thinking outside the box". Send confidential resume to P.O. Box 1024, Manhasset, NY 11030.

HELP WANTED

PROPERTY & CASUALTY BROKERS

National Wholesale Insurance Brokerage firm, providing nationwide services and a broad range of products, seeks ambitious property and casualty brokers.

We offer a competitive salary and bonus potential based on new and renewal business and an excellent benefits package.
For consideration, mail or fax resume with salary history to

Swett & Crawford Group
Human Resources
21650 Oxnard Street, Suite 1600
Woodland Hills, CA 91367
Fax: 818.227.3498

HELP WANTED

ADMINISTRATOR/CEO

The Louisiana Home Builders Association Self Insurers Fund, a workers' compensation provider located in Baton Rouge, LA, seeks an Administrator/CEO. Candidates will implement the policies established by the Board of Trustees and provide for the day to day administration. Will direct staff of 30 including Director of Marketing, Director of Member Services, Director of Underwriting, General Counsel, and CFO. Competitive salary DOE and excellent benefits package. For consideration, resume and salary history must be received by March 31, 1998, and mailed to: SEARCH COMMITTEE, P.O. BOX 3519, PINEVILLE, LA 71361-3519.

LEGAL NOTICE

UNITED STATES BANKRUPTCY COURT SOUTHERN DISTRICT OF NEW YORK

IN THE PETITION OF DAVID LLEWELLYN MORGAN AND MARK W.R. SMITH, AS JOINT PROVISIONAL LIQUIDATORS OF STOCKHOLM RE (BERMUDA) LTD., Case No. 95-B-40543 (PCB)

NOTICE IS HEREBY GIVEN that on March 9, 1998 an order was entered by the United States Bankruptcy Court for the Southern District of New York (the "Bankruptcy Court") in connection with the case filed with respect to Stockholm Re (Bermuda) Ltd. (the "Company") pursuant to 11 U.S.C. §304 (the "Order"):

1. Enjoining all persons and entities from (a) transferring, relinquishing or disposing of any property of the Company in the United States, or the proceeds of such property, to third parties; (b) commencing or continuing any action or other legal proceeding (including, without limitation, arbitration or any judicial, quasi-judicial, administrative or regulatory action, proceeding or process whatsoever) against the Company, or any of its property in the United States or any proceeds thereof; (c) enforcing any judicial, quasi-judicial, administrative or regulatory judgment, assessment or order or arbitration award against the Company, and commencing or continuing any act or action or other legal proceeding (including, without limitation, arbitration, or any judicial, quasi-judicial, administrative or regulatory action, proceeding or process whatsoever) to create, perfect or enforce any lien, setoff or other claim against the Company, or any of its property in the United States, or any proceeds thereof, including, without limitation, rights under reinsurance or retrocession contracts; and (d) drawing down any letter of credit established by, on behalf or at the request of, the Company, or withdrawing from, setting off against, or otherwise applying property that is the subject of any trust or escrow agreement or similar arrangement in which the Company has an interest, in excess of amounts expressly authorized by the terms of the contract and any related trust or escrow agreement pursuant to which such letter of credit, trust, escrow, or similar arrangement has been established; except, however, no drawing against any letter of credit shall be made in connection with any commutation unless the amount has been agreed in writing with the Petitioners or permitted by further Order of the Court;

2. Requiring all persons and entities that are beneficiaries of letters of credit established by, on behalf or at the request of, the Company or parties to any trust, escrow or similar arrangement in which the Company has an interest, to (a) provide notice to the Petitioners' United States counsel of any drawdown on any letter of credit established by, on behalf or at the request of, the Company, or any withdrawal from, setoff against, or other application of property that is the subject of any trust or escrow agreement or similar arrangement in which the Company has an interest, together with information sufficient to permit the Petitioners to assess the propriety of such drawdown, withdrawal, setoff or other application, including, without limitation, the date and amount of such drawdown, withdrawal, setoff or other application and a copy of any agreement pursuant to which such drawdown, withdrawal, setoff, or other application was made and provide such notice and other information contemporaneously therewith; and (b) turn over and account to the Petitioners for all funds resulting from such drawdown, withdrawal, setoff, or other application in excess of amounts expressly authorized by the terms of the contract, any related trust or other agreement pursuant to which such letter of credit, trust, escrow, or similar arrangement has been established;

3. Requiring every person and entity that has a claim of any nature or source against the Company and that is a party to any action or other legal proceeding (including, without limitation, arbitration, or any judicial, quasi-judicial, administrative or regulatory action, proceeding or process whatsoever) in which the Company is or was named as a party, or as a result of which a liability of the Company may be established, to place the Petitioners' United States counsel on the master service list of any such action or other legal proceeding and to take such other steps as may be necessary to ensure that such counsel receives (a) copies of any and all documents served by the parties to such action or other legal proceeding or issued by the court, arbitrator, administrator, regulator or similar official having jurisdiction over such action or legal proceeding, and (b) any and all correspondence, or other documents circulated to parties listed on the master service list; and

4. Providing, with respect to any claim, action, arbitration or other proceeding that may be commenced or become known to the Petitioners in the future, or the entitlement or alleged entitlement of any beneficiary of any letter of credit established by, on behalf or at the request of, the Company, or of a party to any trust or escrow agreement or similar arrangement in which the Company has an interest that is identified by the Petitioners in the future (each a "Subsequent Claim"), that:

- (a) when informed of a Subsequent Claim, counsel for the Petitioners shall serve upon the holder of such claim a copy of the Summons and Petition, and the most recent injunction order entered by the Court; and
- (b) on such notice to counsel for the Petitioners as the Court may require, the holder of a Subsequent Claim may file a motion seeking an order of the Court vacating or modifying the injunction entered in this proceeding with respect to such Subsequent Claim. Otherwise, the holder of a Subsequent Claim may file objections and be heard by the Court in accordance with the terms of any order of the Court providing for a hearing in the future on the relief sought by the Petitioners in this proceeding.

The Order shall remain in effect pending a hearing scheduled to be held on June 18, 1998 at 2:30 o'clock p.m. (the "Return Date"); before the Honorable Prudence Carter Beatty, United States Bankruptcy Judge, in the Alexander-Hamilton Custom House, One Bowling Green, New York, New York 10004. All papers submitted for the purpose of opposing continuation of the Order shall be filed with the Court with a copy to the Chambers of the Honorable Prudence Carter Beatty, and served on Cadwalader, Wickersham & Taft so as to be received at least fourteen (14) days prior to the Return Date. Any party-in-interest that has not received a copy of the Petition and Supporting Papers and/or the Order should contact counsel for the Joint Liquidators in writing at the address below.

CADWALADER, WICKERSHAM & TAFT
100 Maiden Lane
New York, New York 10038
Tel: (212) 504-6000 • Fax: (212) 504-6666
Attention: Ken Coleman
Lisa C. Dorr

LEGAL NOTICE

UNITED STATES BANKRUPTCY COURT CENTRAL DISTRICT OF CALIFORNIA

IN THE PETITION OF CHRISTOPHER JOHN HUGHES AND PHILIP JOHN SINGER, AS JOINT PROVISIONAL LIQUIDATORS OF FREMONT INSURANCE COMPANY (UK) LIMITED Case No. Bk. No. MI-00139-TD

PLEASE TAKE NOTICE that on February 26, 1998, a Permanent Injunction Order (the "Order") was entered by the Bankruptcy Court pursuant to 11 U.S.C. §§ 105 and 304(b) providing: (i) that the Scheme of Arrangement dated October 24, 1997 (the "Scheme") between Fremont Insurance Company (UK) Limited (the "Company") and its Scheme Creditors (as defined in the Scheme) shall be given full force and effect and is binding on and enforceable against all Scheme Creditors in the United States; (ii) that all persons are permanently enjoined and restrained from taking certain actions against the Companies, their property, the Pre-Scheme Parties and the Scheme Parties (as those terms are defined in the Order); and (iii) other related relief.

Interested parties may obtain a copy of the Order by writing to United States counsel for the Scheme Administrators:

CHADBOURNE & PARKE LLP
601 South Figueroa Street
Suite 1600
Los Angeles, California 90017
Attention: Jonathan F. Bank

LEGAL NOTICE

IN THE HIGH COURT OF JUSTICE
CHANCERY DIVISION
IN THE MATTER OF SCOTTISH & COMMONWEALTH INSURANCE COMPANY LIMITED
and
IN THE MATTER OF THE COMPANIES ACT 1985

IN THE SUPREME COURT OF
BERMUDA CIVIL JURISDICTION
IN THE MATTER OF SCOTTISH & COMMONWEALTH INSURANCE COMPANY LIMITED
and
IN THE MATTER OF THE COMPANIES ACT 1981

TAKE NOTICE that by Orders of the Supreme Court of Bermuda and High Court in England on the 20th and 23rd of February, 1998 respectively, the Scheme of Arrangement between Scottish & Commonwealth Insurance Company Limited and its creditors approved at a meeting of creditors held on the 2nd of February, 1998 received sanction. The Scheme became effective on 2nd day of March, 1998. In accordance with the provisions of the Scheme the Bar Date for all Scheme Creditors to file their claims is the 3rd day of April, 1998.

