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MARCH 17, 1986

# business insurance®

Reporting weekly for corporate risk, employee benefit and financial executives/$1.50 a copy; $60 a year

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**update**

## Packwood's tax proposal includes five-year vesting

WASHINGTON—Employers would be required to offer five-year vesting schedules in their pension plans under a tax overhaul proposal released last week by Senate Finance Committee Chairman Robert Packwood, R-Ore.

The new proposal, which the full committee will begin to consider this week, also would set new integration rules for pension plans and establish a

*Continued on next page*

## Administration may draft tort reform legislation

**By JERRY GEISEL**

WASHINGTON—President Reagan is expected to decide this week if the administration should draft its own federal product liability reform bill.

The business-backed drive to enact a federal product liability reform law would be given a needed shot in the arm if the president decided such a bill should be drafted, tort reform proponents say.

The administration's Cabinet Council earlier this month gave its go-ahead to drafting a federal tort reform bill, but the final decision rests with the president, Commerce Department General Counsel Douglas Riggs told the National Assn. of Manufacturers in Washington last week.

Pending President Reagan's approval, "the administration will propose federal legislation in the product liability area. It will be a rather dramatic statement on what we think is wrong with the tort law," Mr. Riggs said.

Mr. Riggs declined to discuss most of the details of the product liability proposal approved by the Cabinet Council. But sources said the proposal calls for:

- The elimination of the doctrine of joint and several liability in product liability cases.

Under joint and several liability, one company may be liable to pay the damages owed by all other defendants responsible for an accident.

- Major limitations on the amount of a punitive damage award a plaintiff can collect.
- Limitations on awards for pain and suffering.
- Allowing evidence to be introduced in product liability cases to show that an accident victim is receiving compensation, such as

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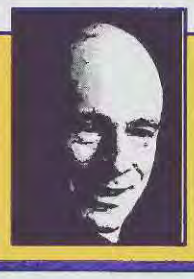
## New facilities in the works to augment A.C.E., Tortuga

**By DOUGLAS McLEOD and JUDY GREENWALD**

NEW YORK—Two major U.S. insurance brokers and a captive manager are developing new excess liability insurance facilities that would supplement coverage offered by the recently formed A.C.E. Insurance Co. Ltd. and Tortuga Casualty Co.

Brokers Marsh & McLennan Cos. Inc. and Johnson & Higgins are jointly trying to organize a group of U.S. property/casualty insurers to establish a line slip to write liability limits of $75 million excess of $25 million.

This coverage would underlie the $100 million excess of $100 million available from A.C.E., the Cayman-domiciled insurer that M&M helped organize last year.



**X.L. will write D&O limits of $10 million underlying the A.C.E. coverage, says Mr. Clements.**

M&M and Morgan Guaranty Co., the New York investment banking firm, are also assisting in the formation of a new Bermuda-domiciled insurer, to be named X.L. Insurance Cos. Ltd.

It is likely X.L. will be needed to fill out limits below $100 million not available from the proposed line slip. It may also provide limits above A.C.E.'s $100 million layer, according to Robert Clements, president of M&M Inc., the brokerage subsidiary of M&M Cos.

Although coverage offered under the line slip will not include directors and officers liability insurance, X.L. will also write D&O limits of $10 million underlying the D&O coverage written by A.C.E., Mr. Clements said.

Meanwhile, two new excess casualty pools may be formed to supplement the $25 million excess of $50 million in limits available from Tortuga, which was organized last year (*BI*, Jan 27; Oct. 14, 1985).

The Cayman-based Tortuga insurer is managed by Transnational Risk Management, a subsidiary of the Reiss Organization. Twenty-five Reiss clients are Tortuga shareholders, although more are expected to join soon, according to William T. Torpey, assistant vp of American Risk Management, another Reiss subsidiary based in Fort Lee, N.J.

Tortuga's recently appointed board of directors has authorized A.R.M. to study the possibility of forming new pools to write liability limits of $25 million excess of $25 million and D&O limits of $25 million excess of $10 million, according to Mr. Torpey.

Don Mosier, an A.R.M. vp, said initially, both the excess liability and the D&O pools will provide minimum $10 million capacity, with an additional $1 million in capacity added for each participant. Capacity, though, will not exceed $25 million, even if more than 25 shareholders decide to participate, he says.

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## Debtholders, MIG reach tentative agreement

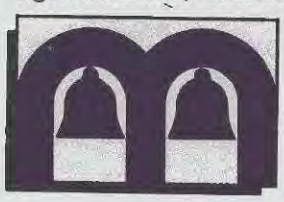
**By STEVE TARAVELLA and ROBERT A. FINLAYSON**

LOS ANGELES—Four Mission Insurance roup Inc. debtholders are abandoning their ffort to place the troubled company into hapter 11 bankruptcy proceedings while ey attempt to finalize an agreement to reructure MIG's corporate debt.

Meanwhile, state insurance regulators—ho got their first formal look at the rehabilation plan for the insolvent Mission Insurnce Co. during last week's National Assn. of surance Commissioners' Western Zone eeting in San Francisco—are voicing suport for the plan.

The four MIG debtholders have reached a ntative agreement on restructuring MIG's rporate debt and last week were preparing letter of intent to finalize the agreement ith MIG and its chief shareholder, American Financial Corp., according to Martin Whitman, trustee of M.J. Whitman & Co. Pension Plan, one of the debtholders.

The parties have reached "a verbal meeting of the minds," concurs Stanley T. Lesser,



MIG's New York attorney with the firm of Kaye, Scholer, Fierman, Hays & Handler.

Both men emphasize the complex nature of the transaction, which affects many MIG creditors, not just the four debtholders, three of which are pension funds.

"A high percentage" of MIG's other corporate debtholders must also agree to the transaction, Mr. Lesser says.

Under the tentative agreement, those creditors that agree to take part in the restructuring will be given rights or warrants to acquire MIG common stock and will exchange existing notes and debt instruments for securities.

Part of the existing debt will be converted to equity; contrary to published reports, no proposal exists to convert any debt into preferred stock, Mr. Whitman and Mr. Lesser said.

MIG will be given the right, over time, to meet its debtholder obligations with payments of MIG stock, not cash. Therefore, if profits from Mission American Insurance Co., which is now MIG's main operating unit, do not provide sufficient funds for MIG to make interest payments, the company has an alternative.

This takes "terrible cash constraints" off MIG, Mr. Whitman notes.

Besides restructuring MIG's debt, the debtholders' agreement also addresses the $75 million capital infusion into Mission American required in the court-approved MIC rehabilitation plan (*BI*, Feb. 17; Feb. 24).

Although the plan does not cite the source of these funds, most observers have expected AFC Chairman Carl H. Lindner to provide the money from one of AFC's units.

However, this may not be the case. Mr. Whitman says current plans require AFC to contribute a maximum of only $37.5 million and adds that it is unlikely that Cincinnati-based AFC will contribute this much.

Mr. Lesser confirms Mr. Whitman's assessment, but declines to discuss the nature of the infusion further. AFC officials did not return telephone calls.

The remaining $37.5 million or more would come from other sources, including

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**Punitive damage awards don't 'boggle the mind,' study says**
**Page 2**

**Reagan administration still calling for elimination of 401(k) plans**
**Page 2**

## update

### Tax overhaul bill set for debate

*Continued from previous page*

$7,000 maximum annual individual deferral limit to 401(k) salary reduction plans.

Other provisions include:

- New non-discrimination rules for 401(k) plans to replace the current test that compare deferrals by a company's top-paid one-third employees to the lower-paid two-thirds.
- Increases in the maximum annual contribution limit to a defined contribution plan would be frozen until the current $30,000 limit is no more than 25% of the limit for defined benefit plans. That limit is currently $90,000.
- Imposing a 10% excise tax on reversions employers recapture from overfunded pension plans they terminate.
- Imposing a new 15% tax on pre-retirement (generally before age 59½) distributions from pension and savings plans, unless the distribution is made in the form of a life annuity or rolled over into an Individual Retirement Account.
- New non-discrimination rules would be established for welfare-type benefit plans.
- Employer contributions for educational assistance and group legal benefits would be permanently tax-free to employees.

In addition, the Packwood proposal calls for retaining the tax-exempt status on Blue Cross/Blue Shield plans. The House-passed tax bill calls for revoking the Blues' tax-exempt status.

On the property/casualty side, insurers would be taxed on 20% of their unearned premium income. Currently, premiums are not taxed until they are earned.

Also, the federal excise tax on casualty reinsurance premiums paid to foreign insurers would be raised to 4% from 1%. The House bill contains an identical provision.

Most provisions in Sen. Packwood's proposal would take effect on Jan. 1, 1987. Most of the provisions in the House-passed tax bill would be retroactive to Jan. 1, 1986.

### Committee delays vote

WASHINGTON—Under apparent pressure from state regulators and insurers, the Senate Commerce Committee last week scrubbed a scheduled vote on legislation to expand the Risk Retention Act.

Sens. Paul Trible, R-Va., Wendell Ford, D-Ky., and Larry Pressler, R-S.D., all urged delaying a vote because of concerns about the bill, S. 2129, they said they received from regulators and/or insurers.

Regulators meeting at a National Assn. of Insurance Commissioners meeting in San Francisco last week also urged delay.

The bill would permit business, trade groups and municipalities to buy all forms of commercial casualty coverage—except workers compensation—as a group or to form a captive insurer to pool their risks. These groups would be largely exempt from state regulation.

Under the current Risk Retention Act, this freedom from state interference only applies to buyers that set up purchasing groups or captives to cover product liability exposures.

Commerce Committee Chairman John Danforth, R-Mo., said he would like to hold a hearing on the legislation this week and vote on the measure later this month.

But some fear that this delay could give regulators and insurers time to lobby for amendments that would weaken or cripple the legislation.

At the NAIC meeting, Josephine Driscoll, the group's president and Oregon's insurance commissioner, said: "We feel that too much emphasis is being placed on the fact that some entities can't get insurance, rather than on the protection of the legitimate claimants that may not have anyone there to pay claims."

Lyndon L. Olson Jr., chairman of the Texas State Board of Insurance, also criticized the proposal. "While I would submit that it may provide some markets with capacity, the consumer harm that possibly will be done is immense," he said.

He said the bill lacks regulatory provisions, minimum capital and surplus requirements, guaranty fund mechanisms and investment guidelines.

### CGL form available in 32 states

NEW YORK—The Insurance Services Offices' revised claims-made commercial general liability form is ready for use in 32 states or territories.

ISO reports the form has been approved or is available for use after Feb. 1 in Puerto Rico and 31 states: Alabama, Alaska, Arizona, Arkansas, California, Colorado, Connecticut, Florida, Idaho, Illinois, Indiana, Iowa, Kansas, Kentucky and Louisiana.

Also, Maine, Maryland, Mississippi, Missouri, Montana, Nevada, New Hampshire, New Mexico, North Carolina, North Dakota,

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# Administration still seeks elimination of 401(k) plans

**By JERRY GEISEL**

WASHINGTON—The Reagan administration still wants to kill 401(k) salary reduction plans.

"The official administration position is 401(k) repeal," said Roger Mentz, assistant secretary for tax policy at the Treasury Department.



Mr. Mentz

Speaking last week before a Washington legislative conference sponsored by the National Employee Benefits Institute, Mr. Mentz said 401(k) plans are inherently discriminatory because higher-paid employees inevitably will defer more pretax salary than lower-paid workers.

In late 1984, the Treasury Department advocated dismantling 401(k) plans, which may cover up to 20 million people, according to some estimates. Then last May, the administration proposed an $8,000 annual individual maximum deferral limit, down from $30,000 in current law.

Finally, last August, the administration again urged a ban on 401(k) plans, saying that they are savings plans —not retirement vehicles—and should not have tax-favored status (*BI*, Sept. 9, 1985).

While the administration might possibly modify its position on 401(k) plans, it wants—at a minimum—the 401(k) non-discrimination rules tightened, Mr. Mentz said.

In May, the administration proposed more restrictive and more complex 401(k) non-discrimination rules that would replace current rules, which compare salary deferrals by a company's top-paid one-third employees to those made by the lower-paid two-thirds.

In addition, the administration proposed non-discrimination rules for welfare-type plans that take away a plan's tax-favored status if a disproportionate number of covered employees are higher-paid. A modified version of that proposal was included in the House-passed tax bill (*BI*, Nov. 11, 1985).

The non-discrimination rules for both 401(k) plans and welfare-type have drawn fire from benefit consultants and benefit managers, who say they are unnecessary.

Mr. Mentz agreed that most major corporate plans do not discriminate in benefit delivery.

"We don't hold a view that major plans are discriminatory," he said.

But he said tougher non-discrimination rules are needed to prevent abuse by smaller companies.

"Our concern is that there are opportunities for abuse. We have to change the law . . . to preclude a small firm's ability to set up a plan" that primarily benefits corporate owners, Mr. Mentz said.

Still, Mr. Mentz conceded that he and other administration officials don't have all the answers on appropriate non-discrimination rules and want input from employers.

"I don't think we have the answer to non-discrimination rules. More criticism, frankly, would be beneficial to me," he said.

Mr. Mentz also defended provisions in the House tax bill, H.R. 3838, that would impose a 15% excise tax on employees who collect pension and savings benefits before their employees' normal retirement age (generally age 59½).

*Continued on page 9*

### Deadline set for *BI* captive manager list

*Business Insurance* will publish the annual directory of captive management companies in the April 14 issue, which will contain a spotlight report on issues relating to captive insurance companies.

Captive management companies are listed free of charge; however, they must request and return a questionnaire supplied by *Business Insurance*.

The deadline for returning completed questionnaires to *Business Insurance* is March 31.

If your company provides captive management services in the United States or abroad and you have not yet received a questionnaire, you may request one by writing Marilou Jones, Directory Editor, *Business Insurance*, 740 N. Rush St., Chicago, Ill. 60611; or by calling 312-649-5279. Mail requests from outside the United States should be sent air mail.

# Punitive damage awards not mind-boggling: Study

**By STEPHEN TARNOFF**

CHICAGO—Punitive damage awards are not routine, not awarded in amounts that "boggle the mind" and not the nationwide problem that many say they are, according to an American Bar Foundation study.

Instead, the amount and frequency of punitive damages vary considerably according to where the cases are brought and the types of cases in which they are awarded. And, the study says, extremely high dollar awards appear only in certain types of cases that do not account for a large proportion of the caseload.

The study also finds that defendants in product liability and medical malpractice cases are likely to be found liable for punitive damages in only a small percentage of cases. However, when punitive damages are awarded in those cases, they are likely to be for a large amount.

Much of the public discussion on punitive damages has focused on "highly visible but highly unusual mega-cases," not typical ones, the study says, and as a result, much of the discussion and proposed reforms of punitive damages are "suspect."

The report is part of an ongoing foundation study on punitive damages. It was presented at the American Bar Assn.'s midyear meeting last month.

In many ways, the preliminary results run counter to the claims of the insurance industry and business groups that have targeted punitive damages as one of the major culprits of a tort liability system that has caused liability insurance rates to skyrocket.

In response to the study, insurance trade associations maintained that punitive damages are still a serious problem.

"Punitive damages today are less punitive and more like legal blackmail," said a spokesman for the American Insurance Assn. "There is little evidence that punitive damages deter irresponsible behavior. It seems to have developed into a compensation mechanism rather than a punitive mechanism as originally designed."

*Continued on page 9*

# ISO pamphlet answers charges

**By JUDY GREENWALD**

NEW YORK—The Insurance Services Office is distributing a booklet intended to respond to critics who claim the insurance industry has manufactured its financial problems to push tort reform.

But "Insurer Profitability—The Facts," has left at least one industry critic unimpressed.

J. Robert Hunter, president of the National Insurance Consumer Organization, describes the pamphlet as "another example of abuse of cartel-like behavior."

The first part of the ISO pamphlet, which is subtitled, "A commentary on the financial condition of the property/casualty insurance industry," provides an overview, including recent results and reinsurers' large financial losses.

The second part of the pamphlet includes four "accusations" made by industry critics, then lists charges related to these accusations and attempts to refute them.

The first accusation listed is that the industry's accounting procedures regularly misrepresent its true financial condition, and that there is no profitability crisis.

Against the specific charge that the industry produces a profitability crisis by deliberately misstating its loss reserves, the pamphlet states in part:

"These charges have no basis in fact and contradict the consensus opinion of acknowledged financial analysts, who believe that current loss reserves are understated."

The pamphlet then goes on to quote a 1982 study which found the industry was underreserved by more than 10%, and states no significant reserve-strengthen

*Continued on page 9*

## errors & omissions

- An item in the March 3 Comings & Goings: Industry column incorrectly identified the Johnson & Higgins office that Thomas A. Basalla, C. Charles Cernik and John D. Schramm joined as vps. The three are associated with Cleveland-based Johnson & Higgins of Ohio Inc.

# Risk management services

## Consultants riding high on wave of demand

### 15 largest independent risk management consultants

| Consultant (Parent company) | 1985 pure risk management consulting revenues (in millions of dollars) | 1984 pure risk management consulting revenues (in millions of dollars) | Percent change in risk management consulting revenues | Number of risk management clients | Total professional risk management staff (full-time equivalent) | Number of risk management offices | 1985 parent revenues (in millions of dollars) |
|---|---|---|---|---|---|---|---|
| Tillinghast, Nelson & Warren Inc. | $5.8/$9.8[1] | $4.20 | 38/133%[1] | 850 | 77 | 10 | $54.30 |
| The Wyatt Co. | $5.15 | $3.65 | 41% | 650 | 37 | 8 | $174 |
| Huggins Financial Services Inc. (Hay Associates/Saatchi & Saatchi) | $3.60 | $2.60 | 38% | 350 | 32 | 4 | $1,625 |
| S.B. Ackerman Associates | $3.50[2] | $2.75[2] | 27% | 100+ | 23 | 1 | $5.0[2] |
| Risk Analysis & Management Corp. | $2.36 | $1.18 | 99% | 250 | 19 | 5 | $2.65 |
| Coopers & Lybrand | $2.0 | $1.67[2] | 20% | 300 | 18 | 7 | $1,000[2] |
| Stogniew & Associates | $1.97 | $.80 | 146% | 300 | 15 | 6 | $1.97 |
| J.H. Albert International Insurance Advisors Inc. | $1.85 | $1.60 | 16% | 300 | 16 | 1 | $1.85 |
| Risk Sciences Group Inc. (Crawford & Co.) | $1.75 | $1.65 | 6% | 490 | 20 | 3 | $213.8 |
| Corporate Policyholders Counsel Inc. | $1.70[2] | $1.30[2] | 30% | 275 | 11 | 1 | $1.70[2] |
| Warren, McVeigh & Griffin Inc. | $1.55 | $1.60 | –3% | 150 | 13.5 | 2 | $2.10 |
| Insurance Buyers' Council Inc. | $1.25 | $1.10 | 14% | 216 | 10 | 1 | $1.25 |
| Advanced Risk Management Techniques | $1.20 | $1.00 | 20% | 125 | 8 | 2 | $1.30 |
| McNeary Insurance Consulting Services Inc. (Booke & Co.) | $1.18[2] | $1.03[2] | 15% | 162 | 14 | 2 | $16.8 |
| Industrial Insurance Management Corp. | $1.17 | $1.05 | 11% | 226 | 22 | 3 | $1.42 |

[1] Second figure includes part of actuarial division after reorganization
[2] *BI* estimate

Source: *BI* survey
Chart: Holly Seguine, Amy Palmer

**By MEG FLETCHER**

The largest independent risk management consultants are riding the crest of a wave of demand for their services.

Revenues increased for all but one of the 15 largest independent consultants ranked in a *Business Insurance* survey (see chart).

And, big growth added three new consultants to the ranks of the largest independent risk management consultants, whose pure risk management consulting revenues exceed $1 million.

The chaos in the marketplace (see story below) has made everyone look for alternatives to commercial insurance, observes Joseph H. Albert, president of J.H. Albert International Insurance Advisors Inc. in Needham Heights, Mass., the eighth-largest independent risk management consultant.

The difficult insurance market is leading to a heightened awareness about the importance of risk management consulting, agrees Bernard A. Salwen, senior partner at fourth-ranked S.B. Ackerman Associates in New York City.

Among those benefiting the most from big demand for risk management consulting services:

Five-year-old Stogniew & Associates of St. Petersburg, Fla., whose revenues from pure risk management consulting skyrocketed 146% to $1.97 million in 1985 from $800,000 in 1984, ranking Stogniew

*Continued on page 28*

# More buyers in the market for advice

**By DAVE LENCKUS**

As the hardening commercial insurance market takes an increasingly heavy toll on buyers, risk managers at small- to medium-sized companies are flocking to risk management consultants for help.

Risk management consultants say they are working long hours, adding additional staff members and, in some cases, turning away new business because of what many describe as an explosion in the demand for their services in the past six months.

Most often, risk managers are tapping consultants for expertise because they face huge premium increases for lower limits of insurance coverage, the consultants say. Other major buyer concerns include the unavailability of some lines of coverage and the ramifications of the switch to claims-made policy forms for commercial general liability insurance.

In response, consultants are advising many of their clients to:

- Retain a greater portion of their risks.
- Shore up loss-control measures.
- Present an in-depth, professionally written underwriting submission when renewing coverage.
- Try to purchase liability coverage on an occurrence policy form, rather than a claims-made form, whenever possible.

This kind of advice will not immediately lower companies' cost of risk, nor will it solve the problem of limited capacity for some lines of insurance, consultants stress.

However, by implementing these suggestions, buyers will become less dependent on the commercial insurance market in the future, they add.

"If you don't address the long term, you won't get a solution to short-term problems," noted H. Felix Kloman, a principal in the Darien, Conn., office of Tillinghast, Nelson & Warren Inc.

Consultants advise that buyers need to think of alternatives to the purchase of commercial insurance.

"There are many ways of financing risk—that's the art of risk management. And, buying insurance is the least cost-effective way," explained Herbert H. Feldman, principal of Herbert H. Feldman Insurance Consulting Associates of Great Neck, N.Y.

"While it is obvious that many risks need to be insured, we should be intensifying our efforts to identify and manage risk rather than supinely accepting what the market has to offer," he noted.

Mr. Kloman agreed. "We're looking at it as a fantastic opportunity for the risk manager to install a real risk management program in his company. In the past, companies have bought too much insurance," the consultant said.

But, many corporate risk and insurance managers are not thinking along those lines, at least when they first approach consultants.

"They have to break down those psychological hang-ups," said James V. Davis, chairman of Advanced Risk Management Services Inc. of Nashville, Tenn., a subsidiary of Corroon & Black Corp.

"The referrals we're getting have a lot to do with the price increases," said William B. Heeney, president of Corporate Risk Management Inc. of Charlotte, N.C. "They're really groping for some answers to their

*Continued on next page*

### *Best's evaluations changing with the market*

In response to a growing concern over insurer solvency, A.M. Best Co. Inc. is fine-tuning the way it evaluates property/casualty insurance companies because of the speed with which an insurer's financial condition can change in the turbulent market. Best is also dropping some rating categories and adding new ones to differentiate between individual companies. See story, page 13.

### *Business is brisk for environmental consultants*

Concern over the increasing number of criminal prosecutions of corporate polluters, the exclusion of sudden and accidental pollution coverage from most general liability insurance policies and the scarcity of environmental impairment liability insurance capacity have prompted many risk managers to seek the services of environmental consultants. See story on page 18.

## Consultant outlook

*Continued from previous page*
pricing problems, and the consultant is included in this groping process."

In many cases, consultants find that clients are seeking coverage that is unnecessary, that is exorbitantly priced for their needs or that can be financed more economically through some type of self-insurance program.

"We're asking everyone to re-examine their thinking on the retentions they have and the limits they need," Mr. Davis said. "Is it conceivable you would need that coverage?"

For example, one consultant noted that a client had been quoted a $71,000 premium for $1 million of directors and officers liability coverage with a $100,000 deductible. The expiring policy cost $3,400 for the same coverage and a minimal deductible.

**'Everybody's saying they're committed to a group program—they want the stability, they want to underwrite their risks. But, the proof will be in the pudding when the market turns softer,' says R. David Turner.**

"They've never had a claim, and it's a well-run company," explained Burdell R. Wessels, president of Corporate Risk Management Inc. of Charlotte, N.C. "The reason they bought it three years ago was the reasonableness of the cost. Now, they probably won't buy it and the directors won't resign because it's a well-run company."

Mr. Kloman believes that self-insurance will be more than a short-term reaction to the current hard market. He predicts that by 1995, 40% to 50% of commercial risks will be financed through alternatives to commercial insurance, including large deductibles, self-insured retentions, trusts, captives and pools.

"And, I suspect this segment of the market will be lost to the insurance industry," he said.

The amount of risk that companies assume has been growing rapidly over the past few years. According to Tillinghast projections, alternative risk financing—primarily comprised of various self-insurance vehicles—will account for 47% of the total risk financing market this year, up from 39% in 1984 (*BI*, Jan. 27).

"The answer is, you learn to go out in public dressed in a loincloth instead of in tails or naked," Mr. Kloman suggested.

Consultants noted that interest in one risk financing alternative, group or association captives, is especially strong.

"Particularly middle-size clients are now saying, 'How can we get together and pool our resources?'" said Joan Schaeffer, vp of Johnson & Higgins Risk Management Services of New York, a division of broker Johnson & Higgins.

"It's the single-most significant financial move we've seen today," Mr. Kloman said, noting that he is aware of between 300 and 400 captives and pools that are now being formed or are under "active consideration."

While many group captives are being formed to write everyday risks, some are being specially developed to provide stable capacity for difficult-to-find coverages, like directors and officers liability, environmental impairment liability and errors and omissions liability insurance.

For example, BankInsure, an Oklahoma City-based insurer founded by bank associations in five states, opened its doors in January and can write up to $300,000 of D&O coverage (*BI*, March 3). And the American Bankers Assn. is moving ahead with its plans to establish a captive to provide both D&O and bankers blanket bond coverage.

Separate efforts to provide EIL coverage are being made by two groups. Environmental consulting firm Aralie Inc. of Pequannock, N.J., is studying the feasibility of developing an EIL insurance pool, while members of the National Solid Wastes Management Assn. are attempting to capitalize a captive (*BI*, Feb. 3; March 10).

And, Assurex International of Columbus, Ohio, a mass-marketing group owned by 61 independent insurance agencies and brokers in the United States and Canada, is in the initial stages of studying the feasibility of forming a captive to provide errors and omissions coverage for member companies, according to President Bob Ashlock.

"Everybody's saying they're committed to a group program—they want the stability, they want to underwrite their risks," said R. David Turner, president of Rollins Burdick Hunter Risk Management Services Group of Chicago, a subsidiary of broker Rollins Burdick Hunter Co.

"But, the proof will be in the pudding when the market turns softer," he added.

In keeping with the premise of buyers assuming a greater share of their risk and relying less on commercial insurance, consultants said group captives in today's market should retain as much as 90% of their business. In contrast, some group captives reinsured up to 90% of their business in the soft market, consultants noted.

If a group captive reinsures more than 25% of its risks, "it probably isn't doing the job," Mr. Kloman said.

"Most captives today are buying no reinsurance," he noted. "They're structuring themselves with sufficient capital and adequate premiums to be prudently managed without reinsurance."

Finding excess-of-loss reinsurance "remains a problem," Mr. Turner pointed out. "You can put together the captive format and more than likely can't find the excess market," he said.

But, he added, "At least they have the mechanism in place so they can move quickly when the capacity does become available."

As clients retain more risk, whether through a group captive or some other form of self-insurance, consultants advise them to shore up their loss-control programs.

James Capell, president of Capell Industrial Risk Management Inc. of Princeton, N.J., said he advises his clients to implement a five-year loss control plan.

"Basically, it's an education process," he said.

"You can live with a lot less insurance if—and this is a big if—you put in place prudent risk control procedures through an in-depth risk assessment," Mr. Kloman said.

Consultants noted that such an assessment extends beyond reviews of loss experience to an analysis of the markets in which the client operates.

For example, every manufacturer of pain-relief capsules is affected by the Tylenol case, Mr. Kloman said. Cyanide-contaminated Tylenol capsules have caused at least eight deaths since 1982, leading manufacturer Johnson & Johnson to recall the product and stop further production of capsules.

*Continued on page 6*

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# Consultant outlook

*Continued from page 4*

"That's the kind of ripple effect that has to be taken into consideration during a risk assessment," Mr. Kloman said.

Consultant Dick Soper, president of Richard H. Soper Inc. of La Jolla, Calif., calls that anticipation "crisis management."

In developing a crisis management program, Mr. Soper explained, a consultant confers with a group of the client's operating managers to determine the types of exposures that can possibly develop. The group then attempts to project how these problems would affect the company and outlines how the company should respond under each of those circumstances.

Many companies now are willing to take this approach, Mr. Kloman said.

"For the first time in many, many years, senior management is willing to listen. They're saying, 'What's going on, and what are we going to do?'" he said.

In addition to product tampering, other major exposures that can be addressed through a crisis management approach include fire, power failures, floods, earthquakes, severe storms, kidnapping and critical supply shortages of key resources, Mr. Soper noted.

But, in some cases, a company can improve its loss-control procedures through far less complicated means.

"In the recent past, we may have been lackadaisical in our enforcement of our rights and the obligations of others," Mr. Feldman said, noting that some businesses may be able to control losses by shifting some of their exposures onto other companies.

He advises his clients to:

- Obtain hold-harmless agreements from guard services and other providers of labor-oriented services.
- Incorporate indemnity agreements into purchase orders with product suppliers.
- Carefully review terms and conditions of leases and other contracts.
- Insist that certificates of insurance supplied by subcontractors, tenants, landlords and licensees meet the requirements listed above.

Although retaining a greater share of the risk and implementing stricter loss-control measures can reduce a company's dependency on the commercial insurance market, most buyers cannot avoid dealing with the commercial insurance market.

Thus, they must find solutions to some thorny problems, like capacity restrictions and the switch to claims-made liability insurance forms.

Consultants say they are helping their clients deal with recalcitrant underwriters by helping to prepare coverage submissions.

"A submission which is incomplete or otherwise not professionally prepared will go to the bottom of the pile if it isn't discarded altogether," Mr. Feldman noted.

"The inclusion of reliable, documented loss runs takes on great significance," he said.

Underwriters are critically reviewing submissions to determine buyers' commitment to loss control and willingness to retain a greater portion of their risk, consultants note.

"A client has to present a delineated outline of its losses and it has to have control of those losses," said Thomas J. Hammond Jr., president of Thomas J. Hammond & Co. of Los Angeles.

"Increased deductibles may help if they're small claims, but if the underwriter sees that frequency, he knows that a large claim will surely come," he noted.

**'Effective utilization of the client's risk-bearing capacity and a stated commitment of senior executive involvement in support of loss control and crisis management has become essential,' Richard Soper says.**

"Effective utilization of the client's risk-bearing capacity and a stated commitment of senior executive involvement in support of loss control and crisis management has become essential," Mr. Soper agreed.

Many consultants noted they are advising their clients to install risk management information systems to help them gather and prepare several years of loss experience, which is critical information in a submission.

An RMIS also can help buyers facing a changeover to claims-made liability coverage at renewal to restructure their loss reports to identify when previous claims were made to assist underwriting the claims-made policy.

"The biggest thing they can do is get information ready for the past five to 10 years," advised Glen Pehl, president/treasurer of Industrial Insurance Management Corp. of Charlotte, N.C.

"They're going to have to have it. If not, you aren't going to get any interest whatsoever" from underwriters.

To explain how the claims-made form may affect a client, many consultants run a client's loss experience through an RMIS programmed to develop a scenario of the client's loss experience as though the client's coverage has always been written on a claims-made form.

Consultants also are stressing to clients that they must educate all their employees about the importance of reporting actual and potential losses in a timely manner.

"I just know over years of experience that no matter how you emphasize to employees to report incidents to the risk manager, someone won't, hoping it will go away," said Mr. Wessels of Corporate Risk Management.

Consultants, however, are advising clients not to give up their occurrence-based liability coverage without a fight.

"The effort is to get the old form and not the new form," Mr. Soper noted.

"We're trying to stay away from that as long as we can," Mr. Wessels said.

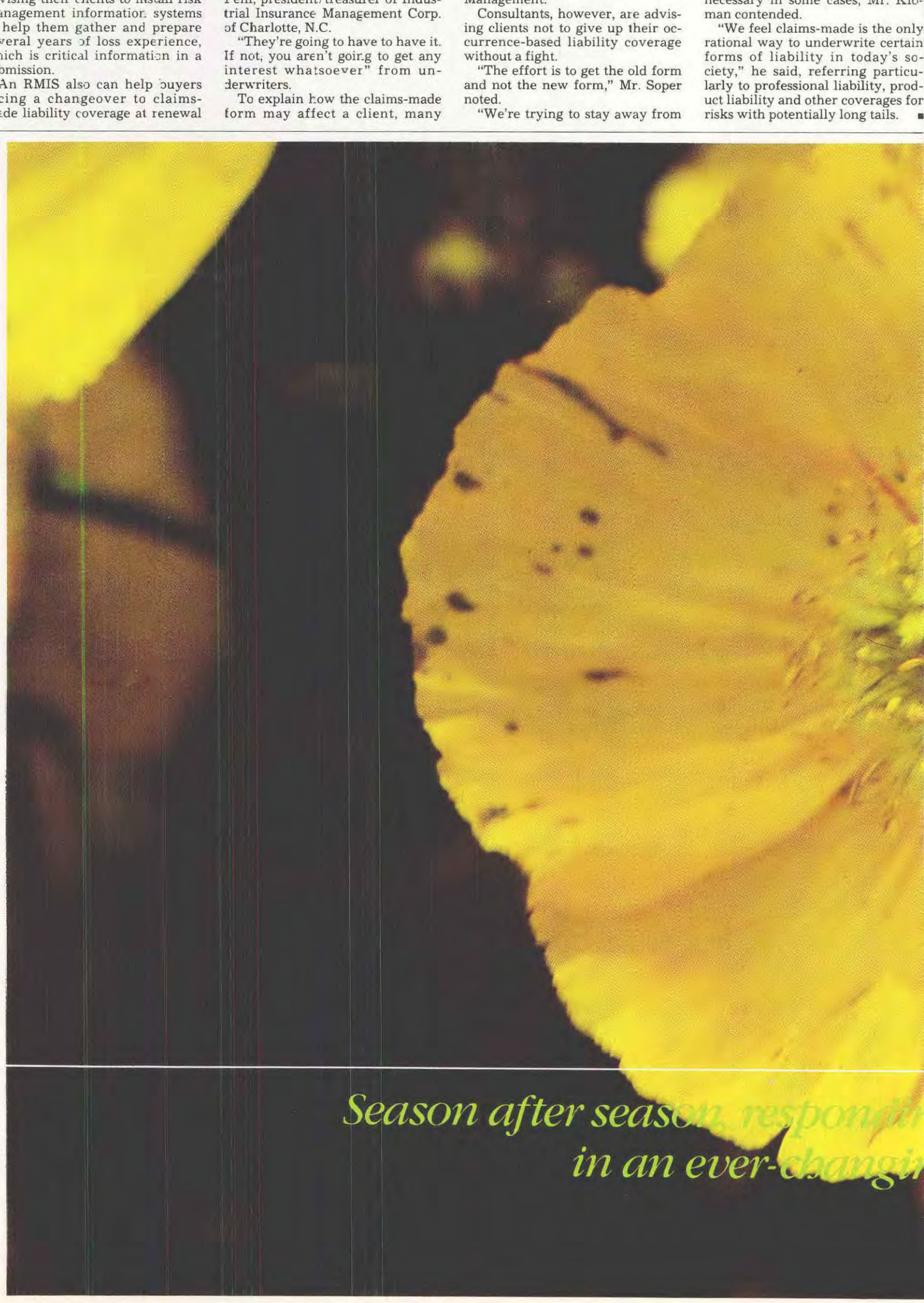
A few consultants noted, however, that they have had little trouble securing coverage for clients on an occurrence basis.

"It's not as bad as you'd think," Mr. Pehl said.

"We have only one client on a claims-made form, and that was because he had to" since the only quotation offered was on a claims-made basis, said Mr. Capell of Capell Industrial Risk Management Inc. The majority of the firm's clients are chemical or plastics producers.

But, the claims-made form is necessary in some cases, Mr. Kloman contended.

"We feel claims-made is the only rational way to underwrite certain forms of liability in today's society," he said, referring particularly to professional liability, product liability and other coverages for risks with potentially long tails. ■



# Becoming a consultant can be risky business

By DAVE LENCKUS

Risk managers who want to be their own boss, to have a more diverse workload and to realize greater financial rewards often consider setting up their own risk management consulting operation.

But, according to Spencer Traver, a former risk manager who recently opened a consulting practice, the big decision boils down to a personal risk management dilemma:

Is the risk of pursuing a potentially lucrative venture worth giving up a steady income? And, is the risk of failing worth leaving a position that may not be totally fulfilling?

"It's a personality issue," noted Mr. Traver, president of Pine States Management Inc. of Charlotte, N.C. "He's either risk-averse, or he's not risk-averse."

Mr. Traver, who until several years ago was assistant treasurer in charge of risk management for BF Goodrich Co., devotes one-third of his time to his consulting practice, which he established in January, and the remainder of his time to his role as director of London International Underwriters, a wholesale broker in Charlotte.

For a risk manager who decides to take the plunge and become a consultant, today's hard commercial insurance market presents a tremendous opportunity, established consultants say, because many businesses want to tap consultants' risk management expertise (see story, page 3).

The current market "is ripe for consultants," said William B. Heeney, president of Corporate Risk Management Inc. of Charlotte. "It's difficult, but there's tremendous opportunity."

"One break we've all got is that the market is so tough that everyone needs the business," Mr. Traver pointed out.

But, despite the opportunities presented by the hard market, a newly established consultant still faces at least one year of lean income, and also should expect building his or her practice three to five years before it reaches fruition, established consultants note.

"Consulting is not an easy sell. It comes in time, but not initially," Mr. Heeney said.

Established consultants said the key to establishing a successful consulting practice is formulating a business plan before setting up shop. Two major components of such a plan are:

- Establishing contacts.
- Deciding which direction the practice will take.

Consultants emphasized that one of the most significant differences between working for a company and establishing a private consulting practice is the effort spent marketing one's services to build a client base, in addition to servicing the actual accounts.

"You have to do some aggressive marketing if you're not getting referrals," said Dick Soper, president of Richard H. Soper Inc. of La Jolla, Calif. Mr. Soper, who was a risk manager for 20 years, left Levi Strauss & Co. of San Francisco four years ago to open his consulting practice.

"Basically, it's just getting out and selling yourself to a client," agreed Burdell R. Wessels, president of Corporate Risk Managers Inc. of Eden Prairie, Minn.

A marketing plan involves determining which clients to pursue, how to approach them and the amount of capital worth investing in courting that business, Pine States' Mr. Traver said.

Some consultants advised that a new consultant, especially one who was a small company risk manager, should stick to clients that face exposures with which the consultant is familiar.

"If he has a field of knowledge that would be a benefit. You've got to have something that's of value to a client, and there has to be a market for it," said James W. Capell, president of Capell Industrial Risk Management Inc. of Princeton, N.J.

"You're going to start seeing industry specialists," he predicted. "You can't be all things to all people."

Not all consultants agreed, however.

"Your credibility is greatest within your industry, but risk management is a process that transcends industries," contended Alan Schreibman, principal of Integrated Risk Management of Culver City, Calif.

Mr. Schreibman, who founded his practice in January after resigning as insurance manager at Transcon Lines in Los Angeles, noted that consultants can educate themselves about a client's industry and can become familiar with the client's specific needs throughout the course of a project.

Plus, a consultant may not be able to support his practice by servicing a single industry, Mr. Schreibman said. "You're going to come to a point probably where you've exhausted the opportunities in your own industry."

"You ought to look at the full spectrum," Mr. Wessels agreed. "It makes the job more interesting. I think that's what I like best about this job."

But, to adequately service clients facing a variety of risks, the consultant must have a broad risk management background, consultants said.

"You have to know the risk and insurance business rather thoroughly," said Leonard J. Silver, president of First Risk Management Co. of Feasterville, Pa. "You have to shift gears constantly, so your knowledge has to be in-depth and broad."

That includes "having a little brokerage knowledge," said Thomas J. Hammond Jr., president of Thomas J. Hammond & Co. of Los Angeles. "It helps you understand the industry, the intricacies involved and how to judge the price of something."

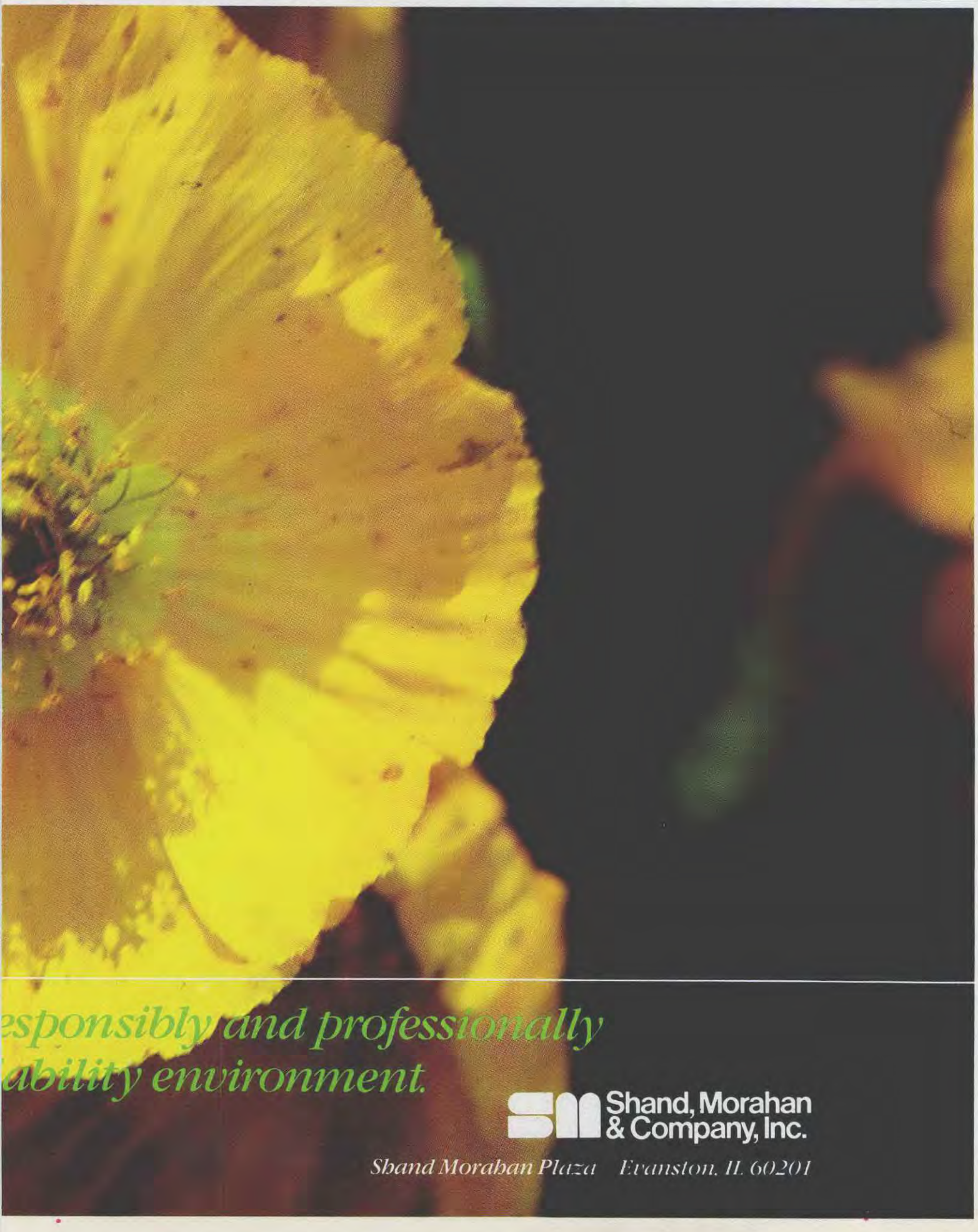
Until a new consultant has established a solid client base, he or she will need a financial safety net to fall back on, established consultants warned.

Typically, at least $50,000 of seed money is necessary to establish a consulting practice, consultants said. But, recommendations ranged from an amount equal to six months of current income to figures of $25,000 to $100,000.

The amount of seed money a consultant will need also "depends on if a person has business to go with him or if he can get clients quickly," Corporate Risk Management's Mr. Heeney pointed out.

"It's a cold, cruel world obviously, especially when you start out cold," Pine States' Mr. Traver

Continued on page 10



# *opinions*

## MIC bailout plan worth the effort

CONGRATULATIONS TO ALL those involved in hammering out the bailout plan for Mission Insurance Co. (see story, page 1).

Without this plan to salvage the insurer's business, California and the country would have faced one of the largest commercial insurance company insolvencies in history, creating major problems for many businesses and the insurance industry.

The claims of Mission policyholders that exceed guaranty fund reimbursement limits would only be partially paid by the guaranty funds. Other insurers would have had to cover guaranty fund assessments, passing this increased cost onto all of their policyholders, who can ill afford any increases in the already high cost of insurance. And, reinsurance policyholders of Mission, who are not entitled to recovery under guaranty funds, probably would have collected very little on claims, leaving them in worse financial condition.

Now, it appears the bailout plan will be implemented. Mission policyholders will be paid in full for claims they file by the new Mission American Insurance Co. Other insurers, and ultimately their policyholders, will not have to cover the insolvency. And, reinsurance policyholders of Mission have an opportunity to collect something—and perhaps a lot—on their claims if they participate in the surplus note agreement.

For this bailout plan, first and foremost we congratulate California Insurance Commissioner Bruce Bunner and his staff.

Mr. Bunner succeeded in encouraging and nurturing a bailout plan for Mission Insurance Co. when even some of his most ardent supporters thought the idea was doomed to failure.

It would have been so much easier for Mr. Bunner and the staff of the California department to merely seek liquidation of Mission Insurance Co. and its subsidiaries. But, instead, he and his staff worked many hours and we believe exhibited keen intellect and remarkable flexibility to set the stage for development of this important bailout plan.

Secondly, we must congratulate financier Carl H. Lindner and his American Financial Group for sticking with Mission. We called for Mr. Lindner to bail out Mission (*BI*, Nov. 18). Now, it appears Mr. Lindner will help do just that. Although the bailout plan does not specifically mention AFC, everyone expects a portion of the $75 million capital infusion called for will come from AFC as Mission's largest shareholder.

Ceding companies to Mission also are to be congratulated for agreeing to accept a bailout plan that doesn't guarantee them claims payments but does offer them the opportunity to recover on their claims. We think it was the only rational approach, but rationality does not always prevail in disputes of this kind.

And, we must acknowledge the cooperation of the bondholders who have accepted the plan. If they had not supported the bailout, they ultimately could have stopped it by pursuing a bankruptcy action against Mission Insurance Group.

Last, but by no means least, we must congratuate those officers and employees of Mission who have hung in there the last few months fighting to save the company. They did not abandon the ship.

We've allocated considerable editorial resources to reporting the financial problems of Mission Insurance Co. because the insurer was such a dominant force in the commercial insurance marketplace.

Now, we look forward to allocating equal editorial resources to reporting what we hope will be the successful recovery of Mission under the new name Mission American Insurance Co.

## Consultants' golden opportunity

CONSULTANTS, IN GENERAL, are a much maligned breed. However, the risk management consulting profession currently has a golden opportunity to win risk managers' appreciation.

As the stories on page 3 point out, buyers are flocking to risk management consultants for answers to a variety of thorny problems. Now, it's up to the consultants to continue to show their professionalism in handling this crush of business by finding unique yet workable solutions to each client's risk management problems.

We stress the word "unique." The risks faced by each client are different, and risk managers' problems will not be adequately addressed if consultants design boilerplate solutions. A risk management alternative that works for one client may very well backfire for another. Risk management consultants must treat each client, regardless of its size or the complexity of its exposures, with the same diligence.

Also, risk management consultants should make sure they accept only the business they know they can handle. A consultant must give his or her full attention to each individual client's needs.

And, consulting firm principals should make sure their staff, especially newly hired employees, are up to the task. In today's turbulent commercial insurance market, even a small, honest mistake by an inexperienced consultant can spell disaster for a company's risk management program.

The rapid tightening of the commercial property/casualty market presents never-before-seen opportunities—and challenges—for risk management consultants. Formulating innovative solutions to risk managers' problems can win consultants their clients' respect—and business—for years to come.

# *letters*

## Attorneys, doctors are vital to rehabilitation effort

To the editor: Many thanks to Carol Cain for an excellent survey of the field of vocational rehabilitation as it applies to workers compensation and insurance in the Jan. 13 Spotlight Report.

I would add that employers, clients and counselors are not the only key figures in rehabilitation. Attorneys and physicians play an essential and critical role in the process.

Also, the arbitrator at the level of the state industrial commission has the responsibility for monitoring the process and for encouraging the use of vocational rehabilitation as an alternative to long-term disability.

It has been my experience that treating physicians are poorly trained and prepared in physical medicine and rehabilitation and the concepts and procedures that are needed to direct the rehabilitation process.

I would recommend that continuing medical education for physicians include more programs for preparing and training physicians on how to use rehabilitation procedures and specialists.