Scheme Creditors who have not submitted their claims should forward them to the following address:

Scottish & Commonwealth Insurance Company Limited
Craig Appin House
Wesley Street
Hamilton, Bermuda
Attn: Jennifer Woods

DATED this 2nd day of March, 1998.

CONYERS, DILL & PEARMAN
Clarendon House,
2 Church Street,
Hamilton, Bermuda HM CX

CLIFFORD CHANCE
200 Aldersgate Street
London EC1A 4JJ
United Kingdom

Looking for a candidate to fill the job?

The most talented men and women in the insurance industry know where to turn when they want to make their moves.

Business Insurance

Call: Cheryl Adeszko at 312-649-5340 for advertising details.

We're on the Web

Business Insurance-Online!
www.businessinsurance.com

Analytical tool can measure management efforts

By MEG FLETCHER

CAMBRIDGE, Mass.—Employers that want to accurately assess the impact of disability and medical management efforts on their workers compensation programs might consider adopting a newly created analytical framework.

The new framework, which identifies six "business processes" and four outcomes as essential components in defining disability management, was developed by Richard A. Victor, executive director of the Workers Compensation Research Institute in Cambridge, Mass. He presented it at the WCRI's annual issues conference March 4 and 5 in Cambridge.

Companies need a new theoretical framework because "there is a lot of innovation going on, especially in the disability management arena," and there is "great variation" among the programs, which are constantly evolving, said Mr. Victor.

While companies want to measure outcomes, they are frustrated about how to do it, he said.

Mr. Victor said that the first set of components in defining disability management are six business processes. They are:

- Early notification of the injury.
- Direction of the injured worker to network providers.
- Case management "triage," in which an overseer determines the type of treatment each injured worker should receive.



overseer determines the type of treatment each injured worker should receive.

- Management of the claim.
- Network construction and management.
- Process integration.

Defining disability management also requires considering a second set of components, the outcomes, according to Mr. Victor. The WCRI considers the study of four outcomes essential to its research. They are:

- The cost of the claim, including the loss of wages and medical and administrative costs.
- The return to work, including the time up to the initial return, the persistence of the re-

turn and the worker's ability to recover his or her level of earnings.

- Participant satisfaction.
- Worker functioning and productivity, both in work and non-work activities.

Currently, companies focus on measuring only the first two outcomes—the cost of the claim and the return to work—without considering participant satisfaction or worker functioning and productivity. Those two outcomes, however, are "important in the public policy arena," and will be considered in future WCRI research, Mr. Victor said.

He also recommends that companies using the new framework analyze their workers comp programs keep simple statistics—which he calls "dashboard measures"—as general indicators about the company's performance on both sets of key components.

Mr. Victor said such simple measures are important because a company's goals for its workers comp program are like those of a young family on a car trip—a successful trip requires more than getting a properly maintained car to its destination. It also requires

meeting passengers' various needs, whether that is helping them avoid motion sickness or taking time for bathroom breaks.

The simple statistics Mr. Victor recommends as "dashboard measures" of business processes are percentages of: workers with attorneys; claims reported within two days of injury; and cases referred to specialists for overnight hospitalization and for therapeutic surgery.

Mr. Victor said other process measures worth tracking are the network penetration rate, the ratio of medical costs paid to those charged, and the case loads of adjusters and case managers.

The indicators he recommends for the outcomes components are percentages of: wage-loss claims; return to work at 30, 90 and 180 days; and worker satisfaction with medical care, wage-loss benefits and the claims process.

He said other outcomes measures worth tracking are: total and average claim costs; including medical and wage-loss costs; and workers' average scores on a post-injury functioning test, which the WCRI is developing. **BI**

States try different ways to resolve disputes

By MEG FLETCHER

CAMBRIDGE, Mass.—A workers compensation researcher donned a river guide's outfit to highlight the many ways state workers comp administrators cope with contested cases.

"If you consider disputes as a river and the formal hearing process as a dam, the historic response to a rising river is to build a higher dam—that is, hire more judges," Duncan S. Ballantyne, a senior analyst with the Workers Compensation Research Institute in Cambridge, Mass., said at its annual issues conference on March 4 and 5.

However, states also are exploring a variety of "upstream" solutions to prevent disputes as a way to divert water before it reaches their dams, he said, wearing a river guide's hat, slicker and lanyard whistle.

Mr. Ballantyne's presentation, which he dubbed "Return of the City Slicker," was based on a national inventory he conducted on dispute prevention and resolution activities in all 50 states and the District of Columbia. The inventory will be available in May.

Mr. Ballantyne's novel approach stemmed from a popular 1991 skit he used to present similar data from seven jurisdictions.

Overall, "public policy-makers and system participants debate about how to make workers compensation systems be more self-executing," he said. In such model systems, "benefits are delivered and disputes are resolved without recourse to involvement by the public agency."

His key findings attest that most jurisdictions fall short of that self-executing model.

Mr. Ballantyne found that jurisdictions vary considerably in their use of dispute-prevention strategies, beginning with good communica-

tions among insurers, employers and workers. For example, fewer than half the jurisdictions automatically send information to workers. But among the minority of jurisdictions that do keep workers informed, fully three-fifths report that routine intervention solves problems.

In addition, three-fourths of all jurisdictions' staffs have computer access to agency claim files, which speeds communication among parties when questions arise.

About half of all jurisdictions hold annual training sessions for employers and insurers. But only one-fourth of all jurisdictions provide annual training for workers, and just one-fifth of the jurisdictions regularly conduct annual training for both employers and workers.

"They may be missing a good opportunity," Mr. Ballantyne said, though his analysis does not discuss the effectiveness of these approaches.

Mr. Ballantyne said that though mediation is a common form of informal resolution used in about 24 jurisdictions, he found that outcomes vary. Eight jurisdictions issue recommendations, and four issue decisions that must be either granted or rejected.

Half of the jurisdictions use informal forums to discuss single issues, Mr. Ballantyne found. And he learned that administrative determinations are used primarily to discuss medical issues, while conferences are used primarily for rehabilitation issues.

A typical jurisdiction holds a formal hearing that lasts for only one session, Mr. Ballantyne said. His research determined that about 70% of the jurisdictions use single-session hearings that range in length from about 10 minutes to

seven hours.

In hearings, jurisdictions differ on how medical evidence is introduced. About two-fifths of states use only reports, and an equal number use depositions with or without reports. Very few jurisdictions use live testimony or some combination of these approaches.

In addition to dispute prevention and resolution, WCRI researchers explored other approaches policy-makers can consider as tools to improve their workers comp systems.

One popular approach is to establish workers comp advisory councils, according to Sharon E. Fox, a WCRI policy analyst. Ms. Fox analyzed the results of a mail survey answered by 26 of the 34 advisory councils now operating in the United States.

That survey, to be published later this year, found that most councils are less than 10 years old, with 14 having been formed during the 1990s. Data suggest, Ms. Fox found, that "turnover is likely," because almost half of all councils had predecessor organizations.

The size and composition of the councils vary widely, Ms. said, from five members in South Carolina to 39 in Iowa. "Size may have an impact on operations and decision-making," she said. For example, a larger group may require more resources and a more-formal meeting structure.

Ms. Fox found that two-thirds of the councils distinguish between voting and non-voting members. About half of the councils follow a "pure business-labor model," which gives voting power only to those representatives, while other councils allow attorneys, the agency itself and other stakeholders to vote.

Councils primarily advise jurisdictions' workers comp agencies and their state legislatures. Key areas where councils have input include insurance and rating issues, benefits,

managed care and medical treatment, and safety and dispute resolution.

Ms. Fox found that councils typically have less direct contact with governors. But increasing contact with governors may increase the impact of the council, she said, as governors often play a key role in determining which bills become law.

The majority of councils have responsibilities beyond serving in an advisory role, including reviewing the staffing, budgeting and management of administrative agencies.

On the other hand, the jurisdiction's administrative agency has primary responsibility for council operations for about two-thirds of the survey's 26 respondents, Ms. Fox found. For example, in about seven states an agency representative chairs the council.

Furthermore, most councils rely on their respective workers comp agencies for staff assistance and funding. Ms. Fox said the fact most advisory council budgets are tied to their respective agencies for funding and have few independent resources may have "implications for a council's autonomy and independence." **BI**

About 200 attend

CAMBRIDGE, Mass.—About 200 people gathered at the Workers Compensation Research Institute's annual issues conference March 4 and 5 in Cambridge, Mass.

The assembled group heard researchers discuss a variety of topics.

In addition, two broader panels discussed disability management and integrated benefits from a variety of perspectives.

The WCRI is a non-profit research group that analyzes issues but does not take positions on them. Its work is funded through contributions primarily from insurers, employers and individual workers comp administrative agencies in the United States and the United Kingdom.