It has also been my experience that attorneys are in need of continuing education to help them better understand the techniques and procedures of rehabilitation so that they can better advocate for the client and for the employer the advantages to both sides in participating in vocational rehabilitation procedures as a way of controlling spiralling and unnecessary costs.

Carol Cain's far-reaching efforts to pull information together I believe will have a significant impact in furthering greater awareness of vocational rehabilitation. Congratulations to her.

**Grace Gianforte**
Certified Rehabilitation Counselor
Chicago

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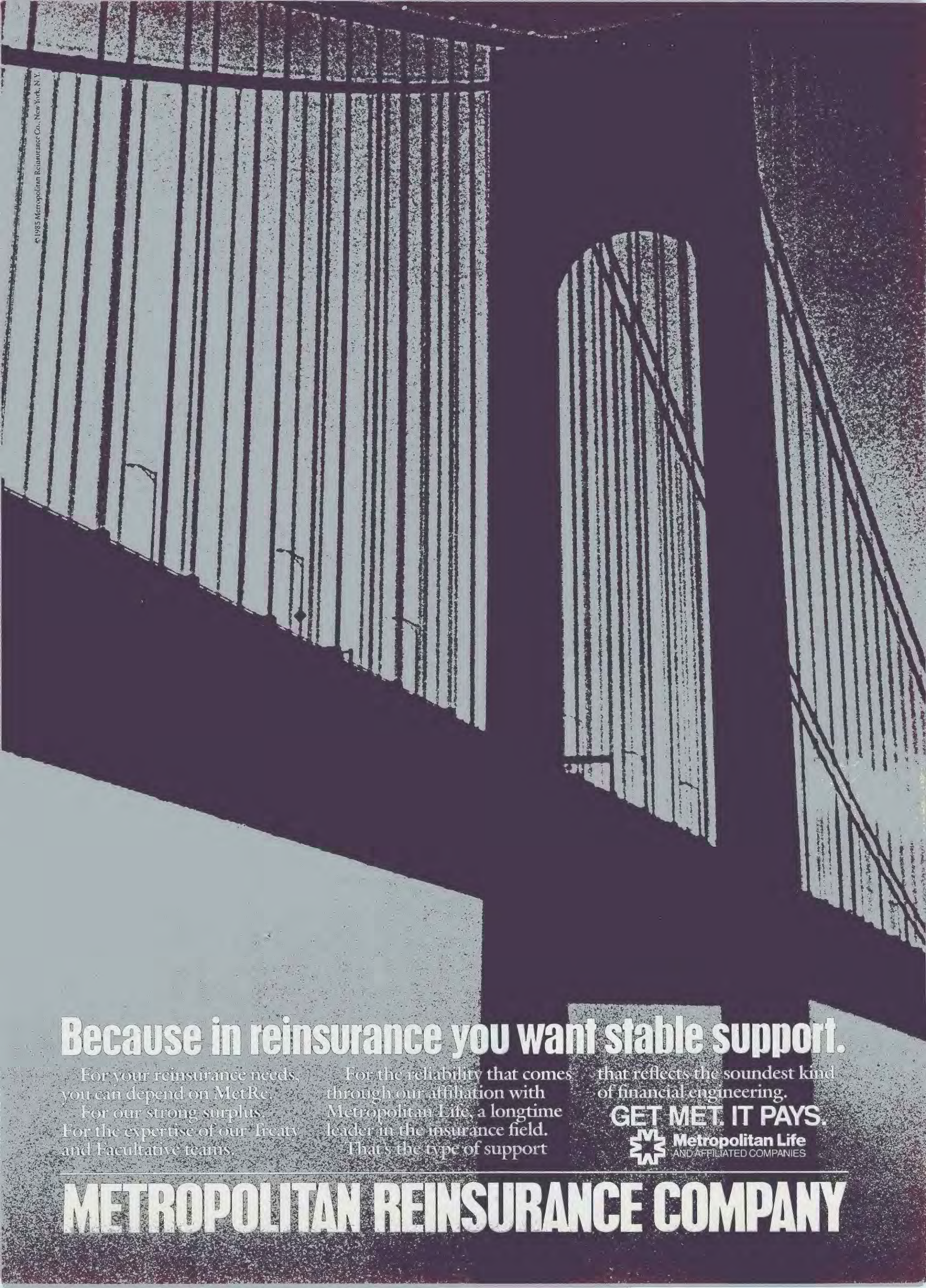
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## Starting a firm

*Continued from page 7*

said.

To prevent starting out cold, Mr. Schreibman advised attempting to work out an arrangement as the risk manager prepares to leave his or her job to receive some business from the current employer. Such a proposition also would benefit the company since the risk manager is already familiar with its risk management program.

Mr. Schreibman also suggested contacting companies within the same industry, or an industry association, to drum up business.

Besides living expenses, the seed money will be used to finance travel to establish a client base, though much of that effort can be handled by phone and through the mail, Mr. Shreibman said.

Leasing office space may be another major expense, unless the consultant sets up an office in his or her home. However, established consultants are divided over whether a new consultant risks cutting more than his or her costs by operating from the home.

Some established consultants believe that a home office may promote an image of instability. And, that scares away potential clients, Mr. Wessels noted.

"They don't want to turn over their insurance to someone they feel won't be around in six months," he said.

Operating from the home also may cause some family conflicts, which could lead to professional problems, Mr. Traver warned.

"When you're trying to get started, the last thing you want is to disturb your family relationship," he said.

Other consultants, however, believe a new consulting practice can be operated successfully from a home. "It's not really necessary for a consultant to have a fancy address," said Mr. Capell, who started Capell Industrial Risk Management in an "empty farmhouse."

"Most companies are professional enough to realize it's the job that counts," Mr. Schreibman said. "It's not going to matter whether you work out of a home, an office or a trailer," said Mr. Schreibman, who has an office in his home.

Mr. Soper, who started his consulting practice from his home, but now has established offices, agreed that a new consultant does not need a traditional office initially. However, he pointed out that a consultant working from a home office still may incur expenses for office furniture and a secretary's salary.

Consultants also are divided over whether a new practice requires analytical computer capability until it has established a strong client base, although most said word processing capability is important.

"I don't think you can be in the consulting business today without" a computer, Mr. Capell said. For example, computer capability can reduce the time spent generating the most cost-effective approach of handling a client's insurance program to minutes, compared with days, to produce it manually.

And, the cost of the equipment and software to produce such analyses is not prohibitive, Mr. Capell said. Adequate systems are available for less than $5,000 and in many cases can be leased, he noted.

Others, however, noted that computer capability is not a first priority. "It's helpful, but you can do a lot of it by hand when you're starting out," Mr. Wessels said.

Also, a consultant offering only loss-control services may not need a computer immediately, Mr. Schreibman said. "But, overall, it's a real good thing to have."

Other expenses the consultant faces include the cost of his or her own medical, disability and errors and omissions coverage. One consultant noted his E&O coverage cost him more than $3,000 this year.

And, another consultant advised allocating $5,000 for subscriptions to periodicals on risk management and related subjects.

Like ventures in any other business, some fledgling risk management consultants will be successful, while others won't.

"I don't think everyone who goes into it will survive," Mr. Soper said. "I think it's a big transition from a corporate staff job to one with revenue based on what you can generate," he said, noting that the consultant is totally responsible for running his business, including maintaining a general ledger.

"Self-discipline is an absolute key," he said.

And, even after the new consultant has developed a business strategy and put out a shingle, there is one more bit of advice: "You better be prepared to spend some sleepless nights the first year," Mr. Heeney said. ■

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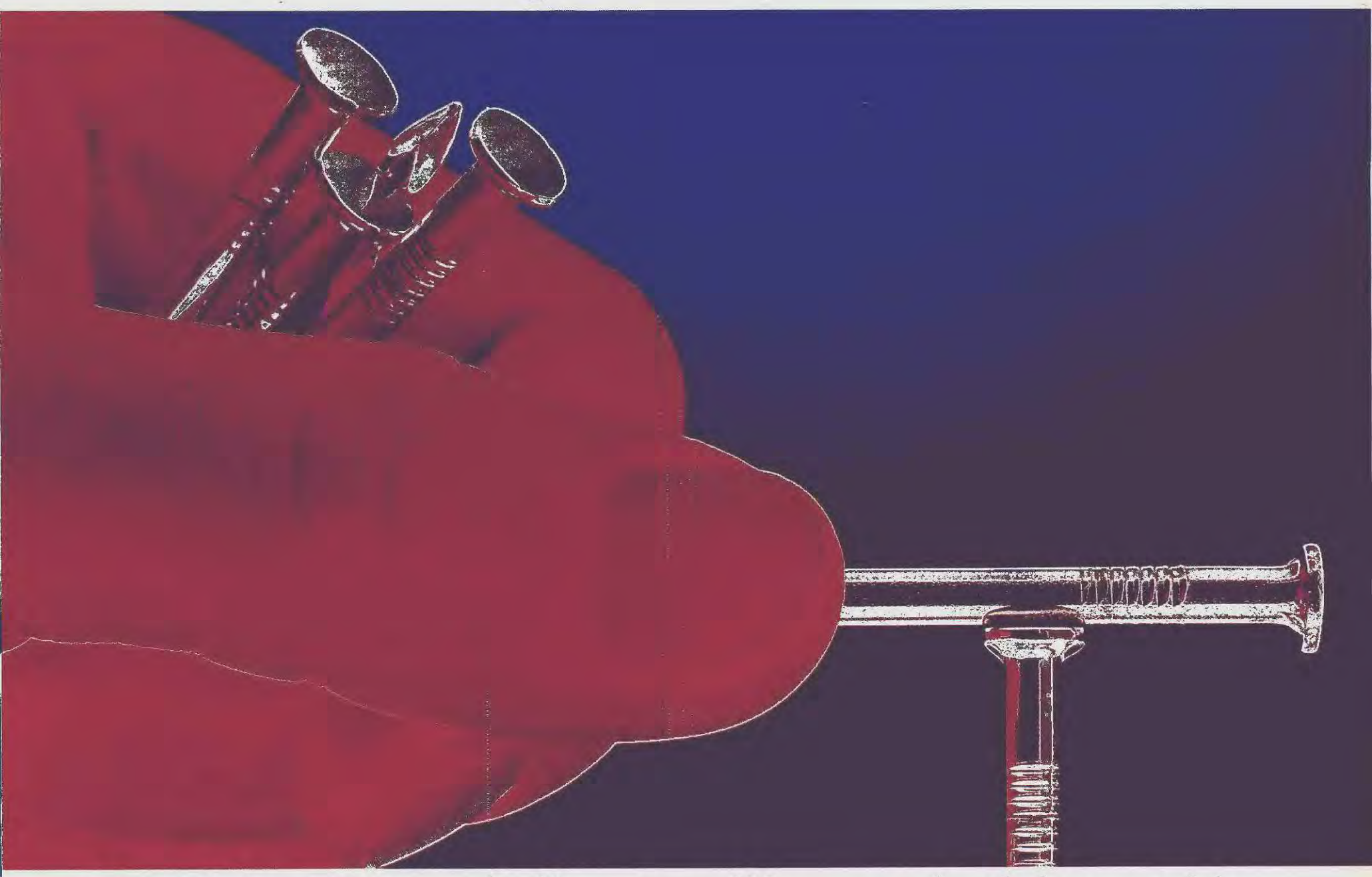
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# Be honest with consultant, experts advise

**By DAVE LENCKUS**

It's what your risk management consultant doesn't know that could hurt you.

A risk management consultant has a better chance of finding solutions for insurance-related problems when the client exercises a full-diclosure policy, according to risk managers and consultants.

This advice applies whether a consultant is hired to coordinate a company's entire risk management program or to accomplish a single task, like helping to form a captive, structuring a self-insurance program, evaluating loss experience or establishing a safety program, observers noted.

"Be completely open," advised Leonard J. Silver, president of First Risk Management Co. of Feasterville, Pa.

"Give them all the information they need," said Dave Mettler, corporate risk manager of Care Enterprises of Laguna Hills, Calif.

"I don't think you can go into a consulting arrangement unless you're willing to do that," agreed P. Richard Hackenburg, staff vp and assistant treasurer of Allegheny International Inc. of Pittsburgh.

"We tell them, 'We're your part-time insurance department—we need full disclosures,'" said Glen Pehl, president/treasurer of Industrial Insurance Management Corp. of Charlotte, N.C.

"We take a picture of a company from top to bottom, and it's our job to put their best foot forward."

A consultant generally requires information like various company financial reports, a schedule of insurance coverage, frequency of incidents and claims, claims paid, claims in reserve and operational data like the number of employees, man-hours worked, units of product produced and sales.

A consultant also should be informed if a merger or acquisition is pending to assess the impact on the client's risk management program.

A client also should outline the risk management strategies it has previously undertaken in the area for which it has engaged the consultant.

Experts say a client further enhances its chances for accurate and complete reports and recommendations by:

- Assessing whether the consultant is qualified for the job.

"Evaluate several different consultants to ensure you have the right one," Mr. Hackenburg said. "Interview them to see if they have preset biases, because they will worm their way through a report."

For example, a consultant may not believe a captive is a viable risk financing alternative under any condition, Mr. Hackenburg said. "It's not necessarily bad, but it should be known in the beginning.

Clients also should request references from consultants to determine their track records. Clients should investigate whether the consultants have experience in the type of project to be undertaken and whether they have produced reports in time and within budget on past projects.

- Clearly outlining objectives.

"They should be simple objectives," noted Dennis Aaron, vp-operations of Risk Sciences Group Inc. of Sausalito, Calif.

For example, if a client wants to install a risk management information system, the system should address a particular problem rather than to merely have such a system, Mr. Aaron said.

Sometimes, the consultant not only can outline solutions to risk management concerns but also can help the client more clearly define those concerns, according to James V. Davis, chairman of Advanced Risk Management Services of Nashville, a subsidiary of Corroon & Black Corp.

"Sometimes firms have a fuzzy notion of what they want. The consultant has to ask questions to elicit answers," Mr. Davis said.

- Setting reasonable deadlines.

Deadlines will depend in part on how quickly the client can provide the consultant with required information, experts said.

- Determining in advance whether the consultant may need access to confidential or proprietary information.

To protect such information, a client can require the consultant to sign a confidentiality agreement, under which the consultant agrees not to release to third parties any information obtained during the project suggested a recent newsletter published by consultant Warren, McVeigh & Griffin Inc. of Newport Beach, Calif.

**'Give (the consulting firm) all the information they need,' advises Mr. Mettler.**

The client also may require that the consultant surrender all information and work produced during the project, the consultant says.

"For particularly sensitive studies involving such things as environmental or hazardous-products liability risk assessments, you should consider going a step further by having the consulting assignment to be performed contracted through your attorney. This might provide some protection in the event of subsequent litigation. While this technique is not foolproof, it should be discussed with your legal counsel," the consultant further noted.

- Indicating at the beginning of the project how extensive reports must be.

"Must every recommendation be supported with the exact logic used to reach it, or is the 'bottom line' adequate? Will you require a personal presentation of study results? A clear understanding of the number and kind of reports and presentations needed will avoid wasted time and unnecessary consulting fees," noted Warren, McVeigh & Griffin in its newsletter.

- Scheduling ample time to spend with the consultant from the beginning to the end of the project.

The client and consultant should set up checkpoints during the course of the project to assess the strides the client has made and what it still must accomplish, advised H. Felix Kloman, a principal of Tillinghast, Nelson & Warren Inc. in Darien, Conn.

"Nothing beats a face-to-face, where you sit down and talk about the project," Mr. Pehl said.

"It's mainly spending a lot of time with them," agreed Mr. Mettler, Care Enterprises' risk manager. ■



TEAMWO

# Best's procedures change with the market

By DOUGLAS McLEOD

NEW YORK—A.M. Best Co. Inc. is fine-tuning some of its procedures to respond to growing concerns about insurer solvency.

Best, the oldest and largest insurer rating organization, recently published its first quarterly review of property/casualty company ratings.

And, last year it began offering Best's Advanced Rating Report Service, which provides insurance company ratings as soon as Best assigns them.

Best officials say both of these services were initiated because of a growing concern about insurer solvency and the speed with which an insurer's financial condition can change.

**Several years ago, it was 'not worth the time and effort' to publish quarterly ratings reports, Mr. Bailey says. But, 'in the last two years we have had so many insolvencies and things were changing so fast that we were pushed into it.'**

Best's Advanced Rating Report Service was introduced "because the tempo of change in the industry has accelerated in the last five years," according to Arthur Snyder, the president and chairman of Best.

Previously, Best analysts generally were able to spot companies that were on the road to insolvency two to three years in advance, Mr. Snyder said.

He added these insolvencies generally fit the same pattern: small companies in large states writing high-risk business like substandard auto insurance.

This pattern started to change in the 1980s, Mr. Snyder explained, with the merger of insurance companies into larger financial institutions, the advent of cash-flow underwriting, the emergence of inexperienced new reinsurers, the growth of long-tail exposures like environmental impairment liability and product liability and the general liberalization of the tort system.

The rapid deterioration of some insurers' financial positions prompted Best to expand its services, added Robert A. Bailey, vp-property/casualty division.

Several years ago, when insurer insolvencies were relatively infrequent, it was "not worth the time and effort" to publish quarterly ratings reports, according to Mr. Bailey.

However, "in the last two years we have had so many insolvencies and things were changing so fast that we were pushed into it," Mr. Bailey said.

Along with new services, Best is also altering some elements of its rating procedure to provide subscribers with a clearer picture of the condition of property/casualty insurers.

Although it is retaining its scale of ratings ranging from A-plus to C, Best this year will drop several other classifications, including "omitted," "deferred," and "inapplicable."

These classifications will be replaced by a new series of "not assigned" ratings numbered from one to 10.

These new ratings include:

- NA-1, "inactive," assigned to inactive companies.
- NA-2, "less than minimum size," assigned to companies whose admitted assets or annual gross premiums do not meet the $3.5 million minimum requirement for a Best's rating.

Exceptions include insurers that are 100% reinsured by a rated company, one that participates in a pooling arrangement or one that had previously been assigned a rating and is expected to meet the minimum size requirement within a reasonable period.

- NA-3, "insufficient experience," assigned to companies that haven't yet accumulated five years of operating experience on which a rating could be based.
- NA-4, "rating procedure inapplicable," assigned when the nature of a company's business is such that Best's procedures don't properly apply to its situation. Such a company, for example, might be writing mainly life/health business under a dual property/casualty and life charter.
- NA-5, "significant change," assigned to companies that report a substantial change in their ownership, management or book of business.

Best may require a period of one to five years to elapse before these companies are again eligible for a rating.

- NA-6, "reinsured by unrated reinsurer," assigned when a large part of an insurer's book of business or its policyholders surplus is represented by reinsurance recoverable from a reinsurer not rated by Best.
- NA-7, "below minimum standards." This rating is assigned when a company meets the minimum size and experience requirements but does not meet the minimum performance standards for a C rating.
- NA-8, "incomplete financial information," assigned to companies that fail to submit information required by Best, including information on all domestic property/casualty subsidiaries of which the company owns more than 50%.
- NA-9, "company request," assigned to insurers that dispute Best's rating or the procedure used in assigning the rating.

Insurers requesting a "not assigned" rating have to wait at least three years before becoming eligible for rating again.

- NA-10, "under state supervision," assigned when a company has been placed in conservatorship, receivership, rehabilitation or any other form of state regulatory control.

Best decided to divide the "not assigned" rating into categories because previous ratings were unfairly broad, according to Mr. Snyder.

For example, the old "omitted" rating could apply both to an insurer that disputed a "C" rating and one that was in receivership, he explained.

The company that disputed its

*Continued on next page*



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# Best's ratings

*Continued from previous page*
rating might be "sick, but it's not dead," Mr. Snyder observed, noting that placing both of these companies in the same category would be unfair.

About 500, or 27%, of the 1,800 companies reviewed by Best fall into one of the "not assigned" rating categories.

In addition, in the 1986 property/casualty edition of "Best's Insurance Reports," the rating organization will continue a practice that started with the quarterly rating reviews of attaching modifiers to ratings.

These modifiers include:

- "c," indicating a contingent rating assigned when an insurer's performance has declined, but not substantially enough to warrant a downgrade in its rating.
- "w" indicates that an insurer has been placed on Best's Watch List because of a downturn in its performance. Such downturns again are not serious enough to warrant a reduction in the insurer's rating.
- "x," indicating that a company's rating has been revised from the previous year.
- "s," indicating a rating assigned to a parent company based on the consolidated performance of the parent and all property/casualty subsidiaries of which it owns more than 50%.

The subsidiaries themselves are separately rated.

- "e" indicates that a parent company's rating has been assigned to a newly affiliated subsidiary, provided the subsidiary is eligible for a rating by having five years of operating experience.
- "r" indicates that the rating assigned is that of an affiliated insurer that reinsures 100% of the rated company's net business.
- "p," assigned to insurers under common management or ownership that pool 100% of their net business. All the members of the pool are assigned the same letter rating.

**'When people make big changes in what they write or where they write it or how much they are writing, there's reason for concern there. They are getting into another ball game that other people know better than they do,' says Mr. Bailey.**

Although Best has modified its operations in some ways, however, its basic rating procedure has not been changed, according to Mr. Snyder.

Best's ratings are still based on a number of tests of an insurer's profitability, leverage and liquidity, as well as tests of loss reserve adequacy and cash flow.

In addition to these quantitative tests, Best also makes "qualitative" judgments in such areas as the company's management and the character of an insurer's book of business and its reinsurers, Mr. Snyder explained.

If the results of the quantitative tests leave an insurer on the borderline between two ratings, "the qualitative side lets us flip it one way or another," according to Mr. Snyder.

Much of the information on which Best bases its ratings is taken from insurers' statutory annual statements, filed with state insurance departments. However, Best adjusts some of the data in these statements.

For example, in adjusting policyholders surplus—used in a number of the profitability, leverage and liquidity tests—Best:

- Adds the insurer's equity in unearned premium reserves.
- Discounts loss reserves to present value, assuming an 8% annual rate of return.
- Calculates the adequacy of loss reserves based on industry models, and credits or debits surplus by the reserve redundancy or deficiency.
- Uses the market value of investments such as stocks, bonds and mortgages, rather than their book value.
- Adds conditional reserves to surplus.

Adjusted policyholders surplus is then used in 16 of the 32 profitability, leverage, liquidity and loss reserve tests that Best applies to each company.

Profitability tests include the loss, expense and combined ratios; operating ratio; ratio of net operating income to net premiums earned; yield on investment; change in policyholders surplus; and return on policyholders surplus.

Leverage tests include change in net premiums written; the ratios of direct and net premiums written to policyholders surplus; net liabilities to surplus; ceded reinsurance to surplus; surplus aid to surplus; and reinsurance recoverable to surplus.

Liquidity and cash-flow tests include reviews of "quick liquidity" —cash available within one year— and overall liquidity; net cash flow; agents' balances and premium balances to surplus; and investment leverage.

Loss reserve tests include ratios of loss development to surplus; loss reserves to surplus and estimated reserve deficiencies to surplus; developed reserves to industry averages; projected losses to reported losses; and change in reserves.

Following a computerized review of the quantitative tests—in which departures from industry norms in any of the areas are noted —two to three Best analysts review each company, according to Mr. Bailey.

In addition to the test results, analysts examine the quality of each company's management and its performance and the character and quality of the company's book of business and its reinsurers, Mr. Snyder added.

Changes in management or sudden changes in the type, amount or location of risks underwritten would give Best analysts pause, according to Mr. Bailey.

"When people make big changes in what they write or where they write it or how much they are writing, there's reason for concern there," Mr. Bailey said.

"They are getting into another ball game that other people know better than they do," he explained.

Each analyst reviewing an insurer arrives at an independent rating recommendation, and all the recommendations are then reviewed, Mr. Bailey noted.

"If we are in agreement, that's the end of it," he explained. "If we are not in agreement, we have a conference."

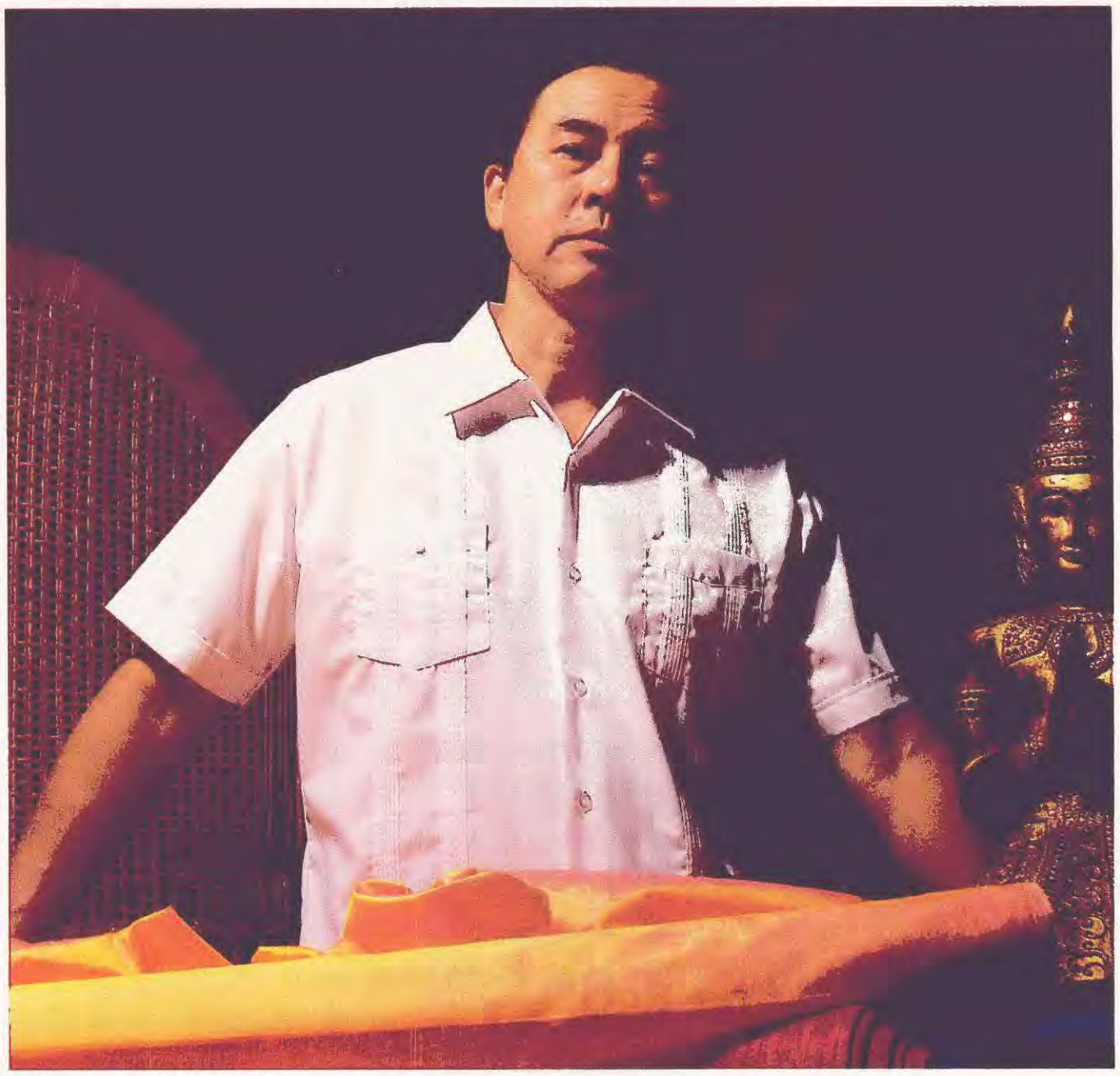
Despite Best's extensive financial testing and its attempts to make its reports more timely, Mr. Snyder cautioned risk managers against relying solely on a Best's rating in choosing insurers.

Insurance buyers should consult their brokers, who may have information on individual insurers that is not reflected in publicly available financial statements, he explained.

"Some things you hear on the street before you see them in the numbers," he said.

"You don't go blindly" with an A-rated insurer, he emphasized. ■

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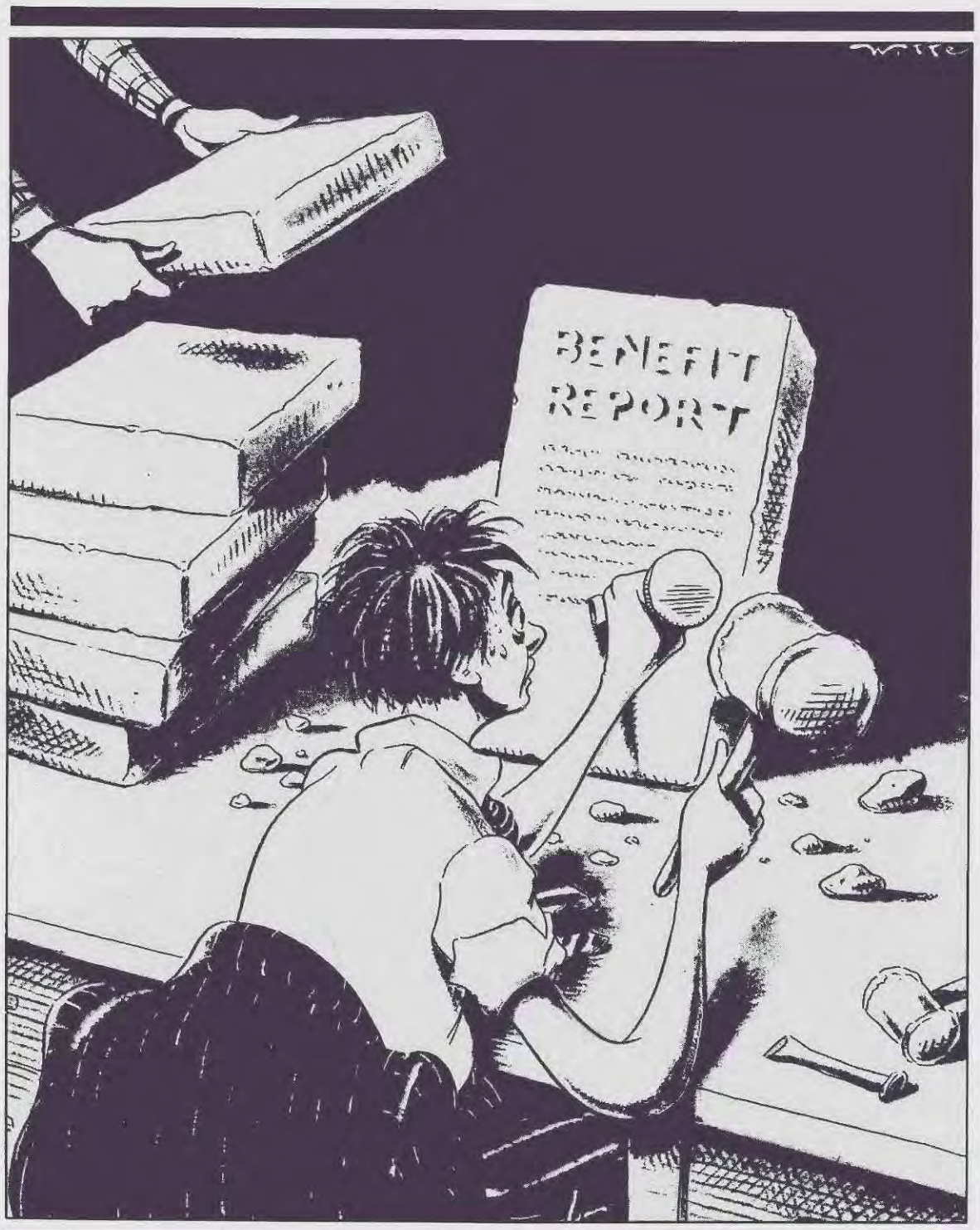
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B-3/86

# S&P insurer ratings increase in popularity

**By DOUGLAS McLEOD**

NEW YORK—Standard & Poor's Corp.'s property/casualty insurance company rating services are growing as more brokers and risk managers seek additional evidence of insurer financial strength, S&P officials say.

S&P ratings of insurers' claims-paying ability originally were intended for property/casualty companies offering surety and credit enhancement insurance products, says Alan M. Levin, assistant vp.

Buyers of corporate debt instruments wanted evidence of the financial strength of the insurers backing those instruments, he said.

Recently, however, some property/casualty insurers have sought S&P ratings partially to give policyholders another indication of their financial position.

"Most of the recent requests have been driven by standard concerns for quality," Mr. Levin said. "We have seen instances where a company has been encouraged to come in by the risk management community."

S&P, a New York-based debt-rating service, currently rates the claims-paying ability of about 30 property/casualty groups, comprised of a total of about 200 companies, according to Mr. Levin.

The same analysts at S&P also rate the senior debt, preferred stock and commercial paper issued by many of these companies.

The 30 groups rated by S&P include most of the largest U.S. property/casualty insurers.

S&P's rating procedures—while similar in many ways to those of A.M. Best Co.—also differ from Best's in several respects.

S&P evaluates property/casualty companies in nine broad categories:

- Industry risk, or the inherent risk in the type of coverage the company writes.
- The individual company's characteristics, its book of business, its place in the overall market, its structure and its strategic plans.
- Underwriting performance.
- Investment activities.
- Non-insurance activities.
- Leverage, including the adequacy of policyholder surplus and investment portfolios, and current and projected levels of debt.
- Adequacy and dependability of aftertax earnings.
- Cash flow and liquidity.
- Quality of management.

Ratings range from "AAA," indicating "extremely strong capacity to meet contractual policy obligations," to "CCC," indicating "weakest or most uncertain capacity."

A "D" rating is assigned companies in receivership.

While it reviews the financial information available on property/casualty insurers, S&P places more emphasis than Best on meeting company managements, officials of both organizations agree.

S&P considers these meetings essential in gauging—among other things—the quality of loss reserves and reinsurance, Mr. Levin noted.

And, the meetings may reveal more than statutory financial statements about the insurer's use of reinsurance and the quality of its reinsurers, he said. "Management is the big unknown that we look at."

Unlike Best, which reviews 1,800 companies annually, S&P rates insurers only on request.

While Best's revenues are derived from charging users of its information, insurers pay for the S&P service. S&P charges $10,000 a year to each domestic insurer seeking a rating and $15,000 a year to each foreign insurer.

After requesting a rating, companies must:

- Provide five years of statutory annual statements for each unit to be rated, along with consolidated statements for pools and groups. Companies must also provide five years of audited financial statements using generally accepted accounting principles, as well as 10-K reports filed with the Securities and Exchange Commission.
- Provide projections of financial and operating results for the next three to five years.
- Arrange for meetings between the company's top managers and S&P analysts.

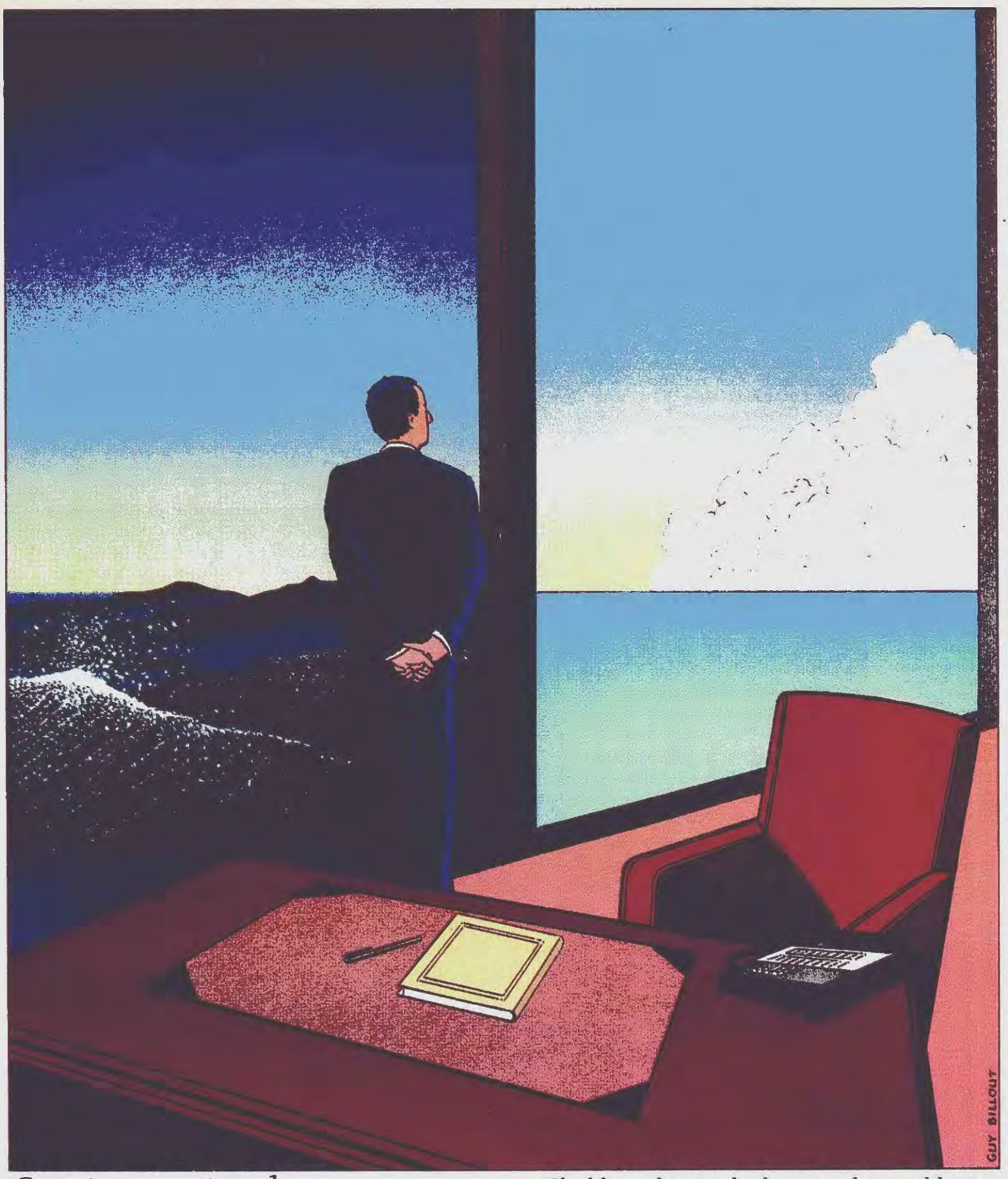
After S&P arrives at a rating, the insurer may accept it—in which case the rating is published—or dispute it, in which case the insurer may appeal to an S&P committee.

If an insurer still finds its rating unacceptable after an appeal, it may withdraw its request and the rating is not published.

Mr. Levin declined to comment on how many companies have withdrawn requests for ratings.

After publication, a rating may be upgraded or downgraded without the insurer's consent, but the insurer is notified before any change is announced. ■






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# Environmental consultants see business boom

By ROBERT A. FINLAYSON

Robert C. Jones was reviewing production schedules late on a Friday afternoon in March 1985 when federal marshals arrived at ABC Plating Co.

At first, Mr. Jones, president and owner of ABC, didn't understand the federal officials as they explained that his company had violated the federal Clean Water Act.

But, the gravity of the situation quickly became clear as the feds explained he and his company would be held criminally liable for discharging a hazardous pollutant into the small stream that runs across the company's property.

After spending thousands of dollars in legal fees and making countless court appearances, Mr. Jones, who maintained he was unaware of the federal pollution regulations, agreed to plead guilty to the charges in exchange for a lighter sentence—a six-month prison term.

The preceding is a fictionalized account drawn from several real-life cases, but environmental consultants warn that the story is becoming more common. Federal and state environmental regulatory agencies are not only trying to nail companies that violate environmental laws, but they also are out to put the officials who run those companies behind bars.

"The corporate risk manager has more at stake then just the company purse strings," observed Paul Fahrenthold, a senior scientist with Woodward-Clyde Consultants of Walnut Creek, Calif. "Regulators are going after corporate officers with both guns drawn."

Concern over the increasing number of criminal prosecutions of corporate polluters, the exclusion of sudden and accidental pollution coverage from most general liability insurance policies and the scarcity of environmental impairment liability insurance have prompted many risk managers to seek the services of environmental consultants.

As a result, consultants report, business is brisk.

"Risk managers are becoming underwriters—they're underwriting their own environmental account," explained Robert Ford, vp in the risk assessment division of Tillinghast, Nelson & Warren Inc. in Long Beach, Calif. "And, that's probably the way it should be."

"I think a lot of people used to hide behind their general liability policy and feel pretty secure that if there was a pollution incident, sudden or non-sudden, they'd have some coverage," said Lynne Miller, president of Risk Science International, an environmental consulting subsidiary of Frank B. Hall & Co. Inc. in Washington, D.C.

Now, however, many companies are unable to buy either sudden and accidental pollution coverage or EIL insurance. Because companies must now self-assume their pollution liability, "risk managers feel they have an obligation to the corporation to know what they are assuming," Ms. Miller said.

As a result, companies are increasingly using the money they would have spent on EIL insurance to put their environmental houses in order, she noted.

But, while more risk managers are seeking the services of environmental consultants, most consultants as well as government officials believe that many companies, especially small- to mid-sized firms, have not fully come to grips with their potential pollution liabilities.

In fact, some experts contend that even some Fortune 100 companies don't have their environmental risks in focus.

For example, an official of the U.S. Environmental Protection Agency told *Business Insurance* that one of the nation's largest electric utilities is only in the initial stages of developing an in-house environmental monitoring function.

And, even companies with sophisticated environmental programs are having difficulties keeping up with what seems like a never-ending stream of new environmental laws and regulations.

For example, the EPA recently promulgated regulations amending the Resource Conservation and Recovery Act. Among other stipulations, these new rules require companies that generate hazardous wastes to certify to the EPA that they are making every effort to reduce the quantity and toxicity of those wastes.

Hazardous-waste producing companies also face tough new liability under these regulations for past disposal practices, consultants noted.

"Risk managers need to understand the magnitude of the enforcement actions that can be taken against them," explained Dean Jeffery Telego, director of strategic planning for Versar Inc. of Springfield, Va.

"Companies are open to potentially unlimited liability for corrective action" to mitigate pollution discharges from ongoing and past operational practices, Mr. Telego said, referring to the new RCRA rules. "It's even more profound than liability under Superfund," he maintained.

Companies not only have to keep up with myriad federal environmental laws and regulations, but must comply with a tangle of state environmental statutes and rules as well.

Versar's Mr. Telego noted that 42 states now run their own hazardous waste management programs, and many of these states have rules that are tougher than the federal regulations.

Moreover, he said, more than 20 states have enacted their own mini-Superfund laws, and several of these include worker and community right-to-know provisions that make it easier for citizens to file toxic tort cases.

And, worldwide, many countries are enacting or beefing up their environmental statutes in the wake of the December 1984 toxic gas leak at the Union Carbide Corp. plant in Bhopal, India, which killed 2,500 people and injured thousands more. As a result, companies with international operations are facing new regulations and legal requirements for their overseas facilities, consultants pointed out.

Complying with environmental laws and regulations, however, is not the complete answer, consultants warned.

Following every regulation to the letter will not guarantee that a company is safe from a third-party pollution liability claim, the consultants said.

In addition to following environ-

*Continued on next page*

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*Continued from previous page*
mental laws and regulations, companies also must undertake programs to systematically identify their potential environmental exposures and implement measures to reduce the potential for third-party lawsuits.

"Risk identification, prevention and control—that's where a risk manager has to throw his resources," said David Dybdahl, a broker and consultant with Corroon & Black of Wisconsin Inc. in Milwaukee.

The complex array of federal, state and local environmental laws and regulations and the risk associated with pollution liability are not overwhelming, according to consultants, who say they offer a variety of services that can help risk managers break environmental problems down into manageable pieces.

The two fundamental tools employed by consultants to help companies manage their environmental liabilities are the risk assessment and the environmental audit.

A risk assessment examines a company's potential for third-party liability stemming from a pollution incident. An environmental audit determines whether a company is in compliance with environmental laws and regulations.

However, neither of those tools can guarantee that a company will not be hit with a multimillion-dollar government cleanup order or a major toxic tort claim, consultants admit. In fact, if a risk assessment or audit is not handled correctly, it can expose a company to even greater environmental liability (see story, page 18).

And, while a risk assessment or audit can help a hazardous waste producer minimize potential environmental pollution liability and comply with various environmental laws and regulations, either measure is only the first step in what should be a long-term environmental risk management program, consultants said.

Risk managers also should get involved in corporate environmental affairs and, if possible, develop an in-house environmental auditing function to ensure the company remains in compliance with pollution regulations, consultants advised.

Most of the consultants that perform environmental risk assessments and audits also can help companies develop their own in-house environmental monitoring and risk reduction programs.

For example, Versar has developed checklists and questionnaires that risk managers can use to evaluate environmental compliance at various corporate manufacturing plants and facilities. Other environmental consultants offer similar services.

One of the most basic methods for evaluating pollution problems is for the risk manager to review corporate workers compensation loss runs, according to Michael Tiller, president of Tiller Consulting Group Inc. in Corona del Mar, Calif.

"It's something you can start with behind a desk. You don't have to go out and drill any groundwater monitoring wells," he said.

For example, in reviewing loss runs for a municipality, he turned up a high incidence of lung disease that he believes may be related to chemical exposure.

Most consultants also recommend that risk managers make periodic visits to all corporate facilities to review environmental compliance efforts.

"There is no way a risk manager can know what's going on underneath his company's plants' roofs when they're located miles away," Mr. Dybdahl observed.

He also noted that risk managers must understand that EIL insurance "is not and never was a total risk transfer. It doesn't cover Superfund sites nor non-owned disposal sites," he said.

Thus, if the EPA names a company as a responsible party at a Superfund site, EIL coverage offers no protection. However, a company may be able to get coverage for government-ordered cleanup costs under its past general liability policies (see related story, page 25).

Also, EIL coverage usually does not cover third-party liability suits stemming from releases at disposal sites a waste generator uses but does not own. Thus, Mr. Dybdahl and other environmental consultants recommend that risk managers check the financial resources of their disposal contractors and determine whether the contractor has its own pollution liability insurance.

Mr. Dybdahl also noted that risk managers often fail to ask their waste disposal contractors for a certificate of insurance.

Under federal law, if that contractor's facility discharges a pollutant into the environment and cannot pay the cleanup bill, the government can seek redress from the generators that used the site.

And, under the present judicial interpretation of the Superfund law, the federal government can hold a single generator responsible for all cleanup costs if that generator is the only one that is financially capable of paying—regardless of how much waste it contributed to the site.

Consultants also noted the current owner of an industrial site can be held liable for past disposal practices on the site. For this reason, consultants said a risk manager must know the history of all real estate owned by the corporation.

"It is important to know whether the company is the first on the site or if it is seventh in a chain of companies that date back to the early 1900s," said David Brandwein, a principal and environmental counsel of Environmental Risk Ltd. of Bloomfield, Conn.

"Often, we try to interview one of the older employees at a facility," Mr. Brandwein explained. "The guy who is about to retire and has been in the maintenance department for 25 or 30 years may have all kinds of historical information about the site," he said.

Aerial photographs also can be used to uncover prior activities at a manufacturing site.

Since the early 1900s, the U.S. Geological Survey has taken aerial photographs of many industrial areas across the country, according to Mr. Tiller.

Such pictures can help a risk manager learn about past disposal practices on land owned by the corporation.

For example, an early picture of the site may show a waste lagoon that is no longer apparent, Mr. Tiller noted. Such a lagoon could turn into a major liability if wastes deposited there leach into groundwater and move off-site.

Aerial pictures also can help risk managers determine potential environmental paths in the event of a chemical leak or spill, consultants pointed out.

For example, Mr. Tiller said that he and other experts were particularly baffled by the underground movement of gasoline from a leaking underground storage tank at an industrial facility. But an aerial photograph of the area taken by the USGS more than 20 years ago revealed a stream that once ran across the property.

The streambed was covered over long ago, but the chemicals followed that path as they leached through the ground and traveled off-site, Mr. Tiller said.