WCRI researchers are in the process of establishing a large database of workers compensation claims, which will make it easier for them to analyze public-policy issues in the future. The database is expected to include 3 million claims by June and 6 million within a year. Researchers estimate the database will eventually include 25 million claims.

The WCRI's plans for its next annual issues conference are not available. For information about the organization, contact the WCRI at 101 Main St., Cambridge, Mass. 02142; 617-494-1240.

7 key cost prediction factors: Economist

CAMBRIDGE, Mass.—Predicting when workers compensation costs will rise requires analyzing seven key factors, a leading economist says.

Richard A. Victor, executive director of the Workers Compensation Research Institute, discussed those factors at the annual issues conference sponsored by the Cambridge, Mass.-based WCRI on March 4 and 5.

The factors affecting workers comp costs include such broad developments as general economic conditions, changes in medical costs that spill over into workers comp medical costs, and the prevalent social attitudes that favor or discourage workers' willingness to claim benefits. Additional factors that influence costs are state legislative activity, the degree of innovation used in the handling of workers comp cases, the priority given to return to work and safety, and insurance market capacity.

The last major market tightening, which started in the mid-1980s, was caused by "the harmonic convergence" of several negative as-

pects of these factors, Mr. Victor said.

For example, state legislative activity previously responded to benefit inadequacies in many states by increasing worker access to the system and compensation. But, he said, those increases drove up workers comp costs. Insurers responded by cutting capacity, especially in states where they thought rates were inadequate.



Conditions now generally are good, and workers comp costs are not a problem.

But, Mr. Victor said, "it's inevitable that things will change." "We only hope that they won't happen at the same time," he said, because it's "pretty difficult" to manage.

Some change already is under way. Recent legislative enactments to tighten benefits to workers may have "overreached." The pendulum already has begun to swing

back, he said, indicating a movement toward more pro-worker legislation.

Also, the backlash against managed care techniques, used to control general medical benefits, could limit the opportunities and tools available in workers comp, he said.

"Innovation in workers comp could be one of the saving graces," Mr. Victor said. The key is to measure the outcomes of these innovative programs to quantify their efficacy to employers and workers alike.

But Mr. Victor said he is concerned about backsliding, as employers' attention to return to work and safety efforts wavers now that the workers comp cost crisis is over.

Managers of workers comp programs can help, he said, by advising their companies to avoid shortsighted decisions about return to work and safety. He also urged workers comp managers to encourage the measurement of program outcomes so that public policy-makers have something more credible than just anecdotes on which to base their decisions.

—By Meg Fletcher

HMOs

Continued from page 2

this year, many observers say.

"I would expect the commercial margins to continue to improve," said Mark Jamilkowski, an HMO analyst with Hartford, Conn.-based Conning & Co. "The pricing environment is still very supportive of that," he said.

"I believe that the entire marketplace of managed care companies is poised for very needed increases this year," said Greg Baird, senior vp of group sales for Woodland Hills, Calif.-based Blue Cross of California, a subsidiary of WellPoint Health Networks Inc.

"There's an increasing recognition out there that the era of zero premium increases is over... that in fact we had a lack of a pricing rationalization in this industry" and there are probably going to be a couple of "makeup" years going forward, Jay M. Gellert, president and chief operating officer of Woodland Hills, Calif.-based Foundation Health Systems Inc., said during a conference call to analysts last week.

Arun N. Kumar, a director at Standard & Poor's Corp. in New York, said 1998 renewals by managed care companies are resulting in 5% to 15% price increases. Based on that and the "pretty decent fourth-quarter operating performance" reported by several companies, S&P has "cautious optimism" about 1998, he said.

Among financial results reported were:

- CIGNA Corp.'s employee life and health benefits segments, which includes its HMO and indemnity operations, reported \$510 million in operating income in 1997, up 2.6% over 1996. Within that segment, HMOs' operating income was flat at \$211 million, before a \$75 million 1997 health care restructuring and integration charge. CIGNA acquired U.S. Healthsource in June 1997.

- Minneapolis-based United HealthCare Corp. reported \$460 million in net earnings for the year, up 17.3% from 1996, excluding non-recurring charges.

- Woodland Hills, Calif.-based WellPoint Health Networks Inc. reported \$453 million in 1997 operating income, up 14.3% from 1996.

- Aetna U.S. Healthcare, part of Hartford, Conn.-based Aetna Inc., reported \$383.9 million in 1997 operating earnings vs. \$20.8 million in 1996, when the segment reported a \$214.1 million fourth-quarter loss.

- Louisville, Ky.-based Humana Inc. posted \$173 million in net income

in 1997, up 13.8% from 1996 before special charges.

- St. Louis-based RightCHOICE Managed Care Inc. reported a \$24 million net loss for the year, compared with a \$2 million net loss in 1996.

- Santa Ana, Calif.-based PacificCare Health Systems Inc. reported a \$22 million net loss for the year vs. \$76 million in net income for 1996. The \$22 million loss reflects \$155 million in pre-tax charges.

- Los Angeles-based Maxicare Health Plans Inc. posted a \$35.1 million net loss compared to 1996 net income of \$19.4 million. Its \$11.4 million fourth-quarter loss reflected a \$3 million charge for management restructuring costs and a \$7.5 million charge to increase health care claims reserves.

- Foundation Health reported a \$187.1 million net loss for the year compared with an \$84.2 million profit for 1996. For the fourth quarter, it reported a \$114.3 million net loss vs. a \$102.1 million loss for the same quarter in 1996. However, if losses from discontinued operations are excluded, the company reported \$30.5 million from continuing operations vs. a \$97.2 million loss in 1996.

- "I think '97 was a mixed bag in terms of the results for the companies," said Bernard McDonagh, vp-investor relations for United HealthCare. "I think we were able to see medical inflation kick up in '96 and reacted in pricing our products pretty aggressively in '97, and I think we benefited from that." Mr. McDonagh said United HealthCare has been raising its rates "north of 6%" this year.

However, he added, "I think some companies lagged in their ability to get premium increases, and their earnings suffered as a result. In addition, you had the results of some companies clouded obviously by acquisitions that they made, and some of those didn't work out as smoothly as they anticipated."

Richard Shaw, an analyst with A.M. Best Co. in Oldwick, N.J., said, "I think '97 was somewhat of a recovery year, but nowhere near historical earnings."

"Some did well, some did not, depending on what part of the underwriting cycle they were in," he said.

"It's been a difficult year for a lot of companies," said Douglas L. Meyer, an analyst with Duff & Phelps Credit Rating Co. in Chicago. "I think the biggest surprise from expectations was Oxford," he said.

All the HMOs have "taken their turn in reporting disappointing results at one time or another for the most part," said Mr. Meyer. "Oxford is one of the last ones to do it, but they did it in a spectacular fashion."

Conning's Mr. Jamilkowski said, "In the fourth quarter we started to see some of the signs that the turn in

way," said Mr. LeConey.

Blue Cross' Mr. Baird said, "There's a lot of mystery out there about what's going to happen" in light of proposed "overreactive" anti-managed care legislation that could increase the cost of health insurance and make it more difficult to administer, "especially if states go in different directions."

Meanwhile, some observers expect merger and acquisition activity to continue at an active pace. Earlier this month, there were market reports for instance that Aetna was interested in buying New York Life Insurance Co.'s NYLCare Health Plans Inc. in a \$1 billion deal (BI, March 9).

"It's still going to proliferate throughout the industry," said Mr. Shaw of M&A activity.

"There'll be some significant deals," agreed Duff & Phelps' Mr. Mayer.

"I think you'll continue to see consolidation within the industry. We're far away from being an efficient industry," said Mr. Jamilkowski.

However, said S&P's Mr. Kumar, "Most of the large managed care companies still are digesting transactions that they entered into the last 18 months" and are "taking a little bit of a breather."

Said Mr. LeConey, "I think there will be relatively little" M&A activity. "Typically, you don't see a lot of M&A activity in years when the industry is doing poorly. That tends to occur when the business is doing great," he said.

Pointing to publicly traded companies, Advest's Mr. Mains said, "The problem is that even though a number of HMOs had difficulties in '97, there aren't really many cheap stocks out there, and consequently, I think any acquirers are going to be reluctant to pay up."

However, there may be mergers among privately held HMOs, said Mr. Mains. "You could see some HMOs simply cease to do business" as well, he said.

"It's hard to say" what the level of M&A activity will be, said United HealthCare's Mr. McDonagh. "We've been on the sidelines through all of '97. We just felt valuations were ex-

cessive, and our view is they're not much better right now, so I'm not sure you're going to see any major activity from us in the short term," though the company may buy local or isolated health plans in existing markets, in contiguous areas, or for strategic reasons.

Some observers think risk-based capital guidelines could increase the level of M&A activity, though it may also lead in particular small HMO operations to seek capital infusion from additional partners or raise debt.

Under financial filing rules developed by the National Assn. of Insurance Commissioners, beginning with this year's statutory filings, managed care organizations, including HMOs, must meet capital requirements that are based on the individual companies' assets and liabilities, including their underwriting risk (BI, March 2).