Knowing the likely path of pollutants as they travel through the

*Continued on next page*

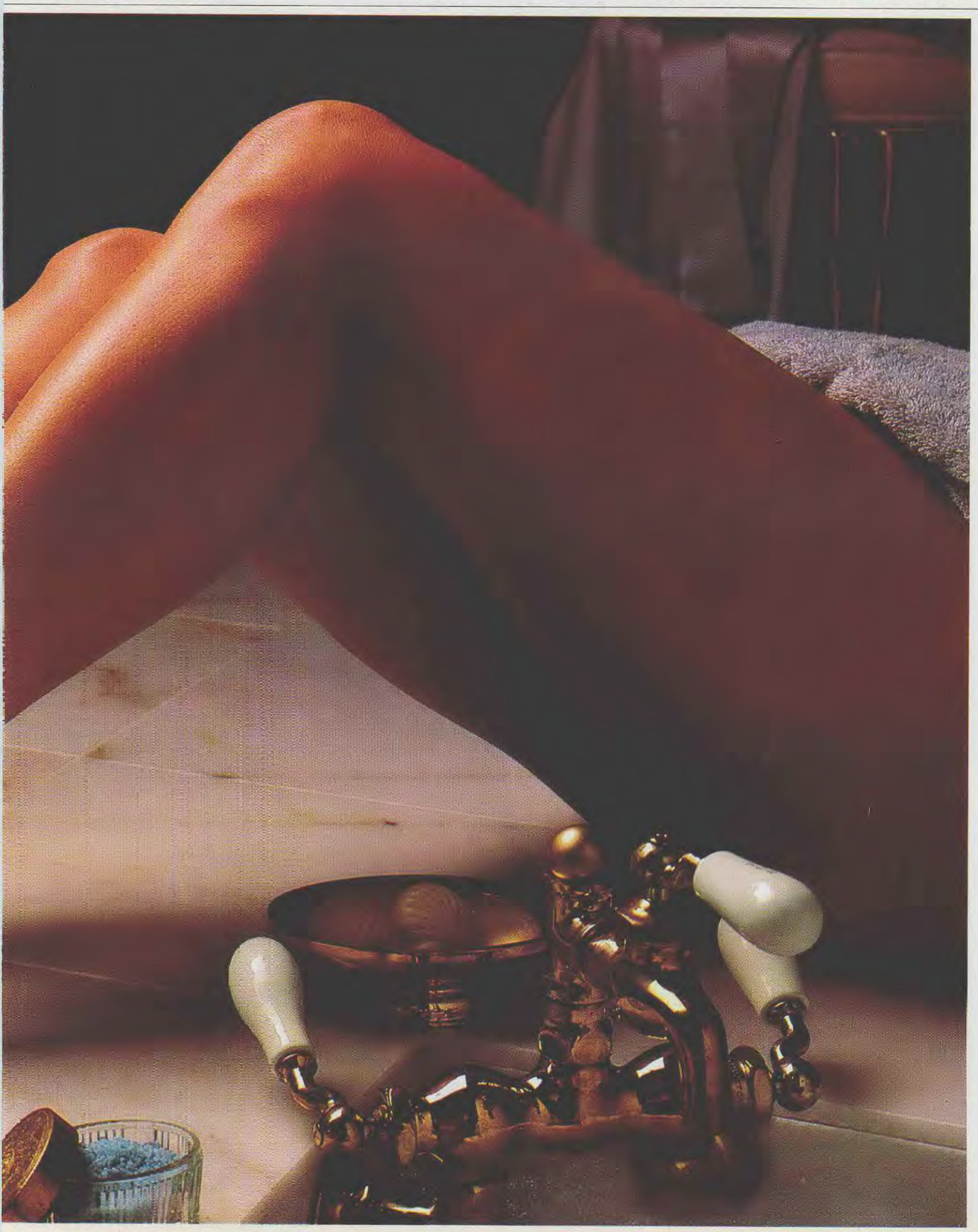




Photo: Chemical Waste Management, Inc.

**This hazardous-waste site located in Zionsville, Ind., is targeted for cleanup under the federal government's Superfund program.**

# Waste liability

*Continued from previous page*

ground can save thousands of dollars in cleanup and monitoring costs, consultants explained. Such information also can help a risk manager determine who likely will be affected by a chemical spill or release.

One of the most likely sources of a chemical release are underground storage tanks, according to consultants. Nearly all major industrial facilities use such tanks to store everything from gasoline to solvents.

Eventually all underground tanks leak, experts agreed. So, risk managers must make sure that a tank management program is in place to detect such leaks before they result in major pollution programs.

Without such a program, a leak may go undetected until chemicals turn up in nearby drinking water wells, consultants warned.

In addition, they noted that not all tank testing methods are created equal.

ERL's Mr. Brandwein warned that a pressure test, the most common test used to evaluate tank integrity, does not reveal weak spots in a tank. He said a shell-thickness test is a better tool for predicting when a tank needs to be replaced.

Consultants also maintain that assessing the legal and political environment and community relations is as important as evaluating site geology and possible pollution paths to avoid toxic torts.

Versar's Mr. Telego advised risk managers to determine whether the state courts having jurisdiction over the company's various operations use the exposure or manifestation theory in determining damages under common law.

If the state court system favors the exposure theory, plaintiffs in toxic tort cases need only show that they were exposed to a potentially harmful substances to prevail in a case, Mr. Telego explained.

**'Disposal practices followed 20 years ago were considered reasonable' then, Mr. Ford says.**

In contrast, under the manifestation theory, the plaintiff also must prove that he or she has suffered illness or disease because of being exposed to a harmful substance.

Knowing how a community perceives a manufacturing plant or facility is also important, consultants said. Even a company with a sound environmental program and a good compliance record can find itself facing toxic tort claims if community leaders think the facility is unsafe.

And, defending such lawsuits can be extremely costly, consultants pointed out. They recommend that risk managers implement community involvement programs to head off this type of legal tangle.

"It is incumbent upon the risk manager to institute education programs for community members," Mr. Telego asserted.

He and other consultants say such programs can help allay fears community members may have about a facility by showing them the various safety and evironmental programs the company has implemented.

Another important step in evaluating a company's potential environmental liability is identifying the type of neighbors a company has.

For example, facilities located in industrial parks are less likely to be faced with third-party pollution claims than those in residential areas.

Beyond evaluating environmental compliance and the potential for third-party liability, consultants said they also can help companies find ways to alter their production processes to reduce the amount of hazardous waste that is generated.

Not only will this reduce disposal costs, but it also reduces potential liability, since once a hazardous waste is generated, the generator is forever liable for any property damage or injury caused by the waste, consultants observed.

In addition to processing changes, consultants said they also can help companies redesign their waste handling equipment and procedures to reduce waste volume.

Maintaining an efficient waste handling system is important because federal hazardous waste regulations do not differentiate hazardous substances on the basis of the amount of toxic material they actually include. For example, if a small amount of a hazardous waste contaminates a non-hazardous waste, the entire waste volume is subject to hazardous waste regulation and potential liability.

Often a company can dramatically reduce the volume of hazardous waste it generates just by separating hazardous and non-hazardous waste—again reducing disposal costs and potential liability.

Beyond assessing environmental compliance and identifying pollution liability, some consultants said they also can help companies gauge how actions taken today will be viewed 20 years from now.

As Tillinghast's Mr. Ford pointed out: "Chemical disposal practices followed 20 years ago were considered reasonable business practices at the time." Now, however, it is these very practices that are the subject of government cleanup orders and toxic tort claims, he observed. ■



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Property/Casualty Release No. 6
March 4, 1985

# Environmental studies useful, but risky

By ROBERT A. FINLAYSON

Risk assessments and environmental audits are the basic tools that consultants use to help risk managers gauge their compliance with government environmental laws and regulations and to determine their pollution liability.

But, while risk assessments and environmental audits can be extremely helpful, they also can open a company up to increased liability, consultants warn.

Risk assessments and audits are similar, but their purposes differ.

An environmental risk assessment focuses on the potential for a third-party property damage or bodily injury claim resulting from a pollution incident.

The risk assessment is largely an outgrowth of efforts by insurers to evaluate risks when underwriting environmental impairment liability insurance.

And assessments are now being used by companies to demonstrate to general liability insurers that the business does not have a major environmental exposure, says Lynne Miller, president of Risk Science International in Washington.

Audits are designed to evaluate a company's compliance with federal, state, and local environmental laws and regulations.

Companies often want an audit performed to confirm that their compliance programs are effective, explains David I. Brandwein, principal and environmental counsel of Environmental Risk Limited of Bloomfield, Conn.

"They really are looking for an independent opinion to tell them if they are doing well compared with other companies," he says.

But as useful as risk assessments and audits are, they also can pose some problems for a company, consultants acknowledge.

That's because federal laws give regulatory agencies broad powers to obtain internal company documents as evidence in legal actions where the government charges violations of environmental laws.

In the government's hands, the findings and recommendations contained in a risk assessment or environmental audit could be used to demonstrate that a company was fully aware that it was breaking the law or that it ignored consultants' suggestions that would have protected the environment.

The Environmental Protection Agency acknowledged this problem in a policy statement issued late last year.

The agency said that, because it wants to encourage companies to undertake risk assessments and environmental audits, as a matter of policy it will not routinely seek such information when evaluating a company's compliance with environmental laws and regulations.

However, the EPA said it could not pledge never to try to obtain corporate environmental audits and risk assessments, particularly in cases of alleged criminal acts.

"We wanted to send a signal that we would generally not try to get the audits," says Leonard Fleckenstein of the EPA's Office of Policy, Planning and Evaluation.

But, he says, the agency must leave the door open to go after audits sometimes. "That's just facing political realities," he says.

For example, when people are killed or seriously injured in pollution incidents, "There is no way, politically, that EPA could say, 'We won't even try to get an audit,'" Mr. Fleckenstein says.

In spite of this problem, most consultants say the benefits of risk assessments and audits outweigh any potential legal problems. And, they say, proper handling of an audit or assessment can greatly reduce the risk of having the information used against a company.

Having the audit or assessment performed by an outside counsel can protect confidentiality because the information is privileged under the client-attorney relationship, says Ms. Miller.

But, Paul Fahrenthold, a senior scientist with Woodward-Clyde Consultants in Walnut Creek, Calif., warns companies must determine in advance for what purpose the audit or assessment is to be used. Even if it is performed through outside counsel, once the company discloses the information to any other outside entity, it is no longer protected, he says.

Most consultants advise companies to fully document efforts to carry out recommendations contained in an audit or risk assessment, or to explain why they decided not to carry out those recommendations.

The cost of risk assessments and environmental audits varies widely, depending on the type of company, the number of facilities and the level of sophistication desired. Most of the environmental consultants contacted by *Business Insurance* say they charge between $3,000 and $10,000 per site for both risk assessments and audits.

The methods used in assessments and audits are generally similar.

Typically, consultants will begin the risk assessment by discussing the company's environmental policy with the risk manager, environmental manager and corporate counsel.

They will ask for information about each of the company's facilities, including the type of operation, what kind of chemicals are used at manufacturing plants, what wastes are generated, how they are handled, and how environmental responsibility is allocated.

The risk assessor also will contact state and local regulatory agencies

*Continued on page 24*

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## Environmental study

*Continued from page 22*

for their evaluation of the facility. If the audit is to be used to obtain EIL insurance, underwriters nearly always require that assessors contact environmental regulatory agencies about the company's reputation, consultants say.

The consultant uses all this information to determine which facilities or locations are to be selected for an on-site assessment. If the assessment is to be used for obtaining EIL coverage, the number of sites that must be physically inspected is often mandated by insurers.

The goal is to determine the potential for a release of a chemical or waste that could result in a third-party legal action for property damage or bodily injury.

Thus, when consultants visit a company's plants or facilities, they look at the chemicals or wastes that could potentially be released and the routes these substances might take, such as through the air, surface water or ground water.

The environmental setting of the facilities will also be reviewed to determine the potential for third-party damages. And, consultants generally try to obtain historical information about the facilities.

Consultants also will look at communities where the facilities are located. This is important in determining the potential for a toxic tort claim, consultants say, because facilities in industrial areas are less likely to be the target of a pollution liability lawsuit than those in residential areas.

Once the consultant has gathered all the information for the risk assessment, recommendations are developed to correct any deficiencies that could lead to an off-site release.

Many risk managers who work for large companies with many locations often feel overwhelmed at the prospect of having every site evaluated, RSI's Ms. Miller says.

Ms. Miller says in such situations, RSI will help the company set priorities for inspections.

"We may target a certain subsidiary or division and do a couple of locations a year," she explains.

For an environmental audit, the consultants will focus on a company's compliance with environmental regulations, and this often involves evaluating the environmental management structure.

Just as an accounting consultant would examine how a company's accounting department operates, environmental consultants will study the environmental compliance department, including its management structure, lines of communication and authority.

Consultants can help companies develop an environmental policy, which sets the corporate tone on environmental matters.

If the corporate officials don't make environmental compliance an important consideration, that will carry down to plant managers, consultants warn. They note that plant managers are usually geared toward increasing productivity and holding down costs; environmental expenditures usually increase costs and can slow production.

Consultants will try to determine if the corporate environmental staff is prepared to handle the company's environmental exposures.

Many consultants recommend that companies with major environmental exposures set up an in-house auditing function, with the risk manager directly involved.

Just as with the risk assessment, after reviewing the corporate environmental structure, consultants move their examination to the company's plants.

At each facility, the consultant will talk with the environmental or safety manager and, typically, will check the hazardous-waste manifest or tracking system. Required under federal law, the manifest system is designed to track the wastes from generation to disposal.

Consultants also look at plant training programs to determine whether employees have been told what to do in the event of a release or spill. And, they will review a plant's safety record.

A walk-around inspection is usually made to check equipment and procedures. Consultants normally will talk with those workers directly involved in manufacturing.

"Usually we'll grab somebody off the line and ask them who their emergency coordinator is or what they would do in various emergency situations," says Steven L. Lange, a senior vp with Deuel & Associates Albuquerque, N.M.

As with the risk assessment, the consultant will develop a report detailing any shortcomings of the environmental management function and suggest remedies. ■

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# General liability policy may be best chance for pollution cover

By ROBERT A. FINLAYSON

Risk managers faced with cleanup costs and third-party liability stemming from pollution incidents should dust off their old general liability insurance policies and tender them for coverage, consultants and attorneys advise.

This may be the only option open to many companies looking to transfer some of their liability for government-ordered waste cleanups and associated third-party damage claims, consultants say.

They note that while environmental impairment liability coverage has been available for about five years, it almost always excludes cleanup costs and third-party liability related to "Superfund" sites and typically excludes any coverage for non-owned disposal sites.

"The case law developing is so clear that there is coverage for pollution damages under general liability policies that a corporation has an obligation to its shareholders to seek that coverage," says Susan Pauls, assistant general counsel for McKesson Corp. in San Francisco.

To date, policyholders have been very successful at convincing courts around the nation to grant coverage for gradual pollution claims, even when the policy language excludes coverage for all but sudden and accidental pollution.

And, many courts have held a pollution incident that takes place over a number of years is one occurrence that triggers every general liability policy in place during that period, attorneys say.

"If you look at that in the context of some of these pollution cases and start to play with 15 or 20 years, somebody that had $1 million in coverage suddenly has $20 million," says Robert N. Schiff, a partner with the San Francisco-based law firm of Fisher & Hurst.

Although insurers have won a few court victories in coverage disputes involving pollution damages —including a recent case in North Carolina—many prefer to negotiate with policyholders over coverage rather than risk making unfavorable case law, says Georgette Renata Herget, an associate with the Los Angeles-based firm of Cotkin, Collins, Colts & Franscell.

In jurisdictions where the status of the sudden and accidental pollution exclusion has yet to be litigated, Ms. Herget says insurers will "think long and hard" before denying a defense in a case based on that exclusion because of the potential for a bad-faith claim.

This situation may be changing, however. Attorneys involved in pollution coverage disputes observe that the national trend toward conservatism appears to be spilling over into the judicial system.

Thus, they say, there is no guarantee courts will continue to look favorably on policyholders seeking pollution coverage under general liability policies that exclude sudden and accidental pollution.

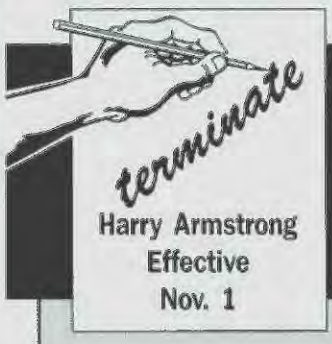
Meanwhile, the market for EIL coverage continues to dwindle. Currently, only two insurers offer this specialty line of coverage: American International Group Inc., which is offering limits of $10 million per occurrence/$10 million annual aggregate, and the Pollution Liability Insurance Assn., a pool that offers $2 million per occurrence/$4 million annual aggregate.

Swett & Crawford withdrew from the market in Feburary and is now running off its EIL business, a company spokeswoman said.

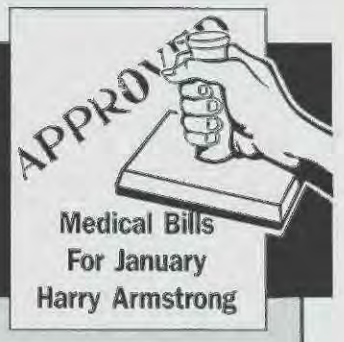
PLIA, meanwhile, lost a substantial number of its member insurers the first of the year and has been unable to attract any new members. PLIA members will decide later this month how the loss will affect liability limits and capacity for the rest of 1986.

The demise of the EIL market has prompted several industry groups and trade associations to form captives to cover pollution liability. But a lack of reinsurance has limited the amount of coverage these captives can offer and most require members to accept stiff deductables, some as high as $1 million per occurrence.

Despite the lack of reinsurance for pollution coverage, consultants say many companies are anxious for Congress to approve Superfund reauthorization that would allow the creation of risk retention groups for pollution liability. ■


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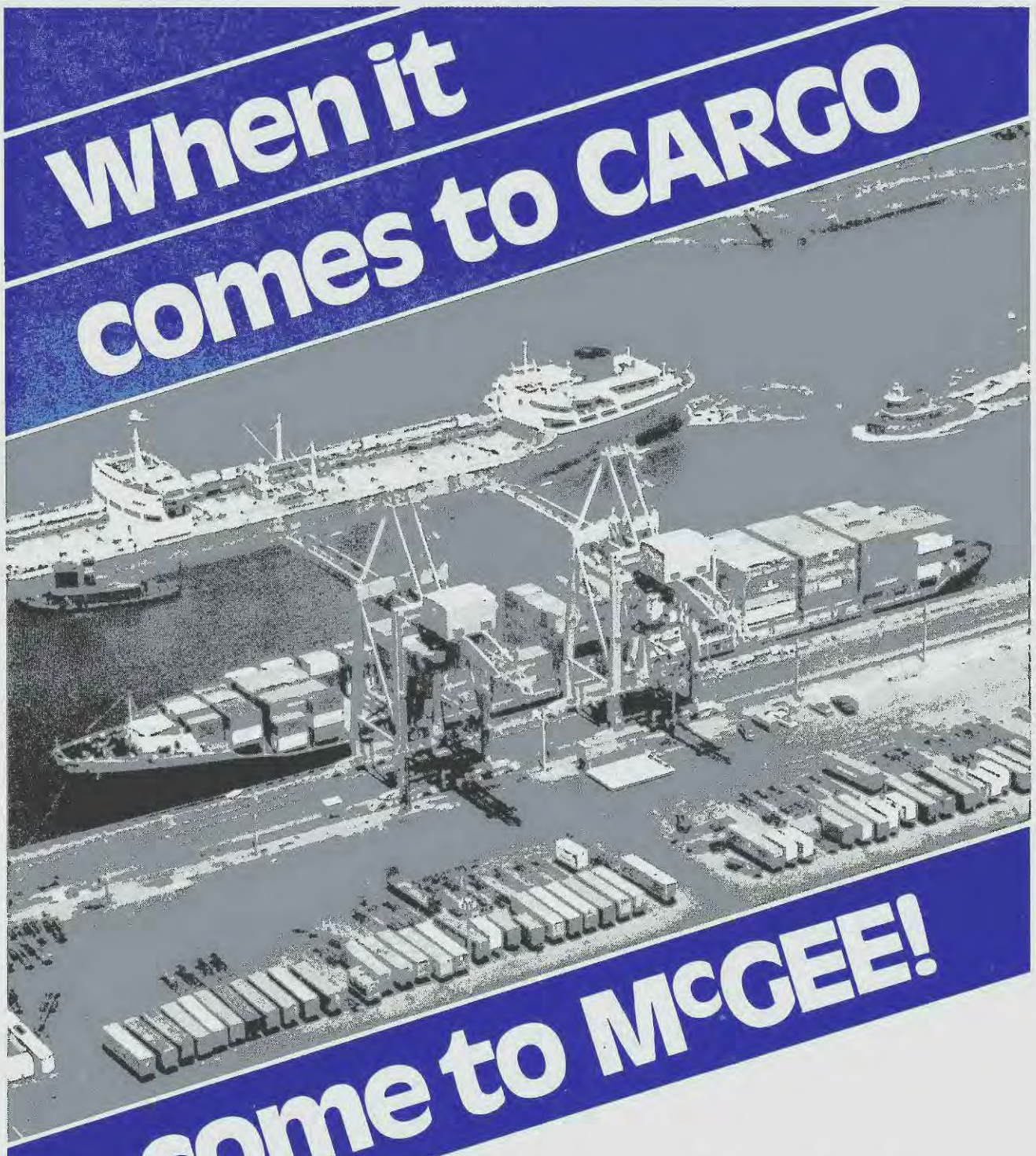



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# New techniques may cut cleanup costs, problems

**New technologies may reduce corporate America's hazardous-waste cleanup bill.**

By ROBERT A. FINLAYSON

While many U.S. companies are implementing or beefing up programs to ensure that the hazardous wastes they generate are disposed of in an environmentally sound manner, many companies will be forced to shell out millions of dollars to correct past inadequate disposal practices.

There are, however, efforts under way to develop new technologies that may reduce corporate America's hazardous-waste cleanup bill.

Several companies and research institutes are investigating new cleanup technologies, consultants say. And, the U.S. Environmental Protection Agency kicked off a program earlier this year to help move these new processes from the laboratory into the field.

Several new technologies already look promising, consultants report, including a soil vapor-extraction process that can cut the cost of cleaning up solvents, and a chemical degradation process that may someday make it possible to destroy contaminants without removing them from a dump site.

Paul Fahrenthold, a senior scientist with Woodward-Clyde Consultants in Walnut Creek, Calif., says the soil vapor-extraction process has already been successfuly employed at several sites contaminated with industrial solvents.

The process works like this: When solvents are spilled on the ground, they become trapped between soil particles, displacing the air that normally occupies these tiny spaces. The technology takes advantage of the fact that solvents are highly volatile at room temperature. A device much like a vacuum cleaner is placed in the soil to accelerate the vaporization of the solvent and to collect and contain the chemical as it changes from a liquid to a gas.

This process is much cheaper than excavating the soil and disposing of it in a secure chemical landfill, Mr. Fahrenthold says.

Unfortunately, soil vapor-extraction cannot be used if the solvent has migrated to the water-bearing, or saturated zone, of the soil because the water interferes with the vaporation process. The process is still under development, Mr. Fahrenthold says.

Another promising technology, according to Michael J. Murphy, chief operating officer of Risk Science International in Washington, is a biodegradation process that uses naturally occurring microbes to digest and destroy chemicals.

The process has been used successfully on pentachlorophenyl and creosote, two chemicals widely used in the wood-treating industry, Mr. Murphy says.

The process involves placing chemically contaminated soil in large vessels and creating favorable conditions for microbes that can be made to dine on the contaminants. Once the chemicals are destroyed, the microbes die and the soil can returned to the site from which it was removed.

Because the process can be done on-site, it eliminated the cost of transporting contaminated soil off-site and disposing of it in a secure chemical landfill, Mr. Murphy explains. Researchers are now attempting to expand the process for use on other chemical compounds.

Mr. Murphy says he hopes to get EPA approval to use the process at a Superfund site.

Early this year, EPA launched a program to help companies test new cleanup technologies at Superfund sites.

Called SITE, for Superfund Innovative Technology Evalution, the program is designed to identify and remove regulatory impediments that have prevented companies from trying new cleanup technologies in the field. The program includes a demonstration phase that will permit new cleanup technologies to be used at selected Superfund sites. ■

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CIGNA

# Independents

*Continued from page 3*

for the first time among the largest independent consultants.

Stogniew is one of the most specialized consultants, with 80% of its work involving audits of primarily financial institutions.

Not far behind in dramatic growth is St. Louis, Mo.-based Risk Analysis & Management Corp., whose risk management consulting revenues increased 99% to $2.36 million in 1985 from $1.18.

While less specialized then Stogniew, RAM Corp. is involved in the booming areas of hospital and litigation management.

Also new to the *BI* ranking of the largest independent consultants is the risk management division of accounting powerhouse Coopers & Lybrand. The division reports $2 million in risk management consulting revenues, up 20% from 1984, in its first disclosure of revenues in response to the *BI* questionnaire.

Meanwhile, risk management consulting revenues at the two largest independent risk management consulting operations—Tillinghast, Nelson & Warren Inc. and The Wyatt Co.—grew about 40% due only to increased client demand. And, Tillinghast's revenues jumped 133% in 1985 if the effect of a reorganization is calculated.

The *Business Insurance* ranking of independent risk management consultants is based on reported revenues generated in 1985 from pure risk management consulting.

*BI* defines pure risk management consulting as providing advice and counsel on risk management issues on a fee-for-service basis, excluding revenues from other activities such as conferences, publications, third-party administration, computer time-sharing fees, consulting for commercial insurers, captive management fees and employee benefit consulting.

Consultants affiliated with companies that sell or broker insurance are ranked separately by their number of full-time equivalent risk management professionals (see story, page 33).

Corporations, muncipalities and institutions are increasingly demanding consultants' advice across the broad range of services offered.

Clients are clamoring for help in the wake of tight commercial insurance market conditions that often have left them bare of insurance or nearly broke paying for it.

Most consultants report the biggest growth in handling special projects, such as helping clients develop self-insurance alternatives to commercial insurance. These include association and group programs, especially for municipalities, and risk retention groups.

Audits—one-time reviews of risk management programs—also are more in demand.

Continuous consulting—advising clients on risk management issues throughout the year—generally grew at a lesser pace.

To satisfy increased demand, some independent risk management consultants are spreading their wings both in the United States and in foreign countries. Chicago and other Midwestern cities as well as Dallas are popular locations for expanding domestic operations.

Meanwhile, Tillinghast has added offices in Sweden and Toronto, and sixth-ranked Coopers & Lybrand added a Bermuda office.

New and old offices are being staffed with more risk management professionals. Almost all of the largest independent consultants added staff in 1985.

Clients are choosing consultants primarily because of competence and less on price, some say.

"Competition hinges not so much on price, but on the competence of individual consultants doing the work," said C.C. "Bud" Griffin, president of 11th-ranked Warren, McVeigh & Griffin Inc.

Gerald F. Stogniew, president of seventh-ranked Stogniew & Associates, says clients are more concerned about "quality, as opposed to what they have to pay for the services."

Consultants generally slightly increased their fees in 1985. For example, principal consultants generally increased their hourly fees by $10 to $20. Hourly fees reported for principal consultants range from a low of $60 to a high of $240.

With so much demand for their services, consultants have become more choosy about their clients and some are less inclined to seek work that may require a drawn-out bid process, some consultants say.

"We aren't going to lose sleep if they pick someone else because we have our platter relatively full," said Vp Warren G. Brockmeier of The Wyatt Co., which ranks second in the *BI* survey.

Bruce McCallum, executive vp of 10th-ranked Corporate Policyholders Counsel Inc. said, "We are being a little more selective of the people we are working for."

Following are profiles of the leading independent consultants:

## Tillinghast, Nelson & Warren Inc.

Tillinghast, Nelson & Warren broadened its lead as the largest independent risk management consultant on the strength of an internal reorganization during 1985 and growth in clients.

Tillinghast's risk management consulting operation absorbed about one-third of the firm's casualty actuarial staff.

"There was so much interplay and overlap, we thought that it would be better to put them together," explained George M. Betterley, vp and principal.

That melding of operations was primarily responsible for Tillinghast's pure risk management consulting revenues increasing 133% to $9.8 million from $4.2 million. Had it not occurred, revenues from the risk management consulting operation as it was constituted in 1984 would have shown a 38% increase to $5.8 million, Mr. Betterley said.

Tillinghast's risk management operations took the lead in 1984 as the largest independent risk management consultant after several leading risk management firms merged with Tillinghast, including Boston-based Betterley Consulting Group and Dallas-based RIMCO Risk Management Inc.

And, at year-end 1984, Darien, Conn.-based Risk Planning Group merged with Tillinghast, followed in 1985 by Mund, McLaurin & Co. of Los Angeles in South Pasadena, Calif., which is unrelated to a similarly named firm in San Francisco.

All of these firms are now operating under the Tillinghast name.

Tillinghast's risk management consulting growth is enhanced by international expansion, including the purchase of a 50% interest in United Risk Management Consultants Ltd. in Stockholm, Sweden, which was renamed UNIRISK/TILLINGHAST (*BI*, Oct. 28, 1985).

Tillinghast's risk management consulting operation also is expanding in North America with the opening of a consulting office in Toronto this month.

Tillinghast risk management consultants also are located in the United States in Boston, Mass.; Dallas, Texas; Darien, Conn.; Hartford, Conn.; New York City; St. Louis, Mo.; Atlanta, Ga.; and Los Angeles.

Tillinghast's risk management consulting generates 18% of the group's $54.3 million in gross revenues. The other 82% of revenues involves consulting on employee benefits and management and actuarial consulting for commercial

*Continued on next page*

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*Continued from previous page*
life and property/casualty companies, Mr. Betterley said.

About half of the risk management revenues are generated by special risk management projects, including advice on governmental risk pooling and captive insurance companies. Almost a third of revenues is related to continuous risk management consulting, and the remainder is generated by risk management audits.

Tillinghast serviced 850 risk management clients last year, which is 143% more than in 1984. About two-thirds of that growth was due to the reorganization, and one-third due to growth in the consulting operation as it was constituted in 1984, said Mr. Betterley.

Those clients have a broad range of risk and insurance budgets, with 60% having risk and insurance budgets between $1 million and $10 million.

Tillinghast's professional risk management staff rose 126% to 77 from 34, especially due to the reorganization, he said. Tillinghast's hourly charges for most principal consultants range from $125-$240, which is up from $120-$200 last year; consulant, $75-$125; analyst, $50-80; and clerical, $35-$50.

### The Wyatt Co.

Increased consulting for financial institutions helped boost The Wyatt Co.'s risk management consulting revenues 41% to $5.15 million from $3.65 million in 1985.

Recent projects include a captive feasibility study for the American Bankers Assn., which is moving ahead with plans for the captive insurance company to provide its members with directors and officers liability coverage and bankers blanket bonds (*BI*, March 3).

About 15% of Wyatt's risk management consulting is for financial institutions, 30% for health-related businesses, 20% for governmental entities and 35% for utilities and other industries, according to Vp Warren G. Brockmeier in the risk management division headquarters in Chicago.

Wyatt's clients have grown 18% to 650 from 550, representing a broad range. "Wyatt has everything," Mr. Brockmeier said.

Risk management consulting generates 3% of Wyatt's total gross revenues, which increased 23% to $174 million from $142 million last year. Most of Wyatt's revenues are generated by employee benefit consulting (*BI*, Dec. 23, 1985).

More than half of Wyatt's risk management consulting is in special projects, including risk retention analyses, quantitative analyses and statistical forecasting, evaluation of loss reserves and acting as a consultant on claims and as an expert witness on disputed claims, Mr. Brockmeier said. Wyatt also performs risk management audits and continuous consulting.

Serving clients are 37 professional risk management staff members, which is 16% more than the 32 staffers in 1984.

Wyatt is considering whether to add staff to handle the increased workload. "We want to control growth," Mr. Brockmeier said, to ensure a high quality of work.

Wyatt staff members operate from Chicago and eight other locations: Dallas, Texas; Detroit, Mich.; San Francisco, Calif.; Washington, D.C.; Montreal; Toronto; and Vancouver, British Columbia. Plans last year to establish a Mexico City office were put on hold because the staff member involved left the consulting firm, Mr. Brockmeier said.

Hourly charges for most principal consultants are $60-$235, up from $60-$200 last year; actuary, $100-$200; analyst and actuarial assistants, $30-$60; and clerical, $25-55.

### Huggins Financial Services

An increase in the number of municipal clients is only one factor that contributed to a 38% increase in risk management consulting revenues at third-ranked Huggins Financial Services Inc. to $3.6 million in 1985 from $2.6 million in 1984.

And, Huggins expects to grow 15% to 20% this year, according to Ronald T. Kuehn, senior vp and practice director.

Only half of Philadelphia-based Huggins' work is pure risk management consulting, while the other half is consulting for commerical insurers and for banks. Huggins' total revenues increased 44% to $7.5 million from $5.2 million.

Huggins' parent company, advertising firm Saatchi & Saatchi Inc. in the United Kingdom, reports worldwide 1985 revenues of $1.63 billion.

Huggins' risk management consulting is primarily continuous consulting, followed by special projects and one-time audits. The hard market is prompting a lot of requests for association captive feasibility studies, especially in the asbestos abatement field, he said.

Huggins also is working on forming a risk retention group for clients with pollution-related risks, Mr. Kuehn said. (Federal enabling legislation is pending to permit the formation of risk retention groups for pollution liability insurance.)

Huggins has been performing a large amount of statistical forecasting of losses and helping clients determine risk retention levels.

Clients also are asking Huggins to analyze the financial strength of insurers that have quoted their insurance to determine whether or not to purchase policies from them, Mr. Kuehn said.

"One of the important things now is assessing whether a client's insurer is worth anything," he added.

Huggins' client base increased 17% to 350 in 1985 from 300. Serving them are 32 full-time equivalent professional risk management staff members, which is 25% more than in 1984. The risk management consulting staff operates primarily from offices in Philadelphia, New York City, Chicago and Stamford, Conn.

Hourly fees for most principal consultants remained the same last year, $110-$135; $80-$110, consultant; $40-$60, junior consultant; and $20-$40 clerical.

### S.B. Ackerman Associates

A "definite" increase in captive feasibility studies helped increase S.B. Ackerman Associates' pure risk management consulting revenues about a third, according to Senior Partner Bernard A. Salwen. *BI* estimates those revenues at $3.5 million.

While association or group captives are popular, a few clients are also considering single-owner captives despite tax court rulings that have decreased their attractiveness, he said.

Ackerman Associates generates 70% of its gross revenues from pure risk management consulting for a broad mix of clients including assocations, building owners, conglomerates, government entities, hospitals and manufacturers, Mr. Salwen said.

The other 30% of its revenues is generated primarily by claims administration, especially for hospitals.

Ackerman Associates has 23 professional consultants, one more than in 1984, who operate from its New York City headquarters. In addition, S.B. Ackerman, 98, the firm's founder, comes into the office daily, Mr. Salwen said.

The firm plans to open an office in the San Francisco area this year for claims administration and perhaps consulting, Mr. Salwen said.

Ackerman Associates advises

*Continued on next page*


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Gordon Cantley
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It Just Makes Sense

# Independents

*Continued from previous page*
more than 100 clients with risk and insurance budgets of at least $100,000, which is double the minimum sized client accepted in 1984.

Hourly charges are principal consultant, $200; junior consultant, $90; consultant, $70; and clerical, $35.

### Risk Analysis & Management Corp.

A near doubling of risk management consulting revenues propelled Risk Analysis & Management Corp. into fifth place in *BI*'s list of leading risk managment consultants.

The 10-year-old St. Louis-based firm reported $2.36 million in pure risk management consulting revenues in 1985, a 99% increase from $1.18 million in 1984.

J. William Rush, principal consultant and president, also expects a "tremendous" jump in 1986.

RAM Corp. generated 89% of its gross revenues from pure risk management consulting, up 14 percentage points from 1984. The remaining 11% is from employee benefits consulting and publications. A new risk management manual will be released later this year.

More than one-third of its risk management consulting is continuous, almost a third audits, and the remainder special projects, especially loss settlement assistance and consulting on the design of risk management information systems, Mr. Rush said.

One special project that contributed to growth involved consulting for a group of individually owned hospitals. The group began with 175, grew to 300 and could grow as high as 600, he said.

"We have a lot of experience in the medical malpractice area," Mr. Rush said. Hospital risk management programs are a growth area for consultants because of recent legislation in states like Florida, which require hospitals to have risk management programs, Mr. Rush said (*BI*, Nov. 4, 1985).

Reviewing lawyers' fees for clients in litigation is also a growing consulting service. RAM Corp. is charging $250,000 to review a $1.9 million legal bill and expects to save the client about $500,000, said Chairman Harry J. Maue.

RAM Corp. employs three lawyers among its 19 professional risk management staff members, and plans to add more.

RAM Corp. also serves coal and mining company clients concerned about workers compensation disability claims. The firm goes beyond auditing claims to investigating the current health of the previously injured worker to determine if he can return to work.

Among its 250 clients, which is 25% more than in 1984, is a group of about 300 South American businessmen including manufacturers of auto parts. RAM Corp. began by educating them about their risks under U.S. product liability law and the kind of insurance needed to protect their exported goods while stored in U.S. warehouses.

Now, the firm provides broader risk management services for companies operating here, using an interpreter to deal with their Spanish-speaking clients. The firm sees the need to hire someone who is not only bilingual, but also has dual legal training, Mr. Rush said.

A minor, but evolving project is making videotapes of a client's operation to help identify problems, rather than relying merely on a written report. However, the approach can backfire if the videotape records conditions bad enough to make a client defensive, Mr. Rush said.

For example, some officials of one municipality were upset when a surprise videotaping recorded beer in the fire station's refrigerator and cardboard cartons near it to store the empties.

RAM Corp.'s consultants operate from five offices: St. Louis, Mo.; Atlanta, Ga.; Los Angeles, Calif.; Philadelphia, Pa.; and Minneapolis, Minn. The Minneapolis and Philadelphia offices were opened in 1985, with Philadelphia replacing an office in New York City.

Hourly fees increased last year with principal consultants charging $105-$200 per hour, which is up from $105-$135. The highest rate, which $65 higher than last year, applies primarily to reviewing legal fees. Other hourly fees are: senior consultant, $75-$105; consultant, $65-$85; clerical, $25-$30.

### Coopers & Lybrand

Pure risk management consulting netted sixth-ranked Coopers & Lybrand $2 million in gross revenues in 1985, which is about 20% more than the previous year.

However, risk management consulting is a relatively new venture for—and only .2% of—the public accounting and management consulting giant.

Coopers & Lybrand's risk management consulting division became truly operational in 1982, though the groundwork was laid in 1979, said Douglas H. Hartman, director of risk management consulting.

In 1985, the consulting operation's work was equally divided between risk management audits and special projects.

Historically, the consulting unit audited programs and gave clients "comfort letters," after assessing programs. However, the tightened insurance market created "horrible" situations for some of Coopers & Lybrand's 300 risk management consulting clients. The firm gained 20% more clients, including some larger ones, in 1985, he said.

Clients' demand for advice on selecting brokers and identifying insurance markets has doubled recently.

Risk management planning and organization is also a hot topic, and Coopers & Lybrand expects to handle more than five times as many assignments this year as last year.

And, Coopers & Lybrand is increasingly involved in designing of risk management information systems, Mr. Hartman added.

"I see us concentrating on certain niches," Mr. Hartman said. Those include meeting the insurance marketing needs of Coopers & Lybrand's audit accounts and risk management studies, including loss reserve analyses, quantitative analyses, development of captive insurance companies and self-insurance.

To assist clients in setting loss reserves, Coopers & Lybrand introduced this year a new version of a software product, EXHIBIT-MAKER PLUS.

Coopers & Lyrband's clients come from a wide variety of areas including municipal and state governments, higher education and health care.

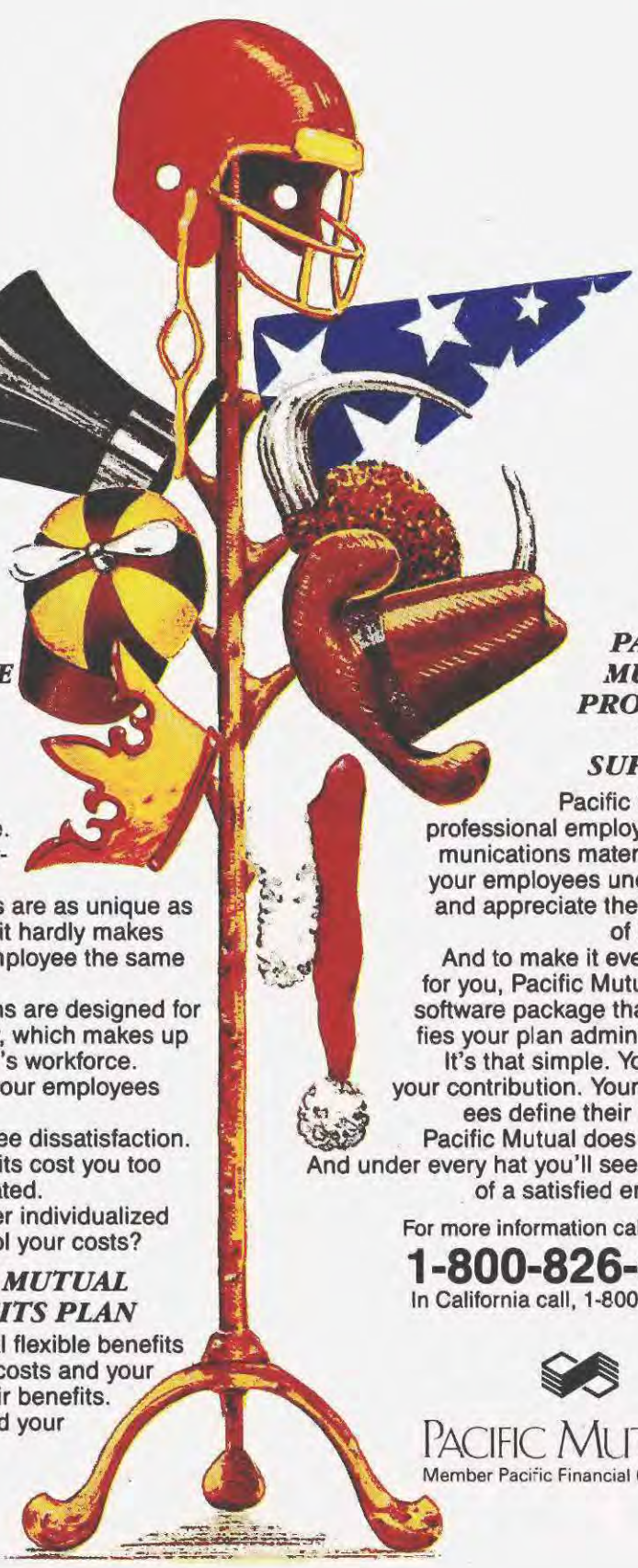
The risk management consulting unit built on its parent company's strengths in 1985 by opening a consulting office in Hamilton, Bermuda, where the parent is the leading auditor of Bermuda captives, Mr. Hartman said. Coopers & Lybrand's 18 full-time equivalent risk management professionals also operate from offices in: New York City; Chicago; Atlanta, Ga.; Seattle, Wash.; and Los Angeles and San Francisco, Calif.

Hourly rates, up slightly from 1984, are: principal consultant, $200; consultant, $150; junior consultant, $90; and clerical, $35.

### Stogniew & Associates

Five-year-old Stogniew & Associates of St. Petersburg, Fla., leapfrogged over several more established risk management consultants to seventh place in *BI*'s rank

*Continued on next page*



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*Continued from previous page*
ing of risk management consultants.

Stogniew reported that its $800,000 in pure risk management consulting revenues in 1984 jumped 146% to $1.97 million in 1985.

Stogniew is one of the most specialized independent risk mangement consultants: Most clients are financial institutions who hire Stogniew consultants to conduct a risk analysis, which is required by a potential or new insurer. However, the analysis is paid for by the client, said President Gerald F. Stogniew.

Stogniew's client base includes mortgage banks, securities firms and insurance companies.

Its clients increased nearly 200% to about 300 from more than 100 in 1984, he said. About 70% have risk and insurance budgets under $1 million and 30% have budgets between $1 million and $5 million.

Stogniew's success parallels the rise in bank failures, which totaled about 125 last year and could number as many this year, he said. Compounding that is the increase in lawsuits involving financial institutions.

Stogniew generates 100% of its revenues from risk management consulting with 80% from one-time audits and 20% from special projects like loss prevention audits and accounting system analyses.

Unlike other consultants, Stogniew never performs captive feasibility studies, claims auditing, assessment of broker service and remuneration, preparation of specifications for bidding or consulting on the design for risk information systems.

Stogniew more than doubled its professional staff to 15 from seven last year. Professional staff includes 10 certified public accountants and four chartered bank auditors.

Stogniew operates from six locations: St. Petersburg, Fla.; Atlanta, Ga.; Charlotte, N.C.; Miami, Fla.; Houston, Texas; and Los Angeles, Calif. The Miami and Houston offices were opended in 1985 and offices may be opened in Dallas and Chicago this year.

### J.H. Albert International Insurance Advisors Inc.

Eight-ranked J.H. Albert International Insurance Advisors Inc. reported revenues from pure risk management consulting increased nearly 16% in 1985 to $1.85 million from $1.6 million.

The growth was fostered by the "tremendous" increase in the number of persons seeking risk management consulting services. Company President Joseph H. Albert said the crisis in insurance availability and affordability is the worst that he has seen in his 30 years in the business. Albert International's client base grew 20% to 300 from 250.

The Needham Heights, Mass.-based consultant is serving clients with larger risk and insurance budgets primarily because of bracket creep caused by higher insuring costs, he said. About 60% of its clients have risk and insurance budgets under $1 million and 30% have budgets between $1 million and $5 million.

Sixteen professional staff members serve those clients from the firm's headquarters, and three staff members could be added in 1986.

Albert International generates all of its gross revenues from risk management consulting. About 85% of its practice is continuous consulting, 13% audits and 2% special projects.

Albert International's hourly compensation for principal consultants is $110-$150; consultant, $90; junior consultant, $70. Clerical charges are included in those fees.

### Risk Sciences Group

Ranking ninth is Risk Sciences Group Inc., a leading consultant on risk managment information systems. It generated $1.75 million from pure risk management consulting in 1985, about 6% more than in 1984.

Risk Sciences moved its headquarters from Sausalito, Calif., to Atlanta, Ga., which is the corporate headquarters of parent Crawford & Co., a leading claims administrator.

"We are building a much stronger network with Crawford," said Richard F. Denning, Risk Sciences' new president. He succeeded company founder Joseph A. Destein, who has left the company and says he is taking a two-year sabbatical from risk management consulting.

The network with Crawford especially involves claims auditing and loss settlement assistance, Mr. Denning said.

Risk Sciences employs 20 risk management professionals serving clients from Sausalito, New York and a regional office in Atlanta.

Risk Sciences generates 45% of its gross revenues from pure risk management consulting, two-thirds of which involve special projects and one-third continuous consulting. Litigation management and the impact of acquisitions and divestitures are frequent assignments, he noted.

The remainder of its $3.55 million in total revenues is generated from activities including computer service fees and consulting to insurers, brokers and claims administrators.

Risk Sciences' hourly charges for a principal consultant are $115-$175. The $175 top end of the range is $15 less than the $190 charged in 1984. Other hourly fees are consultant, $80-$115; junior consultant, $60-$80; and clerical, $35-$50.

### Corporate Policyholders Counsel Inc.

More demand for legal services from the legal profession as well as their clients contributed to 10th-ranked Corporate Policyholders Counsel Inc. increasing its revenues about 30% in 1985. Revenues were not reported, but *BI* estimates that the Park Ridge, Ill.-based consultant received about $1.7 million in revenues in 1985 from pure risk management consulting.

About 40% of its work involves risk management audits and 30% each continuous consulting and special projects, including claims auditing, consulting on the design of risk management information systems and serving as an expert witness and consulting for the legal profession when it needs expert insurance advice on client matters.

The firm eliminated benefits consulting, which generated 1% of revenues in 1984, because it wanted to avoid a potential conflict of interest that could result after taking on a group health care plan provider as a risk management client, explained Executive Vp Bruce S. McCallum.

The number of professional staff members increased to 11 in 1985 from nine in 1984. They serve 275 clients, which is 40 more than the 235 in 1984, he said.

Corporate Policyholders consultants' hourly charges are: principal consultant, $125-$175; junior consultant, $90-$115; consultant, $75-$100; and clerical, $20-$30.

### Warren, McVeigh & Griffin

Eleventh-ranked Warren, McVeigh and Griffin generated $1.55 million in pure risk management consulting revenues in 1985, a decrease of 3% from the $1.6 million reported in 1984. President C.C. "Bud" Griffin described the slight drop as "an abberation."

However, it does reflect the fact that Warren McVeigh performed slightly less pure risk management consulting in 1985 than in 1984. Other activities including employee benefits counsulting and publishing increased five percentage points to 26% of 1985 gross revenues, compared with 21% in 1984. Meanwhile, Warren McVeigh's total gross revenues increased 3.2% to $2.097 million in 1985 from $2.032 million in 1984.

Warren McVeigh serves clients

*Continued on next page*


# Reinsurance Leadership Everywhere



Left to right; seated, Wallace E. Winter, president; Ward B. Gordon, chairman & CEO.
Standing, Clifford English Jr., executive v.p.; Roland G. Roth, vice chairman,
George A. Edwards, senior v.p., Michael G. Woll, senior v.p.

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# Independents

*Continued from previous page*
of all sizes with 13.5 full-time equivalent risk management professionals, which is up from 12 in 1984. The staff works from two California locations: Newport Beach and San Francisco. A Chicago office is slated to open in July.

Its 150 clients asked for more special projects in 1985, especially public entities seeking to form risk-sharing pools. However, more than half of its gross revenues are generated from an equal mix of continuous consulting and risk management audits.

Hourly fees are: principal consultant, $125-$165; consultant, $90-$110; junior consultant, $50-$80; and clerical, $25-$40.

### Insurance Buyers' Council Inc.

Twelfth-ranked Insurance Buyers' Council Inc. celebrated its 40th anniversary with a 14% increase in revenues in 1985 to $1.25 million from $1.10 million in 1984.

The consultant generates all of its revenue from pure risk management consulting, including 78% continuous, 16% special projects and 6% audits.

Revenues rose even though the number of clients dropped by 19 to 216 from 235. Clients continue to be 60% corporations, 30% municipalities and 10% hospitals, said Adam P. Sielicki Jr., executive vp.

In 1985, clients were served from the firm's Baltimore headquarters by 10 risk management professionals, one more than in 1984.

Hourly compensation for principal consultants is $100, up $10 from $90 in 1984, while consultants continue to charge $60.

### Advanced Risk Management Techniques

Three-year-old Advanced Risk Management Techniques increased its pure risk management consulting revenues by 20% to $1.2 million in 1985, from $1 million in 1984.

Risk management consulting is 92.5% of its business: 35% risk management audits, 30% continous consulting and 27.5% special projects, including governmental risk pooling studies and actuarial audits of loss reserves. The remaining 7.5% of revenues is generated by employee benefit consulting.

ARM Tech has one of the most productive staffs among the consultants profiled, with eight full-time equivalent risk management professionals. In 1984, the firm reported 10.5 full-time equivalent professionals. ARM Tech plans to hire one consultant and one analyst in 1986, said Principal Michael M. Kaddatz.

Consultants operate from the firm's headquarters in Laguna Hills, Calif., and a Seattle office.

ARM Tech is also developing specialties in transportation, utilities and health care institutions, he said.

Consultants' hourly charges are $100-$130 for a principal consultant; $90, junior consultant; $70, analyst; and $20-$30, clerical.

### McNeary Insurance Consulting Services Inc.

McNeary Insurance Consulting Services Inc., the 14th-largest independent risk management consultant, generated $1.18 million in gross revenues from risk management consulting, *BI* estimates. The firm only reported revenues in excess of $1 million, but said that pure risk management consulting revenues had grown 15% in 1985.

McNeary, which is owned by benefit consultant Booke & Co., generated 75% of its gross revenues from risk management consulting in 1985, which is five percentage points less than in 1984. Three-fourths of that is from continuous consulting for a variety of businesses, the bulk of which have risk and insurance budgets under $1 million.

Fourteen professional staff members serve 162 risk management clients from headquarters in Charlotte, N.C., and an Atlanta office.

"We are spending more time with ongoing retainer clients because the need is so great, " company President William C. Moore Jr. said. But he anticipates more work on insurance specifications in 1986 because clients who have been hard-hit by increased insurance costs will be seeking alternative insurers. "I think you will see a lot of shopping in 1986," he said.

Revenues are generated from hourly fees for a principal consultant of $90-$135; junior consultant, $60-$90; consultant, $45-$60; and clerical, $25-$35.

### Industrial Insurance Management Corp.

Despite losing clients as a result of their sale or merger to other companies in 1985, 15th-ranked Industrial Insurance Management Corp. increased pure risk management consulting revenues 11% to $1.17 million in 1985 from $1.05 million in 1984.

"More clients have been bought out in the past three years than in the last 10 years," said President Glen E. Pehl. Nonetheless, Industrial Insurance increased its clients by 11 to 226 from 215 in 1984.

About 79% of its gross revenues is generated by pure risk management consulting: 64% continuous consulting, almost 8% audits and about 7% special projects. The remaining 20% of its business is employee benefit consulting.

In 1985, Industrial Insurance's professional staff increased by three to 22 from 19 in 1984. It services clients from its headquarters in Charlotte, N.C., and offices in Birmingham, Ala., and Richmond, Va.

Hourly charges for a principal consultant are $90-$100; junior consultant, $78-85; and analyst, $35-$45.

### Runners-up

Runners-up in the *BI* survey are two consultants that generated about $1 million in pure risk management consulting revenues.

WBK Ltd. of Fairfax, Va., produced all of its $1 million-plus in risk management consulting revenues in 1985 from consulting on special risk management projects for primarily financial institutions. That was a 40% rise over 1984, said President Alan L. Butkow.

WBK's practice resembles that of Stogniew & Associates, analyzing the risks of financial institutions to be used in submissions to underwriters. WBK's fees generally are paid by the client, but sometimes the consulting fee is split by the client and insurer.

Special projects by WBK include loss prevention audits, accounting system analyses and data processing and physical security management.

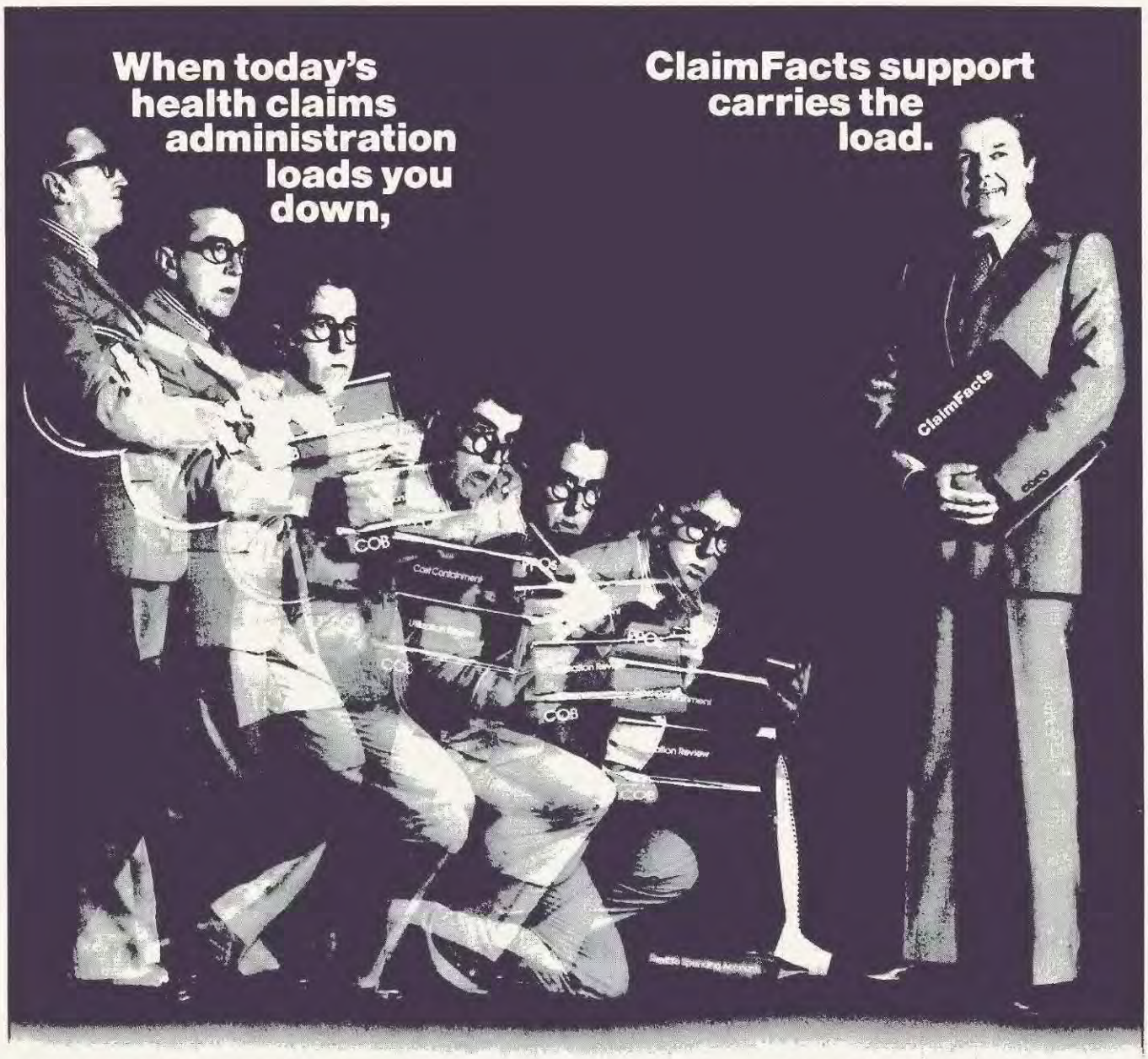
In 1985, WBK more than doubled its professional risk management staff to 23 from 11. It serves between 150 and 200 clients from three corporate offices in the United States. It has corresponding relationships with two other operations, including one in London, said Mr. Butkow.

New York City-based Ebasco Risk Management Consultants Inc. generated about $1 million in pure risk management consulting revenues in 1985, which is 11% higher than the $900,000 reported in 1984.

About 50% of its revenues are generated from audits, 30% continuous consulting and 15% special consulting projects. Eight full-time equivalent risk management professionals serve 94 clients from its headquarters and an office in Lyndhurst, N.J.

The company lost a net of six clients in 1985, including some utility clients.

A Hamilton, Bermuda, office was closed in 1985, according to President Robert M. Bieber. ■




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# Brokers, insurers offer consulting services

By MEG FLETCHER

Brokers and insurance companies aren't coming up empty-handed when they can't provide all the insurance their clients want.

In fact, in response to the current hard market, brokerage firms and insurance companies are increasing their staffs to handle the growing demand by clients for risk management consulting services.

And, *Business Insurance's* survey of broker- and insurer-affiliated risk management consultants looks at the growth in this area.

Calculating just how many people work on risk management consulting in these companies is difficult because few are assigned solely to risk management consulting. As a result, the consulting divisions are asked to report their consulting staffs in terms of full-time equivalent personnel.

The growth in staff members last year was most noticeable among smaller consultants like Washington-based Risk Science International. The Frank B. Hall & Co Inc. subsidiary, which generates only 5% of its revenues from its parent or its parent's clients, has doubled the number of its full-time equivalent risk management professionals to 12.

And, the demand for special projects related to environmental risks increased the division's pure risk management consulting revenues 300%, according to President Lynne Miller.

Pure risk management consulting revenues, as defined in the *BI* survey, are generated only from providing advice on risk management issues separate from the sale of other services.

Glenn, Nyhan & Associates of Lafayette, Calif., and its affiliated companies almost doubled their professional staff to 10 in 1985, primarily to help hospital clients with risk management audits. The growth in this field contributed significantly to a 130% increase in pure risk management consulting revenues to $1.15 million in 1985 from $500,000 in 1984, said Bartholomew G. Nyhan, president and chief operating officer.

In addition, Anistics Inc. of New York, the largest of the affiliated consultants and a subsidiary of broker Alexander & Alexander Services Inc., increased its professional risk management consulting staff to 80 from 69 full-time equivalent professionals in the past year.

Second-ranked Johnson & Higgins Risk Management Services of New York, which is owned by broker Johnson & Higgins, increased its professional risk management consulting staff by six to 65.

*BI* ranked affiliated consultants by the number of full-time equivalent professional staff members in 1985 because of the difficulty in separating pure risk management consulting revenues from those generated by their parents and other insurance-related business (see chart).

However, *Business Insurance* ranked independent risk management consultants on the basis of pure risk management consulting revenues (see story, page 3).

More than a dozen other affiliated consultants with fewer than 10 full-time equivalent professional employees providing risk management consulting are listed in the directory beginning on page 38.

The growth of staff among affiliated risk management consultants is in direct response to the growing number of clients seeking their services. For example, J&H reported that its risk management consulting clients increased 50% to about 300 from about 200.

And, the type of client brokers and insurers are attracting is changing in terms of their risk and insurance budgets. While almost all clients have higher risk and insurance budgets, due to rising insurance prices, more medium-sized clients are seeking out consultants to explore the feasibility of group or association programs, consultants say.

These consultants also say they are working more closely with their affiliated brokerage operations in an effort to help clients.

A broker's recommendation to substantially raise a client's retention often causes the client to turn to a risk management consultant for a review of its insurance program, said a J&H spokeswoman.

In addition to increasing professional staff members, some affiliated risk management operations have opened new offices or plan to do so in the near future.

Adjustco Inc. opened a new Dallas office in the last year after an acquisition, and American International Group Risk Management expects to open a Dallas office this year.

Others are expanding internationally. For example, Anistics added a London office, and an affiliate of American Risk Management opened an office in Barbados in the last year.

### Anistics Inc.

A&A subsidiary Anistics Inc. leads the affiliated risk management consultants with the most full-time equivalent professional risk management consultants: 80.

In 1985, these staff members served about the same number of risk management clients as they did in 1984, although a change in the way clients are counted puts the tally at 250 in 1985, compared with 750 in 1984, says Luther T. Griffith, president and chief executive officer.

Figures were not available on clients' insurance budgets, but Mr. Griffith said most clients are medium-sized and large companies.

In addition to Anistic's headquarters in New York, staff members serve clients from eight locations, including London, where an office was opened in the spring of 1985.

Staffers also operate from offices in Atlanta, Chicago, Denver, Minneapolis and Los Angeles, Palo Alto and San Francisco, Calif. A Mount View, Calif., office was consolidated into the San Francisco office in 1985.

Anistics continues to generate about 75% of gross revenues from pure risk management consulting, and the remaining 25% comes from time-sharing services and other activities. Revenue figures were not available.

Sixty percent of Anistics' revenues involve special projects, most frequently analyses of risk retention, captive feasibility, quantitative analysis and statistical forecasting and consulting on the design of risk management information systems. Only 10% of revenues are generated by continuous consulting and 5% by risk management audits.

However, in 1985 the firm was retained for "more larger projects, instead of quick and dirty ones,"

*Continued on next page*





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## Affiliated risk management consultants

| Company (Parent) | Total professional risk management staff[1] |
|---|---|
| **Anistics Inc.** (Alexander & Alexander Services Inc.) | 80 |
| **Johnson & Higgins Risk Management Services** (Johnson & Higgins) | 65 |
| **M&M Risk Management Services** (Marsh & McLennan Cos. Inc.) | 60 |
| **Fred S. James & Co. Inc. Risk Management Services** (Fred S. James & Co./Sedgwick Group P.L.C.) | 50 |
| **AIG Risk Management Inc.** (American International Group) | 46 |
| **American Risk Management Inc.** (A unit of the Reiss Organization) | 40 |
| **Frank B. Hall & Co. Inc. (Risk Management Services), Risk Sciences International, Adjustco Inc.** (Frank B. Hall & Co. Inc.) | NA[2] |
| **Rollins Burdick Hunter Co. Risk Management Services Group** (Rollins Burdick Hunter Co./Combined International Corp.) | 35 |
| **Corroon & Black/Advanced Risk Management Services** (Corroon & Black Corp.) | 16 |
| **Glenn, Nyhan & Associates and affiliated companies** (Glenn, Nyhan & Associates) | 10 |

[1] Full-time equivalent [2] NA-Not available Source: *BI* survey Chart: Holly Seguine

# Affiliated firms

*Continued from previous page*

Mr. Griffith said. He predicted clients this year will be looking at more in-depth analyses, especially in the area of risk retention.

Competition among risk management consultants specializing in computerized information systems lessened in 1985 as more clients realized they needed those services, resulting in a larger pool of customers, Mr. Griffith said. "There is still competition, but we are all competing for a larger pie."

### Johnson & Higgins Risk Management Services

Johnson & Higgins Risk Management Services of New York ranks second among affiliated consultants with 65 risk management professionals.

J&H Risk Management added six more professionals in 1985, including four who replaced employees working with structured settlements when that activity became a separate department in 1985, said Vp Joan B. Schaeffer.

J&H Risk Management is serving more than 300 clients, a 50% increase from 200-plus in 1984.

It has 35 U.S. locations and offices in Sydney, Australia, and Toronto, Ms. Schaeffer said.

The consultant generates 100% of its revenues from pure risk management consulting. Its mix of business in 1985 continues to be 60% special projects, 30% continuous and 10% risk management audits.

However, Ms. Schaeffer said J&H Risk Management is seeing a shift to more continuous consulting and an increase in special projects.

J&H Risk Management has seen a marked increase in requests to design risk management information systems and to study the feasibility of group or association captives. The consultant had 50 captive feasibility studies under way in December, a spokeswoman said.

J&H's captive management operations serve 200 captives.

J&H Risk Managment also frequently provides actuarial services and certifications and occasionally provides management consulting and advice on loss-portfolio transfers.

J&H is emphasizing "teamwork" in its approach to helping clients during the hard market, the spokeswoman said. Furthering this approach is the "close relationship" between J&H Risk Management and the parent J&H's National Casualty Office, a group of senior troubleshooters formed earlier this year to work on hard-to-resolve cases.

Hourly fees were not reported.

### M&M Risk Management Services

Ranking third among affiliated consultants is M&M Risk Management Services in New York, a subsidiary of Marsh & McLennan Inc.

Despite increased business in 1985, M&M Risk Management did not expand its staff of 60 risk management professionals, which operate from about 20 locations across the United States.

This year, additional staff will be hired only on "as needed," said Paul T. Goularte, managing director and national manager.

The consultant serves mostly Fortune 500 clients, but it has seen an increase in medium-sized clients interested in association or group captive programs, he said.

M&M Risk Management was unable to determine what percentage of its business was generated from pure risk management consulting. However, about 10% of the firm's business is continuous consulting, 5% risk management audits and 85% special projects.

While the mix of business remained constant in 1985, special projects frequently include feasibility studies for group captives and insurance contract analysis, Mr. Goularte said. M&M Risk Management also is heavily involved in analyzing the new claims-made general liability insurance form and is working on a computerized program to speed this work.

In addition, M&M Risk Management has produced videotapes on the claims-made forms to help educate clients and its parent company's brokers.

Finding or creating insurance capacity is one of the biggest challenges posed by the hard market, according to Mr. Goularte. He worked last year on establishing A.C.E. Insurance Co. Ltd. in the Cayman Islands. A.C.E. was created by more than 20 corporate sponsors to provide excess liability limits of $100 million excess of $100 million (*BI*, Dec. 23, 1985).

### Fred S. James (Risk Management Services)

The risk management consulting activities of broker Fred S. James & Co. Inc., which was bought by Sedgwick Group P.L.C. last year from Transamerica Corp., ranks as fourth-largest affiliated consultant.

The New York-based consulting operation generated $3 million in gross revenues from pure risk management consulting in 1985, says Michael P. Dinstein, vp-risk management. A comparable figure was not available for 1984.

About 50 full-time equivalent risk management professionals work from many James corporate offices in the United States, Canada, Bermuda and the Cayman Islands. They serve "Fortune 1,000-type" entities, including hospitals, banks and municipalities, Mr. Dinstein said.

James' mix of consulting business remained about the same in 1985 as in 1984, with 30% continuous consulting, 10% risk management audits and 60% special consulting projects.

*Continued on page 36*




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# Affiliated firms

*Continued from page 34*

Special projects frequently involve captive feasibility studies for associations or groups rather than single-parent captives. U.S. tax laws have "soured" clients on single-parent captives because corporations are losing court fights to deduct premiums paid to their wholly owned captives as well as the once-favorable tax treatment for captive-related income, he said.

Although most captive studies involve groups of similar businesses, James' risk management consulting unit does not rule out "affinity" groups of dissimilar businesses with similar interests, Mr. Dinstein said. For example, he has worked with a group of Swiss-owned businesses with dissimilar operations whose managers share a common philosophy.

Changes in tax laws also have stopped some clients from self-insuring their workers compensation exposures because a client cannot immediately take tax deductions for money that is set aside to pay claims in the future, he said.

The FPE Group, a Lafayette, Calif.-based subsidiary of Fred S. James, also responded to the *BI* survey. FPE employs 16 full-time equivalent professionals and generates 60% of its $3 million in gross revenues from risk management consulting: 35% from continuous consulting, 10% from risk management audits and 15% from special projects including loss prevention audits and quantitative analysis and statistical forecasting.

The remaining 40% of revenues is generated from other activities, including design of fire protection systems, says Kenneth E. Berg, president.

### AIG Risk Management Inc.

Ranking fifth is AIG Risk Mangement of New York, a division of insurer American International Group Inc., with 46 risk management professionals.

AIG Risk Mangement reported that gross revenues from pure risk management consulting, which comprises 91% of its business, increased 19% to $35.24 million in 1985 from $29.65 million in 1984.

In addition, AIG Risk Management's total gross revenues during the same period increased nearly 20% to $38.75 million from $32.4 million, says Vp Frank Neuhauser Jr.

AIG Risk Management expects to add about three professional staff members in 1986. Risk management clients are served from seven locations in addition to AIG's New York headquarters: Atlanta, Chicago, Houston, Philadelphia, Los Angeles, San Francisco and London. A Dallas office is expected to open in mid-1986.

AIG Risk Management served 338 clients in 1985, about 17% more than the 290 it served in 1984. More than three-fourths of its clients have risk and insurance budgets between $1 million and $10 million.

"We are seeing more activity from smaller clients in 1985 and 1986," Mr. Neuhauser said.

AIG requires that a client have a minimum $250,000 risk and insurance budget.

In 1985, clients wanted more continuous consulting, which represented 75.5% of AIG's 1985 revenues.

In 1985 there also was a "precipitous drop" in risk management audits, which went from 4.6% to 2% of its business. But, Mr. Neuhauser said that drop may be an "aberration"—already this year there has been an increase in the rate of requests for the audits.

Special consulting projects accounted for 13.5% of revenues. Those projects frequently involve feasibility studies for association self-insurance programs, including the adequacy of incurred-but-not-reported loss reserves.

AIG has a broad-based consulting practice with specialized interest in health care, consumer products, manufacturing and transportation, he added.

### American Risk Management Inc.

American Risk Management Inc. of Fort Lee, N.J., ranks sixth with 40 full-time equivalent professional risk management staff members serving clients from 15 U.S. offices.

It has 400 total staff members.

American Risk Management is one of eight international risk management consulting companies that operate under the umbrella name of The Reiss Organization. The newest foreign affiliate opened recently in Barbados to take advantage of a new tax agreement between the United States and the island country (*BI*, April 15, 1985).

American Risk Management generated 30% of its gross revenues from pure risk management consulting and most of the remaining 70% from captive management-related services like engineering and claims management.

Pure risk management consulting revenues are expected to increase 10% to 15% this year, Senior Vp John J. Ryan said.

About 18% of American Risk's Management gross consulting revenues involve special projects, especially in the area of captives, property loss control engineering and infrared thermographic analysis, in which videotape is used to detect hot spots in equipment before heat can cause any damage.

Continuous consulting accounts for 10% of risk management gross revenues, and risk management audits account for 2%.

American Risk performed more special projects in 1985 than in 1984 but is "more interested in a long-term relationship" with clients, Mr. Ryan said.

Among the projects was establishing Tortuga Casualty Co. to help provide excess casualty insurance to manufacturers (*BI*, Jan. 27). The company is managed by a Reiss affiliate in the Caymans.

American Risk's clients increased 10% in 1985 to 165 from 150 in 1984, and 60% of those have risk and insurance budgets between $5 million and $25 million. The company will accept clients with a minimum $1 million risk and insurance budget, Mr. Ryan said.

### Frank B. Hall & Co. Inc.

Three separate units of broker Frank B. Hall & Co. Inc. provide risk management consulting services.

The company cannot provide a figure for the total number of full-time equivalent professional employees but, based on *BI* estimates, it is ranked seventh.

Consulting services are provided by Frank B. Hall & Co. Inc. (Risk Management Services) in Briarcliff Manor, N.Y.; Risk Sciences Interna-

*Continued on facing page*

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*Continued from facing page*
tional in Washington; and claims administrator Adjustco Inc. in Tarrytown, N.Y.

Hall's Risk Management services did not report the number of full-time equivalent professional staff members. But, Adjustco employs 18, and Risk Science employs 12.

Hall Risk Management Services generated $66.7 million, or 16%, of its $417 million in gross revenues from pure risk management consulting. The remainder was generated from brokerage fees and other services, including employee benefits, a spokesman said.

In 1985, 8% of its revenues were generated from continuous consulting, 5% from audits and 3% from special projects.

Although Risk Science is owned by Hall, it generated only 5% of its skyrocketing revenues from Hall or its clients, said Risk Science's Ms. Miller. Revenues from pure risk management consulting increased 300% in 1985, she said, though she declined to provide the figures.

Risk Science International specializes in assessing environmental hazards for clients in the chemical, pharmaceutical, wood treatment and banking industries, she said.

Risk Science generated about 50% of it gross revenues from special risk management consulting projects, including environmental assessments and audits. The other half of the company's revenues came from more technically oriented services.

Adjustco generated 1.6%, or $800,000 of its $52 million in total gross revenues, from consulting on special risk management projects; this is 5%, or $40,000, less than the amount reported last year.

Internal restructuring during 1985 resulted in Hall's risk management operation delegating to Adjustco most of the responsibility for consulting on loss settlement assistance and the design of risk management information systems, the company spokesman said.

In addition, Adjustco began litigation management counseling in late 1985.

Adjustco added a Dallas office last year with the acquisition of the Southland Marshall Group and moved its New York office to Briarcliff Manor.

### Rollins Burdick Hunter Co. Risk Management Services Group

Ranking eighth is Rollins Burdick Hunter Co. Risk Management Services Group of Chicago, a subsidiary of broker Rollins Burdick Hunter Co., which is owned by Combined Interational Corp.

RBH Risk Management had a 24.7% increase in its pure risk management consulting revenues in 1985, said R. David Turner, the unit's new president. He declined to provide details.

Pure risk management consulting generates nearly two-thirds of the group's risk management consulting revenues, while slightly more than one-third of its revenues come from other activities, including captive management and computer time-sharing fees, Mr. Turner said.

RBH Risk Management did not add to its 35 professional staffers in 1985 but plans to hire five additional professional staff members this year, he said.

RBH Risk Management's staff operates full-time from 11 offices nationwide. The division did not report its number of clients.

The consulting unit's mix of risk management consulting services remained constant in 1985 with 32.5% continuous consulting, 19.5% special projects and 13% audits. However, continuous consulting business is increasing now, and there has been a "tremendous" increase in association and group captive clients, Mr. Turner said.

About 70% of the firm's clients have risk and insurance budgets between $5 million and $25 million. Compared with 1984, there has been a drop of 10 percentage points among clients in the $5 million to $10 million range and increases of 5 percentage points in both the $10 million to $25 million and $25 million-plus categories.

Much of that increase is due to clients paying higher insurance costs because of tight market conditions, Mr. Turner said.

But, because clients now are retaining more risk, RBH Risk Management is "seeing a leveling off of increases in risk financing costs," he added.

### Advanced Risk Management Services

Corroon & Black/Advanced Risk Management Services in Nashville, Tenn., employed 16 full-time equivalent professional risk management staffers in 1985, ranking it as the ninth-largest affiliated consultant.

One new staff member has been hired this year and four more consultants are expected to be added by midyear, according to Lucien P. Laborde Jr., president and chief executive officer of Corroon & Black/Research & Development.

That unit is one of five Advanced Risk divisions that were established following a restructuring in 1985. A brokerage unit also was added to Advanced Risk's operation, he said.

Advanced Risk generated 40%, or $2.4 million, of its $6 million in gross revenues from pure risk management consulting; 12.5% from special projects; and 2.5% each from continuous consulting and risk management audits.

It serves 200 clients, up 14% from 1984, from offices in Nashville and Boston and 21 U.S. satellite offices.

### Glenn, Nyhan & Associates

The 10th-largest affiliated consultant is the consulting operation of San Francisco-based Glenn, Nyhan & Associates and its affiliates, American Health Systems and American Insurance Services.

Ten full-time risk management professionals provide consulting services for the group. The three companies provide risk management consulting services from a total of from seven offices, including two new offices, in Radnor, Pa., and Columbia, Md.

Glenn Nyhan generates 25%, or $1.15 million, of its gross revenues from pure risk management consulting, which is a 130% increase from 1984, says Bartholomew G. Nyhan, president and chief operating officer.

Almost all of the firm's consulting activity is for the health care industry, he added.

The other 75% of the firm's revenues is generated by association insurance brokerage, establishing domestic insurers and health economics consulting.

The company's 1985 gross revenues totaled $4.6 million, which Mr. Nyhan expects to double in 1986. ■





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# Directory of risk management consultants

## a

### AIG Risk Management Inc.

70 Pine St., Third Floor, New York, N.Y. 10270; 212-770-6366

**Year founded:** 1974.
**Parent company:** American International Group Inc.
**Services provided:** 75.5% continuous consulting; 2% risk management audits; 13.5% special projects, including frequent risk retention analysis, including self-insurance studies, captive feasibility studies, analysis of necessary insurance limits, claims auditing, loss prevention audits, loss settlement assistance, preparation of specifications for bidding, quantitative analysis and statistical forecasting, consulting on the design of risk management information systems, feasibility studies for self-insurance associations, hospital simulation, IBNR loss studies; occasional insurance contract analysis, accounting system analysis, risk management organization studies, captive mergers and acquisitions; 9% other services.
**Specialty:** Health care, consumer products, manufacturing, transportation.
**Locations:** Atlanta; Los Angeles; Chicago; Houston; Philadelphia; San Francisco; London.
**Staff:** 118 total staff members; 46 professional staff members assigned to risk management consulting only. 54 total professional staff members, including nine principal consultants, 21 consultants, 24 analysts. Professional designations held by staff include six CPCUs, eight ARMs, 13 MBAs, two FCASs, two CSPs, two ACASs, two attorneys, two PEs.
**Clients:** 338 total clients; 3% with risk and insurance budgets less than $1 million; 38% $1 million-$5 million; 39% $5 million-$10 million; 16% $10 million-$25 million; 4% exceeding $25 million. Minimum size client: $250,000 risk and insurance budget.
**Compensation:** By the project, on retainer.
**1985 gross revenues:** $35.8 million total, $35.2 from risk management consulting.
**Principal officers:** Joseph C. Smetana, president; Frank Neuhauser Jr., Martin Banker, Michael Curio and John Gantz, vps.


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### A.J.A. Risk Management Consultants Inc.

888 Seventh Ave., New York, N.Y. 10106; 212-333-3259

**Year founded:** 1982.
**Independent.**
**Services provided:** 60% continuous consulting; 10% risk management audits; 30% special projects, including frequent risk retention analysis, including self-insurance studies, quantitative analysis and statistical forecasting, consulting on the design of risk management information systems; occasional captive feasibility studies, analysis of necessary insurance limits, insurance contract analysis, assessment of broker service and remuneration, risk management organization studies, preparation of specifications for bidding, analysis of insurance company operations.
**Specialty:** Medical malpractice, professional liability.
**Staff:** Four total staff members; two professional staff members including one principal consultant. Professional designations held by staff include one ACAS.
**Clients:** Total number of clients not reported. No minimum size client.
**Compensation:** By the project; on retainer; by the hour: principal consultant, $125.
**1985 gross revenues:** Not reported.
**Principal officers:** Ben Silberstein, president.

### S.B. Ackerman Associates

605 Third Ave., New York, N.Y. 10158; 212-599-1717

**Year founded:** 1915.
**Independent.**
**Services provided:** 50% continuous consulting; 10% risk management audits; 10% special projects, including frequent risk retention analysis, including self-insurance studies, captive feasibility studies, analysis of necessary insurance limits, insurance contract analysis, claims auditing, assessment of broker service and remuneration, loss settlement assistance, risk management organization studies, preparation of specifications for bidding, consulting on the design of risk management information systems; occasional loss prevention audits, quantitative analysis and statistical forecasting; 30% other services, including claims administration.
**Specialty:** Associations, builders, conglomerates, government entities, hospitals, manufacturers.
**Staff:** 56 total staff members; 38 staff members assigned to risk management consulting only; 28 professional staff members, including 10 principal consultants, 14 consultants, four analysts. Professional designations held by staff include one MBA, one FCAS, one CSP, 11 attorneys, one MD, one MPH.
**Clients:** More than 100 total clients; 25% with risk and insurance budgets less than $1 million, 20% $1 million-$5 million, 35% $5 million-$10 million, 15% $10 million-$25 million, 5% exceeding $25 million. Minimum size client: $100,000 risk and insurance budget.
**Compensation:** By the project; on retainer; by the hour: principal consultant, $200; junior consultant, $90; consultant, $70; clerical, $35.
**1985 gross revenues:** Not reported.
**Principal officers:** Saul B. Ackerman, Bernard A. Salwen, Joel Glass, Michael H. Barnett and James E. Ehrenfeld, partners.
**Membership:** SRMC.

### Adjustco Inc.

220 White Plains Road, Tarrytown, N.Y. 10591; 914-332-4747

**Year founded:** 1981.
**Parent company:** Frank B. Hall & Co. Inc.
**Services provided:** 1.6% special risk management consulting projects, including frequent risk retention analysis, including self-insurance studies, captive feasibility studies, claims auditing, loss prevention audits, loss settlement assistance, quantitative analysis and statistical forecasting, consulting on the design of risk management information systems, litigation management consulting; occasional analysis of necessary of insurance limits, insurance contract analysis, accounting system analysis, preparation of specifications for bidding; 98.4% other services.
**Locations:** Santa Clara and Burbank, Calif.; Briarcliff Manor, N.Y.;

*Continued on facing page*

*Continued from facing page*
Chicago; Dallas; Maitland, Fla.

**Staff:** 18 staff members assigned to risk management consulting only. Professional designations held by staff include two CPCUs, six ARMs, 14 MBAs, one FCAS, one attorney.

**Clients:** 44 total clients; 15% with risk and insurance budgets less than $1 million, 35% $1 million-$5 million, 30% $5 million-$10 million, 10% $10 million-$25 million. No minimum size client.

**Compensation:** By the project; commissions for insurance placed with underwriters; on retainer; by the hour: principal consultant, $125; junior consultant, $60; consultant, $100; clerical, $35.

**1985 gross revenues:** $52 million total, $800,000 from risk management consulting.

**Principal officers:** T.V. Hallett, chairman/president/chief executive officer; L.E. Churnetski, John W. Baldwin, F.I. Hughes, R.W. Lowry and T.J. O'Hara, senior vps.

### Advanced Risk Management Techniques

25251 Paseo de Alicia, Suite 100, Laguna Hills, Calif. 92653; 714-472-8324

**Year founded:** 1982.
**Independent.**

**Services provided:** 30% continuous consulting; 35% risk management audits; 27.5% special projects, including frequent risk retention analysis, including self-insurance studies, captive feasibility studies, analysis of necessary insurance limits, insurance contract analysis, claims auditing, assessment of broker service and remuneration, risk management organization studies, preparation of specifications for bidding, quantitative analysis and statistical forecasting, governmental pooling program studies, actuarial audits of loss reserves; occasional loss prevention studies, accounting system analysis, loss settlement assistance consulting on the design of risk management information systems; 7.5% other services, including employee benefit studies.

**Specialty:** Utilities, transportation, healthcare institutions, government agencies.

**Locations:** Seattle.

**Staff:** 11 total staff members; 10 staff members assigned to risk management consulting only; nine professional staff members, including four principal consultants, two consultants, two analysts. Professional designations held by staff include four CPCUs, six ARMs, three MBAs, one PE, one RN.

**Clients:** 125 total clients; 5% with risk and insurance budgets less than $1 million, 30% $1 million-$5 million, 40% $5 million-$10 million, 20% $10 million-$25 million, 5% exceeding $25 million. No minimum size client.

**Compensation:** By the project; by the hour: principal consultant, $130; junior consultant, $90; analyst, $70; clerical, $30.

**1985 gross revenues:** $1.3 million total, $1.2 million from risk management consulting.

**Principal officers:** Richard R. Huntington, Michael M. Kaddatz and Stephen P. Kahn, principals; David M. McCleerey, benefits principal.

**Membership:** SRMC.

### Aerospace Management Services International Inc.

611 Ryan Plaza Drive, Suite 500, Arlington, Texas 76011; 817-460-5924

**Year founded:** 1973.
**Independent.**

**Services provided:** 30% continuous consulting; 10% special projects, including captive feasibility studies, claims auditing, loss prevention audits, risk management organization studies, aviation safety audits, appraisal services, aviation manual preparation; 60% other services, including aviation accident investigation.

**Specialty:** Aviation industry.

**Staff:** 10 total staff; six professional staff members.

**Clients:** 20 total clients. No minimum size client.

**Compensation:** By the project, by the hour.

**1985 gross revenues:** Not reported.

**Principal officers:** Joseph O. Bailey, president; David F. Ek and O. Ray Wall, vps.

### J.H. Albert International Insurance Advisors Inc.

161 Highland Ave., Needham Heights, Mass. 02194; 617-449-2866

**Year founded:** 1967.
**Independent.**

**Services provided:** 85% continuous consulting; 13% risk management audits; 2% special projects, including frequent risk retention analysis, including self-insurance studies, analysis of necessary insurance limits, insurance contract analysis, assessment of broker service and remuneration, risk management organization studies, preparation of specifications for bidding, quantitative analysis and statistical forecasting, preparation of risk management manuals, annual reports to boards of directors, drafting insurance policies; occasional captive feasibility studies, claims auditing, loss prevention audits, accounting system analysis, loss settlement assistance, consulting on the design of risk management information systems.

**Staff:** 21 total staff members; 15 staff members assigned to risk management consulting only; 16 professional staff members, including five principal consultants, six consultants, five analysts. Professional designations held by staff include five CPCUs, three ARMs, two MBAs, one attorney, one AU.

**Clients:** 300 total clients; 60% with

*Continued on next page*

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Dallas, TX 75247
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Pittsburgh, PA 15219
412-232-0430

LOS ANGELES
3200 Wilshire Blvd.
Los Angeles, CA 90010
213-382-6201

SAN FRANCISCO
100 Pine Street
San Francisco, CA 94111
415-777-9766

# Guide to directory

Looking for a risk management consultant that provides the services you need?

This directory of risk management consultants lists companies performing a variety of services that responded to a *Business Insurance* questionnaire. There is no charge for companies to be listed; however, to be included, companies must generate at least 50% or $500,000 of their gross revenues from pure risk management consulting. *Business Insurance* defines risk management consulting as providing advice on risk management issues on a fee-for-service basis, excluding other activities such as conferences, publishing, claims administration, computer time-sharing, consulting for commercial insurers, captive management and employee benefit consulting.

For each company, the year founded and the parent company, if any, are listed first. If you are concerned about using consultants affiliated with brokers or insurers, you will want to check here.

Companies were asked to supply information on the services they provide, and these are listed as a percent of gross revenues.

The services are categorized as:

- Continuous consulting, which is serving as the risk management specialist for clients, providing continuous evaluation of design and management of risk and insurance programs.
- Risk management audits, which are one-time complete reviews of clients' risk and insurance programs.
- Special risk management projects, which are identified by specific types of projects and how frequently the projects are performed.
- Services other than risk management consulting that the company may provide.

Types of businesses and industries to which the company specializes in consulting are noted, as well as wholly owned locations other than the home office.

Information on staffing, clients and compensation follows; and when reported, 1985 total gross revenues, as well as 1985 gross revenues generated from risk management consulting only, are provided.

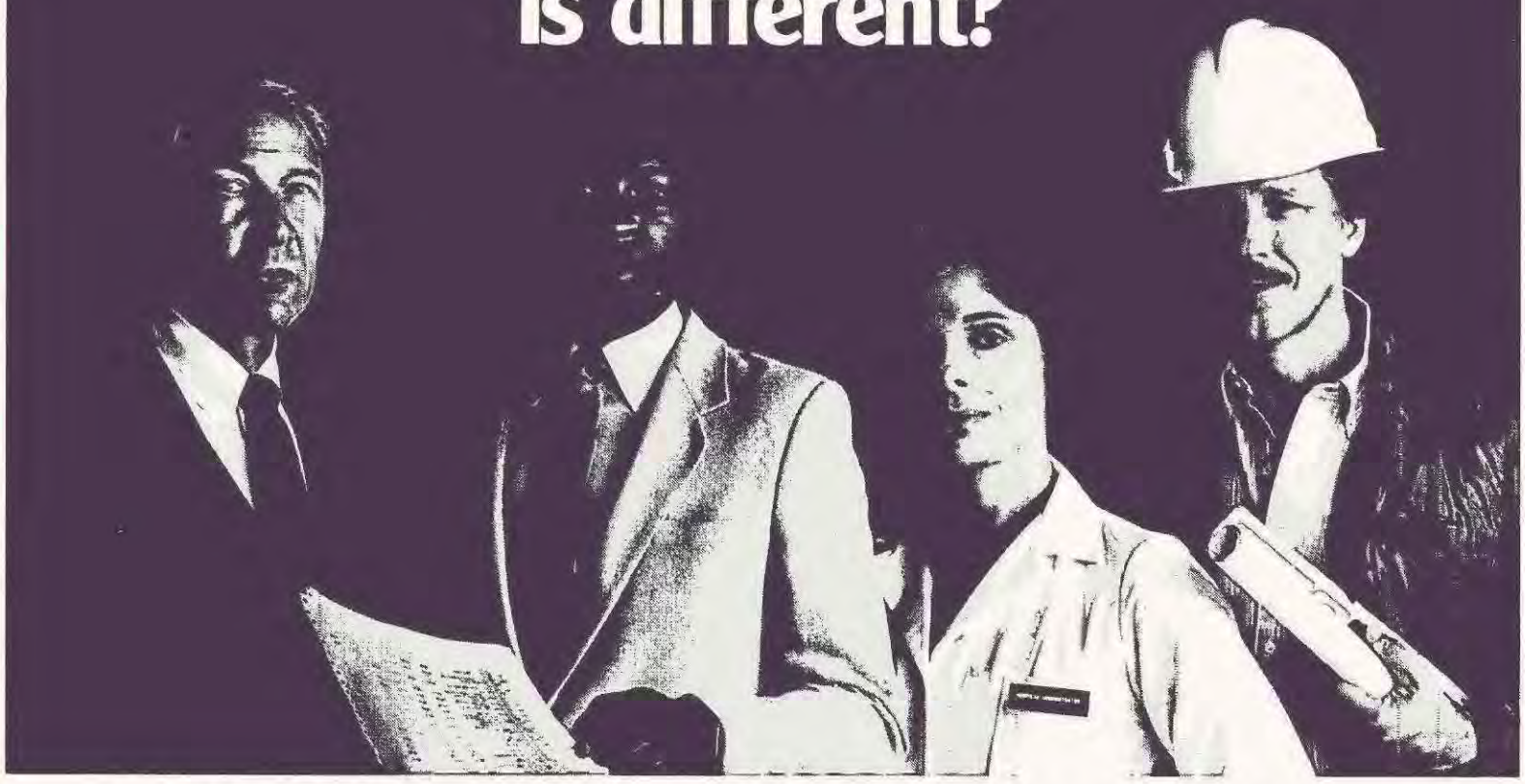
Paragraphs listing the names and titles of the principal officers and membership of at least one staff member in the Society of Risk Management Consultants (SRMC) complete the listings.

The information reported for each company is based on that company's answers to the questionnaire. There are no public documents available to allow *Business Insurance* to verify the information.

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

**AAI** is Accredited Adviser in Insurance; **ACAS** is Associate of Casualty Actuarial Society; **ACII** is Associate, Chartered Insurance Institute; **AIC** is Associate in Claims; **AIIC** is Associate, Insurance Institute of Canada; **ALCM** is Associate in Loss-Control Management; **ARM** is Associate in Risk Management; **ASA** is Associate, Society of Actuaries; **ASCE** is Member, American Society of Civil Engineers; **ASSE** is American Society of Safety Engineers; **AU** is Associate in Underwriting; **CBA** is Chartered Bank Auditor; **CDP** is Certified Data Processor; **CEBS** is Certified Employee Benefit Specialist; **CFPC** is Certified Fellow for Production Control; **CHCM** is Certified Hazard Control Manager; **ChFC** is Chartered Financial Consultant; **CIB** is Certified Insurance Broker; **CIC** is Certified Insurance Counselor; **CLU** is Certified Life Underwriter; **CMC** is Certified Management Consultant; **CPA** is Certified Public Accountant; **CPCU** is Member, Society of Chartered Property Casualty Underwriters; **CPIA** is Certified Professional Insurance Agent; **CSP** is Certified Safety Professional; **EA** is Enrolled Actuary; **FCA** is Fellow, Conference of Actuaries in Public Practice; **FCAS** is Fellow, Casualty Actuarial Society; **FCIA** is Fellow, Canadian Institute of Actuaries; **FCII** is Fellow, Chartered Insurance Institute; **FIIC** is Fellow, Insurance Institute of Canada; **LIA** is Licensed Insurance Adviser; **LICA** is Licensed Insurance Claims Adjuster; **MAAA** is Member, American Academy of Actuaries; **MBA** is Master of Business Administration; **MCA** is Member, Conference of Actuaries in Public Practice; **MD** is Medical Doctor; **MPH** is Master of Public Health; **NASD** is National Assn. of Security Dealers; **NBE** is National Bank Examiner; **PE** is Professional Engineer; **RN** is Registered Nurse; **SFPE** is Society of Fire Protection Engineers; **SRA** is Society of Risk Analysis.


# Why don't other risk management companies realize that every client is different?



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*Continued from preceding page*

risk and insurance budgets less than $1 million, 30% $1 million-$5 million, 5% $5 million-$10 million, 3% $10 million-$25 million, 2% exceeding $25 million. No minimum size client.

**Compensation:** By the hour: principal consultant, $110-$150; junior consultant, $70; consultant, $90; clerical services included.

**1985 gross revenues:** $1.85 million total, all from risk management consulting.

**Principal officers:** Joseph H. Albert, president; George W. West, Michael A. Rodman, Thomas L. Atkins and Martin S. Berman, vps.

**Membership:** SRMC.

## Aldrich & Cox Inc.

1900 Ridge Road, Buffalo, N.Y. 14224; 716-675-6300

**Year founded:** 1951.
**Independent.**

**Services provided:** 56% continuous consulting; 7% risk management audits; 7% special projects, including frequent risk retention analysis, including self-insurance studies, analysis of necessary insurance limits, insurance contract analysis, assessment of broker service and remuneration, preparation of specifications for bidding; occasional captive feasibility studies, claims auditing, loss prevention audits, loss settlement assistance, risk management organization studies, quantitative analysis and statistical forecasting; 30% other services, including employee benefit consulting.

**Specialty:** Manufacturing, retail, health care facilities, municipalities.

**Staff:** 14 total staff members; nine staff members assigned to risk management consulting only; nine professional staff members who are consultants. Professional designations held by staff include four CPCUs, three ARMs, one ALCM, one CEBS, one attorney.

**Clients:** 60 total clients; 95% with risk and insurance budgets less than $1 million, 5% $1 million-$5 million. No minimum size client.

**Compensation:** By the project; on retainer; by the hour: consultant, $55-$85.

**1985 gross revenues:** Not reported.

**Principal officers:** Herbert Cox, president; Charles Cox and James B. Hood Jr., vps.

**Membership:** SRMC.

## American Risk Services Inc.

6600 France Ave. S., Minneapolis, Minn. 55435; 612-920-0106

**Year founded:** 1979.
**Independent.**

**Services provided:** 68% continuous consulting; 8.5% risk management audits; 8.5% special projects, including frequent risk retention analysis, including self-insurance studies, preparation of specifications for bidding, quantitative analysis and statistical forecasting; occasional captive feasibility studies, analysis of necessary insurance limits, insurance contract analysis, accounting system analysis, assessment of broker service and remuneration, loss settlement assistance, risk management organization studies, consulting on the design of risk management information systems; 15% other services, including employee benefit consulting.

**Staff:** Six total staff members, all of whom are assigned to risk management consulting only; four professional staff

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members, including two principal consultants, two consultants. Professional designations held by staff include one CPCU, one ARM, one CPP.

**Clients:** 44 total clients; 77% with risk and insurance budgets less than $1 million, 18% $1 million-$5 million, 5% $5 million-$10 million.

**Compensation:** By the project; on retainer; by the hour: principal consultant, $100; junior consultant, $75; consultant, $50; clerical, $25.

**1985 gross revenues:** Not reported.

**Principal officers:** Mark T. Flaten, president.

## Anistics Inc.

640 Fifth Ave., New York, N.Y. 10019; 212-541-6050

**Year founded:** 1970.

**Parent company:** Alexander & Alexander Inc.

**Services provided:** 10% continuous consulting; 5% risk management audits; 60% special projects, including frequent risk retention analysis, including self-insurance studies, captive feasibility studies, analysis of necessary insurance limits, quantitative analysis and statistical forecasting, consulting on the design of risk management information systems; occasional insurance contract analysis, accounting system analysis, loss settlement assistance, risk management organization studies, preparation of specifications for bidding; 25% other services, including time-sharing.

**Locations:** Atlanta; Chicago; Denver; London; Los Angeles; Minneapolis; San Francisco and Palo Alto, Calif.

**Staff:** 139 total staff members; 105 staff members assigned to risk management consulting only; 96 professional staff members, including 31 principal consultants, 22 consultants, 43 analysts. Professional designations held by staff include four CPCUs, five ARMs, 13 MBAs, one FAS, one CDP, three CPAs, one attorney.

**Clients:** 250 total clients. No minimum size client.

**Compensation:** By the project; on retainer; by the hour: principal consultant, $130-$150; junior consultant, $50-$70; consultant, $80-$110; clerical, $15-$45.

**1985 gross revenues:** Not reported.

**Principal officers:** Luther T. Griffith, president/chief executive officer; William D. Scaff, chief operating officer; Richard B. Hall, Charles L. Tucker, E. Richard Raas and David A. Scott, managing vps.

## Applied Risk Consultants Inc.

P.O. Box 12464, Raleigh, N.C. 27605; 919-833-2878

**Year founded:** 1985.

**Services provided:** 50% risk management audits; 50% special projects, including frequent analysis of necessary insurance limits, insurance contract analysis, assessment of broker service and remuneration, preparation of specifications for bidding; occasional risk retention analysis, including self-insurance studies, claims auditing, loss prevention audits, loss settlement assistance, risk management organization studies, expert witness work, seminars.

**Staff:** Two total staff members; one staff members assigned to risk management consulting only; two professional staff members who are principal consultants. Professional designations held by staff include two CPCUs, two ARMs, one MBA.