"Some of the smaller, single-site HMOs may end up consolidating" as a result of these rules, said Mr. Shaw, who noted there are still about 7,000 HMO organizations in the United States. Other options include seeking outside capital or reinsuring the balance sheet. "There are different ways the company could do it," said Mr. Shaw.

"I think that will drive M&A activity," said Mr. Meyer of the risk-based capital guidelines. "It'll also probably drive some increased capital raising within the industry."

"Capital is something the HMO industry has always been pretty successful in attracting," said Mr. LeConey, who said he does not believe the guidelines will have a significant impact on M&A activity.

The combination of the risk-based capital guidelines along with the Year 2000 issue "could very well pose an insurmountable obstacle for some of the smaller plans," said Conning's Mr. Jamilkowski.

"There may be some large plans that don't fare too well" also, added Mr. Jamilkowski. "There are some companies that I'm sure would like to be in a better monetary position than they are money-wise. They are going to have to find partners to meet the requirements" or issue debt. **BI**

'I think that the fourth quarter holds out some promise for 1998. Overall, I'm encouraged by what I saw,' says analyst Mark Jamilkowski of Conning & Co.

the pricing cycle we've been expecting for nine months" has finally materialized, resulting in relatively stable or improved margins. "I think that the fourth quarter holds out some promise for 1998," he said. "Overall, I'm encouraged by what I saw."

This year "looks much more favorable than '97 for the managed care industry," with competitors realizing they have been able to save as much as they can on costs and now must raise rates, said Best's Mr. Shaw.

However, "Business remains tough, business remains sluggish," said Michael LeConey, an analyst with National Securities Corp. in New York. "It's slow going, and the turnaround in the industry is clearly only slowly beginning to occur and will take quite a while."

Rob Mains, an analyst with Advest Inc. in Albany, N.Y., said, "There's still a lingering concern about HMOs' ability not only to control medical costs, but to control their own information systems." There is also some evidence that results of the HMOs' cost containment efforts are not as favorable as might have been hoped.

But, he added, the companies still may do well because they are "facing a much more forgiving environment" for premium increases.

However, some observers point out that rising health care costs may restrain the benefit HMOs derive from rate increases.

Patrick Finnegan, senior vp at rating agency Moody's Investors Service Inc. in New York, said he believes competition will constrain companies' ability to raise rates. "As a result, the biggest factor in determining whether or not companies hit their target margins is really the cost side of things."

"I guess it remains to be seen whether the price increases in '98, while higher than they were in '97, will be sufficient to cover medical cost increases in '98," said Duff & Phelps' Mr. Meyer. "We're still a little skeptical."

"I think it will be a tough year," said Mr. LeConey. "Earnings will be periodically disappointing throughout the industry." At best, he added, there will be indications of prices rising faster than costs late in the year, "but right now, there's not really much good to talk about."

In addition to the problem of rates keeping up with rising costs, "I think enrollment is beginning to be impacted," along with acceptance of the products HMOs sell. "The consumer is voting with his feet," he said.

The negative feelings that have developed toward HMOs require managed care companies to invest a lot of time and energy on remarketing and restructuring their products "and generally just reorganizing in some

HMOs' performances in market could vary

The performance of publicly traded health maintenance organization stocks this year will depend heavily on the company, say observers.

Through March 13, the eight publicly traded HMOs tracked by the *Business Insurance Industry Stock Report* improved 22% year-to-date, compared with a 13.7% improvement for all stocks. However, Foundation Health Systems Inc. was added to the list of HMO stocks *BI* follows just last week.

Last year, the stocks dropped 7.9%, compared to the 32.2% advance in stock prices enjoyed by insurers and reinsurers and brokers' 36.5% advancement. Most notably, the stock of Norwalk, Conn.-based Oxford Health Plan Inc. plunged 73.4% in 1997 as a result of its reported financial problems (BI, March 2).

"I think that stock market performance is going to be directly correlated to operating performance," said Rob Mains, an analyst with Advest Inc. in Albany, N.Y. Even considering HMOs' growth rate is less robust than it was, HMOs still are undervalued, he said.

"Provided that they can main-

tain the margins and profitability that investors are looking for—and some of them are already reflecting that, but not all of them—that's why there's still an opportunity to make money on the group.

"But you have to be very selective," Mr. Mains added. While overall the HMOs will trade up on Wall Street, "there's likely to be a pretty wide disparity between the top performers and the bottom performers."

"I would think the stocks in general will perform obviously much better than they did in '97, but I think the good performance will be isolated to the quality players," said Mark Jamilkowski, an analyst with Conning & Co. in Hartford, Conn.

"The stock market performance has been terrible at best," said Michael LeConey, an analyst at National Securities Corp. in New York. "I think it will be lackluster in the current year," he added. "It's one of the few groups with disappointing earnings... where people are even concerned about the long-term outlook for HMOs," he said, adding, "A pretty bleak picture has developed."

—By Judy Greenwald

Capital Re Corporation

is pleased to announce the promotion of

Joseph W. Swain
Executive Vice President



Commentary

Safety incentives show concern for workers' health

"You're taking all the fun away," my husband has been known to say as I hand him his protective ear muffs for mowing the rather large lawn at our second home.

He loves riding his John Deere mower, contemplating who-knows-what as he perfects his art of mowing and throwing the cut grass so it mulches the lawn and does not need to be caught and disposed of otherwise. He says now that with the ear muffs, he can't hear the motor groan or the blades chip and crunch.

It occurred to me that his statement, "You're taking all the fun away"—as in the noise that accompanies this chore—echoes the sentiments of many workers who object to the safety gear their employers ask them to wear. It gets in the way of what they are trying to do, or it makes them feel less in touch with what they are doing.

Indeed, I am guilty of the same sort of emotional reaction when my husband tells me to put on my safety harness when standing watch at night on our sailboat in the middle of a perfectly calm sea.

"You're taking all the fun away," I think, as I strap on the harness that restricts my movement in the cockpit

when I see no need for it. He reminds me while the sea may be calm, there are any number of obstacles floating in the sea, both alive and inert, that the boat could hit and throw me overboard.

So I put on my safety harness and he puts on his ear muffs, because we both know the other is acting out of concern and is right. Nor do we want to argue.

It seems to me that this is a simplistic yet effective approach to safety programs in the workplace. If management will simply exhibit its concern for worker health and safety, provide the needed protective gear and then nag a little as would a good husband or wife, the programs will work.

I may be a little naive here, because my respect for safety precautions and gear was ingrained during childhood. My first memory of a safety product is of Dad's steel-toed shoes that I could stand on without crushing them, or his toes. I also remember the safety prizes that Dad would bring home because the plant had been accident-free for the required time. The popcorn maker was my favorite such prize. It may not sound like much now, but that was the early 1960s.

Dad was a research scientist for DuPont for his entire career, and he always spoke with pride of the company's commitment to the safety of its workers. I didn't really appreciate what a pioneer DuPont was in safety until I joined *Business Insurance* and started reporting on some companies' strong commitment to safety programs and some companies that just didn't seem to get it.

I'm also still unconvinced by the arguments against safety prizes: that safety prizes can encourage people not to report accidents so as not to cost the team or the plant the prize, thereby hiding an unsafe condition, or that the worker who has an accident and blows the record is then ostracized by fellow workers.

The value of safety prizes goes way beyond the points earned toward a popcorn maker or a trip, and lies more in management's clear commitment to encouraging safe work habits and the use of protective gear.

Someone has to say and show that he or she believes the person's health and safety are all-important.

We buckle up on an airplane because the flight attendant is watching, wear a safety harness at sea because the skipper says to and wear protective ear muffs while mowing because the wife says to.

After a while, we can hope that we all do it out of good habits, but we first did it because someone cared enough to say we should.

Publisher and Editorial Director Kathryn J. McIntyre and Editor Paul D. Winston write columns on alternating weeks.



Kathryn J. McIntyre

Rules

Continued from page 61
very detailed explanations as to why alternatives weren't chosen.

In addition, the cost/benefit analysis and risk assessment required for proposed major rules would have to undergo outside peer review, and as a final step before being implemented, rules could have to undergo judicial review to ensure all steps in the process had been properly undertaken.

Sen. Levin, one of the more liberal members of the Senate, explained his support for the bill by saying that lawmakers who believe the federal government has an important regulatory role have a "special responsibility" to make sure rules work effectively.

"It does not do us good to regulate wastefully," he said.

The measure, though not as sweeping as previous regulatory reform proposals, drew praise from risk managers and business groups.

"I would have a hard time arguing against anything that would make regulatory agencies more responsible for their actions," said Dave Holcombe, chairman of the Risk & Insurance Management Society Inc.'s Governmental Affairs Committee and risk manager of International Speedway Corp. in Daytona Beach, Fla. "It would be nice to have agencies to have to go through the same cost/benefit analysis that private enterprise has to."