**Clients:** Total clients not reported, 100% with risk and insurance budgets less than $1 million. Minimum size client: $50,000-$75,000 risk and insurance budget.

**Compensation:** By the hour: principal consultant, $85-$100; clerical, $20.

**1985 gross revenues:** Not reported.

**Principal officers:** Durant G. Vick, president/senior principal; Gary W. Buchanan, vp/principal consultant.

## Applied Risk Funding Services

25201 Paseo de Alicia, Suite 104, Laguna Hills, Calif. 92653; 714-770-9722

**Year founded:** 1984.

**Independent.**

**Services provided:** 30% continuous consulting; 5% risk management audits; 25% special projects, including frequent captive feasibility studies, captive administration; occasional risk retention analysis, including self-insurance studies, analysis of necessary insurance limits, insurance contract analysis, claims auditing, assessment of broker service and remuneration, loss settlement assistance, risk management organization studies, preparation of specifications for bidding, consulting on the design of risk management information systems; 40% other services, including reinsurance brokering, consulting and placement.

**Specialty:** Association captives.

**Staff:** Four total staff members; four staff members assigned to risk management consulting only; three professional staff members, including two principal consultants, one consultant. Professional designations held by staff include two CPCUs, one ARM, one MBA.

**Clients:** 20 total clients; 10% with risk and insurance budgets less than $1 million, 50% $1 million-$5 million, 20% $5 million-$10 million, 10% $10 million-$25 million, 10% exceeding $25 million. Minimum size client: $500,000 risk and insurance budget.

**Compensation:** By the project; commissions for insurance placed with underwriters; on retainer; by the hour: principal consultant, $150; junior consultant, $65-$100; consultant, $85-$100; clerical, $25-$35.

**1985 gross revenues:** Not reported.

**Principal officers:** Duane E. Allen and Allon J. Greene, principals.

## Armour Riley Inc.

23 Westmore Drive, Suite 416, Rexdale, Ontario M9V 3Y7; 416-745-2141

**Year founded:** 1973.

**Independent.**

**Services provided:** 40% continuous consulting; 40% risk management audits; 20% special projects, including frequent analysis of necessary insurance limits, insurance contract analysis, assessment of broker service and remuneration, risk management organization studies, preparation of specifications for bidding; occasional risk retention analysis, including self-insurance studies, claims auditing, loss prevention audits, loss settlement assistance, expert witness testimony, insurance studies for governmental departments.

**Staff:** Five total staff members; four professional staff members, including one principal consultant, three consultants. Professional designations held by staff include one AIIC.

**Clients:** Total clients not reported; 85% with risk and insurance budgets less than $1 million, 15% $1 million-$5 million. Minimum size client normally accepted: $100,000 risk and insurance budget.

**Compensation:** By the hour: principal consultant, $175; junior consultant, $125; consultant, $150.

**1985 gross revenues:** $240,000 total, all from risk management consulting.

**Principal officers:** Peter Armour, president; Culver Riley, vp.

**Membership:** SRMC.

## AuditRate Inc.

60 W. Superior St., Chicago, Ill. 60610; 312-944-2000

**Year founded:** 1966.

**Parent company:** Alper Services Inc.

**Services provided:** 10% continuous consulting; 50% risk management audits; 10% special projects, including frequent analysis of necessary insurance limits, insurance contract analysis, accounting system analysis, loss settlement assistance, risk management organization studies, preparation of specifications for bidding; occasional risk retention analysis, including self-insurance studies, claims auditing, loss prevention audits, assessment of broker service and remuneration; 30% other services, including cost reduction consulting, premium refund service.

**Specialty:** Manufacturers.

**Staff:** Eight total staff members; six staff members assigned to risk management consulting only; professional staff members include one principal consultant, one consultant, four analysts. Professional designations held by staff include two CPCUs, one ARM, one CSP.

**Clients:** 100 total clients, 100% with risk and insurance budgets less than $1 million. Minimum size client: $25,000 risk and insurance budget.

**Compensation:** By the project; on retainer; percent of refund; by the hour: principal consultant, $100; junior consultant, $50; consultant, $75; clerical, $25.

**1985 gross revenues:** $400,000 total, $250,000 from risk management consulting.

**Principal officers:** Howard C. Alper, president; Edward J. Priz, vp.

*Continued on next page*

There's a responsibility that goes with being the nation's largest wholesale broker. The impact we make must be positive. Not only for the clients we serve, but for the markets we support.

Our presence is felt in every major U.S. marketplace. It is tempered by a sensitivity to regional needs and an understanding of local business imperatives.

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IMPACT

*Continued from preceding page*

## b

### D.A. Betterley Risk Consultants Inc.

446 Main St., Worcester, Mass. 01608; 617-754-1704

**Year founded:** 1932.
**Independent.**
**Services provided:** 35% continuous consulting; 40% risk management audits; 20% special projects, including frequent risk retention analysis, including self-insurance studies, analysis of necessary insurance limits, insurance contract analysis, claims auditing, assessment of broker service and remuneration, loss settlement assistance, risk management organization studies, preparation of specifications for bidding, quantitative analysis and statistical forecasting, consulting on the design of risk management information systems; occasional captive feasibility studies, loss prevention audits, accounting system analysis; 5% other services, including publishing and employee benefits design and funding.
**Staff:** Eight total staff members; five professional staff members, including two principal consultants, three consultants. Professional designations held by staff include two MBAs, one CPCU, one CMC.
**Clients:** 55 total clients; 20% with risk and insurance budgets less than $1 million, 20% $1 million-$5 million, 35% $5 million-$10 million, 14% $10 million-$25 million, 11% exceeding $25 million. No minimum size client.
**Compensation:** By the project; by the hour, principal consultant: $135-$165; consultant, $70-$90; clerical, $35.
**1984 gross revenues:** $655,000 total, $622,250 from risk management consulting.
**Principal officers:** Delbert A. Betterley, chairman; Richard S. Betterley, president.
**Membership:** SRMC.

### Blades & Macaulay

2444 Morris Ave., P.O. Box 188, Union, N.J. 07083; 201-687-3735

**Year founded:** 1926.
**Independent.**
**Services provided:** 60% continuous consulting; 20% risk management audits; 20% special projects including frequent risk retention analysis, including self-insurance studies, captive feasibility studies, analysis of necessary insurance limits, insurance contract analysis, preparation of specifications for bidding; occasional assessment of broker service and remuneration, loss settlement assistance, risk management organization studies, quantitative analysis and statistical forecasting.
**Staff:** Six total staff members; three staff members assigned to risk management consulting; professional staff members include two principal consultants, one consultant. Professional designations held by staff include one attorney.
**Clients:** 30 total clients; 20% with risk and insurance budgets less than $1 million, 30% $1 million-$5 million, 30% $5 million-$10 million, 10% $10 million-$25 million, 10% exceeding $25 million.
**Compensation:** By the project; on retainer; by the hour, principal consultant: $150; consultant, $90.
**1985 gross revenues:** Not reported.
**Principal officers:** Arthur Macaulay Jr. and John J. Crout, partners.
**Membership:** SRMC.

### T.E. Brennan Co.

330 E. Kilbourn Ave., Suite 750, Milwaukee, Wis. 53202; 414-271-2232

**Year founded:** 1895.
**Independent.**
**Services provided:** 80% continuous consulting; 15% risk management audits; 5% special projects, including frequent risk retention analysis, including self-insurance studies, analysis of necessary insurance limits, insurance contract analysis, claims auditing, loss prevention audits, loss settlement assistance, risk management organization studies, preparation of specifications for bidding; occasional captive feasibility studies, accounting system analysis, assessment of broker service and remuneration, quantitative analysis and statistical forecasting, consulting on the design of risk management information systems.
**Staff:** 13 total staff members; nine staff members assigned to risk management consulting only; nine professional staff members, including five principal consultants, four consultants. Professional designations held by staff include one CPCU, two ARMs, one MBA, two attorneys, two CPAs, one PE.
**Clients:** 275 total clients. No minimum size client.
**Compensation:** By the hour.
**1985 gross revenues:** More than $800,000 total, all from risk management consulting.
**Principal officers:** John Hayes, chairman/chief executive officer/treasurer; William Foran, president/secretary; Thomas E. Gold, executive vp; Donald L. Pass, vp.
**Membership:** SRMC.

### Larry W. Buck & Associates Inc.

Suite 890, Memorial City Plaza, 820 S. Gessner, Houston, Texas 77024; 713-467-4701

**Year founded:** 1977.
**Independent.**
**Services provided:** 80% continuous consulting; 10% risk management audits; 10% special projects, including frequent analysis of necessary insurance limits, insurance contract analysis, claims auditing, assessment of broker service and remuneration, loss settlement assistance, preparation of specifications for bidding, consulting on the design of risk management information systems; occasional risk retention analysis, including self-insurance studies, captive feasibility studies, loss prevention audits, accounting system analysis, risk management organization studies, quantitative analysis and statistical forecasting.
**Staff:** Three total staff members; two staff members assigned to risk management consulting only; professional staff members include one principal consultant, one consultant. Professional designations held by staff include one AAI.
**Clients:** Total clients not reported; 95% with risk and insurance budgets less than $1 million, 5% $1 million-$5 million. No minimum size client.
**Compensation:** By the hour, principal consultant: $150; consultant, $150; clerical, $15.
**1985 gross revenues:** Not reported.
**Principal officers:** Larry W. Buck, president; N. Richard Magel, vp.
**Membership:** SRMC.

### Ken Buhler Associates Inc.

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

**Year founded:** 1976.
**Independent.**
**Services provided:** 50% continuous consulting; 30% special projects, including frequent loss prevention audits, preparation of specifications for bidding; 20% other services, including sprinkler system design.
**Staff:** Five total staff members; two staff members assigned to risk management consulting only; two professional staff members, including one principal consultant, one consultant. Professional designations held by staff include one PE.
**Clients:** Total clients not reported; 20% risk and insurance budgets less than $1 million, 20% $1 million-$5 million, 30% $5 million-$10 million, 20% $10 million-$25 million, 10% exceeding $25 million.
**Compensation:** By the project, by the hour.
**1985 gross revenues:** $300,000 total, $240,000* from risk management consulting.
**Principal officers:** Kenneth Buhler, president; S. Buhler and A. Relkin, vps.
**BI estimate.*

## c

### Capell Industrial Risk Management Inc.

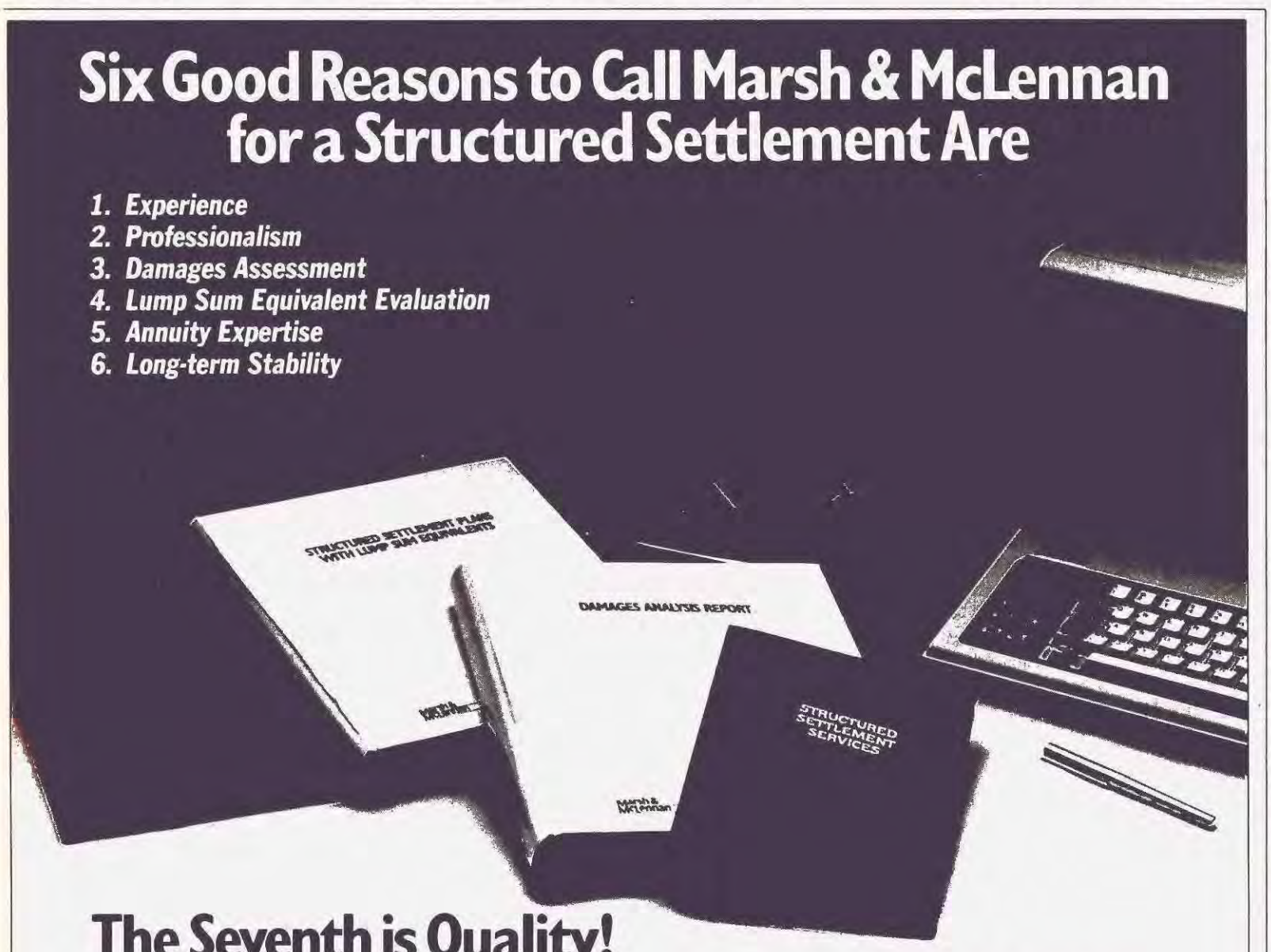
P.O. Box 3167, Princeton, N.J. 08540; 609-896-3017

**Year founded:** 1978.
**Independent.**
**Services provided:** 85% continuous consulting; 5% risk management audits; 5% special projects, including frequent risk retention analysis, including self-insurance studies, analysis of necessary insurance limits, insurance contract analysis, claims auditing, assessment of broker service and remuneration, loss settlement assistance, preparation of specifications for bidding, analysis of prior coverage for long-term latent injury claims; occasional captive feasibility studies, loss prevention audits, risk management organization studies, quantitative analysis and statistical forecasting, consulting on the design of risk management information systems;

*Continued on page 44*


# Six Good Reasons to Call Marsh & McLennan for a Structured Settlement Are

1. *Experience*
2. *Professionalism*
3. *Damages Assessment*
4. *Lump Sum Equivalent Evaluation*
5. *Annuity Expertise*
6. *Long-term Stability*




## The Seventh is Quality!

We at Marsh & McLennan, the world's largest insurance broker, have been in the structured settlement business for a number of years. We have the knowledge and experience to develop and help you negotiate a successful settlement package.

We provide a Damages Analysis Report with unsurpassed credibility. These reports are generated quickly by specially designed computer software incorporating the expertise of economists with years of experience in tort litigation. This software applies the appropriate damages theory for the ruling jurisdiction.

Additional computer analysis of the tax situation and investment options of the claimant are performed. These result in a quick determination of the lump sum settlement that would be equivalent to each structured settlement plan.

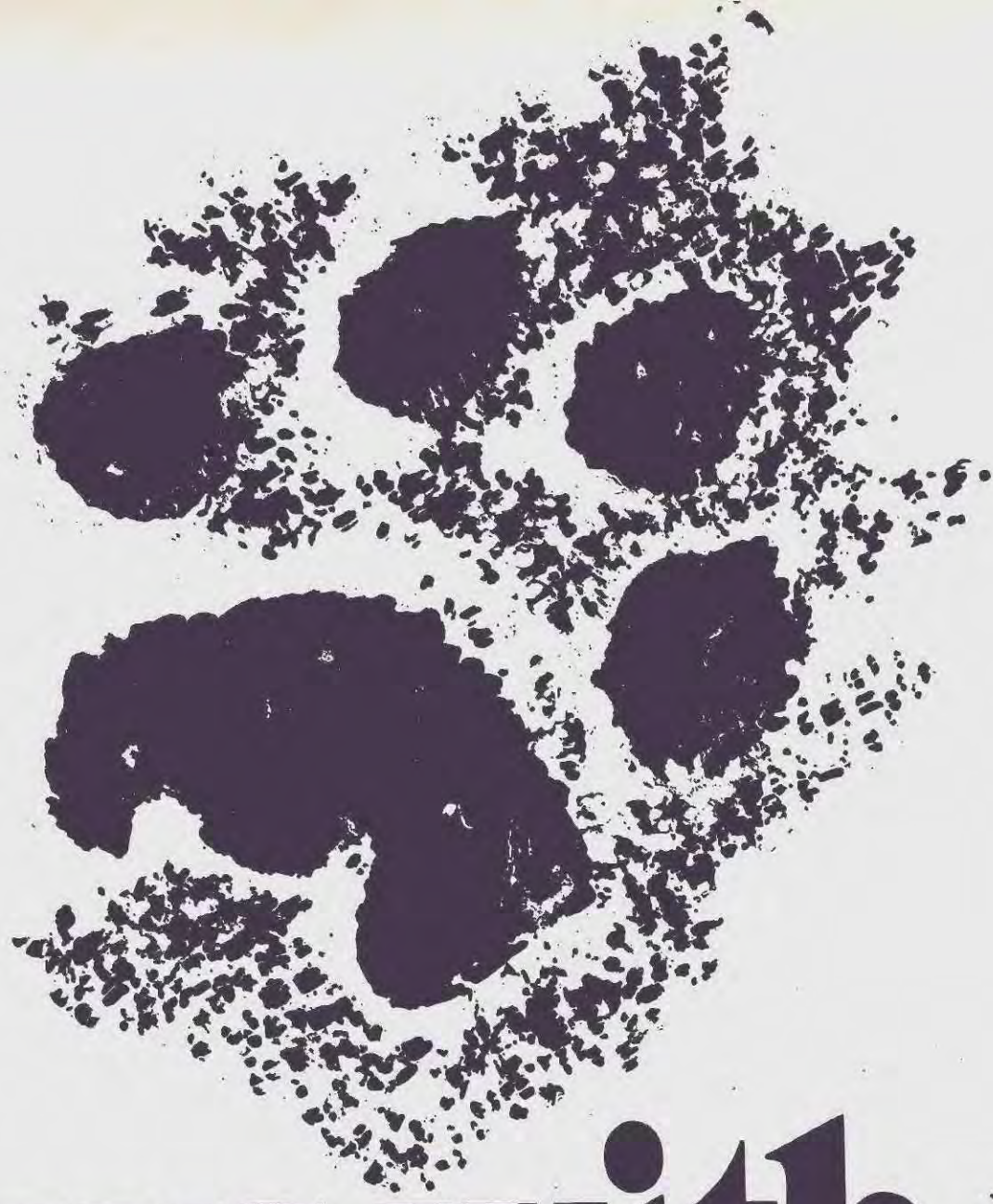
All reports and analyses are prepared on a portable computer by our staff of professionals—economists, lawyers and CPAs—whose services are available to our clients at no fee. A professional staff member will be glad to attend your settlement conference as part of your negotiating team.

The size and stability of Marsh & McLennan is unequalled in the brokerage industry. For over a century we have provided the highest quality services to our clients. With more than 100 offices to serve you, we have the expertise and annuity markets to help you select the best settlement package.

For more information, contact your local Marsh & McLennan office or account executive, or call (215) 963-2809 collect. We will be glad to provide immediate service or send you a brochure which describes our Structured Settlement Services.

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Mutual of Omaha Insurance Company ■ United of Omaha Life Insurance Company ■ International Headquarters: Omaha, Nebraska

*Continued from page 42*
5% other services, including brokerage, computer programming.

**Specialty:** Adhesives, sealants, paint, coatings, specialty chemicals, plastics, rubber.

**Staff:** Four total staff members; two staff members assigned to risk management consulting only; two professional staff members, including one principal consultant, one consultant.

**Clients:** 67 total clients; 96% with risk and insurance budgets less than $1 million, 4% $1 million-$5 million. No minimum size client.

**Compensation:** By the project; commissions for insurance placed with underwriters; on retainer; by the hour: principal consultant, $135; consultant, $60; clerical services included.

**1985 gross revenues:** $350,000 total, $332,500* from risk management consulting.

**Principal officers:** James W. Capell, president.

*BI estimate.

## Carabillo Consulting Co.

P.O. Box 10009, West Hartford, Conn. 06110; 203-236-2095

**Year founded:** 1980.
**Independent.**

**Services provided:** 30% continuous consulting; 25% risk management audits; 25% special projects, including frequent risk retention analysis, including self-insurance studies, analysis of necessary insurance limits, insurance contract analysis, claims auditing, loss prevention audits, assessment of broker service and remuneration, loss settlement assistance, preparation of specifications for bidding; occasional captive feasibility studies, accounting system analysis, risk management organization studies, quantitative analysis and statistical forecasting; 20% other services, including third-party property, casualty and workers compensation claims administration.

**Specialty:** Heavy manufacturing, cable television, trucking, nursing homes.

**Staff:** Two total staff members; one professional staff member assigned to risk management consulting who is a principal consultant. Professional designations held by staff include one ARM, one CIC.

**Clients:** 16 total clients; 75% with risk and insurance budgets less than $1 million, 25% $1 million-$5 million. No minimum size client.

**Compensation:** By the project; on retainer; by the hour: principal consultant, $65.

**1985 gross revenues:** Not reported.

**Principal officers:** Vincent J. Carabillo, president.

## Charlesworth & Associates

P.O. Box 12830, Overland Park, Kan. 66212; 913-451-4730

**Year founded:** 1977.
**Independent.**

**Services provided:** 50% continuous consulting; 30% risk management audits; 20% special projects, including frequent analysis of necessary insurance limits, insurance contract analysis, risk management organization studies, preparation of specifications for bidding; occasional risk retention analysis, including self-insurance studies, claims auditing, loss prevention audits, accounting system analysis, loss settlement assistance, quantitative analysis and statistical forecasting, consulting on the design of risk management information systems.

**Specialty:** Municipalities, trucking, medical.

**Staff:** Four total staff members; two staff members assigned to risk management consulting only; three professional staff members, including one principal consultant, one consultant, one analyst. Professional designations held by staff include two CPCUs, one ARM, one CIC, one AIU.

**Clients:** 30 total clients, 100% with risk and insurance budgets less than $1 million. No minimum size client.

**Compensation:** By the project, on retainer.

**1985 gross revenues:** Not reported.

**Principal officers:** Art Charlesworth, owner.

## Classic Funded Risk Services Inc.

342 Madison Ave., New York, N.Y. 10017; 212-972-5977

**Year founded:** 1984.
**Parent company:** Classic Insurance Agency Inc.

**Services provided:** 58% continuous consulting; 2% risk management audits; 20% special projects, including frequent risk retention analysis, including self-insurance studies, captive feasibility studies, insurance contract analysis, quantitative analysis and statistical forecasting; occasional analysis of necessary insurance limits, assessment of broker service and remuneration, risk management organization studies, preparation of specifications for bidding; 20% other services, including financial and funded products.

**Specialty:** Trucking.

**Staff:** Five total staff members; four staff members assigned to risk management consulting only; professional staff members include one principal consultant, two consultants, one analyst. Professional designations held by staff include one CPCU, one MBA, one CLU.

**Clients:** Total clients not reported; 80% with risk and insurance budgets less than $1 million, 20% $1 million-$5 million.

**Compensation:** By the project.

**1985 gross revenues:** Not reported.

**Principal officers:** David M. Fernandez, president.

## Commercial Investment Alternatives Inc./ Commercial Insurance Alternatives Inc.

1 Fifth Ave., Oakland, Calif. 94606-5197; 415-763-4600

**Year founded:** 1985.
**Parent company:** Classic Risk Funding.

**Services provided:** 60% continuous consulting, 40% risk management audits.

**Staff:** Four total staff members; four professional staff members, including one principal consultant, one consultant, two analysts. Professional designations held by staff include one CPCU.

**Clients:** 16 total clients; 50% with risk and insurance budgets less than $1 million, 25% $1 million-$5 million, 25% $5 million-$10 million. Minimum size client: $500,000 risk and insurance budget.

**Compensation:** By the project.

**1985 gross revenues:** Not reported.

**Principal officers:** E. Richard Crebs, president.

## Commercial Risk Consultants Inc.

7½ E. Queensway, P.O. Box 606, Hampton, Va. 23669; 804-723-0254

**Year founded:** 1979.
**Independent.**

**Services provided:** 40% continuous consulting; 40% risk management audits; 20% special projects, including frequent risk retention analysis, including self-insurance studies, analysis of necessary insurance limits, insurance contract analysis, claims auditing, loss prevention audits, assessment of broker service and remuneration, loss settlement assistance, risk management organization studies, preparation of specifications for bidding, quantitative analysis and statistical forecasting; occasional captive feasibility studies, accounting system analysis, consulting on the design of risk management information systems.

**Specialty:** Municipalities, school boards, transit authorities, manufacturing, marine industries.

**Staff:** Two total staff members, one staff member assigned to risk management consulting only. Professional designations held by staff include one CPCU, one ARM, one CLU.

**Clients:** Total clients not reported; 80% with risk and insurance budgets less than $1 million, 20% $1 million-$5 million.

**Compensation:** By the project on retainer.

**1985 gross revenues:** Not reported.

**Principal officers:** John W. Newby, president.

## Consulting Associates Inc.

4425 Randolph Road, P.O. Box 220039, Charlotte, N.C. 28222; 704-366-4910

**Year founded:** 1980.
**Independent.**

**Services provided:** 70% continuous consulting; 5% risk management audits 10% special projects, including frequent risk retention analysis, including self-insurance studies, captive feasibility studies, analysis of necessary insurance limits, insurance contract analysis, assessment of broker service and remuneration, preparation of specifications

*Continued on facing page*


# HOW UAC BACKS UP THE BEFORE THE CLAIMS GET



*The Claims Backer,SM UAC's on-line computer system, puts accurate, timely claims handling reports right at your fingertips.*

Claims that get backed up in handling procedures are usually the ones that end up costing you an arm and a leg. At UAC we've developed an on-line computer system that cuts through the red tape and delay.

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The UAC team of adjusters, specialists

*Continued from facing page*
for bidding; occasional claims auditing, loss prevention audits, accounting system analysis, loss settlement assistance, risk management organization studies, quantitative analysis and statistical forecasting, consulting on the design of risk management information systems.

**Specialty:** Utilities, financial institutions, hospitals, associations, educational institutions, general manufacturing.

**Staff:** Five total staff members; four staff members assigned to risk management consulting only; professional staff members include two principal consultants, one consultant, one analyst. Professional designations held by staff include two CPCUs, one ARM.

**Clients:** More than 35 total clients; 60% with risk and insurance budgets less than $1 million, 35% $1 million-$5 million, 5% $5 million-$10 million. No minimum size client.

**Compensation:** By the project; on retainer; by the hour: principal consultant, $105; consultant, $60.

**1985 gross revenues:** Not reported.

**Principal officers:** William B. Brown, president.

**Membership:** SRMC.

## Coopers & Lybrand

1251 Ave. of the Americas, New York, N.Y. 10020; 212-536-3203

**Year founded:** 1898.
**Independent.**

**Services provided:** 0.1% risk management audits; 0.1% special projects, including frequent risk retention analysis, including self-insurance studies, captive feasibility studies, analysis of necessary insurance limits, insurance contract analysis, accounting system analysis, assessment of broker service and remuneration, risk management organization studies, preparation of specifications for bidding, quantitative analysis and statistical forecasting, consulting on the design of risk management information systems; occasional claims auditing, loss settlement assistance; 99.8% other services, including management consulting, public accounting.

**Locations:** Atlanta; Chicago; Los Angeles; San Francisco; Seattle; Hamilton, Bermuda.

**Staff:** 45 total staff members; 15 staff members assigned to risk management consulting only; 36 professional staff members, including three principal consultants, 23 consultants, 10 analysts. Professional designations held by staff include six CPCUs, five ARMs, three MBAs, 16 FCASs, seven ACASs, one Ph.D.

**Clients:** 300 total clients; 20% with risk and insurance budgets less than $1 million, 10% $1 million-$5 million, 20% $5 million-$10 million, 30% $10 million-$25 million, 20% exceeding $25 million.

**Compensation:** By the project; by the hour: principal consultant, $200; junior consultant, $90; consultant, $150; clerical, $35.

**1985 gross revenues:** $2 million from risk management consulting.

**Principal officers:** James A. Hall III, partner in charge; Richard E. Sherman, partner; Charles L. McClenahan, Richard J. Fallquist, Douglas H. Hartman, Berne J. Scalisi, Frederick O. Kist and Oakley E. Van Slyke, directors.

## Copper Roof Management Inc.

1380 Burrard St., Vancouver, British Columbia V6Z 2B7; 604-669-0456

**Year founded:** 1980.
**Independent.**

**Services provided:** 55% continuous consulting; 20% risk management audits; 25% special projects, including frequent risk retention analysis, including self-insurance studies, captive feasibility studies, insurance contract analysis, accounting system analysis, assessment of broker service and remuneration, loss settlement assistance, preparation of specifications for bidding, quantitative analysis and statistical forecasting; occasional analysis of necessary insurance limits, claims auditing, loss prevention audits, risk management organization studies.

**Specialty:** Financial institutions, transportation.

**Staff:** Four total staff members, all of whom are assigned to risk management consulting only; three professional staff members, including one principal consultant, one consultant, one analyst. Professional designations held by staff include one CPCU, one MBA.

**Clients:** Total clients not reported; 65% with risk and insurance budgets less than $1 million, 5% $1 million-$5 million, 30% $5 million-$10 million. No minimum size client.

**Compensation:** By the project; on retainer; by the hour: principal consultant, $150; consultant, $75; clerical, $35.

**1985 gross revenues:** Not reported.

**Principal officers:** Erika D. Sabo, managing director.

## Corporate Advisors Inc.

910 Skokie Blvd., Northbrook, Ill. 60062; 312-564-5820

**Year founded:** 1970.
**Independent.**

**Services provided:** 75% continuous consulting; 15% special projects; 10% other services, including insurance brokerage.

**Specialty:** Association groups.

**Staff:** Five total staff members, four professional staff members.

**Clients:** 20 total clients; 85% with risk and insurance budgets less than $1 million, 15% exceeding $1 million. No minimum size client.

**Compensation:** On retainer, by the hour plus expenses.

**Gross revenues:** 1986 estimate, $300,000 total.

**Principal officers:** Louis W. Biegler, president; Eugene W. Bader and William L. Biegler, vps; C.M. Murphy, vp/secretary.

## Corporate Policyholders Counsel Inc.

1460 Renaissance Drive, Suite 305, Park Ridge, Ill. 60068-1331; 312-298-1770

**Year founded:** 1898.
**Independent.**

**Services provided:** 30% continuous consulting; 40% risk management audits; 30% special projects, including frequent risk retention analysis, including self-insurance studies, captive feasibility studies, analysis of necessary insurance limits, insurance contract analysis, claims auditing, assessment of broker service and remuneration, loss settlement assistance, risk management organization studies, preparation of specifications for bidding, quantitative analysis and statistical forecasting, consulting on the design of risk management information systems, non-insurance contract analysis, expert witness and counsel to legal profession, education and training seminars; occasional loss prevention audits, accounting system analysis, merger studies, D&O loss control seminars.

**Staff:** 16 total staff members; 11 staff members assigned to risk management consulting only; 11 professional staff members, including five principal consultants, four consultants, two analysts. Professional designations held by staff include two CPCUs, one ARM, one MBA.

**Clients:** 275 total clients. No minimum size client.

**Compensation:** By the project; by the hour: principal consultant, $125-$175; junior consultant, $90-$115; consultant, $75-$100; clerical, $20-$30.

**1985 gross revenues:** Not reported, see page 3 for estimate.

**Principal officers:** Lawrence B. Mulvaney, chairman; Ronald E. Seaver, president; Bruce S. McCallum, executive vp; Steven A. Coombs, vp.

## Corporate Risk Consultants

24370 Northwestern Highway, Southfield, Mich. 48075; 313-358-1100

**Year founded:** 1976.
**Parent company:** Meadowbrook Insurance Group.

**Services provided:** 45% continuous consulting; 5% risk management audits; 50% special projects, including frequent risk retention analysis, including self-insurance studies, captive feasibility studies, analysis of necessary insurance limits, insurance contract analysis; occasional claims auditing, loss prevention audits, loss settlement assistance, risk management organization studies, preparation of specifications for bidding, quantitative analysis and statistical forecasting.

**Specialty:** Manufacturers, bowling alleys, pharmacies.

**Locations:** Boca Raton, Fla.

**Staff:** Six total staff members, four staff members assigned to risk management consulting only. Professional designations held by staff include two CPCUs, one ARM, one MBA, one CLU, one CPA.

**Clients:** 10 total clients; 50% with risk and insurance budgets less than $1 million, 50% $1 million-$5 million. No minimum size client.

**Compensation:** By the project, on retainer.

*Continued on next page*


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THE TEAM WORKS

*Continued from preceding page*

**1985 gross revenues:** $475,000 total, all from risk management consulting.

**Principal officers:** Merton J. Segal, president; Robert A. Engle, vp; Larry Kraus and Lee Kelly.

### Corporate Risk Management Inc.

505 Fenton Place, Charlotte, N.C. 28207; 704-335-0185

**Year founded:** 1978.
**Independent.**
**Services provided:** 42% continuous consulting; 17.5% risk management audits; 10.5% special projects, including frequent analysis of necessary insurance limits, insurance contract analysis, loss settlement assistance, preparation of specifications for bidding; occasional risk retention analysis, including self-insurance studies, captive feasibility studies, claims auditing, loss prevention audits, assessment of broker service and remuneration, risk management organization studies, quantitative analysis and statistical forecasting, consulting on the design of risk management information systems; 30% other services.
**Staff:** Three total staff members; two staff members assigned to risk management consulting only; two professional staff members, including one principal consultant, one consultant. Professional designations held by staff include one CPCU, two ARMs.
**Clients:** 30 total clients, 100% with risk and insurance budgets less than $1 million.
**Compensation:** By the project, on retainer, by the hour.
**1985 gross revenues:** Not reported.
**Principal officers:** William B. Heeney, president.

### Corporate Risk Managers Inc.

7525 Mitchell Road, Suite 109, Eden Prairie, Minn. 55344; 612-937-8942

**Year founded:** 1974.
**Independent.**
**Services provided:** 95% continuous consulting; 4% risk management audits; 1% special projects, including frequent risk retention analysis, including self-insurance studies, analysis of necessary insurance limits, insurance contract analysis, claims auditing, loss prevention audits, accounting system analysis, assessment of broker service and remuneration, loss settlement assistance, risk management organization studies, preparation of specifications for bidding, consulting on the design of risk management information systems, occasional captive feasibility studies, quantitative analysis and statistical forecasting.
**Locations:** CRM Risk Managers, Brookfield, Wis.
**Staff:** 19 total staff members, including eight principal consultants, three consultants, three analysts.
**Clients:** More than 200 total clients; 96% with risk and insurance budgets less than $1 million, 4% $1 million-$5 million. Minimum size client: $15,000 risk and insurance budget.
**Compensation:** On retainer.
**1985 gross revenues:** Not reported.
**Principal officers:** Burdell R. Wessels, president; Fred Moen, Theodore Hood and Dale Noyed, vps; Lynn Burns, assistant vp.

### Corporate Risk Services

5990 N. Washington St., Denver, Colo. 80216; 303-296-3366

**Year founded:** 1980.
**Independent.**
**Services provided:** 75% continuous consulting; 10% risk management audits; 15% special projects, including frequent analysis of necessary insurance limits, insurance contract analysis, claims auditing, loss settlement assistance, quantitative analysis and statistical forecasting; occasional risk retention analysis, including self-insurance studies, captive feasibility studies, loss prevention audits, accounting system analysis, assessment of broker service and remuneration, risk management organization studies, consulting on the design of risk management information systems.
**Specialty:** Manufacturing, trucking.
**Staff:** Two total staff members; one staff member assigned to risk management consulting only; one professional staff member who is a principal consultant. Professional designations held by staff include one CPCU, one ARM.
**Clients:** 18 total clients; 90% with risk and insurance budgets less than $1 million, 10% $1 million-$5 million. No minimum size client.
**Compensation:** By the project; on retainer; by the hour: principal consultant, $60-$75.
**1985 gross revenues:** Not reported.
**Principal officers:** Dale Gray, president.

### Corroon & Black/Advanced Risk Management Services

One Commerce Place, Suite 1500, Nashville, Tenn. 37239; 615-244-8430

**Year founded:** 1976.
**Parent company:** Corroon & Black Corp.
**Services provided:** 25% continuous consulting; 2.5% risk management audits; 12.5% special projects, including frequent risk retention analysis, including self-insurance studies, captive feasibility studies, analysis of necessary insurance limits, insurance contract analysis, claims auditing, assessment of broker service and remuneration, loss settlement assistance, quantitative analysis and statistical forecasting, actuarial studies; occasional loss prevention audits, accounting system analysis, risk management organization studies, preparation of specifications for bidding, consulting on the design of risk management information systems; 60% other services, including brokerage, captive management, third-party claims administration, facultative reinsurance placement, fronting services.
**Locations:** 24 locations throughout the United States.
**Staff:** 115 total staff members; 16 staff members assigned to risk management consulting only; 53 professional staff members, including eight principal consultants, three consultants, five analysts. Professional designations held by staff include four CPCUs, one ARM, seven MBAs, one ACAS, three ACs, one attorney.
**Clients:** 200 total clients; 5% with risk and insurance budgets less than $1 million, 40% $1 million-$5 million, 30% $5 million-$10 million, 20% $10 million-$25 million, 5% exceeding $25 million. Minimum size client, $500,000 risk and insurance budget.
**Compensation:** By the project; by the hour: principal consultant, $110-$200; analyst, $75; cosultant, $90; clerical, $25.
**1985 gross revenues:** $6 million total, $2.4 million from risk management consulting.
**Principal officers:** James V. Davis, chairman; Manny D. Buzzell, vice chairman; Kenneth H. Pinkston, president/chief operating officer.
**Membership:** SRMC.

### Crain, Langner & Co.

20575 Center Ridge Road, Suite 318, Cleveland, Ohio 44116; 216-333-7622

**Year founded:** 1939.
**Independent.**
**Services provided:** 75% continuous consulting; 20% risk management audits; 5% special projects, including frequent risk retention analysis, including self-insurance studies, analysis of necessary insurance limits, insurance contract analysis, assessment of broker service and remuneration, preparation of specifications for bidding; occasional captive feasibility studies, claims auditing, loss prevention audits, loss settlement assistance, risk management organization studies, quantitative analysis and statistical forecasting, consulting on the design of risk management information systems.
**Specialty:** Hospitals, government entities, industry.
**Staff:** Four total staff members; three staff members assigned to risk management consulting only; three professional staff members who are principal consultants. Professional designations held by staff include three CPCUs, two ARMs, two CLUs.
**Clients:** 100 total clients; 94% with risk and insurance budgets less than $1 million, 5% $1 million-$5 million, 1% $10 million-$15 million.
**Compensation:** By the hour: principal consultant, $105.
**1985 gross revenues:** $320,000 total, all from risk management consulting.
**Principal officers:** David A. Langner, president; William H. Elliott Jr. and Thomas E. Borror, vps.
**Membership:** SRMC.

### Curtner Risk Management Inc.

1616 17th St., Denver, Colo. 80202; 303-628-5556

**Year founded:** 1984.
**Independent.**
**Services provided:** 25% continuous consulting; 60% risk management

*Continued on page 56*


# "The LTD specialist from CNA knew exactly how to get my Social Security benefits reinstated."



"Severe kidney disease forced me to leave my sales job some years ago. Two years later, Social Security terminated my benefits. My CNA claim representative learned about the termination and advised me to refile for my benefits. He said CNA would work directly with Social Security to get my benefits reinstated. I don't know what they did, but I'm getting my benefits again!"

This is an actual case history. In reinstating the Social Security benefits, the Administrative Law Judge cited CNA's involvement.

CNA believes that service is the key to providing successful LTD programs. And there is more to service than just paying claims quickly. We pioneered Group LTD coverage in 1944. Since that time, we've gained the expertise to go beyond the normal service you expect. We make the extra effort that sets us apart as a leader. Like helping employees get all the benefits to which they are entitled.

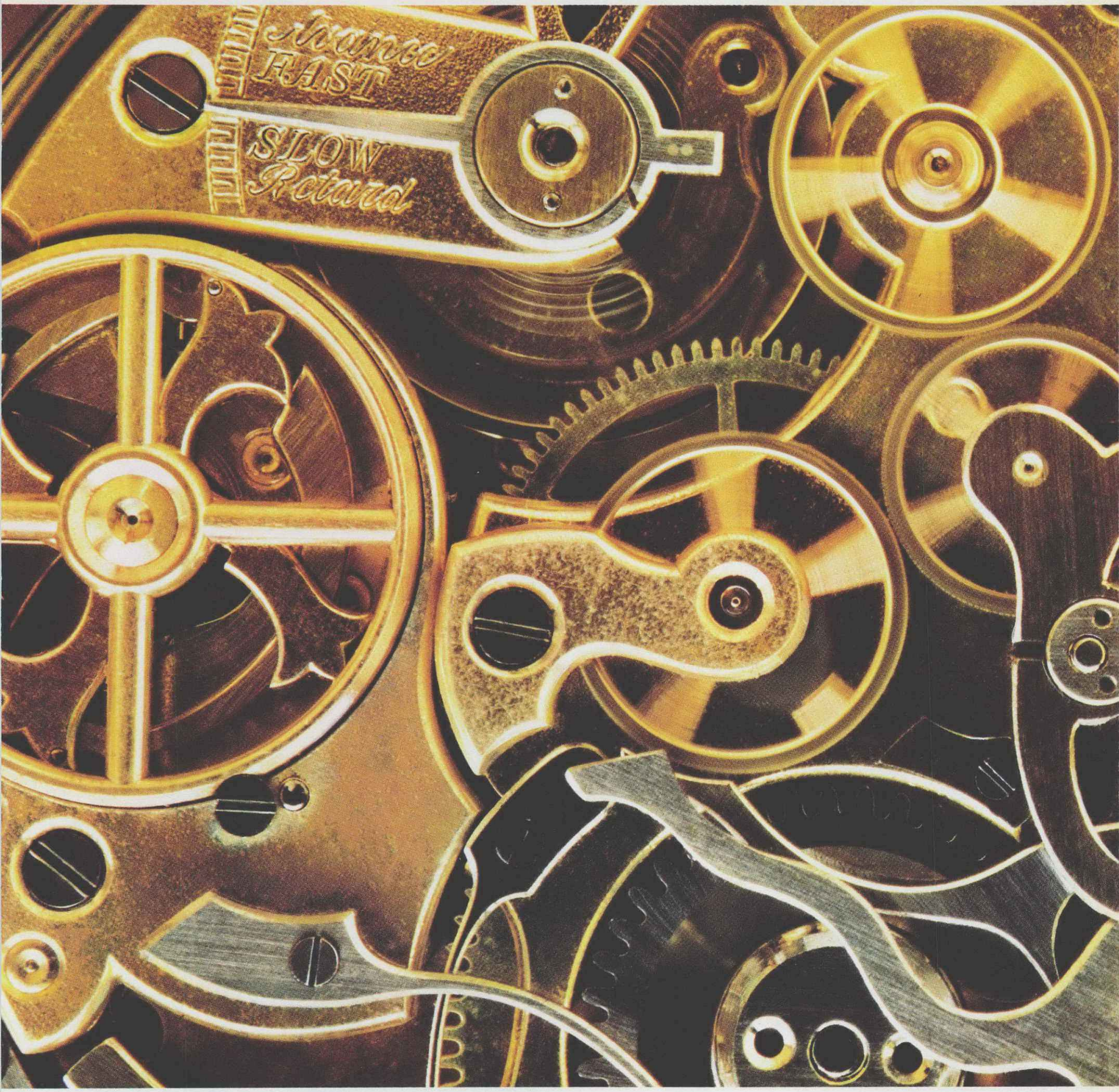
Have your broker contact us to discuss CNA's Group LTD plans and what they can do for you.

Coverage is underwritten by Continental Casualty Company, one of the CNA Insurance Companies.

CNA

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By paying close attention to the details of your business, we can design insurance or service programs geared precisely to your needs. With imaginative techniques that match premiums to exposure.

We can also help you minimize those exposures through a complete line of risk management services, including loss control, claims administration, industrial hygiene, loss experience reports, and every service you need to administer self-insurance and captive programs.

And when you work with us, you're not working with a faceless voice on the telephone. You get the personal attention of an account executive who knows your business inside and out.

If you'd like to see the benefits of working with people who understand your business, give our business a call at (715) 346-6863.

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National Accounts Department
Sentry World Headquarters
1800 North Point Drive
Stevens Point, WI 54481




# In 1938, when a Martian invasion threatened the world

Was it really happening? Or was it a ruse? One thing was certain. The resulting mass hysteria had proven the power of radio in America.

But on that uncertain October evening back in '38 when Orson Welles' incredible broadcast shocked the world, Allendale had been a credible property insurer for 103 years.

In a changing world where events like this shape history, this is our way of reminding you of one progressive, stable company that's been around since 1835.

Today at Allendale, we continue to shape the history of



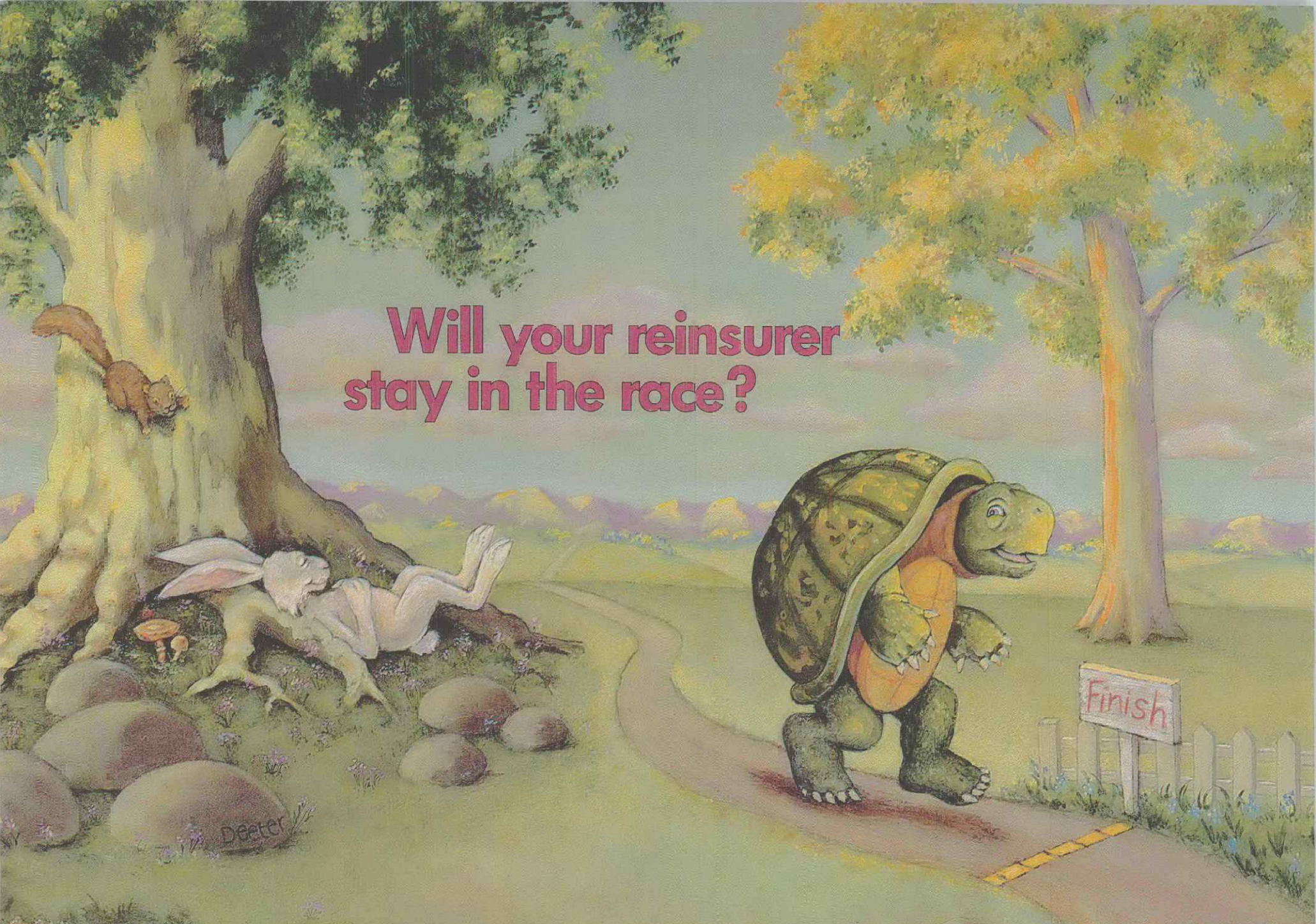
# Allendale had been insuring planet Earth for 103 years.

loss control with engineering, training, research and testing, responsiveness and fairness in the way we do business.