RIMS has not endorsed any regulatory reform bill.

"The purpose of this legislation, as Sen. Levin has pointed out, is not to kill necessary regulations but to allow the public to know the reasoning behind an agency decision and what the decision rests on," said Lawrence Fineran, assistant vp of resources, environment and regulation for the National Assn. of Manufacturers in Washington.

"They don't have to accept the most cost-effective regulation, but if they don't, they have to fully explain why. The bill also allows the public all the necessary information to assess the reasonableness of the

agency's explanation. Finally, another important facet of the bill is reliance on sound methodologies—meaning both economics and science," he said.

Mary Bernhard, senior manager of environment policy for the U.S. Chamber of Commerce in Washington, said, "We look at this as a process bill, in the sense that this is providing consistency in providing cost/benefit analysis and making that part of the record."

Susan Eckerly, chief Senate lobbyist for the National Federation of Independent Business in Washington, said the bill builds on past regulatory reform legislation and is one

'With few legislative days and an election year, that's not a good recipe for quick floor passage,' says Susan Eckerly.

step further in easing the regulatory burden on small business.

"But I think it's going to be tough in a year with a small number of legislative days to bring a bill to the floor when there's not an overwhelming number of Democrats on board and the administration and environmentalists are opposed to the bill, which equals a lot of floor time and tough votes," she said. "With few legislative days and an election year, that's not a good recipe for quick floor passage."

Ms. Eckerly also noted that the House of Representatives has not taken up the matter.

Clinton administration questions about the bill may also stymie passage. During the committee debate, Sen. Joseph Lieberman, D-Conn., said he had received an "omnibus amendment" addressing the administration's concerns with the bill fewer than 24 hours before the committee markup. Among other things, the administration is concerned that the bill's requirement of independent peer review of cost/benefit analysis would slow

down implementation of regulations, he said.

Sen. Lieberman, however, did not introduce the administration amendment, because committee rules require that any amendments be received at least 24 hours before a committee markup in order to be considered. Instead, Sen. Lieberman said he would like the amendment considered by the full Senate.

Sen. Thompson, on the other hand, was not pleased with the administration's move.

"I don't appreciate receiving this at the 11th hour," he said, adding that the White House has had plenty of time to work out differences with the committee. The committee chairman said he hoped "this is not some indication that they intend to give lip service" to reasonable regulatory reform and then make it "virtually impossible" to implement reform.

Sen. Lieberman assured him that the White House remains committed to regulatory reform but fears the possibility of "regulatory retreat or regulatory gridlock."

Another amendment likely to be introduced when the measure reaches the Senate floor would circumscribe the ability of agencies to promulgate major rules. Sen. Sam Brownback, R-Kan., said his amendment would require that Congress approve all regulations that generate costs in excess of \$100 million, as determined by cost/benefit analysis.

Consumer groups and environmental organizations took an even dimmer view of the bill than did the White House.

For example, the Washington-based National Environmental Trust blasted the measure in a written statement as "an anti-food safety, anti-consumer measure left over from the so-called Contract with America."

Public Citizen, the Washington-based consumer-activist group founded by Ralph Nader, also weighed in against the bill, claiming it "would tie agencies up in red tape and in court, dramatically slowing the already too-slow rulemaking process." **BI**

Sale

Continued from page 1
Odyssey Reinsurance Corp., headquartered in New York; Paris-based Compagnie Transcontinentale de Reassurance; and several Canadian property/casualty insurers that write commercial and personal lines, including Toronto-based Lombard Insurance Co. and Lombard General Insurance Co. of Canada; Toronto-based Markel Insurance of Canada; and Montreal-based Federated Insurance Co. of Canada.

Last year, Fairfax bought Sphere Drake Holdings Ltd. and merged it with Odyssey.

The addition of Crum & Forster met with mixed reactions from rating agencies.

S&P put Crum & Forster's A claims-paying ability on Credit-Watch with negative implications because it will now become part of a group with an A- rating.

S&P also put Fairfax on Credit-Watch with negative implications because it is taking over a company that has had faced problems in recent years, and that company will account for a significant portion of Fairfax's premiums, said Matthew Coyle, a director at S&P in New York.

Duff & Phelps Credit Rating Co. in Chicago also put Fairfax on Watch-Down. The action results

from the rapid growth of Fairfax through acquisitions, a Duff & Phelps statement said.

However, "the acquisition agreement provides significant downside risk protection to Fairfax as the purchase price represents an approximate \$200 million discount to book value, and Fairfax will benefit from \$400 million in reinsurance coverage," the statement said.

A.M. Best Co. in Oldwick N.J. left its ratings of the companies unchanged, noting that the deal removes the longstanding uncertainties surrounding the ownership of Crum & Forster.

"In addition, (Crum & Forster's) profitability is expected to improve considerably in the absence of prior year earnings drag and continued expense reductions that will likely accelerate under Fairfax's ownership," a Best statement said.

The sale of Crum & Forster marks the end of Xerox's foray into the active insurance business. Xerox still owns two reinsurers, Ridge Reinsurance Ltd. and Oak Re Life Insurance Co., which are not writing any new business.

Ridge Re provides some coverage to insurance companies formerly owned by Xerox. Xerox will take a \$200 million writeoff for the first quarter of 1998, which should cover these commitments, a Xerox spokesman said.

In 1993, after suffering huge

losses as a result of old insurance liabilities, Xerox decided to sell its insurance business and reorganized Crum & Forster as seven principal units under the holding company Talegen Holding Inc.

It started selling off the units piecemeal, unloading Constitution Reinsurance Corp. in April 1995 and Viking Insurance Co. of Wisconsin in July 1995.

Then in January 1996, Xerox announced it would sell the remaining five units to leveraged buyout firm Kohlberg Kravis Roberts & Co. for \$2.7 billion. However, that deal fell apart later that year, and Xerox resumed the sale of the individual units (*BI*, Sept. 16, 1996).

With the sale of Westchester Specialty to ACE Ltd. for \$333 million in September 1997, the only remaining unit was Crum & Forster (*BI*, Sept. 22, 1997).

In February, after it had started negotiations with Fairfax, Xerox announced it had filed for an IPO for Crum & Forster (*BI*, Feb 16).

Xerox was determined to sell Crum & Forster, so the IPO was filed as an alternative if the negotiations with Fairfax broke down, a Xerox spokesman said.

After assuming debt for some of the Talegen units, Xerox received \$2.7 billion for its insurance units. But over the 15 years it owned them, Xerox pumped more than \$2 billion into the units to strengthen their reserves, the spokesman said.

Cancer

Continued from page 1

The conference was attended by about 525 oncologists, nurses and other health care professionals.

Employers are hungry for data to guide them in their search for effective yet affordable cancer care, Mr. McGivney said. But there is a marked lack of cancer-treatment outcomes information available from most health care providers.

Cancer care by large, well-established centers shouldn't be a hard sell, said Dr. Robert Young, chairman of NCCN, an oncologist and president of Philadelphia-based Fox Chase Cancer Center.

Fox Chase is one of the 16 NCCN members. The others are: the Arthur G. James Cancer Hospital & Research Institute at Ohio State University in Columbus, Ohio; the City of Hope National Medical Center in Los Angeles; the Dana-Farber Cancer Institute in Boston; the Fred Hutchinson Cancer Research Center in Seattle; the Huntsman Cancer Institute at the University of Utah in Salt Lake City; the Johns Hopkins Oncology Center in Baltimore; the University of Texas M.D. Anderson Cancer Center in Houston; the Memorial Sloan-Kettering Cancer Center in New York; the Northwestern University/Lurie Comprehensive Cancer Center in Chicago; the Roswell Park Cancer Institute in Buffalo, N.Y.; the St. Jude Children's Research Hospital in Memphis, Tenn.; the Stanford University Medical Center in Stanford, Calif.; the University of Alabama at Birmingham Comprehensive Cancer Center in Birmingham; the University of Michigan Comprehensive Cancer Center in Ann Arbor; and the UNMC/Eppley Cancer Center at the University of Nebraska Medical Center in Omaha.

Large, self-insured employers that must keep an eye on their health care costs will find that a chronic, complicated disease will be treated at less cost and more effectively if handled by top experts who watch the case continually, Dr. Young said.

In addition, the collection of outcomes data, which shows how well a particular treatment succeeded, "will be enormously useful" for benefit managers who are shopping for high-quality providers, Dr. Young said.

Dow

Continued from page 2

their plan with the news media before they even received permission from the court to file it."

"We only knew of this plan because of a call we received from the media to comment on this new proposal," Mr. Anderson said in a statement responding to the "reported proposal" released March 10.

Under Dow Corning's reorganization plan submitted to bankruptcy court last month, the manufacturer has offered to pay \$3 billion to resolve implant claims, up from \$2.4 billion proposed in an earlier plan unveiled last August (*BI*, Feb. 23; Sept. 1, 1997).

In addition, the company would set aside \$1.4 billion to satisfy commercial claims, up from \$1.3 billion earmarked in the August reorganization plan.

The new plan also offers women more than 15 settlement choices, depending on the nature of their claims, with payments ranging from \$1,000 to \$200,000. Additional funds have been earmarked through the year 2014 for women who have uninsured medical bills that exceed their settlement payment.

A "Second Chance" fund would allow women who settle immediately to qualify for additional payment should they later develop other

At the heart of NCCN is the belief that utilization management, long the mainstay of cost control among managed care organizations, will be replaced by analysis of clinical outcomes data, Mr. McGivney said. And the new tools, in the hands of doctors and other scientists rather than HMOs, will be accompanied by an awareness among insurance companies of which hospitals are most effective at treating certain cancers.

"We're going to have better, specific measures of quality in a way no one else has," said Mr. McGivney. "More and more, the system is moving towards data."

Eventually, outcomes data collection will let employers and managed care networks select cancer care logically and even to analyze the care received by individual employees "if the patient's confidentiality can be protected," he said.

So far, five of the network's hospitals are collecting data on breast cancer treatment in a pilot study. Breast cancer represents about 15% of all cancers.

Later, other cancer-treatment outcomes data will be added by the NCCN, with more hospitals participating. Close to 50% of all cancer types will be in the network's database by 1999, Mr. McGivney said.

The NCCN will have to prove to employers and managed care organizations that high-quality care, in the long run, usually means savings for the plan sponsor because of a lower relapse rate, Dr. Young said.

Furthermore, some cost statistics used to evaluate providers can be deceptive, he said. Although Fox Chase may have higher prices than some other area hospitals, for example, its average length of stay is five days—half as long as other hospitals in Pennsylvania, he said.

Contracts with managed care organizations probably will be easier to obtain for the NCCN than direct agreements with self-insured employers, he said. "We're doing both, with a completely open mind," he said. "We don't have a feeling that our future lies exclusively with the direct negotiations with large corporations, nor with managed care organizations."

Still, he said, "We're pretty happy with what we've accomplished with managed care companies. Now we're turning our attention to employers."

symptoms or conditions specified in the settlement plan.

The plan also preserves the right of all women to seek a jury trial. However, there would be a common issue causation trial if the court confirms the plan.

But attorneys representing women with silicone breast implants were dissatisfied with Dow Corning's latest proposal and filed a motion in the bankruptcy court last Wednesday seeking permission to submit a counterproposal.

"Dow Corning's plan offers injured women too little too late and would keep the courts tied up in decades of litigation," Mr. Blizzard asserted.

But a company spokesman said expediting payments would be "unrealistic," adding that women told the company they wanted more—not less—time to make decisions.

"They told us that and that's one of the reasons we crafted our plan the way we did," the spokesman told *Business Insurance*. "We believe we have the best plan and there's no need for a competing plan."

An April 6 hearing date has been set for the Dow Corning plan. Meanwhile, it is possible that Dow Corning's attorneys may file a motion seeking to preserve the company's exclusive right to file a reorganization plan, the company spokesman said.

This month, NCCN announced it had signed agreements with two insurers, which has the potential of increasing use of the NCCN's member hospitals. New York-based managed care company NYLCare Health Plans Inc. and Hartford, Conn.-based Hartford Life, which writes, among other business, stop-loss reinsurance for health plans, agreed to a non-binding affiliation with the NCCN that gives the health plans access to NCCN treatment information and facilitates contracting with NCCN hospitals.

One reason the NCCN formed in 1995 was to compete more effectively for cancer patients at a time when many HMOs hesitated to approve treatment outside their networks. At present, however, the NCCN's relationship with managed care is cooperative and pragmatic.

"There must be cooperation," Mr. McGivney said. "We certainly have our strengths, and managed care has made contributions to the health care system. You just can't keep criticizing each other."

Mr. McGivney, in fact, joined NCCN in 1997 after leaving Aetna Health Plans Inc., where he was vp of clinical and coverage policy and frequently was responsible for deciding whether Aetna would pay for experimental cancer treatments.

One corporate health care executive was enthusiastic about the NCCN's work.

"Sophisticated purchasers of health care, large corporations and health care coalitions, have been shown to: one, want the data; and two, understand the data," said Dr. Wayne Burton, corporate medical director of Chicago-based First Chicago NBD Corp.

Outcomes data from the NCCN will supplement the data already generated by First Chicago NBD and its HMOs and could be instrumental as a benchmark in comparing providers, he said.

The NCCN "is important and will be used by employers in making decisions," Dr. Burton said, arguing that leading cancer-research hospitals have a special role in treating uncommon and difficult cases.

"Quality and value are foremost in our mind," he said. "Many cancers can be treated in the community, (but) uncommon cancers may require tertiary care." **BI**

The plaintiff committee's motion asking for the right to file an alternative plan includes some of the following details of its proposal:

- Compensation.

The plaintiffs want a total of \$3.8 billion, \$2.5 billion to be paid up front, followed by an additional \$1.3 billion if the company fails to prove at the causation trial that implants cannot cause or worsen systemic illness, symptoms or immune system dysfunction.

Dow's settlement proposal of \$3 billion would be paid over a 16-year period, thus decreasing its present value.

- Timeliness.

Claims could be processed as soon as the plan is finalized and the proper administrative mechanism has been established. Women who choose to pursue the top level of compensation for disease claims would have to wait until resolution of a summary judgment motion on whether implants are linked to systemic illness.

- Expiration.

All women would be able to have their implants removed, or be compensated if they've already been removed. They may also still pursue their claims against Dow Corning.

- Due process.

Women who are dissatisfied with the options available under the committees' plan may pursue individual jury trials. **BI**

Updates

Protective buys United Dental

Continued from page 2

indemnity insurance to 600,000 other customers. However, Protective also provides a variety of other financial services and investment products.

Protective will pay \$9.31 in cash and 0.14465 shares of its stock for each share of United Dental, according to a joint statement the companies issued. Protective's offer represents a 40% to 50% increase in value over what United Dental stock had been trading for prior to the announcement, a United spokesman said.

United Dental's Dallas office is expected to continue operations as a major service center.

EMLICO liquidation talks stall

BOSTON—Massachusetts Insurance Commissioner Linda Ruthardt has hit a dead end in talks with partners of Coopers & Lybrand L.L.P. over a possible joint liquidation of Electric Mutual Liability Insurance Co.

In a hearing last week before U.S. District Judge Douglas P. Woodlock, a lawyer for Ms. Ruthardt said talks about an international liquidation "protocol" had stalled and would not be helped by mediation. Judge Woodlock had ordered the talks in an effort to resolve each jurisdiction's role in liquidating EMLICO, a longtime General Electric Co. liability insurer.

J. David Leslie, Ms. Ruthardt's lawyer, said Massachusetts regulators insisted on a "co-equal" role with the Bermuda-based joint liquidators, while the liquidators insisted that Massachusetts act in an ancillary role.

Ms. Ruthardt has asked Judge Woodlock to remand to state court a liquidation petition that she filed against EMLICO and that the joint liquidators had removed to federal court. The judge did not rule on Ms. Ruthardt's motion last week.

Judge Woodlock also ordered the joint liquidators to file affidavits describing any fees they earned on work for EMLICO before the insurer moved to Bermuda in 1995. Massachusetts regulators have cited the prior relationship as an indication that EMLICO may have deceived regulators about plans to liquidate in Bermuda.

Meanwhile, EMLICO reinsurer Kemper Reinsurance Co. has asked the Privy Council in London for a ruling on whether EMLICO's redomestication was permissible under Bermuda law in light of a Massachusetts high court ruling that the redomestication was invalid.

The Privy Council was already set to hear Kemper Re's appeal of a Bermuda court order denying it permission to seek judicial review of the Bermuda government orders allowing EMLICO's move.

The Privy Council hearing is scheduled for March 23.

Mercer exits DC recordkeeping

NEW YORK—William M. Mercer Inc. will completely exit the defined contribution plan recordkeeping business as part of its strategy to concentrate on consulting rather than administrative services.

Most defined contribution plan recordkeeping clients of New York-based Mercer already have shifted to a new benefit outsourcing alliance Mercer established last year with Automatic Data Processing Inc., based in Roseland, N.J. About 200 employers, though, remained with Mercer for a transitional period, and many of them now are expected to move to the alliance, known as Administrative Solutions Group.

RIMS takes issue with PARCA

NEW YORK—The Risk & Insurance Management Society Inc. is strongly criticizing the Patient Access to Responsible Care Act.

PARCA, introduced by Rep. Charles Norwood, R-Ga., would subject managed care plans to numerous new regulations and expand their liability. RIMS, while holding that "legislation and regulation do serve a purpose in the operation of managed care plans by striking a balance between providing the best quality of care for consumers and making care accessible," offered three specific criticisms of PARCA in a position paper released last week.

According to RIMS, PARCA would raise health care costs for employers and individuals, place an unnecessary layer of regulation over existing state laws with no appreciable benefit, and limit employers' health care choices by restricting self-insured plans that operate under the preemption from state regulations granted by the Employee Retirement Income Security Act of 1974.