Throughout the years we've been more than an ordinary insurance company. Commitment to our insureds goes well beyond the property coverages we provide.

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Reinsurance is a long road into the future. But there is no fast lane. And in time, many a fast buck will fall to the wayside.

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***perspective***

# Consultant can aid in search for RMIS

SELECTING THE PROPER risk management information system to meet a variety of criteria is a critical issue to the risk manager.

We have seen how RMIS vary in scope and application. We have seen how beneficial they can be, when properly used, to the risk management professional in information management, vendor control, loss forecasting, risk financing, etc.

We also have seen how potentially expensive they can be. That expense is exacerbated if the system that is selected is not properly fitted to the particular application.

Therefore, this is the dilemma: While risk management information systems yield significant savings of both cost and time, there also is the risk that an improperly purchased or leased RMIS will have the opposite effect.

What can the risk management professional do? Should he or she build an internal risk management information system or purchase one from an outside vendor?

How large should the system be? What is a reasonable price for the services rendered? How can seemingly unrelated proposals from different vendors be compared accurately?

Unless the risk management professional also has a degree in computer engineering, it might be quite difficult to sift through many confusing proposals made by well-intentioned but partisan vendors.

Another option that the risk manager should consider is hiring a consultant to assist in the evaluation process.

This sounds easy, but how does the risk management professional select the consultant? That is a tougher question, since there are many "consultants" advertised across the country claiming expertise not only in RMIS, but in other related areas as well.

Therefore, it is prudent for the risk manager to define carefully what he or she expects in terms of the consultant's experience, qualifications, fee, required project time, etc.

Some of the major issues that the risk manager should consider and highlight before selecting a consultant include:

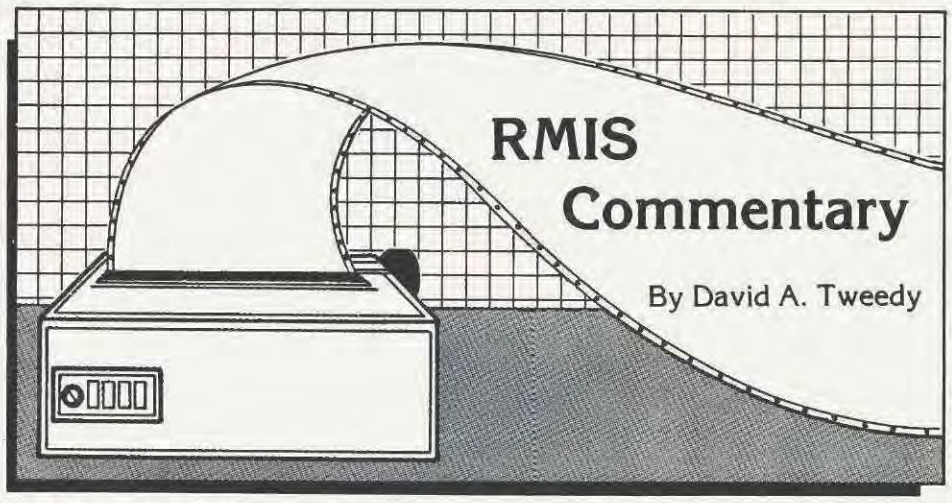
- Integrity. A selected consultant or consulting firm should be completely objective. There should be no conflict of interest in terms of providing the product as well.

In other words, the consultant should be able to provide an independent and objective recommendation, which can be critical in making a difficult choice from among several well-qualified proposals by vendors.

Independence of the consulting firm, from the buyer's perspective, is desirable in removing allegations of potential conflict or actual conflict of interest.

Another facet of integrity is the confidentiality agreement between client and consultant. The buyer must be certain that the consulting firm retained emphasizes confidentiality of client engagements.

This can be confirmed by professional societies of consultants, such as the Institute of Management Consultants or the Society of Risk Management Consultants, or by the references that the consulting firm provides.




- Expertise. Obviously, this is a desired commodity in a consulting firm. The buyer should require the consulting firm to provide a list of clients for whom similar work has been performed.

Moreover, the background and past experience of the consultant or consultants who will work on this project should be evaluated.

A preliminary interview with the consulting firm also should yield some valuable information concerning the type of experience it has. For example, you should ask for a specific breakdown of the types of consulting projects on which the firm works.

For risk management information system consulting projects, it is desirable that the consulting firm have a strong management consulting orientation. Because RMIS have such a widespread impact on the entire organization, not just the risk management department, that part of the project is extremely critical.

Remember that senior management probably will have a strong interest in an extensive risk management information system. Therefore, the consultant or consulting firm retained should have a strong management consulting background, in addition to technical abilities in the computer and risk management arenas.

Obviously, technical expertise in the fields of computer engineering and risk management are necessary for a consultant to serve effectively as an intermediary among client, vendor, broker, insurance company, etc. The consulting firm should have the ability to communicate effectively with each of these different entities, and especially with the client.

- Chemistry. The prospective consulting firm not only must demonstrate expertise in the technical and management areas, but it also must be a good *consulting* firm.

And, consulting does not rely solely on technical expertise. Rather, it includes a demonstrated ability to identify and solve problems and to communicate that effectively to the client.

Therefore, the potential buyer of consulting services must look for the "chemistry" between the consulting firm and himself. After all, if you are unable to work with the selected consultant, the results may be almost as bad as picking the wrong RMIS.

- Fees. In a developed request for proposal or interview with the consulting firm, ask specific questions about how the project will be built and about fees.

Most consultants work on a per diem basis. However, there are other variations that should be spelled out explicitly.

You should ask to see what the different rates are for the personnel assigned to the project. Furthermore, you also should ask about fee caps, how the consultant handles cost overruns—such as whether you are informed before or after an overrun occurs—and the like.

A request for proposal, based on uniform consulting specifications, is a good tool to use to determine how the competing consulting firms will address the project.

It may be a good idea to structure the RFP with some vague statements that hopefully will elicit questions from the competing consulting firms. That will show that there is an interest, and that consultants are not just sending you a standard word processor proposal.

Also, use the RFP to encourage innovative approaches on the part of the consulting firm. You may get some useful ideas to help solve your problem.

In summary, selection of the proper consulting firm to help you decide on designing and implementing the right risk management information system is an important process.

And, considering the potential six-figure investment an RMIS represents, having an unbiased expert working exclusively for you is a valuable asset.

Selecting the proper consultant is just as important as selecting the proper system itself. There are many risk management information systems, and there are many *consultants* in the market today. Selecting the best of each is of critical importance to the risk management professional. ■

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*David A. Tweedy is a risk management consultant for D.A. Betterley Risk Consultants Inc. in Worcester, Mass. He is the assistant editor of Betterley Risk Management Commentary and the author of RMIS Update, a yearly publication analyzing major risk management information systems and vendors. His column on risk management information systems appears the third Monday of every month.*



# Hospitalized employee 'actively at work': Court

***legal briefs***

In a case of first impression, the Supreme Court of Virginia ruled that an employee who was in the hospital with an illness at the time his employer acquired a group life insurance policy was "actively at work" within the meaning of the policy and was qualified for policy benefits where the employee had participated in business decisions while he was at home and in the hospital.

Anthony Bagley died on Aug. 8, 1977, at a hospital where he had been for two weeks. At the time of his death, Mr. Bagley was 65 years old, employed as a salesman for Commonwealth Corrugated Container Corp. and chairman of the company's board of directors. He had been a founder of the company.

Lincoln National Life Insurance Co. issued a group life insurance policy to CCCC effective Aug. 1, 1977. To qualify for the coverage, the group policy required employees to be actively at work when the policy became effective.

Lincoln National denied Mr. Bagley's widow payment for the death benefit. This suit followed, and the trial court ruled for Mrs. Bagley.

On appeal, Lincoln National argued that to be "actively at work" required that the employee be carrying out his normal and customary duties. Lincoln National also argued that non-specific business discussions at the hospital, even if they did occur, simply were insufficient to constitute activity rendering Mr. Bagley eligible for coverage.

The court said that the term "actively at work" was patently ambiguous and uncertain and was not defined in the policy.

"Application of the term is not limited to work at a specific place or to a minimum number of hours of work daily or weekly," the court said. Because of the ambiguity, the court said, the term would be interpreted strictly against the insurer.

Here, the court said, Mr. Bagley, a founder of the company, functioned as an executive, policymaker and administrator. Such duties are not necessarily confined to an office, the court concluded.

As a result, the court upheld coverage of the policy to Mr. Bagley. *Lincoln National Life Insurance Co. v. Commonwealth Corrugated Container*, Supreme Court of Virginia, March 8, 1985 (*BI*/04/M.—$5) ■

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*These abstracts were prepared by Cases Unlimited Inc. A copy of an entire decision may be obtained by sending a check for $5 made out to Cases Unlimited to Business Insurance, 740 N. Rush St., Chicago, Ill. 60611. List the number for each opinion.*

***perspective***

# Risk management too valuable to neglect

**By Roy Carter**

IN A WORLD of ever more sophisticated management techniques, there surely can be few vital skills as neglected as risk management.

Risk management often is confused with either security or insurance, instead of being recognized as a profit-making package including these things.

For a discipline with across-the-board relevance to all kinds of business activity, this neglect is surprising. And, there is little doubt that considerable potential and resources are wasted as a result.

The problem affects all companies of all sizes. Even a few of the corporate giants fail to make the most of good risk management, which is unusual because the benefits are real and the cost often non-existent.

Every company operates some form of asset protection program, at least going so far as to make sure that its premises are locked at night, for example. These precautions vary greatly in scope and effectiveness, but nearly all have one important factor in common: a state of mind that regards the function as entirely passive.

The descriptions used emphasize and promote this attitude: asset protection, security, loss prevention, etc. And, it is almost inevitable that the negative aspirations they imply become self-fulfilling.

This normally means that the personnel—and the hardware—involved are basically unpopular, enjoying, at best, a grudging acceptance of the feeling that matters might be worse without them. Of course the truth of this belief can be tested only by eliminating the overhead altogether, which is a dangerous gamble, analogous to failing to insure one's house.

But, the dilemma can be solved. By bringing the loss prevention manager into the mainstream of company activity, his or her job description can be made to focus not simply on asset protection—although naturally this function will continue—but on asset maximization.

This is one of the central themes of good risk management: a simple but far-reaching change of thinking that gives a productive role to a previously reactive department.

The current loss of potential often stems from nothing more complex than a lack of imagination. Security is seen as a necessary evil, and there is a conflict of interest between its practitioners, who see their budgets as a measure of success and personal importance, and top managers, who see them as a measure of their reliability.

One result of this is the continual attempts of security professionals to justify their existence in ways that are nearly always conjectural.

We hear, for example, that their skills are profit-making to the degree that they prevent losses in excess of their own costs. But, even if this is true, it rarely is demonstrable.

Furthermore, most management would agree it is a most unsatisfactory form of profit that consists solely in keeping one's own rightful property.

A much more agreeable use of the profession surely is to seek ways of mitigating its costs by tangible achievement, including the discovery of previously unforeseen risk and the removal, as opposed to the creation, of fresh areas of expenditure.

With a little foresight, it need not be a major step to assessing the positive financial potential of each and every projected asset protection measure.

This undoubtedly sometimes will prove futile, but there are many areas where it will succeed, such as timekeeping and payroll applications for access control systems, energy management interfaces for computerized control centers, work study potential for security cameras, etc.

**'Risk management often is confused with either security or insurance, instead of being recognized as a profit-making package including these things.'**

More directly, increased involvement in mainstream affairs can produce significant savings in consultants' fees by extending the security role to such fields as risk evaluation for corporate expansion and trade, particularly overseas.

Assessing corporate operations is no less a legitimate task of security than evaluating, for example, physical vulnerabilities. Both have the same protective intent and, therefore, cannot be other than mutually complimentary.

The avenues are many and various once we begin to look for them, but making the change first requires a decision at the highest level of management.

A functioning risk management program must have not only widespread support, but also authority.

The old-fashioned concept of a security manager reporting, for example, to someone in personnel—never appropriate—must be laid to rest once and for all. Access to all levels of management is vital.

Remember, the function is risk discovery as much as elimination, and this cannot be achieved by a system that is inherently reactive or hidebound by internal interest groups.

There are convincing arguments for the inclusion of virtually all corporate activity in the sphere of risk management, and a real involvement in the mainstream is the only way to obtain worthwhile, let alone optimum, results.

Only in this way can problems that would not normally be reported to a security department become the subject of study.

To take an illustrative case: A photographic manufacturer's silver reclamation machinery was found to be operating at less than 25% efficiency, and a new plant was authorized. However, an objective risk management evaluation correctly saw the entire operation as an unnecessary peripheral activity involving by-products, and as an operation with built-in security problems in protection of the silver.

The study changed direction and led to a buyer being found for the untreated waste at a price equivalent to the reclamation process working at 65% efficiency. Additionally, no new plant was needed, personnel costs were slashed and a security headache was eliminated. In sum, the equivalent of 100% efficiency was achieved, bettering the optimum performance of the proposed new machinery.

This case demonstrates perfectly the essential change of thinking involved in risk management: an automatic ability to look beyond the obvious options for the best answer.

Another company's research and development division was concerned about the protection of confidential data. An expensive and complex security system was asked for, but the risk management analysis began not with an automatic protection plan but with a study of probable violators, such as the company's competitors.

The result was a scaled-down protection program, funded by selected research material being declassified and sold to the very companies that had been regarded as a threat. Overnight, research and development became a money-making operation for the first time in corporate history, and a danger was transformed into an advantage.

The basic element here, of course, is objectivity. By making no assumptions, risk management's answers are sometimes as gratifying as they are surprising.

These examples are in no way typical, but they are illustrative of the fact that most problems can be assessed in a wider context.

And, there is no doubt that a recognition of the fact can turn asset protection from a spending machine with intangible benefits into a money-spinner.

If this can be proved merely by changing the department's name and, therefore, its direction, why not do it? Making the decision to try is free, and the rest can only be profit. ■



*Roy Carter is a writer on security-related topics for the business press. He lives in Lancashire, England.*

# Book guides governments through hard market

***books & ideas***

**"Risk Management Today: A How-To Guide for Local Government"**
**Edited by Natalie Wasserman and Dean G. Phelus**
**Published by the Public Risk & Insurance Management Assn. and The International City Management Assn., 1120 G St. N.W., Suite 400, Washington, D.C. 20005**
**168 pages, paperback**
**$19.95, plus $2.75 for orders not prepaid**

**Alison Kittrell**

"RISK MANAGEMENT Today" is an anthology of articles by experts in risk management for public entities. It is designed to help guide local governments through the current dark days of increased liability and decreased commercial insurance availability.

"Managing government is fast becoming a risky business," editor Dean G. Phelus, a senior staff associate with PRIMA, explains in the introduction. "The erosion of sovereign immunity has made municipalities the target of a growing number of lawsuits, and the complexity of providing many services within budget constraints has made governments vulnerable to an ever-growing number of risks."

In addition, he points out, the current hard market has made property/casualty insurance coverage, which previously was both available and affordable, either prohibitively expensive or simply unavailable.

This how-to guide, published by two major associations for public entity risk managers, is divided into four sections.

In the first section, two articles—one by Lauren C. Cragg and H. Felix Kloman of Tillinghast, Nelson & Warren Inc., and one by L.E. O'Brien, executive vp of Associated Risk Managers of New York state and Duane E. Wilcox of Cornell University in Ithaca, N.Y.—provide an overview of the risk management function and outline the steps involved in developing a risk management program for a local government.

Part Two explores a variety of options for financing risk. Articles by experts cover bidding insurance for school districts, property exposures, transferring financial responsibility through contracts and self-insurance.

The third part examines three areas of exposure that have the potential to be financially devastating to a public entity: public officials liability, police officers liability and environmental impairment liability.

The articles in this section look at ways to identify, minimize and protect against these risks.

Finally, the fourth section examines risk control in the workplace, focusing on safety management practices, health care cost-containment and workers compensation cost control.

All of these articles are easy to read and, more importantly, are written by people with real-life experience in handling the risks of local government entities who explain what has worked for them.

And, that makes this an important and welcome addition to the library of any public entity risk manager. ■

*Continued from page 46*
audits; 15% special projects, including risk retention analysis, including self-insurance studies, loss settlement assistance, preparation of specifications for bidding.

**Specialty:** Cable television, associations.

**Staff:** One total staff member who is a principal consultant and holds ARM and MBA designations.

**Clients:** 11 total clients; 55% with risk and insurance budgets less than $1 million, 35% $1 million-$5 million, 10% $5 million-$10 million. No minimum size client.

**Compensation:** By the project; by the hour: principal consultant, $80-$95.

**1985 gross revenues:** Not reported.

**Principal officers:** Walter R. Curtner, president.

### Robert M. Currey & Associates

108 Union Wharf, Boston, Mass. 02109*; 617-227-5874

*As of April 1, new address will be 17 Arlington St., Boston, Mass. 02116.

**Year founded:** 1981.
**Independent.**

**Services provided:** 45% continuous consulting, 25% risk management audits, 30% special projects.

**Staff:** Five total staff members, three professional staff members.

**Clients:** More than 75 total clients. No minimum size client.

**Compensation:** By the hour.

**1985 gross revenues:** Not reported.

**Principal officers:** Robert M. Currey, principal officer.

## d

### Kevin F. Donoghue & Associates

200 Lincoln St., Boston, Mass. 02111; 617-482-7015

**Year founded:** 1970.
**Independent.**

**Services provided:** 80% continuous consulting; 15% risk management audits; 5% special projects, including frequent risk retention analysis, including self-insurance studies, analysis of necessary insurance limits, insurance contract analysis, preparation of specifications for bidding; occasional captive feasibility studies, claims auditing, assessment of broker service and remuneration, loss settlement assistance, risk management organization studies, quantitative analysis and statistical forecasting, consulting on the design of risk management information systems.

**Specialty:** Contractors, manufacturers, retailers, wholesalers, municipalities, pharmaceutical operations, leisure time industries.

**Staff:** 12 total staff; six professional staff members.

**Clients:** 95 total clients; 65% with risk and insurance budgets less than $1 million; 25% $1 million-$5 million; 7% $5 million-$10 million 3% $10 million-$25 million. Minimum size client: approximately $50,000 risk and insurance budget.

**Compensation:** By the hour: principal consultant, $100-$125; junior consultant, $70-$90; clerical, $40.

**1984 gross revenues:** Not reported.

**Principal officers:** Kevin F. Donoghue, president; Richard G. Healy, vp-claims consulting; Timothy R. Love, executive vp; Wesley B. Rowe, senior vp.

**Membership:** SRMC.

## e

### EVAZBO Risk Management Consulting Services Inc.

Popular Bank Building, 9th Floor, Old San Juan, Puerto Rico 00902; 809-724-3442

**Year founded:** 1974.
**Independent.**

**Services provided:** 72% continuous consulting; 9% risk management audits; 4% special projects, including frequent analysis of necessary insurance limits, insurance contract analysis, claims auditing, loss prevention audits, assessment of broker service and remuneration, loss settlement assistance, risk management organization studies, preparation of specifications for bidding, quantitative analysis and statistical forecasting, consult on the design of risk management information systems; 15% other services, including risk management conferences, loss control training, publications, employee benefits audits.

**Specialty:** Manufacturing, fast food, retail.

**Locations:** Tampa, Fla.; New York.

**Staff:** 10 total staff members; six staff members assigned to risk management consulting only; four professional staff members, including one principal consultant, two consultants, one analyst. Professional designations held by staff include one CPCU, one CPA.

**Clients:** 10 total clients; 100% with risk and insurance budgets $1 million-$5 million. Minimum size client: $100,000 risk and insurance budget.

**Compensation:** By the project; on retainer; by the hour: principal consultant, $150; junior consultant, $125; consultant, $100; clerical, $25.

**1985 gross revenues:** $475,000 total, $403,750* from risk management consulting.

**Principal officers:** Edna Vazquez de Bonnet, president; Mildred Miranda, vp; Gloria Gordils, treasurer.

*BI estimate.

### Ebasco Risk Management Consultants Inc.

2 World Trade Center, New York, N.Y. 10048; 212-839-1315

**Year founded:** 1905.

**Parent company:** Ebasco Services Inc.

**Services provided:** 30% continuous consulting; 50% risk management audits; 15% special projects, including frequent risk retention analysis, including self-insurance studies, analysis of necessary insurance limits, insurance contract analysis, assessment of broker service and remuneration, risk management organization studies, preparation of specifications for bidding, quantitative analysis and statistical forecasting, consulting the design of risk management information systems, pension actuarial studies; occasional captive feasibility studies, claims auditing, loss prevention audits, accounting system analysis, loss settlement assistance; 5% other services, including newsletters, books, films, assessment guides.

**Locations:** Lyndhurst, N.J.

**Specialty:** Public entities, utilities.

**Staff:** 30 total staff members; 15 staff members assigned to risk management consulting only; eight professional staff members, including three principal consultants, three consultants, two analysts. Professional designations held by staff include one CPCU, three ARMs, one ACAS, one CLU.

**Clients:** 94 total clients; 5% with risk and insurance budgets less than $1 million, 15% $1 million-$5 million, 30% $5 million-$10 million, 40% $10 million-$25 million, 10% exceeding $25 million. Minimum size client: $1 million risk and insurance budget.

**Compensation:** By the project; on retainer; by the hour: principal consultant, $108; junior consultant, $88; consultant, $100; clerical, $34.

**1985 gross revenues:** $1 million from risk management consulting.

**Principal officers:** Robert M. Bieber, president.

**Membership:** SRMC.

### Ernst & Whinney-Risk Management Consultant Practice

153 E. 53rd St., New York, N.Y. 10022; 212-888-9100

**Year founded:** 1903.
**Independent.**

**Services provided:** 33.3% continuous consulting; 33.3% risk management audits; 33.3% special projects, including frequent risk retention analysis, including self-insurance studies, captive feasibility studies, analysis of necessary insurance limits, insurance contract analysis, claims auditing, accounting system analysis, assessment of broker service and remuneration, loss settlement assistance, risk management organization studies, preparation of specifications for bidding, quantitative analysis and statistical forecasting, consulting on the design of risk management information systems; occasional loss prevention audits.

**Locations:** Offices throughout the United States.

**Staff:** 22 total staff members; 14 professional staff members, including four principal consultants, six consultants, four analysts.

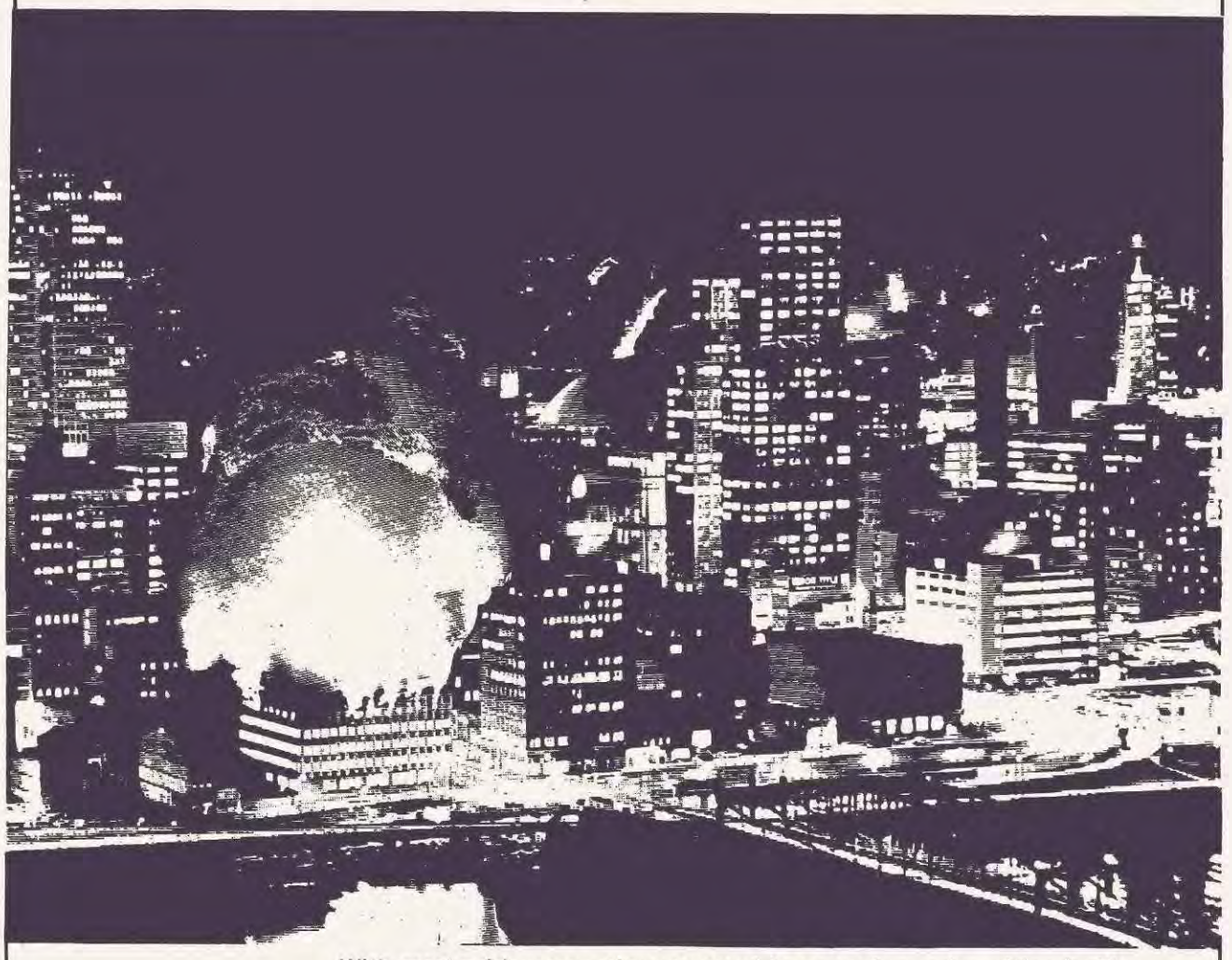
**Clients:** 52 total clients; 20% with risk and insurance budgets less than $1 million, 40% $1 million-$5 million, 15% $5 million-$10 million, 15% $10 million-$25 million, 10% exceeding $25 million. No minimum size client.

**Compensation:** By the project; on retainer; by the hour: principal consul-

*Continued on facing page*

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*Continued from facing page*
tant, $175-$225; junior consultant, $125-$175; consultant, $90-$125; clerical services included.

**1985 gross revenues:** Not reported.

**Principal officers:** Richard S. Van Cleave III, principal/national director; Cyrus P. Quadland and John F. Riley, senior managers.

**Membership:** SRMC.

## f

### The FPE Group

3687 Mount Diablo Blvd., Lafayette, Calif. 94549; 415-283-8860

**Year founded:** 1972.

**Parent company:** Fred S. James & Co. Inc.

**Services provided:** 35% continuous consulting; 10% risk management audits; 15% special projects, including frequent loss prevention audits, quantitative analysis and statistical forecasting; occasional risk retention analysis, including statistical forecasting, analysis of necessary insurance limits, loss settlement assistance, consulting on the design of risk management information systems; 40% other services, including fire protection system design.

**Locations:** Wichita, Kan.; Chicago; Columbia, Md.; Pine Hill, N.J.; Youngstown, Ohio.

**Staff:** 47 total staff members; 32 staff members assigned to risk management consulting only; 23 professional staff members, including five principal consultants, 12 consultants, six analysts. Professional designations held by staff include three CSPs, 14 PEs.

**Clients:** 40 total clients; 10% with risk and insurance budgets of $1 million-$5 million, 20% $5 million-$10 million, 20% $10 million-$25 million, 50% exceeding $25 million. No minimum size client.

**Compensation:** By the project; by the hour: principal consultant, $95-$125; junior principal, $90-$95; consultant, $60-$90; clerical, $25.

**1985 gross revenues:** $3 million total, $1.8 million from risk management consulting.

**Principal officers:** Kenneth E. Berg, president; McDonald Curless, Robert A. Lapidus, Jerry Perstein, Joseph H. Talbert, Edward K. Vining and B.J. Walker, vps.

### Herbert H. Feldman Insurance Consulting Associates

60 Cutter Mill Road, Great Neck, N.Y. 11021; 516-829-6050

**Year founded:** 1973.

**Independent.**

**Services provided:** 95% continuous consulting, 5% risk management audits.

**Specialty:** Real estate, retail, manufacturing, import-export, service industries.

**Locations:** Montreal, Quebec.

**Staff:** Four total staff members, two staff members assigned to risk management consulting only, two professional staff members. Professional designations held by staff include one MBA, one CPA.

**Clients:** 20 total clients; 80% with risk and insurance budgets less than $1 million, 20% $1 million-$5 million. Minimum size client: $100,000 risk and insurance budget.

**Compensation:** On retainer, by the hour.

**1985 gross revenues:** Not reported.

**Principal officers:** Herbert H. Feldman, principal.

**Membership:** SRMC.

### Felton Associates

3255 Fritchie Drive, Baton Rouge, La. 70809; 504-925-2833

**Year founded:** 1976.

**Independent.**

**Services provided:** 40% continuous consulting; 30% risk management audits; 20% special projects, including frequent risk retention analysis, including self-insurance studies, insurance contract analysis, preparation of specifications of bidding; occasional analysis of necessary insurance limits, assessment of broker service and remuneration, risk management organization studies; 10% other services, including serving as an expert witness.

**Staff:** Two total staff members; one staff member assigned to risk management consulting only; professional staff members include one principal consultant and one analyst. Professional designations held by staff include one CPCU, one MBA, one CLU.

**Clients:** Total clients not reported; 90% with risk and insurance budgets less than $1 million, 5% $1 million-$5 million, 5% exceeding $1 million. No minimum size client.

**Compensation:** By the hour: principal consultant, $100; junior consultant, $75; clerical, $10.

**1985 gross revenues:** Not reported.

**Principal officers:** Robert S. Felton, principal consultant.

**Membership:** SRMC.

### First Risk Management Co.

90 Bustleton Pike, Feasterville, Pa. 19047; 215-322-2400

**Year founded:** 1959.

**Independent.**

**Services provided:** 65% continuous consulting; 25% risk management audits; 10% special projects, including frequent analysis of necessary insurance limits, insurance contract analysis, assessment of broker service and remuneration, loss settlement assistance, risk management organization studies, preparation of specifications for bidding, expert witness work, design and coordination of foreign risk manage-

*Continued on next page*


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**A.** You mean The Hartford *stag*. And no, OSCAR's the name of Hartford Specialty's amazing on-line claim reporting system.

**Q. Does OSCAR help you spot problems and prepare custom reports?**
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**Q. How often is the claim data updated?**
**A.** Every 24 hours—every business day.

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**A.** A little bit of everything.

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*Continued from preceding page*
ment programs; occasional risk retention analysis, including self-insurance studies, captive feasibility studies, claims auditing, loss prevention audits, consulting on the design of risk management information systems.

**Specialty:** Multinational companies, manufacturing, mercantile.

**Locations:** San Juan, Puerto Rico.

**Staff:** 15 total staff members; seven staff members assigned to risk management consulting only; six professional staff members, including three principal consultants, three consultants. Professional designations held by staff include four CPCUs, three ARMs, one ALCM.

**Clients:** Approximately 60 total clients; 92% with risk and insurance budgets less than $1 million, 8% $1 million-$5 million. No minimum size client.

**Compensation:** On retainer; by the hour: principal consultant, $225; consultant, $165-$195; clerical, $30.

**1985 gross revenues:** $800,000 total, all from risk management consulting.

**Principal officers:** Leonard J. Silver, president; Alvin E. Mangold, executive vp/secretary/treasurer; Vera Peregrim, vp.

**Membership:** SRMC.

## Fortune & Co./Risk Managers Inc.

9728 Rosehill Road, Lenexa, Kan. 66215; 913-492-0451

**Year founded:** 1978.
**Independent.**

**Services provided:** 70% continuous consulting; 10% risk management audits; 20% special projects, including frequent risk retention analysis, including self-insurance studies, analysis of necessary insurance limits, insurance contract analysis, preparation of specifications for bidding; occasional captive feasibility studies, claims auditing, loss prevention audits, assessment of broker service and remuneration, loss settlement assistance, risk management organization studies.

**Staff:** Three total staff members; two staff members assigned to risk management consulting only; two professional staff members who are principal consultants. Professional designations held by staff include two CPCUs, two ARMs, one CLU.

**Clients:** 25 total clients; 85% with risk and insurance budgets less than $1 million, 15% $1 million-$5 million. No minimum size client.

**Compensation:** By the project; on retainer; by the hour: principal consultant, $75-$120; clerical, $20.

**1985 gross revenues:** Not reported.

**Principal officers:** David E. Fortune, president; Burton A. Selfridge Jr., vp.

## Leonard R. Friedman/Risk Management Inc. (LRF/RM Inc.)

170 Great Neck Road, Great Neck, N.Y. 11021; 516-466-0750

**Year founded:** 1974.
**Independent.**

**Services provided:** 90% continuous consulting; 6% risk management audits; 4% special projects, including occasional risk retention analysis, including self-insurance studies, captive feasibility studies, insurance contract analysis, claims auditing, loss prevention audits, assessment of broker service and remuneration, loss settlement assistance, preparation of specifications for bidding.

**Specialty:** Retail chains, wearing apparel manufacturing, non-profit institutions.

**Staff:** 14 total staff members, nine professional staff members, including two principal consultants, three consultants, three analysts. Professional designations held by staff include two CPCUs, four ARMs, one MBA.

**Clients:** 26 total clients; 90% with risk and insurance budgets less than $1 million, 10% $1 million-$5 million. Minimum size client: $150,000 risk and insurance budget.

**Compensation:** By the project; on retainer; by the hour: principal consultant, $200; junior consultant, $60; consultant, $125; clerical, $30.

**1985 gross revenues:** $800,000 total, all from risk management consulting.

**Principal officers:** Leonard R. Friedman, chairman; Alice B. Weiss, president; Susan G. Kaufman, vp.

**Membership:** SRMC.


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## g

## Glenn, Nyhan & Associates/American Health Systems/ American Insurance Services

282 Second St., San Francisco, Calif. 94105; 415-777-2341

**Year founded:** 1980.

**Parent company:** Glenn, Nyhan & Associates.

**Services provided:** 5% continuous consulting; 5% risk management audits; 15% special projects, including frequent risk retention analysis, including self-insurance studies, captive feasibility studies, risk management organization studies; occasional analysis of necessary insurance limits, insurance contract analysis, claims auditing, loss prevention audits, quantitative analysis and statistical forecasting, consulting on the design of risk management information systems; 75% other services, including association insurance brokerage, establishing domestic insurers, health economics consulting.

**Specialty:** Health care industry.

**Locations:** Chicago; Wallingford, Conn.; Princeton, N.J.; Radnor, Pa.; Columbia, Md.

**Staff:** 75 total staff members; 10 staff members assigned to risk management consulting only; 40 professional staff members, including seven principal consultants, 20 consultants, 13 analysts. Professional designations held by staff include four CPCUs, five ARMs, three MBAs, one CLU, four CPAs, two attorneys.

**Clients:** 10 total clients; 30% with risk and insurance budgets $1 million-$5 million, 50% $5 million-$10 million, 20% $10 million-$25 million. Minimum size client: $1 million risk and insurance budget.

**Compensation:** By the project; on retainer; by the hour: principal consultant, $175; junior consultant, $100; consultant, $125; clerical, $75.

**1985 gross revenues:** $4.6 million total, $1.15 million from risk management consulting.

**Principal officers:** Paul E. Dorron, chairman/chief executive officer; Bartholomew G. Nyhan, president/chief operating officer; John Norris, president-American Health Systems; Michael Feldman, senior vp; R.E. Glenn and Michael Maglares, executive vps; R.W. Shepherd, executive vp/chief financial officer; John Dorsett, president-American Insurance Services.

## Dave Goodwin & Associates

P.O. Drawer 54-6661, Surfside, Fla. 33154-0661; 305-531-0071

**Year founded:** 1963.
**Independent.**

**Services provided:** 70% continuous consulting; 5% risk management audits; 5% special projects, including frequent analysis of necessary insurance limits, insurance contract analysis, claims auditing, loss prevention audits, assessment of broker service and remuneration, loss settlement assistance; occasional risk retention analysis, including self-insurance studies, accounting system analysis, risk management organization studies, preparation of specifications for bidding, quantitative analysis on statistical forecasting; 20% other services, including marketing consulting.

**Staff:** Two total staff members; one staff member assigned to risk management consulting only; one professional staff member who is a principal consultant.

**Clients:** 40 total clients; 98% with risk and insurance budgets less than $1 million, 2% $1 million-$5 million. Minimum size client: $50,000 risk and insurance budget.

**Compensation:** By the project, on retainer.

**1985 gross revenues:** $200,000 total, $160,000* from risk management consulting.

**Principal officers:** Dave Goodwin, owner.

**BI estimate.*

## J.M. Gordon & Associates

620 300 Fifth Ave. S.W., Calgary, Alberta T2P 3C4; 403-265-6748

**Year founded:** 1983.
**Independent.**

**Services provided:** 15% continuous consulting; 25% risk management audits; 60% special projects, including frequent risk retention analysis, includ-

*Continued on page 60*

# Can business control costs in the '80s with health insurance designed in the '50s?



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Which is unfortunate.

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*Continued from page 58*
ing self-insurance studies, captive feasibility studies, analysis of necessary insurance limits, insurance contract analysis, loss prevention audits, assessment of broker service and remuneration, loss settlement assistance, risk management organization studies, preparation of specifications for bidding, quantitative analysis and statistical forecasting, O.I.L. feasibility studies, business interruption risk analysis; occasional claims auditing, accounting system analysis, consulting on the design of risk management information systems.

**Specialty:** Petroleum, petrochemical, utilities and other energy related fields.

**Staff:** Five total staff members, three professional staff members who are principal consultants. Professional designations held by staff include two ARMs, two MBAs, two PEs, one attorney, one FIIC.

**Clients:** 25 total clients; 40% with risk and insurance budgets less than $1 million, 30% $1 million-$5 million, 30% $5 million-$10 million.

**Compensation:** By the project; by the hour: principal consultant, $100; clerical, $25.

**1985 gross revenues:** Not reported.

**Principal officers:** Jack Gordon, president.

**Membership:** SRMC.

## Ernest A. Holfoth

4947 Lake Shore Road, Hamburg, N.Y. 14075; 716-627-5828

**Year founded:** 1978.
**Independent.**

**Services provided:** 75% continuous consulting; 15% risk management audits; 8% special projects, including frequent analysis of necessary insurance limits, insurance contract analysis, assessment of broker service and remuneration, preparation of specifications for bidding; occasional risk retention analysis, including self-insurance studies, claims auditing, loss prevention audits, loss settlement assistance, risk management organization studies, quantitative analysis and statistical forecasting; 2% other services, including management of Upstate Municipal Risk Assn. Inc. (non-profit educational risk management organization).

**Specialty:** Municipalities and local government entities.

**Staff:** Three total staff; two professional staff members, including one principal consultant, one consultant. Professional designations held by staff include two CPCUs, two ARMs.

**Clients:** 30 total clients; 100% with risk and insurance budgets less than $1 million. No minimum size client.

**Compensation:** By the project; on retainer; by the hour: principal consultant and consultant, $50-$60.

**1984 gross revenues:** Not reported.

**Principal officers:** Ernest A. Holfoth, sole proprietor.

**Membership:** SRMC.

## Harold Hudd

6751 Whiteoak Drive, Richmond, British Columbia V7E 4Z7; 604-669-6500, extension 816, or 604-277-5668

**Year founded:** 1983.
**Independent.**

**Services provided:** 10% continuous consulting; 60% risk management audits; 30% special projects, including frequent analysis of necessary insurance limits, insurance contract analysis, preparation of specifications for bidding; occasional risk retention analysis, including self-insurance studies, claims auditing, loss prevention audits, assessment of broker service and remuneration, loss settlement assistance, risk management organization studies, quantitative analysis and statistical forecasting, consulting on the design of risk management information systems.

**Specialty:** Public service, contractors, mining, forestry.

**Staff:** Three total staff members, one professional staff member who is a principal consultant. Professional designations held by staff include one ARM, one FIIC, one ACII.

**Clients:** 50 total clients, 100% with risk and insurance budgets less than $1 million. No minimum size client.

**Compensation:** By the project; on retainer; by the hour: principal consultant, $75; clerical, $15.

**1985 gross revenues:** Not reported.

**Principal officers:** Harold Hudd, principal consultant.

## Huggins Financial Services Inc.

229 S. 18th St., Philadelphia, Pa. 19103; 215-875-2464

**Year founded:** 1911.

*Continued on facing page*

*h*

## Frank B. Hall & Co. Inc. (Risk Management Services)

549 Pleasantville Road, Briarcliff Manor, N.Y. 10510; 914-769-9200

**Year founded:** 1862.

**Parent company:** Frank B. Hall & Co. Inc.

**Services provided:** 8% continuous consulting; 5% risk management audits; 3% special projects, including frequent risk retention analysis, including self-insurance studies, captive feasibility studies, insurance contract analysis, loss prevention audits, preparation of specifications for bidding, quantitative analysis and statistical forecasting; occasional accounting system analysis, loss settlement assistance, risk management organization studies; 84% other services, including insurance brokerage, various services.

**Locations:** Offices worldwide.

**Staff:** Not reported.

**Clients:** Total clients not reported.

**Compensation:** By the project; commissions for insurance placed with underwriters; on retainer; by the hour: principal consultant, $125-$150; junior consultant, $60-$80; consultant, $110; clerical, $30.

**1985 gross revenues:** $417 million total, $66.7 million from risk management consulting.

**Principal officers:** John F. McCaffrey, chairman/chief executive officer; Peter T. Pruitt, president/chief operating officer; William C. Bartholomay, Henry E. Froebel and Colby Hewitt Jr., vice chairmen.

## Thomas J. Hammond & Co.

3701 Wilshire Blvd., Suite 326, Los Angeles, Calif. 90010; 213-480-3833

**Year founded:** 1975.
**Independent.**

**Services provided:** 90% continuous consulting; 8% risk management audits; 2% special projects, including frequent risk retention analysis, including self-insurance studies, analysis of necessary insurance limits, insurance contract analysis, assessment of broker service and remuneration, loss settlement assistance, risk management organization studies, preparation of specifications for bidding, quantitative analysis and statistical forecasting; occasional captive feasibility studies, claims auditing, loss prevention audits, accounting system analysis, consulting on the design of risk management information systems.

**Staff:** Five total staff members; two staff members assigned to risk management consulting only; professional staff members include one principal consultant, one consultant.

**Clients:** 38 total clients.

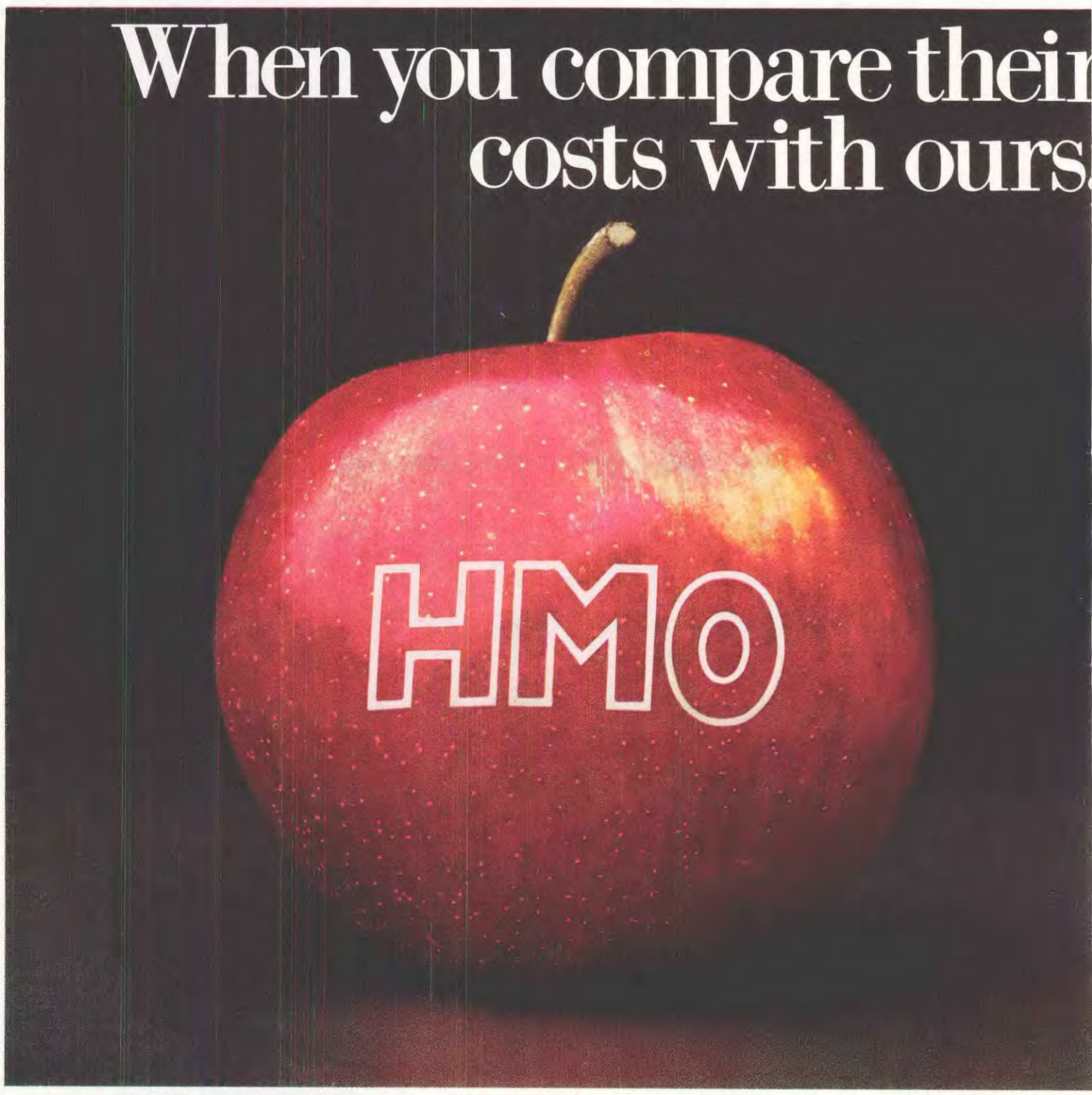
**Compensation:** By the project, on retainer, by the hour.

**1985 gross revenues:** Not reported.

**Principal officers:** Thomas J. Hammond Jr., president; Rosemary Jansen, vp.

**Membership:** SRMC.


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An HMO means setting up special payment arrangements. HealthCare Compare is simply added on to existing arrangements.

HealthCare Compare is a wholly

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**Parent company:** Saatchi & Saatchi Co. Ltd.

**Services provided:** 25% continuous consulting; 10% risk management audits; 15% special projects, including frequent risk retention analysis, including self-insurance studies, captive feasibility studies, analysis of necessary insurance limits, insurance contract analysis, assessment of broker service and remuneration, risk management organization studies, preparation of specifications for bidding, quantitative analysis and statistical forecasting; occasional claims auditing, accounting system analysis, loss settlement assistance, consulting on the design of risk management information systems; 50% other services, including consulting to commercial insurers, consulting to banks.

**Locations:** New York; Chicago; Stamford, Conn.

**Staff:** Total staff not reported; 37 staff members assigned to risk management consulting only; professional staff members include eight principal consultants, 13 consultants, 11 analysts. Professional designations held by staff include two CPCUs, one ARM, nine MBAs, three FCASs, three ACASs, two CLUs, one CIC.

**Clients:** 350 total clients; 15% with risk and insurance budgets less than $1 million, 20% $1 million-$5 million, 25% $5 million-$10 million, 25% $10 million-$25 million, 15% exceeding $25 million. Minimum size client not reported.

**Compensation:** By the project; by the hour: principal consultant, $110-$135; junior consultant, $40-$60; consultant, $80-$110; clerical, $20-$40.

**1985 gross revenues:** $7.5 million total, $3.6 million from risk management consulting.

**Principal officers:** Phillip A. Turberg, president; Ronald T. Kuehn, senior vp; Warren Cooper and George Evans, vps.

### Robert Hughes Associates Inc.

15400 Knoll Trail Drive, Suite 105, Dallas, Texas 75248; 214-980-0088

**Year founded:** 1979.
**Independent.**
**Services provided:** 80% continuous consulting; 10% risk management audits; 10% special projects, including frequent risk retention analysis, including self-insurance studies, captive feasibility studies, insurance contract analysis, assessment of broker service and remuneration, risk management organization studies, preparation of specifications for bidding, quantitative analysis and statistical forecasting; occasional analysis of necessary insurance limits, claims auditing, accounting system analysis, loss settlement assistance, consulting on the design of risk management information systems.

**Specialty:** Oil, gas, transportation, real estate, contracting.

**Staff:** Three total staff members, all of whom are assigned to risk management consulting only; two professional staff members, including one principal consultant, one consultant. Professional designations held by staff include one CPCU, one ARM.

**Clients:** 20 total clients; 5% with risk and insurance budgets less than $1 million, 90% $1 million-$5 million, 5% $5 million-$10 million. No minimum size client.