RIMS is the latest employer group to weigh in against PARCA, which has about half of the members of the House of Representatives as co-sponsors.

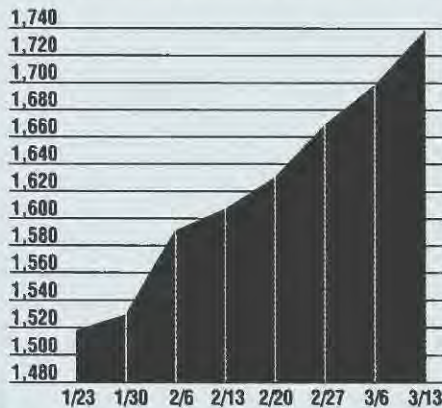
Briefly noted

No date has been set for the full House Transportation and Infrastructure Committee to consider the Superfund Acceleration, Fairness and Efficiency Act, also known as the SAFE act. Another GOP-backed bill in the House that enjoys some bipartisan support as well as a measure backed by the Senate GOP leadership that not even moved past the hearing stage yet, raising the possibility that Superfund reform will fail again this congressional session. . . . The Health Care Financing Administration is kicking off a major communications campaign this week to educate retirees on the new options they will have, effective next year, to the contractual Medicare program. Those options, offered by providers who contract with Medicare, will include preferred provider organizations, traditional indemnity plans and tax-favored medical savings accounts linked to high-deductible indemnity policies. Health maintenance organizations, an existing option, will continue to be available. . . . A presidential commission last week recommended the establishment of a new public panel to set goals for an improved health care system. The commission, though, did not make any recommendations—as health care activists had sought—to make it easier for employees to sue employers when medical care is improperly provided or is denied.

John Alden purchase strengthens Fortis

By ROBERTO CENICEROS

BI Insurance Index



Base=100 on Dec. 29, 1978
Source: Nordby International Inc. (nordby.com) Boulder, Colo.

PCS catastrophe options

As of March 13			
Call spread	Price bid/ask	Call spread	Price bid/ask
National Annual 1998			
40/60	9.0/—	40/60	1.5/2.3
60/80	6.5/7.5	150C	1.8/3.0
80/100	4.5/6.0	Western Annual 1998	
Eastern September 1998			
20/40	3.5/5.5	40/60	1.5/2.5
40/60	3.0/3.4	80/100	1.0/1.9
Southeastern September 1998			
40/60	2.5/3.3	150C	2.0/3.0
Northeastern September 1998			
100/150	.9/1.4	Florida September 1998	
		40/60	1.4/2.4
Total volume: 287 Total open interest: 18,633			

For information on PCS cat options, call the Chicago Board of Trade at 312-435-3674.
Source: Chicago Board of Trade

British Issues

Companies	pence	P/E	Div. %	Yield %	52-week high-low
Comml Union	1101	21.1	32.5	3.0	1170-630
Genl Accident	1370	9.5	37.5	3.5	1540-772
Gdn Royal Exch	466	6.9	11.5	2.6	495-257
Legal & Gen	665	16.4	12.7	2.5	775-377
Royal & Sun	775	19.4	22.8	3.0	825-429
Brokers					
Lmbrt Fenchurch	112	7.5	8.4	10.0	138-101
Lloyd Thompson	180	NA	10.0	7.4	202-151
Sedgwick Grp	162	12.9	7.0	4.3	171-115
Willis Corroon	153	12.6	6.6	5.3	164-116

Note: Prices are March 13 closings; other numbers from March 12.
Source: Nordby International Inc. (nordby.com) Boulder, Colo.

NEW YORK—Fortis Inc. will buy John Alden Financial Corp. to strengthen its position in the group health market for small employers.

Fortis and Miami-based John Alden are major players in the group health market for small companies, typically those with 50 or fewer employees. The deal will consolidate the coverage of about 1 million people and result in an estimated \$2 billion in annual revenues for the larger Fortis.

The preferred provider contracts of John Alden's group health plans are considered "high-end products," said Jim Simond, a benefits broker for Arroyo Insurance Services in South Pasadena, Calif.

Mr. Simond said he thinks it's bad for the marketplace to lose John Alden.

"For the small employer, it speaks to the fact there are fewer and fewer choices," Mr. Simond said of the announced purchase. "When you have less choice, it's not necessarily a good thing. We are seeing prices shoot up for the first time in three years. That is affecting not only large groups but small groups."

Fortis Inc. is a New York-based unit of Fortis A.G. of Belgium and Fortis AMEV of The Netherlands, an insurance, banking and investment group. The Fortis parent companies will buy all outstanding common shares of John Alden Financial Corp. for about \$600 million in cash, at \$22.50 a share, and assume some debt. They will redeem all preferred shares, according to a statement from Fortis.

Pending regulatory approval of the deal, John Alden's operations will be folded into Fortis Health, a Milwaukee-based unit of Fortis Inc.

Fortis Health also provides coverage for individuals.

Fortis also will acquire North Star Marketing Corp., a John Alden sales unit, and Alden Risk Management Services, which underwrites stop-loss coverage.

A.M. Best Co. immediately placed its A- (excellent) rating of John Alden Life Insurance Co. under review after the announcement of the purchase. "As with many other health care providers, John Alden has experienced deterioration in its medical loss experience periodically over the last few years," the announcement from Oldwick, N.J.-based Best said.

But the combination of Fortis and John Alden "will create a leading marketer of both individual and small-group medical coverages that will benefit from the integration of administrative functions, distributions sources, actuarial expertise, customer service and information technology," Best announced.

John Alden officials did not return repeated telephone calls.

Placing an insurer's rating under review after its purchase is standard practice, a Fortis spokesman said. But John Alden had built up its health business in anticipation of rising volume that never materialized, he added. Like most other insurers in the small-group market, John Alden was stung by state legislatures imposing laws on insurers' risk selection practices, the Fortis spokesman said.

Recent legislative mandates have caused companies to leave some states and thus limited their ability to tap new business. "Without new groups coming in, you don't have anything to moderate the loss ratios," the Fortis spokesman said.

In 1997, John Alden sold off its annuity port-

folio to SunAmerica Inc. and announced it would restructure to reduce staff and focus on its health business. The company also targeted some preferred states while leaving others.

At year-end 1997, John Alden provided health coverage for 110,000 employer groups, down from 183,000 a year earlier, according to the company's World Wide Web site.

Both John Alden and Fortis have marketed their products to state-sponsored purchasing groups for small businesses such as Florida's Community Health Purchasing Alliance (BI, Feb. 28, 1994).

John Alden left the California small-group market about a year ago, Mr. Simond said. One possible problem for the company may have been its lack of contracts with health maintenance organizations in a state where even small employers offer their employees an HMO choice.

Nationwide, John Alden contracted directly with about 190 preferred provider networks, according to Fortis. Fortis offers preferred provider network contracts through Private Healthcare Systems Inc., which Fortis partially owns in partnership with other insurers. Strengthening its small-group health business to compete with HMOs is one of Fortis' goals, the company said.

Health care companies need size and scale to be competitive, particularly in the small-group market, the spokesman said. Several companies with undersized units specializing in small-group health coverage are trying to spin off those units.

Several other Fortis Inc. units operate in the United States, including Fortis Benefits Insurance Co., which offers group disability, group life and group dental coverage. **BI**

Centre Solutions sets up bond coverage

HAMILTON, Bermuda—Centre Solutions (Bermuda) Ltd. has set up a catastrophe bond to obtain \$72 million in retrocessional coverage for Florida windstorm exposures.

The cat bond will cover Centre Solutions, formerly known as Centre Re, through the end of the 1998 hurricane season.

It also contains a provision to protect investors in the bond against any significant increase in business written by the underlying insurer between inception and any loss.

The bond was established to provide Centre Solutions with an established alternative to the retrocessional reinsurance market in the event of a large loss, said Richard Timbrell, head of Centre Risk Advisors, the securitization unit of

the Zurich Group.

The bond was sold to investors through Trinity Re Ltd., a Cayman Islands-based special-purpose reinsurer set up by Centre Solutions.

The \$83.6 million offering consists of \$22 million of Class A-1 floating-rate defeasance notes, paying a coupon of LIBOR—the rate at which prime banks operating in the London Eurocurrency market offer Eurodollar deposits to other prime banks—plus 1.82%. The whole principal will be returned in the event of a loss, but over several years, which will limit the present value of that principal.

The remaining \$61.5 million of notes are class A-2 floating-rate notes that pay a coupon of LIBOR plus 4.36% where the whole princi-

pal is at risk.

The \$72 million in coverage is part of an \$80 million layer over \$45 million provided by Centre Solutions for the unnamed Florida insurer.

The deal includes a feature that limits investors' exposure should the underlying insurer's book grow significantly between the inception date of March 3 and any loss.

Mr. Timbrell would not reveal the cost of the bond but said it was competitive compared to the traditional market. The cat bond will help Centre Solutions offer long-term stability to its customers in the event of a capacity crunch and price increase after a large loss, he said.

—By Gavin Soutter

BI Industry Stock Report MARCH 9, 1998, THROUGH MARCH 13, 1998

BROKERS

	Price	Weekly % change	Year to date % change	Year to date High	Year to date Low	Vol.(000)	
Aon Corp.	NYS	64.38	5.10	9.81	65.00	40.25	1259
E.W. Blanch Holdings Inc.	NYS	36.56	0.52	6.17	37.13	21.50	127
Gallagher Arthur J. & Co.	NYS	42.88	1.03	24.50	43.19	30.38	204
Hilb, Rogal & Hamilton	NYS	17.81	-6.25	-7.77	19.63	13.13	54
Kaye Group Inc.	NDO	7.00	-4.27	5.66	9.00	4.38	5
Marsh & McLennan	NYS	91.25	5.57	22.38	92.50	56.50	1848
Poe & Brown	NYS	38.00	0.00	27.73	38.50	17.00	42
Sedgwick Group PLC	NYS	13.13	0.00	6.60	13.88	9.38	117
Willis Corroon Corp.	NYS	13.13	7.69	6.60	13.50	9.75	620
BROKERS AVERAGE			0.54	11.48			

INSURERS/REINSURERS

ACE Ltd.	NYS	34.81	5.89	8.23	35.25	19.19	1476
Acegon Insurance Cos.	NYS	23.63	-2.33	-2.33	28.63	17.75	274
AEGON N.V.	NYS	121.31	3.46	35.36	121.31	63.88	135
Aena Life & Casualty	NYS	84.31	1.28	19.49	118.13	66.31	2287
AFLAC Inc.	NYS	64.69	3.50	26.53	64.88	37.50	713
Allied Group Inc.	NYS	32.38	-1.15	13.10	35.75	22.63	241
Allstate Corp.	NYS	96.81	3.75	6.98	97.00	58.63	5025
AMBAC Indemnity Corp.	NYS	56.63	2.72	23.10	56.75	31.00	450
American Bankers Ins.	NDO	62.00	-0.20	34.97	62.38	24.38	1618
American Financial Group	NYS	41.94	1.36	4.03	49.25	32.38	405
American General	NYS	61.19	1.45	13.18	62.75	36.50	2955
American Heritage Life Ins.	NYS	20.81	-3.20	15.63	21.94	11.75	91
American Indemnity/Fin'l	NDO	11.88	2.15	-14.41	15.50	9.50	19
American International	NYS	124.19	2.42	14.20	124.19	75.13	3082
Argonaut Group	NDO	36.50	1.39	7.75	38.13	26.75	195
AXA-UAP Group	NYS	49.94	2.70	28.04	49.94	29.25	313
Baldwin & Lyons Inc.	NDO	20.88	-6.18	-13.47	29.75	17.38	23
Berkley W.R. Corp.	NDO	45.13	0.00	2.85	46.38	31.19	452
Berkshire Hathaway Inc.	NYS	59300.00	0.51	28.91	62000.00	30000.00	2
Capital RE Corporation	NYS	65.31	1.85	5.24	66.38	38.75	107
Capital Transamerica Corp.	NAS	20.50	1.23	-3.81	28.13	19.25	21
Centris Group Inc.	NYS	12.00	0.00	7.56	12.94	8.94	209
Chartwell Re	NYS	30.50	0.83	-9.63	36.25	24.50	127
Chubb Corp.	NYS	79.75	-0.55	5.45	81.94	51.13	2001
CIGNA Corp.	NYS	196.06	2.72	13.74	200.75	136.94	1390
CNA Financial Corp.	NYS	149.88	1.44	17.32	150.83	96.38	79
CNA Surety	NYS	15.69	-1.95	1.62	16.50	12.88	141
EMC Insurance Group Inc.	NDO	12.94	-4.17	-2.36	15.00	10.75	507
ESG Re Limited	NDO	27.63	5.24	17.55	28.88	20.88	1054

	Price	Weekly % change	Year to date % change	Year to date High	Year to date Low	Vol.(000)	
Enhance Financial Services	NYS	64.50	3.20	8.40	65.75	37.63	147
Everest Reinsurance	NYS	37.88	0.83	-8.18	43.00	26.75	2200
Executive Risk Inc.	NYS	71.75	2.14	2.78	75.75	43.25	346
EXEL Ltd.	NYS	71.25	1.60	12.43	72.56	39.00	757
Fremont General Corp.	NYS	59.88	1.59	9.36	60.25	26.38	161
Frontier Insurance Group	NYS	25.69	2.49	12.30	39.25	20.00	984
Gainsco Inc.	NYS	7.94	-1.55	-6.62	10.19	7.88	211
General RE Corp.	NYS	218.00	1.84	2.83	221.25	151.50	533
Gryphon Holdings	NDO	14.88	-4.42	-11.19	17.75	13.88	27
Harleysville Group	NDO	24.63	-1.99	2.60	27.50	15.31	88
Hartford Steam Boiler	NYS	65.00	1.56	17.78	65.56	44.00	155
HCC Insurance Holdings	NYS	22.13	3.81	4.12	32.69	15.63	829
JNG Groep N.V.	NYS	55.44	2.66	31.02	55.44	38.88	312
IPC Holdings Ltd.	NDO	31.13	2.05	-3.30	32.88	22.38	211
Harford Financial Services	NYS	102.88	2.94	9.95	103.50	68.13	1999
LaSalle Re Holdings Ltd.	NYS	36.50	-1.35	3.18	38.00	27.25	113
Life Re Corp.	NYS	69.25	5.62	6.23	69.38	37.38	2057
Lincoln National	NYS	83.56	2.06	6.96	84.50	49.00	613
MAIC Holdings Inc.	NYS	29.63	1.28	10.60	30.38	15.06	46
Market Corp.	NYS	176.50	3.41	13.05	177.50	102.50	16
MBIA Insurance Group	NYS	72.13	-0.77	7.95	73.81	45.44	1325
Meadowbrook Insur. Group	NYS	29.69	-1.04	13.91	31.25	21.50	27
Mid Ocean Ltd.	NYS	63.31	4.22	16.71	66.75	44.13	652
MMI Cos. Inc.	NYS	23.56	-0.53	-6.22	27.88	20.75	204
Mutual Risk Mgmt. Ltd.	NYS	33.19	2.12	10.86	34.00	16.75	399
NAC Re Corp.	NYS	49.81	-1.24	2.05	53.81	35.38	221
Navigator's Group	NDO	20.00	12.68	6.49	22.50	15.75	125
Navel Insurance Ltd.	NDO	13.25	0.95	0.95	13.38	12.13	36
NYMag Inc.	NYS	29.88	0.21	8.39	30.06	18.38	1
Ohio Casualty Corp.	NDO	48.94	4.12	9.66	51.00	35.50	473
Old Republic Int'l	NYS	44.00	1.88	18.32	44.13	24.63	495
Orion Capital Corp.	NYS	51.94	-1.59	11.84	52.13	30.88	246
Partner Re Ltd.	NYS	47.50	0.78	2.43	50.25	30.75	169
Penn-America Group Inc.	NDO	22.13	0.85	7.93	23.00	11.25	30
Pennsylvania Manufacturer's Co NDO	NDO	18.50	-3.27	10.45	19.38	16.25	94
Philadelphia Cons. Holding	NDO	20.00	2.56	12.68	23.25	14.00	69
PXRE Corp.	NYS	30.50	-1.01	-8.10	35.25	24.75	24
Reliance Group Holdings	NYS	17.63	-1.81	24.78	17.75	10.13	694
Reliastar Financial Corp.	NYS	47.00	1.82	14.11	48.75	28.63	1336
Renaissance Re Holdings Ltd.	NYS	44.88	1.39	1.70	50.00	34.13	39
Risk Capital Holdings	NDO	23.50	-1.57	5.62	24.00	16.00	597

	Price	Weekly % change	Year to date % change	Year to date High	Year to date Low	Vol.(000)	
RLI Corp.	NYS	52.63	-0.24	5.65	53.00	30.50	23
St. Paul Companies	NYS	92.06	3.08	12.19	92.25	63.00	1545
SCOR	NYS	54.50	6.73	14.14	55.75	38.25	9
SAFECO Corp.	NDO	52.88	1.62	8.46	55.38	38.50	2276
SCPI Holdings Inc.	NYS	30.75	6.03	6.26	32.25	19.13	NA
Seibels Bruce Group	NDO	7.63	1.67	1.67	8.94	5.88	46
Selective Ins. Group	NDO	27.13	0.70	0.46	28.63	19.75	313
Terra Nova Insurance Co. Ltd.	NYS	28.94	1.54	10.24	30.00	18.00	42
TIG Holdings	NYS	26.94	0.00	-18.83	36.58	24.56	790
Tokio Marine & Fire	NDO	57.88	0.65	0.22	66.00	41.25	83
Torchmark Corp.	NYS	45.06					