**Compensation:** By the project; on retainer; by the hour: principal consultant, $150; junior consultant, $100; consultant, $80; clerical, $40.

**1985 gross revenues:** Not reported.

**Principal officers:** Robert N. Hughes, president.

*i*

### Independent Risk & Insurance Management Services (IRIMS)

3080 N. Civic Center Plaza, Scottsdale, Ariz. 85251; 602-941-8357

**Year founded:** 1981.
**Independent.**
**Services provided:** 50% continuous consulting; 30% risk management audits; 20% special projects, including frequent risk retention analysis, including self-insurance studies, analysis of necessary insurance limits, insurance contract analysis, preparation of specifications for bidding, quantitative analysis and statistical forecasting, consulting on the design of risk management information systems; occasional claims auditing, loss prevention audits, accounting system analysis, assessment of broker service and remuneration, risk management organization studies, safety incentive programs; other services include employee benefit program evaluation and design.

**Specialty:** Public entities, hospitals, non-profit institutions.

**Staff:** One staff member, who is a principal consultant and holds an MBA designation.

**Clients:** Total clients not reported; 80% with risk and insurance budgets less than $1 million, 20% $1 million-$5 million. Minimum size client not reported.

**Compensation:** By the project; on retainer; by the hour: principal consultant, $60.

**1985 gross revenues:** Not reported.

**Principal officers:** James Loeb, president.

### Industrial Insurance Management Corp.

P.O. Box 18308, Charlotte, N.C. 28218; 704-535-1123

**Year founded:** 1967.
**Independent.**
**Services provided:** 64.1% continuous consulting; 7.9% risk management audits; 7.4% special projects, including frequent risk retention analysis, including self-insurance studies, analysis of necessary insurance limits, insurance contract analysis, assessment of broker service and remuneration, preparation of specifications for bidding, quantitative analysis and statistical forecasting; occasional captive feasibility studies, claims auditing, loss prevention audits, loss settlement assistance, risk management organization studies; 20.6% other services, including employee benefit consulting.

**Locations:** Birmingham, Ala.; Richmond, Va.

**Staff:** 34 total staff members; 22 staff members assigned to risk management consulting only; professional staff members include five principal consultants, seven consultants, 10 analysts. Professional designations held by staff include two CPCUs, one ARM, one MBA, one CIC, one LLB.

**Clients:** 226 total clients; 81% with risk and insurance budgets less than $1 million, 16% $1 million-$5 million, 2% $5 million-$10 million, 0.5% $10 million-$25 million, 0.5% exceeding $25 million. No minimum size client.

**Compensation:** By the project; on retainer; by the hour: principal consultant, $90-$100; junior consultant, $77.50-$85; analyst, $35-$45.

**1985 gross revenues:** $1.48 million total, $1.17 million from risk management consulting.

**Principal officers:** Glen Pehl, president/treasurer; Norman F. Crews, executive vp; Henry A. Dierks, first vp; Richard Fisher and Fred Tatham Jr., vps.

### Industrial Risk Specialists Inc.

150 Great Neck Road, Great Neck, N.Y. 11021; 516-487-1700

**Year founded:** 1980.
**Independent.**
**Services provided:** 95% continuous consulting, 3% risk management audits, 2% special projects.

**Specialty:** Real estate, construction, manufacturing, chain stores, service in-

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dustry.

**Staff:** Seven total staff members, including two principal consultants, two consultants. Professional designations held by staff include one CPCU, three ARMs, one CLU, two attorneys.

**Clients:** 100 total clients; 95% with risk and insurance budgets less than $1 million, 5% $1 million-$5 million. Minimum size client not reported.

**Compensation:** By the project; on retainer; by the hour: principal consultant, $200; junior consultant, $150; consultant, $100.

**1985 gross revenues:** Not reported.

**Principal officers:** Robert S. Sterling, president; Daniel S. Sterling, treasurer.

**Membership:** SRMC.

## Insurance Advisory Services Inc.

1099 30th St. N.W., Washington, D.C. 20007; 202-965-7900

**Year founded:** 1948.
**Independent.**

**Services provided:** 80% continuous consulting; 15% risk management audits; 5% special projects, including frequent analysis of necessary insurance limits, insurance contract analysis, claims auditing, loss settlement assistance, preparation of specifications for bidding; occasional risk retention analysis, including self-insurance studies, loss prevention audits, risk management organization studies, quantitative analysis and statistical forecasting.

**Staff:** Four total staff members; two professional staff members are principal consultants.

**Clients:** 25 total clients; 90% with risk and insurance budgets less than $1 million, 10% $1 million-$5 million. Minimum size client: $50,000 risk and insurance budget.

**Compensation:** By the project, on retainer.

**1985 gross revenues:** Not reported.

**Principal officers:** Howard de Franceaux, president; John Byrd, vp.

## Insurance Audit & Inspection Co. Inc.

6525 E. 82nd St., Suite 206, Indianapolis, Ind. 46250; 317-849-2700

**Year founded:** 1901.
**Independent.**

**Services provided:** 80% continuous consulting; 20% special projects, including frequent analysis of necessary insurance limits, insurance contract analysis, preparation of specifications for bidding; occasional risk retention analysis, including self-insurance studies, loss prevention audits, assessment of broker service and remuneration, loss settlement assistance, risk management organization studies.

**Locations:** Columbus, Ohio; Charlotte, N.C.; St. Louis.

**Staff:** 14 total staff members, 11 professional staff members who are principal consultants. Professional designations held by staff include three CPCUs, two attorneys.

**Clients:** Approximately 200 total clients; 80% with risk and insurance budgets less than $1 million, 20% $1 million-$5 million. No minimum size client.

**Compensation:** By the project, on retainer, by the hour.

**1985 gross revenues:** Not reported.

**Principal officers:** Mary Coate Houtz, president; Frank C. Alderson, executive vp; Jack Harris, vp; M.E. Free, secretary/treasurer.

**Membership:** SRMC.

## Insurance Buyers' Council Inc.

22 West Road, Suite 301, Baltimore, Md. 21204; 301-828-1656

**Year founded:** 1945.
**Independent.**

**Services provided:** 78% continuous consulting; 6% risk management audits; 16% special projects, including frequent risk retention analysis, including self-insurance studies, analysis of necessary insurance limits, insurance contract anaysis, assessment of broker service and remuneration, preparation of specifications for bidding, quantitative analysis and statistical forecasting, preparation of risk management and insurance manuals, risk management seminars; occasional captive feasibility studies, claims auditing, loss prevention audits, loss settlement assistance, risk management organization studies, consulting on the design of risk management information systems.

**Staff:** 15 total staff members; 10 staff members assigned to risk management consulting only; 10 professional staff members, including eight principal consultants, two consultants. Professional designations held by staff include seven CPCUs, eight ARMs, one MBA.

**Clients:** 216 total clients; 44% with risk and insurance budgets less than $1 million, 45% $1 million-$5 million, 6% $5 million-$10 million, 5% $10 million-$25 million. No minimum size client.

**Compensation:** By the hour: principal consultant, $100; consultant, $60; clerical services included.

**1985 gross revenues:** $1.25 million total, all from risk management consulting.

**Principal officers:** Milton A. Sorrell Jr., chairman; Bernard J. McGovern, president/treasurer; Adam P. Sielicki Jr., executive vp; Fredric W. Schultz, vp/secretary.

**Membership:** SRMC.

## Insurance Consulting Services

8537 E. San Lucas Drive, Scottsdale, Ariz. 85258; 602-483-0022

**Year founded:** 1985.
**Independent.**

**Services provided:** 20% continuous consulting; 10% risk management audits; 70% special projects, including frequent insurance contract analysis, claims auditing, loss settlement assistance; occasional risk retention analysis, including self-insurance studies, analysis of necessary insurance limits, assessment of broker service and remuneration, risk management organization studies, preparation of specifications for bidding.

**Staff:** One professional staff member, who has a CPCU designation.

**Clients:** Five total clients; 50% with risk and insurance budgets less than $1 million, 50% $1 million-$5 million. No minimum size client.

**Compensation:** By the project; by the hour: principal consultant, $25-$50; clerical, $10-$15.

**1985 gross revenues:** Not reported.

**Principal officers:** Lynn Trost, risk management consultant.

## Insurance & Financial Consultants Inc.

Rural Route 12, Box 363, Muncie, Ind. 47302; 317-759-6047

**Year founded:** 1972.
**Independent.**

**Services provided:** 20% continuous consulting; 40% risk management audits; 40% special projects, including frequent analysis of necessary insurance limits, insurance contract analysis, loss prevention audits, risk management organization studies, preparation of specifications for bidding; occasional risk retention analysis, including self-insurance studies, captive feasibility studies, claims auditing, accounting system analysis, assessment of broker service and remuneration, loss settlement assistance, consulting on the design of risk management information systems, expert witness testimony.

**Locations:** Warwick, R.I.; Austin, Texas.

**Staff:** Seven total staff members; two staff members assigned to risk management consulting only; three professional staff members, including one principal consultant, one consultant, one analyst. Professional designations held by staff include one CPCU, one MBA, one CLU, one CIC.

**Clients:** 92 total clients, 100% with risk and insurance budgets less than $1 million. Minimum size client, $25,000 risk and insurance budget.

**Compensation:** By the project, on retainer, by the hour.

**1985 gross revenues:** Not reported.

**Principal officers:** John F. Fitzgerald Jr., president.

**Membership:** SRMC.

## Insurance Management Bureau

921 E. 86th St., Suite 100, Indianapolis, Ind. 46240; 317-259-7418

**Year founded:** 1950.
**Independent.**

**Services provided:** 90% continuous consulting; 6% risk management audits; 4% special projects, including frequent analysis of necessary insurance limits, insurance contract analysis, claims auditing, preparation of specifications for bidding; occasional risk retention analysis, including self-insurance studies, captive feasibility studies, loss prevention audits, assessment of broker service and remuneration, loss settlement assistance, risk management organization studies, quantitative analysis and statistical forecasting, consulting on the design of risk management information

*Continued on facing page*



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THE Q TEAM

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ems.
**pecialty:** Educational institutions.
**taff:** Seven total staff members. fessional designations held by staff ude one CPCU, one ARM, one A, one CLU.
**lients:** 155 total clients; 98% with and insurance budgets less than $1 ion, 2% $1 million-$5 million. No imum size client.
**ompensation:** By the project, on re-er.
**85 gross revenues:** Not reported.
**rincipal officers:** Dewey O. King, ident.

## surance Management Consultants

113 W. Inman Ave., Tampa, Fla. 3609; 813-877-3360

**ear founded:** 1971.
**ndependent.**
**ervices provided:** 55% continuous sulting; 5% risk management audits; special projects, including frequent ssment of broker service and remu-ation, loss settlement assistance, risk nagement organization studies, paration of specifications for bid-; occasional risk retention analysis, uding self-insurance studies, cap-feasibility studies, insurance con-t analysis, claims auditing, quanti-ve analysis and statistical forecast-consulting on the design of risk nagement information systems.
**pecialty:** Solid waste resource re-ery facilities, municipalities, coun-authorities.
**taff:** Five total staff members, all of m are assigned to risk management sulting only; five professional staff nbers, including two principal con-ants, two consultants, one analyst.
**lients:** Total clients not reported; with risk and insurance budgets than $1 million, 13% $1 million-$5 ion, 10% $5 million-$10 million, 5% million-$25 million, 2% exceeding million. Minimum size client: 000 risk and insurance budget.
**ompensation:** By the hour: princi-consultant, $100; junior consultant, clerical, $25.
**85 gross revenues:** $110,000 total, rom risk management consulting.
**rincipal officers:** Otto Lee Hen-son, president; William Taylor, reasurer; J. Lee Henderson, vp; J. ke Henderson, secretary.
**embership:** SRMC.

## surance Program Management Inc.

880 S. Ridgeview Drive, Oak reek, Wis. 53154; 414-281-1100 in isconsin; 800-558-9910 in other ates.

**ear founded:** 1983.
**arent company:** SU Group.
**ervices provided:** 85% continuous sulting; 10% risk management its; 5% special projects, including uent insurance contract analysis, paration of specifications for bid-; occasional risk retention analysis, uding self-insurance studies, analy-f necessary insurance limits, claims ting, loss prevention audits, assess-t of broker service and remunera-, loss settlement assistance, risk nagement organization studies, ntitative analysis and statistical casting, consulting on the design of management information systems.
**pecialty:** Institutions.
**taff:** Five total staff members; three members assigned to risk manage-t consulting only; three profes-al staff members, including two cipal consultants, one consultant. fessional designations held by staff ude one CPCU.
**lients:** 22 total clients; 90% with risk insurance budgets less than $1 mil-, 7% $1 million-$5 million, 3% $5 ion-$10 million. Minimum size cli-$10,000 risk and insurance budget.
**ompensation:** By the project; by hour: principal consultant, $85.
**85 gross revenues:** $165,000 total, rom risk management consulting.
**rincipal officers:** Greig K. Forrest, ident; Patrick R. Parrish, vp.

## surance Surveys Co.-Benjamin Levy

1 S. Main St., P.O. Box 1058, berty, N.Y. 12754; 914-292-5390

**ear founded:** 1962.
**ndependent.**
**ervices provided:** 100% continuous ulting.
**ecialty:** Feed mills, poultry farms, ols, municipalities, hospitals.

**Staff:** Two total staff members; one staff member assigned to risk management consulting only; one professional staff member who is a principal consultant and attorney.

**Clients:** Total clients not reported; 100% with risk and insurance budgets less than $1 million. Minimum size client: $1,000 risk and insurance budget.

**Compensation:** By the hour: principal consultant, $50-$70; clerical, $10.

**Principal officers:** Benjamin Levy, owner.

**Membership:** SRMC.

## Interisk Corp.

9320 Second St. N., St. Petersburg, Fla. 33702; 813-577-0477

**Year founded:** 1979.
**Independent.**

**Services provided:** 36% continuous consulting; 9% risk management audits; 45% special projects, including frequent risk retention analysis, including self-insurance studies, captive feasibility studies, analysis of necessary insurance limits, insurance contract analysis, risk management organization studies, preparation of specifications for bidding, quantitative analysis and statistical forecasting; occasional claims auditing, loss prevention audits, accounting system analysis, assessment of broker service and remuneration, loss settlement assistance, consulting on the design of risk management information systems; 10% other services, including employee benefit consulting.

**Staff:** Three total staff members; two staff members assigned to risk management consulting only; professional staff members include one principal consultant, two consultants. Professional designations held by staff include three CPCUs, one ARM, one CSP, one CLU.

**Clients:** Total clients not reported; 75% with risk and insurance budgets less than $1 million, 15% $1 million-$5 million, 5% $5 million-$10 million, 5% $10 million-$25 million. No minimum size client.

**Compensation:** By the project; on retainer; by the hour: principal consultant, $75-$100; consultant, $50-$75; clerical, $15-$25.

**1985 gross revenues:** Not reported.

**Principal officers:** Lawton Swan III, president.

## International Insurance Consultants

837 Thorn Hill Road, Lexington, Va. 24450; 703-463-5991

**Year founded:** 1979.
**Independent.**

**Services provided:** 100% continuous consulting and special projects, including frequent assessment of broker service and remuneration, preparation of specifications for bidding; occasional risk retention analysis, including self-insurance studies, captive feasibility studies, analysis of necessary insurance limits, insurance contract analysis, claims auditing, loss settlement assistance, quantitative analysis and statistical forecasting.

**Specialty:** International insurance, government entities.

**Staff:** Two total staff members, including one principal consultant, one consultant. Professional designations held by staff include one CPCU.

**Clients:** One total client with a risk and insurance budget $5 million-$10 million.

**Compensation:** By the hour: principal consultant, $200.

**1985 gross revenues:** Not reported.

**Principal officers:** Louis E. Dwyer Jr., senior consultant; T.B. Dwyer, consultant.

## Intex Management Co. Ltd.

2700 W. 15th St., Suite 300, Plano, Texas 75075; 214-867-2200

**Year founded:** 1979.
**Independent.**

**Services provided:** 50% continuous consulting; 10% risk management audits; 40% special projects, including frequent risk retention analysis, including self-insurance studies, captive feasibility sudies, analysis of necessary insurance limits, insurance contract analysis, loss settlement assistance, preparation of specifications for bidding, quantitative analysis and statistical forecasting; occasional claims auditing, loss prevention audits, assessment of broker service and remuneration, risk management organization studies.

**Staff:** 10 total staff members; seven professional staff members, including three principal consulants, two consul-

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# "A proficient pilot is a safer pilot. It's as simple as that."

John W. Teets
Chairman of the Board, CEO
The Greyhound Corporation




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"The arguments for simulator training are overwhelming. That's been the experience of the airlines and the military—and we totally agree. Insurance carriers agree too; our insurance rates reflect the fact that Greyhound Corporation's pilots train with FlightSafety.

The other economics are favorable when compared to companies that choose to conduct "training" in their own aircraft. With FlightSafety's simulators we schedule training sessions when we need them—and the airplanes remain available to us for executive transportation. Of course, simulator training is unaffected by weather or air traffic. And the fuel cost is zero.

All in all, FlightSafety helps us run a safe, effective flight operation. Sixteen manufacturers of business aircraft endorse FlightSafety training. So do we."




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**FlightSafety**
international

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tants, two analysts. Professional designations held by staff include two ARMs, one MBA.

**Clients:** 20 total clients; 30% with risk and insurance budgets less than $1 million, 70% $1 million-$5 million. Minimum size client: $50,000 risk and insurance budget.

**Compensation:** By the project; by the hour: principal consultant, $125; junior consultant, $75; consultant, $50; clerical, $40.

**1985 gross revenues:** $750,000 total, all from risk management consulting.

**Principal officers:** Klaus J. Gebhardt, president; Mark D. Gebhardt, senior vp; John F. Schapperle, vp.

### Richard N. Irmas Co.

307 S. Robertson Blvd., Beverly Hills, Calif. 90211; 213-652-7191

**Year founded:** 1980.
**Independent.**

**Services provided:** 60% continuous consulting; 40% special projects, including frequent risk retention analysis, including self-insurance studies, analysis of necessary insurance limits, insurance contract analysis, loss prevention audits, preparation of specifications for bidding; occasional captive feasibility studies, claims auditing, assessment of broker service and remuneration, loss settlement assistance, risk management organization studies, quantitative analysis and statistical forecasting, consulting on the design of risk management information systems.

**Specialty:** Industrial cogeneration and alternative energy products.

**Staff:** Three total staff, including one principal consultant, one consultant, one analyst. Professional designations held by staff include one CPCU, one ARM, one MBA, one CLU.

**Clients:** 6 total clients; 66.5% with risk and insurance budgets less than $1 million; 33.5% $1 million-$5 million. No minimum size client.

**Compensation:** By the project, on retainer, by the hour.

**1985 gross revenues:** $95,000 total, all from risk management consulting.

**Principal officers:** Richard N. Irmas, president; Dorothy Colvin, vp.

### The Joseph Ivy Co.

5511 Parkcrest Drive, Suite 101, Austin, Texas 78731; 512-451-6275

**Year founded:** 1985.
**Independent.**

**Services provided:** 25% continuous consulting; 25% risk management audits; 32% special projects, including frequent risk retention analysis, including self-insurance studies, analysis of necessary insurance limits, insurance contract analysis, assessment of broker service and remuneration, risk management organization studies, preparation of specifications for bidding; occasional captive feasibility studies, loss prevention audits, accounting system analysis, quantitative analysis and statistical forecasting, consulting on the design of risk management information systems; 18% other services, including conferences, publications.

**Specialty:** Government entities, intergovernmental risk sharing pools.

**Staff:** Four total staff members; two staff members assigned to risk management consulting only; three professional staff members. Professional designations held by staff include one MBA.

**Clients:** Eight total clients; 40% with risk and insurance budgets less than $1 million, 10% $1 million-$5 million, 50% exceeding $25 million. Minimum size client: $300,000 risk and insurance budget.

**Compensation:** On retainer; by the hour: principal consultant, $90-$120; junior consultant, $60-$90.

**1985 gross revenues:** $400,000 total, $330,000 from risk management consulting.

**Principal officers:** William I. Martin Jr., president; Francis J. Fey, vp.

*j*

### J.M. Corp.

525 Dunham Road, St. Charles, Ill. 60174; 312-377-7577

**Year founded:** 1970.
**Independent.**

**Services provided:** 65% continuous consulting; 10% risk management audits; 5% special projects, including frequent risk retention analysis, including self-insurance studies, analysis of necessary insurance limits, insurance contract analysis, assessment of broker service and remuneration, preparation of specifications for bidding; occasional captive feasibility studies, claims auditing, loss prevention audits, loss settlement assistance, risk management organization studies, consulting on the design of risk management information systems; 20% other services, including claims administration, self-insured workers compensation and health.

**Specialty:** Financial institutions, manufacturing.

**Staff:** Six total staff members, including two principal consultants. Professional designations held by staff include two CPCUs, one CSP, one CPA.

**Clients:** 20 total clients, 100% with risk and insurance budgets less than $1 million.

**Compensation:** By the project; by the hour: principal consultant, $125; clerical, $35.

**1985 gross revenues:** Not reported.

**Principal officers:** Joseph M. Allovio, president; Donald E. Clark, vp.

### Jack & Levine Risk Management Inc.

550 S. Hill St., 13th Floor, Los Angeles, Calif. 90013; 213-624-7966

**Year founded:** 1976.
**Independent.**

**Services provided:** 70% continuous consulting; 10% risk management audits; 20% special projects, including frequent risk retention analysis, including self-insurance studies, analysis of necessary insurance limits, insurance contract analysis, claims auditing, accounting system analysis, assessment of broker service and remuneration, loss settlement assistance, preparation of specifications for bidding, insurance coverage disputes, litigation consulting; occasional captive feasibility studies, loss prevention audits, risk management organization studies, quantitative analysis and statistical forecasting, consulting on the design of risk management information systems.

**Specialty:** Public entities, attorneys.

**Locations:** Long Beach, Calif.

**Staff:** Four total staff members, all of whom are assigned to risk management consulting only; four professional staff members, including two principal consultants, two analysts. Professional designations held by staff include one CPCU, one ARM, one LICA, one attorney.

**Clients:** 20 total clients; 90% with risk and insurance budgets less than $1 million, 5% $1 million-$5 million, 5% $5 million-$10 million. No minimum size client.

**Compensation:** By the project; on retainer; by the hour: principal consultant, $75; consultant, $35.

**1985 gross revenues:** Not reported.

**Principal officers:** Arthur J. Levine, president; Don Creighton Jack, consultant of counsel.

**Membership:** SRMC.

### Fred S. James & Co. Inc. (Risk Management Services)

1285 Ave. of the Americas, New York, N.Y. 10019; 212-333-8900

**Year founded:** 1858.

**Parent company:** Sedgwick Group P.L.C.

**Services provided:** 30% continuous consulting; 10% risk management audits; 60% special projects, including frequent risk retention analysis, including self-insurance studies, captive feasibility studies, analysis of necessary insurance limits, loss prevention audits, preparation of specifications for bidding, quantitative analysis and statistical forecasting, consulting on the design of risk management information systems; occasional insurance contract analysis, claims auditing, accounting system analysis, loss settlement assistance, risk management organization studies.

**Locations:** Offices throughout the United States, Canada, Bermuda, Cayman Islands.

**Staff:** 6,000 total staff members; 60 staff members assigned to risk management consulting only; 50 professional staff members. Professional designations held by staff include one CPCU, one ARM, four MBAs, three FCASs, one CSP, one ACAS, two FCAs, one FCII, one ACAA, one FCCA, one PE.

*Continued on facing pag*


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## The National Association of Private Psychiatric Hospitals

*Continued from previous page*

**Clients:** More than 300 total clients. No minimum size client.

**Compensation:** By the project, commissions for insurance placed with underwriters, on retainer, by the hour.

**1985 gross revenues:** $3 million from risk management consulting.

**Principal officers:** Michael P. Dinstein, vp-risk management; Harry L. Shuford, manager-captive development/planning; Richard Duvall, manager-risk management consulting; Alan Josefsek, manager-information systems; Al Weller, chief actuary; Warren Sproule, manager-offshore operations.

**Membership:** SRMC.

## Johnson & Higgins Risk Management Services

95 Wall St., New York, N.Y. 10005; 212-701-7500

**Year founded:** 1972.

**Parent company:** Johnson & Higgins.

**Services provided:** 30% continuous consulting; 10% risk management audits; 60% special projects, including frequent risk retention analysis, including self-insurance studies, captive feasibility studies, analysis of necessary insurance limits, quantitative analysis and statistical forecasting, consulting on the design of risk management information systems, actuarial consulting, actuarial certifications; occasional insurance contract analysis, claims auditing, loss prevention audits, accounting system analysis, loss settlement assistance, risk management organization studies, preparation of specifications for bidding, management consulting, captive growth plans, captive rehabilitation consulting, loss portfolio transfer.

**Locations:** 35 offices throughout the United States; Toronto; Sydney, Australia.

**Staff:** 73 total staff members; 65 staff members assigned to risk management consulting only. Professional designations held by staff include nine CPCUs, five ARMs, eight MBAs, two FCASs, two ACASs, two attorneys.

**Clients:** More than 300 total clients.

**Compensation:** By the project, commissions for insurance placed with underwriters, by the hour.

**1985 gross revenues:** Not reported.

**Principal officers:** Richard J. Rice, senior vp/director; Alan G. Page, William Belvin, Arthur Koritzinsky, Daniel Rogers and Joan B. Schaeffer, vps.

## Albert C. Jones, New England Inc.

P.O. Box 281, Hanover, N.H. 03755; 603-298-7873

**Year founded:** 1977.

**Independent.**

**Services provided:** 65% continuous consulting; 10% risk management audits; 25% special projects, including risk retention analysis, including self-insurance studies, captive feasibility studies, analysis of necessary insurance limits, insurance contract analysis, claims auditing, loss prevention audits, assessment of broker service and remuneration, loss settlement assistance, risk management organization studies, preparation of specifications for bidding, quantitative analysis and statistical forecasting.

**Specialty:** Public entities.

**Staff:** 6½ total staff members; five staff members assigned to risk management consulting only; five professional staff members who are consultants. Professional designations held by staff include one CPCU, two ARMs, one MBA, one CLU, three CICs.

**Clients:** 120 total clients; 90% with risk and insurance budgets less than $1 million, 8% $1 million-$5 million, 2% $5 million-$10 million. No minimum size client.

**Compensation:** By the hour: principal consultant, $55-$75.

**1985 gross revenues:** $275,000 total, all from risk management consulting.

**Principal officers:** Jane Y. Rastallis, president; Albert C. Jones, treasurer.

**k**

## Kamp Associates

The Pavillions at Greentree, Suite 308, Marlton, N.J. 08053; 609-596-7812

**Year founded:** 1984.

**Independent.**

**Services provided:** 60% continuous consulting; 5% risk management audits; 5% special projects, including frequent analysis of necessary insurance limits, insurance contract analysis, claims auditing, preparation of specifications for bidding, quantitative analysis and statistical forecasting; occasional captive feasibility studies, loss prevention audits, assessment of broker service and remuneration, risk management organization studies; 30% other services.

**Specialty:** Construction.

**Staff:** Six total staff members, all of whom are assigned to risk management consulting only; four professional staff members, including three principal consultants, one consultant. Professional designations held by staff include one MBA, one CIC.

**Clients:** Eight total clients; 88% with risk and insurance budgets less than $1 million, 12% $1 million-$5 million. Minimum size client: $250,000 risk and insurance budget.

**Compensation:** Commissions for insurance placed with underwriters, on retainer.

**1985 gross revenues:** Not reported.

**Principal officers:** Arthur Lee Penman, president; Bruce M. Allen and Charles T. Marciano, vps.

## Kemp Risk Management & Analysis Ltd.

1076 Richards St., Vancouver, British Columbia, V6B 3E1; 604-685-3148

**Year founded:** 1984.

**Independent.**

**Services provided:** 50% continuous consulting; 35% risk management audits; 15% special projects, including frequent analysis of necessary insurance limits, insurance contract analysis, assessment of broker service and remuneration; occasional risk retention analysis, including self-insurance studies, claims auditing, loss prevention audits, loss settlement assistance, risk management organization studies, preparation of specifications for bidding, quantitative analysis and statistical forecasting.

**Staff:** One total staff member, who is a principal consultant and holds an AIIC designation.

**Clients:** 17 total clients; 90% with risk and insurance budgets less than $1 million, 10% $1 million-$5 million. Minimum size client: $50,000 risk and insurance budget.

**Compensation:** By the hour: principal consultant, $100; clerical, $20.

**1985 gross revenues:** $56,000 total, all from risk management consulting.

**Principal officers:** David B. Kemp, president.

**Membership:** Risk Management & Insurance Consultants Society of British Columbia.

## Kusters Consulting International

2100 Tanglewilde, Suite 392, Houston, Texas 77063; 713-784-8730

**Year founded:** 1985.

**Independent.**

**Services provided:** 10% continuous consulting; 20% risk management audits; 60% special projects, including frequent loss prevention audits, risk management organization studies, quantitative analysis and statistical forecasting; occasional risk retention analysis, including self-insurance studies, analysis of necessary insurance limits, insurance contract analysis, loss settlement assistance; 10% other services, including consulting for commercial insurers.

**Specialty:** Businesses and industries with international property and liability risk exposures.

**Staff:** Two total staff members, both of whom are assigned to risk management consulting only; two professional staff members, including one principal consultant, one consultant. Professional designations held by staff include one PE, one SFPE, two ASSEs, one SRA.

**Clients:** Total clients not reported; 10% with risk and insurance budgets less than $1 million, 50% $1 million-$5 million, 30% $5 million-$10 million, 10% $10 million-$25 million. No minimum size client.

**Compensation:** By the project; on retainer; by the hour: principal consultant, $50-$70; consultant, $50-$70; clerical services included.

**1985 gross revenues:** Not reported.

**Principal officers:** Jacques H. Kusters, owner.

**l**

## LMC & Associates

8770 S.W. Scoffins, Portland, Ore. 97223; 503-684-1590

**Year founded:** 1981.

*Continued on next page*


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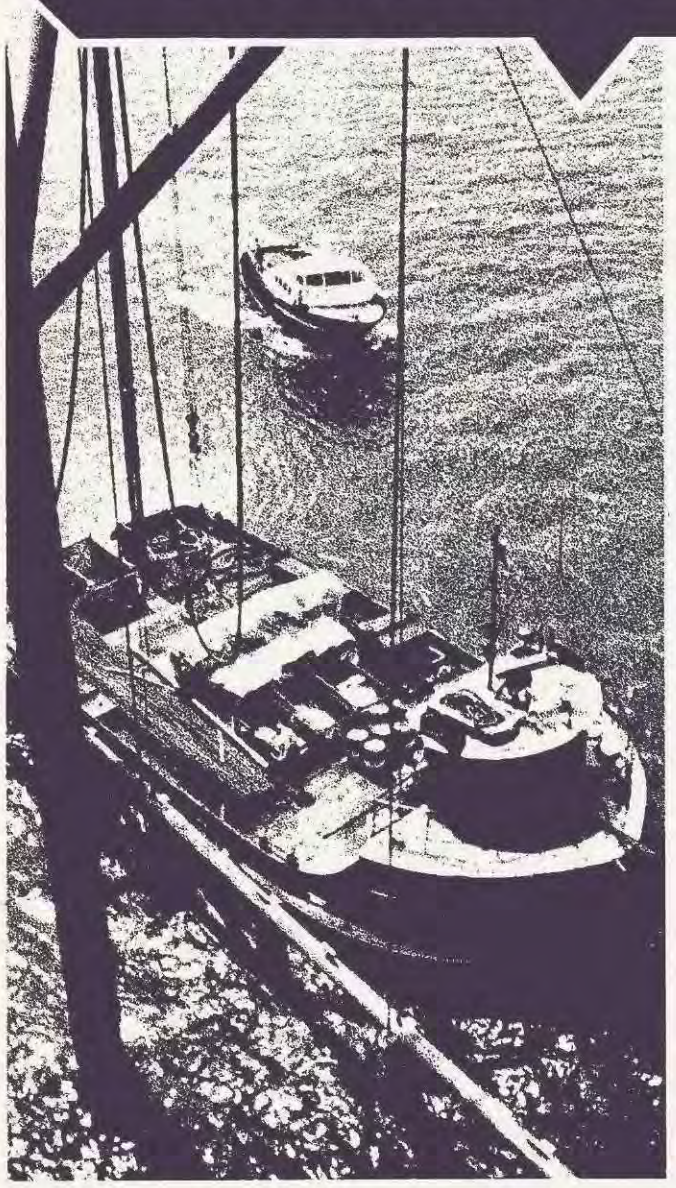
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**Independent.**

**Services provided:** 25% continuous consulting; 20% risk management audits; 50% special projects, including frequent insurance contract analysis, risk management organization studies, preparation of specifications for bidding; occasional risk retention analysis, including self-insurance studies, analysis of necessary insurance limits, assessment of broker service and remuneration, quantitative analysis and statistical forecasting, consulting on the design of risk management information systems; 5% other services, including administration of group property/casualty programs.

**Specialty:** Public entities, housing authorities, manufacturers, commercial businesses.

**Staff:** Three total staff members; one staff members assigned to risk management consulting only; one professional staff member who is a principal consultant.

**Clients:** Total clients not reported; 98% with risk and insurance budgets less than $1 million, 2% $1 million-$5 million. Minimum size client: $25,000 risk and insurance budget.

**Compensation:** By the project; on retainer; by the hour: principal consultant, $125; junior consultant, $55; clerical, $25.

**1985 gross revenues:** More than $100,000 total.

**Principal officers:** Lawrence M. Cooksey, owner.

**Membership:** SRMC.

### Robert W. Lazarus & Associates Inc.

2700 W. 15th St., Suite 316, Plano, Texas 75075; 214-867-4348

**Year founded:** 1981.

**Independent.**

**Services provided:** 75% continuous consulting; 20% risk management audits; 5% special projects, including frequent risk retention analysis, including self-insurance studies, analysis of necessary insurance limits, insurance contract analysis, risk management organization studies, preparation of specifications for bidding; occasional captive feasibility studies, claims auditing, loss prevention audits, assessment of broker service and remuneration, loss settlement assistance, quantitative analysis and statistical forecasting, consulting on the design of risk management information systems.

**Staff:** Five total staff members; two professional staff members, including one principal consultant, one consultant. Professional designations held by staff include one ARM, one MBA.

**Clients:** 65 total clients; 70% with risk and insurance budgets less than $1 million, 25% $1 million-$5 million, 5% $5 million-$10 million. No minimum size client.

**Compensation:** By the hour: principal consultant, $115-$135; consultant, $115-$135.

**1985 gross revenues:** Not reported.

**Principal officers:** Robert W. Lazarus, president.

**Membership:** SRMC.

### Justin S. Lencke & Associates

Route 4, Box 270, Marianna, Fla. 32446; 904-579-4575

**Year founded:** 1952.

**Independent.**

**Services provided:** 100% continuous consulting.

**Specialty:** Financial institutions, hospitals, mercantile, manufacturing.

**Locations:** Memphis, Tenn.

**Staff:** Four total staff members, including one principal consultant, two consultants.

**Clients:** 100 total clients; 75% with risk and insurance budgets less than $1 million, 25% $1 million-$5 million.

**Compensation:** On retainer.

**1985 gross revenues:** $220,000 total, all from risk management consulting.

**Principal officers:** Justin S. Lencke, senior consultant; John D. Lencke and Mark D. Lencke, junior consultants.

### John Liner Insurance & Risk Management Advisers Inc.

555 Washington St., Wellesley, Mass. 02181; 617-235-8450

**Year founded:** 1959.

**Parent company:** The John Liner Letter.

**Services provided:** 80% continuous cosulting; 15% risk management audits; 5% special projects, including frequent risk retention analysis, including self-insurance studies, analysis of necessary insurance limits, insurance contract analysis, risk management organization studies, preparation of specifications for bidding; occasional captive feasibility studies, claims auditing, loss prevention audits, assessment of broker service and remuneration, loss settlement assistance, quantitative analysis and statistical forecasting, consulting on the design of risk management information systems.

**Staff:** 11 total staff members, including four principal consultants, two consultants. Professional designations held by staff include two CPCUs, two MBAs.

**Clients:** Total clients not reported.

**Compensation:** By the project; on retainer; by the hour: principal consultant, $100; consultant, $90.

**1985 gross revenues:** Not reported.

**Principal officers:** Douglas Bell, chairman; Dwight E. Levick, president; Thomas C. Radziewicz, vp.

**Membership:** SRMC.

m

### M&M Risk Management Services

1221 Ave. of the Americas, New York, N.Y. 10020; 212-997-5900

**Year founded:** 1973.

**Parent company:** Marsh & McLennan Inc.

**Services provided:** 10% continuous consulting; 5% risk management audits; 85% special projects, including frequent risk retention analysis, including self-insurance studies, captive feasibility studies, insurance contract analysis, quantitative analysis and statistical forecasting; occasional analysis of necessary insurance limits, accounting system analysis, loss settlement assistance, risk management organization studies, preparation of specifications for bidding, consulting on the design of risk management information systems.

**Locations:** 20 offices throughout the United States.

**Staff:** Total staff not reported; approximately 60 professional staff members.

**Clients:** Total clients not reported. No minimum size client.

**Compensation:** By the project, commissions for insurance placed with underwriters.

**1985 gross revenues:** Not reported.

**Principal officers:** Paul Goularte, managing director/national manager; Ron Barnes, vp/New York manager; Pat LePenske, vp/Chicago manager; Terry Goldberg, vp/consulting actuary.

### MRM/Multi-Risk Management Inc.

350 N. Clark, Chicago, Ill. 60610; 312-670-2100

**Year founded:** 1976.

*Continued on facing page*

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**Independent.**

**Services provided:** 26% continuous consulting; 20% risk management audits; 7% special projects, including frequent risk retention analysis, including self-insurance studes, captive feasibility studies, analysis of necessary insurance limits, insurance contract analysis, claims auditing, risk management organization studies, preparation of specifications for bidding; occasional loss prevention audits, loss settlement assistance; 47% other services.

**Specialty:** Health care industry.

**Staff:** 32 total staff members; 16 staff members assigned to risk management consulting only; 21 professional staff members, including 11 principal consultants, four consultants, six analysts. Professional designations held by staff include three MBAs.

**Clients:** Total clients not reported; 30% with risk and insurance budgets $1 million-$5 million, 50% $5 million-$10 million, 10% $10 million-$25 million, 10% exceeding $25 million. Minimum size client: $1 million risk and insurance budget.

**Compensation:** By the project; on retainer; by the hour: principal consultant, $55; junior consultant, $45; consultant, $35; clerical, $20.

**1985 gross revenues:** $1.5 million total, $800,000 from risk management consulting.

**Principal officers:** Michael E. Burack, president; Barbara Westermann and Jean Foss, vps.

## MacMeekin Consulting Inc.

58 Progress Ave., West Springfield, Mass. 01089; 413-737-0867

**Year founded:** 1982.

**Independent.**

**Services provided:** 70% continuous consulting; 20% risk management audits; 10% special projects, including frequent risk retention analysis, including self-insurance studies, analysis of necessary insurance limits, insurance contract analysis, preparation of specifications for bidding; occasional captive feasibility studies, claims auditing, loss settlement assistance, risk management organization studies, quantitative analysis and statistical forecasting.

**Specialty:** Entertainment industry, remedial contractors.

**Staff:** Four total staff members; two staff members assigned to risk management consulting only; three professional staff members, including one principal consultant, two consultants. Professional designations held by staff include two CPCUs, one attorney.

**Clients:** 65 total clients. Minimum size client: $50,000 risk and insurance budget.

**Compensation:** By the project; by the hour: principal consultant, $100-$125; junior consultant, $60-$90; clerical, $35.

**1985 gross revenues:** Not reported.

**Principal officers:** Donald MacMeekin, president; Medora MacMeekin, treasurer.

## R.E. Maynard Consulting Inc.

325 Davis St., Evanston, Ill. 60201; 312-864-7717

**Year founded:** 1985.

**Independent.**

**Services provided:** 100% continuous consulting.

**Staff:** One total staff member, who holds a CPCU designation, assigned to risk management consulting only.

**Clients:** Three total clients; 33% with risk and insurance budgets $1 million-$5 million, 67% $5 million-$10 million. Minimum size client: $2 million risk and insurance budget.

**Compensation:** On retainer.

**1985 gross revenues:** Not reported.

**Principal officers:** Robert E. Maynard, president.

## Francis X. McGrath

376 Lacey Drive, New Milford, N.J. 07646; 201-385-1671

**Year founded:** 1980.

**Independent.**

**Services provided:** 100% continuous consulting.

**Specialty:** Large industrial companies, construction contracting, colleges, boards of education.

**Staff:** Two total staff members, both of whom are assigned to risk management consulting only; one professional staff member who is a principal consultant and holds CPCU, MBA and NASD designations.

**Clients:** Three total clients; one with a risk and insurance budget less than $1 million, one $1 million-$5 million, one $5 million-$10 million.

**Compensation:** On retainer; by the hour, principal consultant, $50-$100.

**1985 gross revenues:** Not reported.

**Principal officers:** Francis X. McGrath.

## McNeary Insurance Consulting Services Inc.

Suite 301, 6525 Morrison Blvd., P.O. Box 220926, Charlotte, N.C. 28211; 704-365-4150

**Year founded:** 1956.

**Independent.**

**Services provided:** 56% continuous consulting; 4% risk management audits; 15% special projects, including frequent risk retention analysis, including self-insurance studies, captive feasibility studies, analysis of necessary insurance limits, insurance contract analysis, loss prevention audits, preparation of specifications for bidding, quantitative analysis and statistical forecasting; occasional claims auditing, assessment of broker service and remuneration, loss settlement assistance, risk management organization studies, consulting on the design of risk management information systems, training; 25% other services, including administration of association programs.

**Specialty:** Hospitals, financial institutions, professional and trade associations, law firms, miscellaneous manufacturing and distribution.

**Locations:** Atlanta.

**Staff:** 21 total staff members, including eight principal consultants, four consultants, four analysts. Professional designations held by staff include seven CPCUs, five ARMs, three MBAs, two RNs, one ALCM, one AIC.

**Clients:** 162 total clients; 80% with risk and insurance budgets less than $1 million, 20% $1 million-$5 million. No minimum size client.

**Compensation:** By the project; on retainer; by the hour: principal consultant, $90-$135; junior consultant, $60-$90; consultant, $45-$60; clerical, $25-$35.

**1985 gross revenues:** More than $1 million total.

**Principal officers:** William C. Moore Jr., president; Stephen Helms, senior vp; Richard G. Clarke, William D. Yaeger and Carl W. Malmberg, vps.

## Warren D. McPherson

Suite 221, Russo Building, Fredonia, N.Y. 14063; 716-673-1777

**Year founded:** 1974.

**Independent.**

**Services provided:** 95% risk management consulting, including frequent insurance contract analysis, preparation of specifications for bidding; occasional claims auditing; 5% other services, including teaching insurance.

**Staff:** One staff member, who is a professional and holds CPCU and ARM designations.

**Clients:** 14 total clients, 100% with risk and insurance budgets less than $1 million. No minimum size client.

**Compensation:** On retainer; by the hour: principal consultant, $60.

**1985 gross revenues:** Not reported.

**Principal officers:** Warren D. McPherson.

**Membership:** SRMC.

## Melanber Inc.

488 Montford Drive, Dollard-des-Ormeaux, Quebec H9G 1M6; 514-620-3010

**Year founded:** 1978.

**Independent.**

**Services provided:** 35% continuous consulting; 40% risk management audits; 20% special projects, including frequent analysis of necessary insurance limits, insurance contract analysis, assessment of broker service and remuneration, loss settlement assistance, preparation of specifications for bidding, risk management seminars for clients; occasional risk retention analysis, including self-insurance studies, captive feasibility studies, claims auditing, loss prevention audits, risk management organization studies; 5% other services, including lecturing.

**Specialty:** Financial institutions, government entities, educational institutions, chemical, steel, construction.

**Locations:** Montreal.

**Staff:** Three total staff; two professional staff members. Professional designations held by staff include one AIIC.

**Clients:** 30 clients; 60% with risk and insurance budgets less than $1 million; 20% $1 million-$5 million; 20% $5 million-$10 million. Minimum size client: $50,000 risk and insurance budget.

**Compensation:** By the project, on re-

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*Continued from preceding page*
tainer, by the hour.

**1985 gross revenues:** Not reported.

**Principal officers:** Mel Parsons, president; Beryl Shapley, secretary/treasurer.

**Membership:** SRMC.

## Morris Insurance Services Inc.

4551 Glencoe Ave., Suite 115, Marina del Rey, Calif. 90292; 213-822-1129

**Year founded:** 1985.

**Independent.**

**Services provided:** 85% continuous consulting; 15% risk management audits and special projects, including risk retention analysis, including self-insurance studies, captive feasibility studies, analysis of necessary insurance limits, insurance contract analysis, assessment of broker service and remuneration, loss settlement assistance, preparation of specifications for bidding, quantitative analysis and statistical forecasting.

**Staff:** Three total staff members, two professional staff members.

**Clients:** 25 total clients; 48% with risk and insurance budgets less than $1 million, 40% $1 million-$5 million, 12% $5 million-$10 million. No minimum size client.

**Compensation:** By the project, on retainer, by the hour.

**1985 gross revenues:** Not reported.

**Principal officers:** Joan C. Morris, president.

**Membership:** SRMC.

## Mund, McLaurin & Co. of San Francisco

1990 N. California Blvd., Suite 830, Walnut Creek, Calif. 94596; 415-930-7557

**Year founded:** 1920.

**Independent.**

**Services provided:** 40% continuous consulting; 40% risk management audits; 20% special projects, including frequent risk retention analysis, including self-insurance studies, analysis of necessary insurance limits, insurance contract analysis, assessment of broker service and remuneration, risk management organization studies, preparation of specifications for bidding, consulting on the design of risk management information systems; occasional loss prevention audits, loss settlement assistance, quantitative analysis and statistical forecasting.

**Staff:** Four total staff members, three professional staff members who are analysts.

**Clients:** Total clients not reported.

**Compensation:** By the project, on retainer.

**1985 gross revenues:** Not reported.

**Principal officers:** Don L. DeVere, president.

# N

## NIA Risk Management Services Inc.

66 Route 17, Paramus, N.J. 07652; 201-845-6600

**Year founded:** 1978.

**Parent company:** NIA Ltd.

**Services provided:** 90% continuous consulting; 5% risk management audits; 5% special projects, including frequent risk retention analysis, including self-insurance studies, analysis of necessary insurance limits, insurance contract analysis, claims auditing, loss prevention audits, loss settlement assistance, preparation of specifications for bidding; occasional captive feasibility studies, assessment of broker service and remuneration, risk management organization studies, quantitative analysis and statistical forecasting.

**Staff:** 10 total staff members, including two principal consultants, one consultant, one analyst.

**Clients:** 32 total clients, 100% with risk and insurance budgets less than $1 million. Minimum size client: $75,000 risk and insurance budget.

**Compensation:** By the project, on retainer.

**1985 gross revenues:** $325,000 total, all from risk management consulting.

**Principal officers:** Paul L. Gross, president; William F. Meade, executive vp; Charles Rosenberg, regional vp.

## National Insurance Advisory Services

161 Forbes Road, Braintree, Mass. 02184; 617-848-4500

**Year founded:** 1979.

**Independent.**

**Services provided:** 39% continuous consulting; 2% risk management audits; 4% special projects, including frequent insurance contract analysis, preparation of specifications for bidding; occasional risk retention analysis, including self-insurance studies, captive feasibility studies, analysis of necessary insurance limits, claims auditing, loss prevention audits, assessment of broker service and remuneration, loss settlement assistance, risk management organization studies, consulting on the design of risk management information systems; 55% other services, including employee benefit consulting, employee benefit booklets, special employee benefit projects, self-funding analysis, specifications.

**Staff:** 20 total staff members; eight staff members assigned to risk management consulting only; seven professional staff members, including two principal consultants, three consultants, two analysts. Professional designations held by staff include one CPCU, two ARMs, one MBA, one CLU, six LIAs.

**Clients:** 205 total clients; 25% with risk and insurance budgets less than $1 million, 35% $1 million-$5 million, 30% $5 million-$10 million, 7% $10 million-$25 million, 3% exceeding $25 million. Minimum size client: $50,000 risk and insurance budget.

**Compensation:** By the project; on retainer; by the hour: principal consultant, $110; junior consultant, $85; consultant, $75; clerical, $40.

**1985 gross revenues:** $1.3 million total, $585,000 from risk management consulting.

**Principal officers:** James B. Conant, president; David J. Anderson, senior adviser-property/casualty department; John P. Bishop, director-marketing development; Joyce E. Pino senior account executive-benefits communication; Connie M. Weller, director-group benefits division.

## Haig G. Neville

3400 Commerce Road, West Bloomfield, Mich. 48033; 313-683-0380

**Year founded:** 1959.

**Parent company:** Risk Research Institute.

**Services provided:** 50% continuous consulting; 40% risk management audits; 10% special projects, including frequent risk retention analysis, including self-insurance studies, captive feasibility studies, analysis of necessary insurance limits, insurance contract analysis, assessment of broker service and remuneration, loss settlement assistance, risk management organization studies, preparation of specifications for bidding; occasional claims auditing, loss prevention audits, accounting system analysis, quantitative analysis and statistical forecasting, consulting on the design of risk management information systems.

**Locations:** Hamilton, Bermuda.

**Staff:** 10 total staff members, eight staff members assigned to risk management consulting only; professional staff members include three principal consultants, three consultants, two analysts. Professional designations held by staff include three CPCUs, two ARMs, one MBA, one FCAS, one attorney, one CLU.

**Clients:** 200 total clients; 95% with risk and insurance budgets less than $1 million, 3% $1 million-$5 million, 2% $5 million-$10 million. No minimum size client.

**Compensation:** By the project; on retainer; by the hour: principal consultant, $125; junior consultant, $75; consultant, $100; clerical services included.

**1985 gross revenues:** Not reported.

**Principal officers:** Haig Neville, president; Juanita Neville, secretary/treasurer; Denis Shelley, vp.

# O

## Omni Risk Services

2540 E. Thomas Road, Suite B, Phoenix, Ariz. 85016; 602-956-7637

**Year founded:** 1984.

**Independent.**

**Services provided:** 90% continuous consulting; 10% special projects, including frequent risk retention analysis, including self-insurance studies, captive feasibility studies, analysis of necessary insurance limits, insurance contract analysis, preparation of specifications for bidding; occasional claims auditing, loss settlement assistance, risk management organization studies, quantitative analysis and statistical forecasting, consulting on the design of risk manage-

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The mandala is a mind-expanding device for concentration, dating from ancient Tibetan philosophy.

*Continued from preceding page*
ment information systems.

**Specialty:** Municipalities.

**Staff:** Two total staff members, who are professionals and hold CPCU designations.

**Clients:** 40 total clients; 65% with risk and insurance budgets less than $1 million, 25% $1 million-$5 million, 10% $5 million-$10 million. No minimum size client.

**Compensation:** By the hour: $65.

**1985 gross revenues:** $56,000 total, all from risk management consulting.

**Principal officers:** Arthur J. Blankenship, president.

## P

### Parks-Hudson Inc.

15 Chesapeake Landing, Annapolis, Md. 21403; 301-269-7695 or 301-261-1434

**Year founded:** 1982.
**Independent.**

**Services provided:** 30% continuous consulting; 50% risk management audits; 20% special projects, including frequent analysis of necessary insurance limits, insurance contract analysis, claims auditing, loss prevention audits, assessment of broker service and remuneration, risk management organization studies, preparation of specifications for bidding, consulting on the design of risk management organization studies; occasional risk retention analysis, including self-insurance studies, captive feasibility studies, accounting system analysis, loss settlement assistance, quantitative analysis and statistical forecasting.

**Specialty:** Real estate lenders and developers, government entities, transportation.

**Staff:** Five total staff members, all of whom are assigned to risk management consulting only; three professional staff members, including one principal consultant, two consultants. Professional designations held by staff include one MBA.

**Clients:** 120 total clients; 70% with risk and insurance budgets less than $1 million, 20% $1 million-$5 million, 10% $5 million-$10 million. Minimum size client: $50,000 risk and insurance budget.

**Compensation:** By the project; on retainer; by the hour: principal consultant, $70; consultant, $60; clerical, $10.

**1985 gross revenues:** $160,000 total, all from risk management consulting.

**Principal officers:** Peter M. Hudson, president/senior consultant; Mike A. Golbe, vp/senior underwriter; Jeffery L. Duncan, treasurer/consultant.

**Membership:** SRMC.

### William Peet, Insurance Consultant

2156 Inglehart Ave., St. Paul, Minn. 53704; 612-645-6677

**Year founded:** 1959.
**Independent.**

**Services provided:** 75% continuous consulting; 25% other services, including expert witness for legal counsel.

**Clients:** Total clients not reported. No minimum size client.

**Compensation:** By the hour, principal consultant: $75-$100.

**1985 gross revenues:** Not reported.

**Principal officers:** William Peet.

**Membership:** SRMC.

### H. Russell Perry Insurance Advisor Inc.

P.O. Box 611, Carlisle, Mass. 01741; 617-369-6111

**Year founded:** 1976.
**Independent.**

**Services provided:** 75% continuous consulting; 10% risk management audits; 15% other services, including employee benefit consulting.

**Staff:** Two total staff members; one professional staff member who is a principal consultant and holds an ARM designation.

**Clients:** 15 total clients, 100% with risk and insurance budgets less than $1 million. No minimum size client.

**Compensation:** By the project; on retainer; by the hour: principal consultant, $90.

**1985 gross revenues:** $115,000 total, $97,750 from risk management consulting.

**Principal officers:** H. Russell Perry, president/treasurer; Elsie R. Perry, vp.

**Membership:** SRMC.

### John Pierce, Consulting Actuary

1241 Tyrell, Park Ridge, Ill. 60068; 312-692-5284

**Year founded:** 1983.
**Independent.**

**Services provided:** 75% special risk management consulting projects, including frequent risk retention analysis, including self-insurance studies, quantitative analysis and statistical forecasting; occasional captive feasibility studies, analysis of necessary insurance limits, accounting system analysis, loss settlement assistance, consulting on the design of risk management information systems; 25% other services, such as pricing and financial reporting for insurance companies, work for state insurance departments.

**Specialty:** Hospitals.

**Staff:** One total staff member who is a principal consultant and holds MBA and FCAS designations.

**Clients:** Total clients not reported, 100% with risk and insurance budgets less than $1 million. No minimum size client.

**Compensation:** By the hour: principal consultant, $105.

**1985 gross revenues:** $50,000 total, $37,500 from risk management consulting.

**Principal officers:** John Pierce, consulting actuary.

### Mary A. Pierce Insurance & Risk Management Consulting Services

2040 Sturbridge, Anchorage, Alaska 99507; 907-344-5063

**Year founded:** 1986.
**Independent.**

**Services provided:** 80% continuous consulting, 20% special projects.

**Staff:** Two total staff members, one professional staff member.

**Clients:** Five total clients. No minimum size client.

**Compensation:** By the project, on retainer, by the hour.

**1985 gross revenues:** Not reported.

**Principal officers:** Mary A. Pierce.

### Pine States Management Inc.

6230 Fairview Road, Suite 101, Charlotte, N.C. 28210; 704-364-5652

**Year founded:** 1986.
**Independent.**

**Services provided:** 30% special risk management consulting projects, including risk retention analysis, including self-insurance studies, captive feasibility studies, analysis of necessary insurance limits, insurance contract analysis, assessment of broker service and remuneration, risk management organization studies, quantitative analysis and statistical forecasting, consulting on the design of risk management information systems; 70% other services.

**Specialty:** Small groups, associations.

**Staff:** Two total staff members; one professional staff member who holds CPCU and ARM designations.

**Clients:** Seven total clients; 29% with risk and insurance budgets less than $1 million, 71% $1 million-$5 million. No minimum size client.

**Compensation:** Time and expense.

**1985 gross revenues:** Not reported.

**Principal officers:** Spencer J. Traver, president.

### Professional Risk Management Consultants

18th Floor, 2 Gateway Center, Pittsburgh, Pa. 15222; 412-288-0832

**Year founded:** 1982.

**Parent company:** Halliwell & Associates Inc.

**Services provided:** 50% continuous consulting; 20% risk management audits; 25% special projects, including frequent risk retention analysis, including self-insurance studies, analysis of necessary insurance limits, insurance contract analysis, assessment of broker service and remuneration, preparation of specifications for bidding; occasional captive feasibility studies, loss settlement assistance, risk management organization studies, quantitative analysis and statistical forecasting; 5% other services.

**Specialty:** Hospitals, educational institutions, county governments, construction contractors.

**Staff:** 28 total staff members; two staff members assigned to risk management consulting only; 19 professional

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staff members, including four principal consultant, seven consultants, eight analysts. Professional designations held by staff include two CPCUs, two ARMs, one CLU, three EAs, four ASAs.

**Clients:** 50 total clients; 85% with risk and insurance budgets less than $1 million, 5% $1 million-$5 million, 5% $5 million-$10 million, 5% $10 million-$25 million. Minimum size client: $50,000 risk and insurance budget.

**Compensation:** By the project; on retainer; by the hour: principal consultant, $100, consultant, $80.

**1985 gross revenues:** $1.6 million total.

**Principal officers:** Paul D. Halliwell, chairman; Thomas S. Baily, president; David L. Wetherill and David B. Thomas, vps.

## R

### Regent Consultants Corp.

366 N. Broadway, Jericho, N.Y. 11753; 516-931-6555

**Year founded:** 1963.
**Independent.**

**Services provided:** 90% continuous consulting; 5% risk management audits; 5% special projects, including frequent analysis of necessary insurance limits, insurance contract analysis, claims auditing, loss prevention audits, assessment of broker service and remuneration, preparation of specifications for bidding; occasional captive feasibility studies, loss settlement assistance, risk management organization studies, quantitative analysis and statistical forecasting, consulting on the design of risk management information systems.

**Specialty:** Public entities, moving and storage, trucking, construction, wine and spirits, food.

**Staff:** Four total staff members, including one principal consultant, two analysts. Professional designations held by staff include one CPCU, one ARM, one attorney.

**Clients:** 50 total clients; 85% with risk and insurance budgets less than $1 million, 15% $1 million-$5 million.

**Compensation:** On retainer; by the hour: principal consultant, $500 per diem.

**1985 gross revenues:** Not reported.

**Principal officers:** Philip Platzer, president.

**Membership:** SRMC.

### The Reiss Organization/American Risk Management Inc.

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

**Year founded:** 1958.

**Parent company:** The Reiss Organization.

**Services provided:** 10% continuous consulting; 2% risk management audits; 18% special projects, including frequent risk retention analysis, including self-insurance studies, captive feasibility studies, analysis of necessary insurance limits, insurance contract analysis, loss prevention audits, accounting system analysis, loss settlement assistance, quantitative analysis and statistical forecasting, consulting on the design of risk management information systems, property loss control engineering, infrared thermographic analysis; occasional claims auditing, assessment of broker service and remuneration, risk management organization studies; 70% other services, including captive management services.

**Locations:** 15 offices throughout the U.S., seven foreign offices.

**Staff:** 400 total staff members, 40 professional staff members assigned to risk management consulting only. Professional designations held by staff include 20 CPCUs, 20 ARMs, five attorneys.

**Clients:** 165 total clients; 1% with risk and insurance budgets less than $1 million, 35% $1 million-$5 million, 40% $5 million-$10 million, 20% $10 million-$25 million, 4% exceeding $25 million. Minimum size client, $1 million risk and insurance budget.

**Compensation:** By the hour, principal consultant, $200; junior consultant, $75; consultant, $150; clerical services included.

**1985 gross revenues:** Not reported.

**Principal officers:** Fred M. Reiss, chairman/chief executive officer; Arthur H. Deters, chief operating officer/member of the group executive committee; Alan E. Chilvers, Bryan D. Murphy, William F. Nehls, John J. Ryan, William F. Sennett, MacVicker Snow and Donald Westmoreland, members of the executive committee.

### Risk Analysis & Management Corp.

1001 Craig Road, Suite 260, St. Louis, Mo. 63146; 314-569-1740

**Year founded:** 1975.
**Independent.**

**Services provided:** 35% continuous consulting; 25% risk management audits; 29% special projects, including frequent risk retention analysis, including self-insurance studies, analysis of necessary insurance limits, insurance contract analysis, claims auditing, loss prevention audits, assessment of broker service and remuneration, loss settlement assistance, risk management organization studies, preparation of specifications for bidding, consulting on the design of risk management information systems; occasional captive feasibility studies, accounting system analysis, quantitative analysis and statistical forecasting; 11% other services, including publications, employee benefit consulting.

**Specialty:** Public entities, mining, manufacturing, hospitals, health care.

**Locations:** Atlanta, Philadephia, Minneapolis, Los Angeles.

**Staff:** 31 total staff members; 27 staff members assigned to risk management consulting only; 19 professional staff members, including four principal consultants, 12 consultants, three analysts. Professional designations held by staff include three CPCUs, two ARMs, five MBAs, two FCASs, two CSPs, one ACAS, one CLU, three attorneys, two PEs.

**Clients:** 250 clients; 45% with risk and insurance budgets less than $1 million, 25% $1 million-$5 million, 15% $5 million-$10 million, 10% $10 million-$25 million, 5% exceeding $25 million. No minimum size client.

**Compensation:** By the project; on retainer; by the hour: principal consultant, $105-$200; senior consultant, $75-$105; consultant, $65-$85; clerical, $25-$30.

**1985 gross revenues:** $2.65 million total, $2.36 million from risk management consulting.

**Principal officers:** Harry J. Maue, chairman; J. William Rush, president.

### Risk Consultants

1571 Race St., Denver, Colo. 80206; 303-388-5688

**Year founded:** 1976.
**Independent.**

**Services provided:** 60% continuous consulting; 25% risk management audits; 15% special projects, including frequent risk retention analysis, including self-insurance studies, captive feasibility studies, analysis of necessary insurance limits, insurance contract analysis, claims auditing, accounting system analysis, loss settlement assistance, preparation of specifications for bidding, quantitative analysis and statistical forecasting; occasional loss prevention audits, assessment of broker service and remuneration, risk management organization studies, consulting on the design of risk management information systems.

**Staff:** Six total staff members; four staff members assigned to risk management consulting; four professional staff members, including one principal consultant, two consultants, one analyst. Professional designations held by staff include two ARMs, two CICs.

**Clients:** 50 total clients; 45% with risk and insurance budgets less than $1 million, 35% $1 million-$5 million, 18% $5 million-$10 million, 2% $10 million-$25 million. Minimum size client: $500 risk and insurance budget.

**Compensation:** By the hour: principal consultant, $100; consultant, $80; clerical, $25.

**1985 gross revenues:** Not reported.

**Principal officers:** Michael Murphy, principal consultant; Brent A. Winans, consultant; James Graham, risk analyst; Dorothy Stevens special senior consultant.

**Membership:** SRMC.

### Risk Consultants Inc.

821 Plaza 8, Sheboygan, Wis. 53081; 414-457-7781

**Year founded:** 1970

**Parent company:** First Interstate Corp. of Wisconsin.

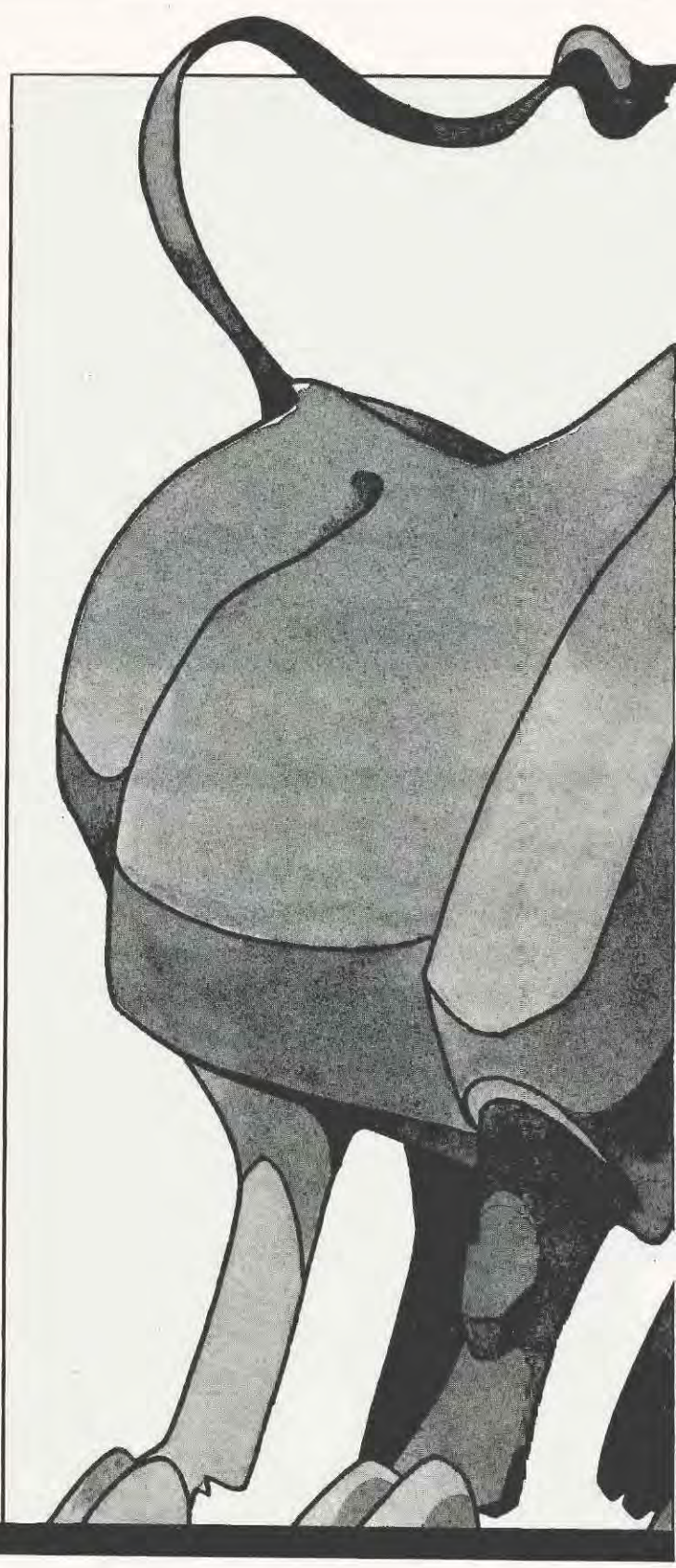
**Services provided:** 30% continuous consulting; 15% risk management audits; 5% special projects, including insurance contract analysis, claims auditing, loss prevention audits, loss settlement assistance, preparation of specifications for bidding.

**Locations:** Manitowoc, Sheboygan Falls and Plymouth, Wis.

**Staff:** Five total staff; three professional staff members, including two

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principal consultants, one consultant. Professional designations held by staff include two CPCUs, one ARM, one CLU.

**Clients:** Total clients not reported; 100% with risk and insurance budgets under $1 million. Minimum size client: $50,000 risk and insurance budget.

**Compensation:** By the hour: principal consultant, $60; consultant, $50; clerical services included.

**1985 gross revenues:** Not reported.

**Principal officers:** Edwin W. Storer, president; Donald E. Huber, vp.

### Risk Control Inc.

216 Water St., Excelsior, Minn. 55331; 612-474-5204

**Year founded:** 1978.

**Independent.**

**Services provided:** 60% continuous consulting; 15% risk management audits; 25% special projects, including frequent risk retention analysis, including self-insurance studies, analysis of necessary insurance limits, insurance contract analysis, assessment of broker service and remuneration, loss settlement assistance, risk management organization studies, preparation of specifications for bidding; occasional claims auditing, loss prevention audits, accounting system analysis, quantitative analysis and statistical forecasting, consulting on the design of risk management information systems.

**Staff:** Six total staff members, four of which are assigned to risk management consulting only. Professional designations held by staff include one CPCU, three ARMs, one CIC.

**Clients:** Total clients not reported; 78% with risk and insurance budgets less than $1 million, 14% $1 million-$5 million, 8% $5 million-$10 million.

**Compensation:** By the project: on retainer; by the hour: principal consultant, $100; junior consultant, $70; consultant, $40.

**1985 gross revenues:** Not reported.

**Principal officers:** Jerry L. Brecke, president.

**Membership:** SRMC.

### Risk Control Strategies Inc.

170 Great Neck Road, Great Neck, N.Y. 11021; 516-466-0750

**Year founded:** 1984.

**Parent company:** LRF/Risk Management Inc.

**Services provided:** 70% continuous consulting; 20% risk management audits; 10% special projects, including frequent claims auditing, loss prevention audits; occasional risk retention analysis, including self-insurance studies, captive feasibility studies, analysis of necessary insurance limits, insurance contract analysis, assessment of broker service and remuneration, loss settlement assistance, risk management organization studies, preparation of specifications for bidding, consulting on the design of risk management information systems.

**Specialty:** Retail.

**Staff:** Four total staff members, including one principal consultant, one consultant, one analyst. Professional designations held by staff include one ARM.

**Clients:** 14 total clients; 25% with risk and insurance budgets less than $1 million, 75% $1 million-$5 million. Minimum size client: $500,000 risk and insurance budget.

**Compensation:** By the project; on retainer; by the hour: principal consultant, $100; junior consultant, $60.

**1985 gross revenues:** Not reported.

**Principal officers:** Susan G. Kaufman, president.

### Risk Management Advisers Inc.

5252 Balboa Arms Drive, Suite 144, San Diego, Calif. 92117; 619-569-6693

**Year founded:** 1982.

**Independent.**

**Services provided:** 10% continuous consulting; 60% risk management audits; 30% special projects, including frequent analysis of necessary insurance limits, insurance contract analysis, assessment of broker service and remuneration, preparation of specifications for bidding; occasional risk retention analysis, including self-insurance studies, loss prevention audits, loss settlement assistance, risk management organization studies, quantitative analysis and statistical forecasting.

**Staff:** One total staff member, who is a principal consultant and holds CPCU, ARM, CIC, ChFC, AAI and CPIA designations.

**Clients:** 65 total clients; 95% with risk and insurance budgets less than $1 million, 5% $1 million-$5 million. No minimum size client.

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

**1985 gross revenues:** $60,000 total, all from risk management consulting.

**Principal officers:** Edward A. Whitney.

### Risk Management Associates

155 Boston Road, Suite 11, Southboro, Mass. 01772; 617-460-0210

**Year founded:** 1972.

**Independent.**

**Services provided:** 80% continuous consulting; 5% risk management audits; 5% special projects, including frequent risk retention analysis, including self-insurance studies, analysis of necessary insurance limits, insurance contract analysis, loss prevention audits, accounting system analysis, assessment of broker service and remuneration, risk management organization studies, preparation of specifications for bidding, quantitative analysis and statistical forecasting, consulting on the design of risk management information systems; occasional captive feasibility studies, claims auditing, loss settlement assistance; 10% other services, including construction, surety bonding.

**Specialty:** Associations.

**Staff:** Three total staff members, two of which are assigned to risk management consulting only; professional staff members include one principal consultant, one analyst. Professional designations held by staff include one MBA.

**Clients:** Total clients not reported; 100% with risk and insurance budgets less than $1 million. Minimum size client: $250,000 risk and insurance budget.

**Compensation:** On retainer; by the hour: principal consultant, $130; consultant, $60; clerical, $20.

**1985 gross revenues:** Not reported.

**Principal officers:** Edward V. Harding, principal consultant; Joan M. Harding, analyst.

**Membership:** SRMC.

### Risk Management Counsel

2 Rivers Drive, Great Neck, N.Y. 11020; 516-482-6232

**Year founded:** 1983.

**Independent.**

**Services provided:** 100% continuous consulting, risk management audits and special projects.

**Specialty:** Bulk grain handling, telecommunications.

**Staff:** One total staff member who is a professional.

**Clients:** Six total clients. No minimum size client.

**Compensation:** By the project.

**1985 gross revenues:** Not reported.

**Principal officers:** H. Fornari.

### Risk Management Consultants Inc.

1700 Sunset Ridge Drive, Suite 100, Laguna Beach, Calif. 92651; 714-494-4451

**Year founded:** 1977.

**Independent.**

**Services provided:** 20% continuous consulting; 30% risk management audits; 50% special projects, including frequent risk retention analysis, including self-insurance studies, captive feasibility studies; occasional analysis of necessary insurance limits, insurance contract analysis, accounting system analysis, assessment of broker service and remuneration, loss settlement assistance, risk management organization studies, preparation of specifications for bidding.

**Staff:** Two total staff members, including one principal consultant. Professional designations held by staff include one CPCU, one ARM.

**Clients:** 20 total clients; 5% with risk and insurance budgets less than $1 million, 80% $1 million-$5 million, 10% $5 million-$10 million, 5% $10 million-$25 million.

**Compensation:** By the project; by the hour: principal consultant, $120; clerical, $25.

**1985 gross revenues:** $80,000 total, all from risk management consulting.

**Principal officers:** William S. Mortimer, president.

### Risk Management Inc.

5101 Minnaqua Drive, Golden Valley, Minn. 55422; 612-529-5627 or 612-373-5356

**Year founded:** 1978.

*Continued on next page*




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**Independent.**

**Services provided:** 15% continuous consulting; 15% risk management audits; 50% special projects, including frequent insurance contract analysis, assessment of broker service and remuneration, preparation of specifications for bidding; occasional risk retention analysis, including self-insurance studies, analysis of necessary insurance limits, claims auditing, loss prevention audits, loss settlement assistance, risk management organization studies, quantitative analysis and statistical forecasting; 20% other services, including seminars, employee benefits.

**Specialty:** Manufacturers, banks, government entities.

**Staff:** Six total staff members; five staff members assigned to risk management consulting; five professional staff members, including three principal consultants, two consultants. Professional designations held by staff include two CPCUs, one ARM, one MBA, one CSP, one ACAS, one CLU, two attorneys.

**Clients:** 60 total clients; 85% with risk and insurance budgets less than $1 million, 15% $1 million-$5 million.

**Compensation:** By the project; by the hour: principal consultant, $125; junior consultant, $100; consultant, $60; clerical, $25.

**1985 gross revenues:** Not reported.

**Principal officers:** Andrew F. Whitman, president.

### Risk Management Technologies Inc.

P.O. Box 250, Mays Landing, N.J. 08330; 609-625-7926

**Year founded:** 1983.

**Independent.**

**Services provided:** 50% continuous consulting; 20% risk management audits; 20% special projects, including frequent risk retention analysis, including self-insurance studies, analysis of necessary insurance limits, insurance contract analysis, assessment of broker service and remuneration, risk management organization studies, preparation of specifications for bidding, quantitative analysis and statistical forecasting; occasional captive feasibility studies, loss settlement assistance, consulting on the design of risk management information systems; 10% other services, including publications, risk management software.

**Specialty:** Municipalities, trucking, contracting, energy projects.

**Staff:** Four total staff members, two of which are assigned to risk management consulting only; two professional staff members who are principal consultants. Professional designations held by staff include one ARM, one MBA, one CIC.

**Clients:** 15 total clients; 10% with risk and insurance budgets less than $1 million, 80% $1 million-$5 million, 10% $5 million-$10 million. Minimum size client: $50,000 risk and insurance budget.

**Compensation:** By the project; by the hour: principal consultant, $110; consultant, $85.

**1985 gross revenues:** Not reported.

**Principal officers:** Ronald P. Hambrecht, director-risk management.

**Membership:** SRMC.

### Risk Science International

1101 30th St. N.W., Washington, D.C. 20007; 202-342-2206

**Year founded:** 1981.

**Parent company:** Frank B. Hall & Co. Inc.

**Services provided:** 50% special risk management consulting projects, including environmental assessments of individual facilities, environmental audits; 50% other services, including design of cleanup plans, management of remedial programs, environmental assessment of acquisitions and mergers.

**Specialty:** Chemical, pharmaceutical, wood treatment, electronics, banks.

**Staff:** 30 professional staff members, including two principal consultants, 23 consultants, five analysts. Professional designations held by staff include one attorney.

**Clients:** Total clients not reported. No minimum size client.

**Compensation:** By the project.

**1985 gross revenues:** Not reported.

**Principal officers:** Lynne Miller, president; Michael Murphy, chief operating officer.

### Risk Sciences Group Inc.

5620 Glenridge Drive N.E., Atlanta, Ga. 30302; 404-256-0830

**Year founded:** 1978.

**Parent company:** Crawford & Co.

**Services provided:** 15% continuous consulting; 30% special projects, including frequent risk retention analysis, including self-insurance studies, captive feasibility studies, accounting system analysis, preparation of specifications for bidding, quantitative analysis and statistical forecasting, consulting on the design of risk management information systems, premium/cost allocation design and operation, litigation management systems, impace of acquisitions and divestitures, training in risk management information system programs; occasional analysis of necessary insurance limits, claims auditing (in conjunction with parent), loss prevention audits, loss settlement assistance (in conjunction with parent); 55% other services, including computer time-sharing, consulting to insurers, brokers and claims administrators.

**Specialty:** Diversified corporations, food service, beverage, pharmaceuticals.

**Locations:** New York; Sausalito, Calif.

**Staff:** 35 total staff members (additional 45 staff members from parent provide services); 20 staff members assigned to risk management consulting only; 20 professional staff members, including seven principal consultants, nine consultants, four analysts. Professional designations held by staff include one CPCU, two ARMs, six MBAs, one attorney, one CFPC.

**Clients:** 490 total clients; 5% with risk and insurance budgets less than $1 million, 20% $1 million-$5 million, 20% $5 million-$10 million, 20% $10 million-$25 million, 35% million exceeding $25 million. No minimum size client.

**Compensation:** By the project; on retainer; by the hour: principal consultant, $115-$175; junior consultant, $60-$80; consultant, $80-$115; clerical, $35-$50.

**1985 gross revenues:** $3.55 million total, $1.75 million from risk management consulting.

**Principal officers:** Richard F. Denning, president; Andrew R. Daniels, vp-operations (New York); Dennis M. Aaron, vp-operations (Sausalito); R. Michael Keating, vp-operations (Atlanta); John W. Hueckstead, vp-computer operations; Carol J. Freytag, vp-development.

### Risk Services of California

10221 Slater Ave., Suite 103, Fountain Valley, Calif. 92708; 714-964-5793 or 714-963-1213

**Year founded:** 1980.

**Independent.**

**Services provided:** 80% special risk management consulting projects, including frequent claims auditing; occasional loss settlement assistance, consulting on the design of risk manage-

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ment information systems, subrogation evaluation and collection; 20% other services, including large loss and catastrophe adjusting, managing runoff claims for state liquidators.

**Staff:** Two total staff members, including one principal consultant, one analyst. Professional designations held by staff include one LIA.

**Clients:** 60 total clients. No minimum size client.

**Compensation:** By the project; on retainer; by the hour: principal consultant, $75-$100, clerical and analytical services included.

**1985 gross revenues:** Not reported.

**Principal officers:** Terry Coleman, principal consultant/owner.

### Risk Strategies Inc.

CBT Plaza, 1120 Post Road, Darien, Conn. 06820; 203-656-1000

**Year founded:** 1984.

**Independent.**

**Services provided:** 25% continuous consulting; 15% risk management audits; 35% special projects, including frequent risk retention analysis, including self-insurance studies, captive feasibility studies, preparation of specifications for bidding, quantitative analysis and statistical forecasting; occasional analysis of necessary insurance limits, insurance contract analysis, claims auditing, accounting system analysis, assessment of broker service and remuneration, risk management organization studies, consulting on the design of risk management information systems; 25% other services, including insurance marketing.

**Staff:** Four total staff members; three professional staff members who are principal consultants. Professional designations held by staff include one CPCU, two ARMs, two MBAs, one CLU, one attorney.

**Clients:** 25 total clients; 12% with risk and insurance budgets less than $1 million, 32% $1 million-$5 million, 40% $5 million-$10 million, 12% $10 million-$25 million, 4% exceeding $25 million. Minimum size client: $50,000 risk and insurance budget.

**Compensation:** By the project; on retainer; by the hour: principal consultant, $125-$175; junior consultant, $100; consultant, $75; clerical, $25.

**1985 gross revenues:** $505,000 total, $375,000 from risk management consulting.

**Principal officers:** Bernard M. Brown, W. Rodney Smith and Michael D. Dangelo, principals.

### James A. Robertson & Associates Inc.

2495 Campus Drive, Irvine, Calif. 92715; 714-955-2240

**Year founded:** 1978.

**Independent.**

**Services provided:** 10% continuous consulting; 10% risk management audits; 60% special projects, including frequent risk retention analysis, including self-insurance studies, captive feasibility studies, analysis of necessary insurance limits, insurance contract analysis, quantitative analysis and statistical forecasting, expert witness testimony; occasional assessment of broker service and remuneration, risk management organization studies, preparation of specifications for bidding, consulting on the design of risk management information systems; 20% other services, including seminars.

**Staff:** Three total staff members; one staff member assigned to risk management consulting; professional staff members include one principal consultant. Professional designations held by staff include one CPCU, one ARM.

**Clients:** Total clients not reported.

**Compensation:** By the project; by the hour: principal consultant, $165; clerical $30.

**1985 gross revenues:** Not reported.

**Principal officers:** James A. Robertson, president.

**Membership:** SRMC.

### Rodriguez Consulting Group Inc.

4241 Baymeadows Road, Suite 1, Jacksonville, Fla. 32217; 904-731-4846

**Year founded:** 1985.

**Independent.**

**Services provided:** 35% continuous consulting; 35% risk management audits; 30% special projects, including frequent analysis of necessary insurance limits, insurance contract analysis, assessment of broker service and remuneration, preparation of specifications for bidding. quantitative analysis and statistical forecasting; occasional claims auditing, loss settlement assistance, risk management organization studies, consulting on the design of risk management information systems.

**Specialty:** Construction industry, government entities, manufacturers.

**Staff:** Three total staff members; two of which are assigned to risk management consulting only; three professional staff members, including one principal consultant, one consultant, one analyst. Professional designations held by staff include one CPCU, one ARM.

**Clients:** Total clients not reported; 95% with risk and insurance budgets less than $1 million, 5% $1 million-$5 million. Minimum size client: $100,000 risk and insurance budget.

**Compensation:** By the project; on retainer; by the hour: principal consultant, $75-$100; junior consultant, $55-$65; consultant, $55; clerical, $25.

**1985 gross revenues:** Not reported.

**Principal officers:** Albert P. Rodriguez, principal/owner.

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## The role of "industry-specific" captives.

Today, organizations that face similar exposures should be investigating "industry-specific" association captives with the objective of creating a specialized insurance vehicle that replaces coverage no longer available in traditional markets.

Groups rarely look into captives because of escalating premiums alone. Most are driven by the severe limitation on—or complete unavailability of—such coverages as directors and officers, umbrella liability, fidelity, and even libel and slander. By joining together, companies may be better able to deal with the insurance problems they share.

Successful captive formation requires that the industry association's leaders take an active role in the planning and operation of the program. The goal of an "industry-specific" captive is to use the knowledge of industry leaders to underwrite risks sensibly. This is especially important in lines such as directors and officers where the risks are a function of management skill.

Captives must be substantially capitalized in order to attract insurers and reinsurers to the program. The stronger the financial statement of the captive, the better the chances of market participation.

Since captive programs are most effective when they share part of their risk with the conventional insurance market, it is critical for association captives to choose an experienced broker as a consultant. The broker must be able to marshal existing capacity in the world marketplace, which can then be structured with the self-assumption program of the captive to cushion against unpredictable catastrophic loss.

For more information, contact your J&H office. Or call Alan Page at 212-701-8347.

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*Continued from preceding page*

### Rollins Burdick Hunter Co. Risk Management Services Group

10 S. Riverside Plaza, Chicago, Ill. 60606; 312-559-2211

**Year founded:** 1898.
**Parent company:** Combined International Corp.
**Services provided:** 32.5% continuous consulting; 13% risk management audits; 19.5% special projects, including frequent risk retention analysis, including self-insurance studies, captive feasibility studies, analysis of necessary insurance limits, insurance contract analysis, claims auditing, loss prevention audits, accounting system analysis, loss settlement assistance, preparation of specifications for bidding, quantitative analysis and statistical forecasting, consulting on the design of risk management information systems, association and group program analysis, structured settlements, safety program design, safety education programs; occasional assessment of broker service and remuneration, risk management organization studies; 35% other services.
**Specialty:** High-tech, heavy manufacturing, industry, health care providers, food processors, group and association programs.
**Locations:** 11 offices conducting risk management consulting throught the United States.
**Staff:** 50 total staff members; 35 staff members assigned to risk management consulting only; 35 professional staff members, including 15 principal consultants. 10 consultants, 10 analysts. Professional designations held by staff include five CPCUs, five ARMs, six MBAs, one FCAS, five CSPs, one ACAS, three CLUs, five CHCM.
**Clients:** Total clients not reported; 5% with risk and insurance budgets less than $1 million, 15% $1 million-$5 million, 30% $5 million-$10 million, 40% $10 million-$25 million, 10% exceeding $25 million.
**Compensation:** By the project; commissions for insurance placed with underwriters; by the hour: principal consultant, $125-$200; junior consultant, $80-$125; consultant, $60-$80.
**1985 gross revenues:** Not reported.
**Principal officers:** R. David Turner, president; Charles Kelly and Gary Spirduso, second vps; Milford Yount, assistant vp.

### Root & Boyd Risk & Insurance Consulting Services Inc.

101 S. Main St., Waterbury, Conn. 06702; 203-753-1234

**Year founded:** 1984.
**Parent company:** Root & Boyd Inc.
**Services provided:** 70% continuous consulting; 15% risk management audits; 15% special projects.
**Specialty:** Hospitals.
**Staff:** Four total staff members, two professional staff members; Professional designations held by staff include one ARM, one CLU, two CICs.
**Clients:** 10 total clients. No minimum size client.
**Compensation:** By the project, on retainer, by the hour.
**1985 gross revenues:** Not reported.
**Principal officers:** Arthur J. Giulietti, president; Peter Moody, vp/secretary; Peter Howard, vp/treasurer.

### Bernard Ruback-Certified Public Accountant

94 Fairfax Court, Madison, N.J. 07940; 201-822-0203

**Year founded:** 1982.
**Independent.**
**Services provided:** 100% special risk management consulting projects, including frequent insurance contract analysis, claims auditing, accounting system analysis, loss settlement assistance, out-of-sight inventory claims preparation, business interruption claims preparation; occasional analysis of necessary insurance limits.
**Staff:** One total staff member, who is a principal consultant and holds a CPA designation.
**Clients:** Total clients not reported.
**Compensation:** By the project; by the hour: principal consultant, $150.
**1985 gross revenues:** Not reported.
**Principal officers:** Bernard Ruback.

### Rupp & Johnson Inc.

4141 MacArthur Blvd., Suite 200, Newport Beach, Calif. 92660; 714-851-3070

**Year founded:** 1984.
**Independent.**
**Services provided:** 15% continuous consulting; 5% risk management audits; 70% special projects, including frequent risk retention analysis, including self-insurance studies, captive feasibility studies, preparation of specifications for bidding, quantitative analysis and statistical forecasting; occasional analysis of necessary insurance limits, insurance contract analysis, claims auditing, loss prevention audits, loss settlement assistance, risk management organization studies, consulting on the design of risk management information systems; 10% other services, including publications, seminars.
**Staff:** Six total staff members, four of which are assigned to risk management consulting only; four professional staff members, including two principal consultants, two consultants. Professional designations held by staff include one CPCU, two ARMs, one MBA.
**Clients:** 45 total clients; 10% with risk and insurance budgets less than $1 million, 50% $1 million-$5 million, 40% $5 million-$10 million. Minimum size client: $500,000 risk and insurance budget.
**Compensation:** By the project; on retainer; by the hour: principal consultant, $110; consultant, $70; clerical, $28.
**1985 gross revenues:** $460,000 total, $300,000 from risk management consulting.
**Principal officers:** Richard V. Rupp, president; Fredric T. Johnson, vp.

## S

### Peter Shuley & Associates Inc.

Box 5254, Vancouver, British Columbia V6B 4B4; 604-684-4700

**Year founded:** 1962.
**Independent.**
**Services provided:** 50% continuous consulting; 25% risk management audits; 25% special projects, including frequent risk retention analysis, including self-insurance studies, analysis of necessary insurance limits, insurance contract analysis, loss prevention audits, assessment of broker service and remuneration, preparation of specifications for bidding; occasional claims auditing, accounting system analysis, loss settlement assistance, risk management organization studies, quantitative analysis and statistical forecasting, consulting on the design of risk management information systems.
**Locations:** Toronto.
**Staff:** Three total staff members. Professional designations held by staff include one CIB.
**Clients:** 25 total clients; 100% with risk and insurance budgets less than $1 million. No minimum size client.
**Compensation:** By the project; on retainer; by the hour: principal consultant, $100-$150; consultant, $80-$100; clerical, $25.
**1985 gross revenues:** $100,000 total, all from risk management consulting.
**Principal officers:** Peter Shuley, president.
**Membership:** SRMC.

### E.W. Siver & Associates Inc.

9400 Fourth St. N., St. Petersburg, Fla. 33702; 813-577-2780

**Year founded:** 1970.
**Independent.**
**Services provided:** 25% continuous consulting; 10% risk management audits; 30% special projects, including frequent risk retention analysis, including self-insurance studies, insurance contract analysis, preparation of specifications for bidding; occasional captive feasibility studies, analysis of necessary insurance limits, claims auditing, loss prevention audits, assessment of broker service and remuneration, loss settlement assistance, risk management organization studies, quantitative analysis and statistical forecasting, consulting on the design of risk management information systems; 35% other services, including employee welfare benefits.
**Specialty:** Government entities, health care facilities.
**Staff:** 20 total staff members; 12 staff members assigned to risk management consulting only; professional staff members include five principal consultants, four consultants. Professional designations held by staff include four CPCUs, two ARMs, four CLUs, one attorney, one ChFC.
**Clients:** 50 total clients; 80% with risk and insurance budgets less than $1 million, 15% $1 million-$5 million, 5% $5 million-$10 million. No minimum size client.
**Compensation:** By the project; by the hour: principal consultant, $125; consultant, $90; clerical, $25.
**1985 gross revenues:** Not reported.
**Principal officers:** Edward W. Siver, president; Robert I. Siver, vp/treasurer; James Marshall Jr., vp; Charlotte H. Steele, corporate secretary.

### Richard H. Soper Inc.

7911 Herschel Ave., Suite 208, P.O. Box 2494, La Jolla, Calif. 92038-2494; 619-456-0505

**Year founded:** 1982.
**Independent.**
**Services provided:** 27% continuous consulting; 34% risk management audits; 39% special projects, including

*Continued on next page*

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*Continued from preceding page*

frequent risk retention analysis, including self-insurance studies, analysis of necessary insurance limits, insurance contract analysis, loss prevention audits, assessment of broker service and remuneration, crisis management, expert witness; occasional claims auditing, accounting system analysis, loss settlement assistance, risk management organization studies, preparation of specifications for bidding, quantitative analysis and statistical forecasting, consulting on the design of risk management information systems.

**Locations:** Associate consultants located in San Francisco.

**Staff:** Eight total staff members, all of whom are assigned to risk management consulting only. Professional designations held by staff include one CPCU, one RN, one SFPE.

**Clients:** 18 total clients; 44% with risk and insurance budgets less than $1 million, 39% $1 million-$5 million, 11% $5 million-$10 million, 6% $10 million-$25 million. No minimum size client.

**Compensation:** By the project; on retainer; by the hour: principal consultant, $135; consultant, $75-$125; clerical, $25.

**1985 gross revenues:** Not reported.

**Principal officers:** Richard H. Soper, consultant/president; Lori Arlen, senior project coordinator/corporate secretary.

### Stogniew & Associates

275 96th Ave. N., St. Petersburg, Fla. 33702; 813-578-2580

**Year founded:** 1980.

**Independent.**

**Services provided:** 80% risk management audits; 20% special projects, including frequent loss prevention audits, accounting system analysis; occasional risk retention analysis, including self-insurance studies, analysis of necessary insurance limits, insurance contract analysis, loss settlement assistance, risk management organization studies, quantitative analysis and statistical forecasting.

**Specialty:** Financial institutions, morgage bankers, security companies, insurance companies.

**Locations:** Atlanta; Charlotte, N.C.; Miami; Houston; Los Angeles.

**Staff:** 40 total staff members; 15 professional staff members. Professional designations held by staff include eight MBAs, 10 CPAs, four CBAs.

**Clients:** 300 total clients; 70% with risk and insurance budgets less than $1 million, 30% $1 million-$5 million. No minimum size client.

**Compensation:** By the project.

**1985 gross revenues:** $1.97 million total, all from risk management consulting.

**Principal officers:** Gerald F. Stogniew, president; Joe C. Minor, director.

**Membership:** SRMC.

### Stone & Webster Management Consultants Inc.-Risk Management Division

1 Penn Plaza, 250 W. 34th St., New York, N.Y. 10119; 212-290-7135

**Year founded:** 1900.

**Parent company:** Stone & Webster Inc.

**Services provided:** 30% continuous consulting; 10% risk management audits; 10% special projects, including frequent risk retention analysis, including self-insurance studies, captive feasibility studies, analysis of necessary insurance limits, insurance contract analysis, loss settlement assistance, risk management organization studies, preparation of specifications for bidding, captive management consulting; occasional loss prevention audits, assessment of broker service and remuneration, quantitative analysis and statistical forecasting, consulting on the design of risk management information systems; 50% other services, including captive insurance company consulting, employee benefit consulting.

**Specialty:** Utilities, trade associations, general industry.

**Staff:** 18 total staff members; seven staff members assigned to risk management consulting only; 17 professional staff members, including five principal consultants, nine consultants, three analysts. Professional designations held by staff include two CPCUs, one ARM, one CSP, one CLU.

**Clients:** 90 total clients; 30% with risk and insurance budgets less than $1 million, 25% $1 million-$5 million, 40% $5 million-$10 million, 5% $10 million-$25 million. Minimum size client: $300,000 risk and insurance budget.

**Compensation:** By the project, on retainer, by the hour.

**1985 gross revenues:** $1.8 million total, $900,000 from risk management consulting.

**Principal officers:** Bruce H. Suter, vp; William J. Collins, director-client services; John J. Wenz, manager-marketing/account services.

### Tiller Consulting Group Inc.

509B Goldenrod Ave., Corona del Mar, Calif. 92625; 714-673-7089

**Year founded:** 1984.

**Independent.**

**Services provided:** 99% special risk management projects, including frequent risk retention analysis, including self-insurance studies, quantitative analysis and statistical forecasting, environmental risk studies, actuarial studies; occasional captive feasibility studies, analysis of necessary insurance limits, loss prevention audits, loss settlement assistance, consulting on the design of risk management information systems; 1% other services, including writing articles.

**Staff:** Two total staff members who are assigned to risk management consulting only and are principal consultants. Professional designations held by staff include one CPCU, two ARMs, one MBA, one FCAS, one ASA, one MAAA, one MCA, one ASCE.

**Clients:** 50 total clients; 4% with risk and insurance budgets less than $1 million, 6% $1 million-$5 million, 40% $5 million-$10 million, 30% $10 million-$25 million, 20% exceeding $25 million. No minimum size client.

**Compensation:** By the project; by the hour plus expenses: principal consultant, $125-$150.

**1985 gross revenues:** Not reported.

**Principal officers:** Margaret W. Tiller, president; Michael H. Tiller, vp/secretary/treasurer.

### Tillinghast, Nelson & Warren Inc.

Tower Place, 3340 Peachtree Road N.E., Atlanta, Ga. 30026; 404-261-5420

**Year founded:** 1946.

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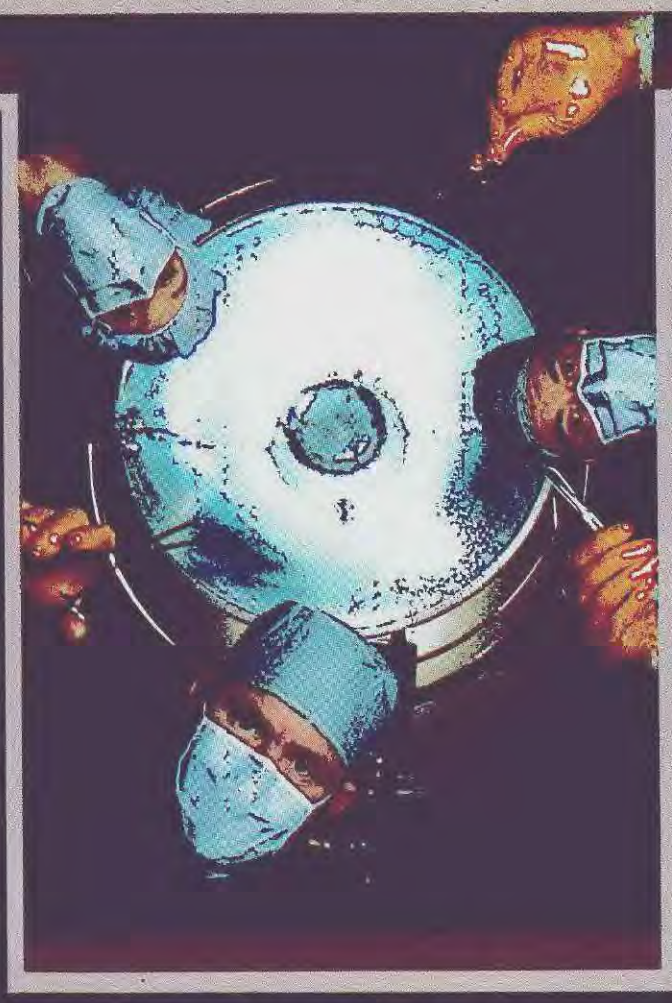
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*Continued from preceding page*
**Independent.**

**Services provided:** 5% continuous consulting; 4% risk management audits; 9% special projects, including frequent risk retention analysis, including self-insurance studies, captive feasibility studies, analysis of necessary insurance limits, insurance contract analysis, claims auditing, loss prevention audits, accounting system analysis, assessment of broker service and remuneration, loss settlement assistance, risk management organization studies, preparation of specifications for bidding, quantitative analysis and statistical forecasting, consulting on the design of risk management information systems, strategic planning; 82% other services, including employee benefit consulting, management and actuarial consulting for commercial life, property and casualty insurance companies.

**Locations:** Boston; Dallas; Darien and Hartford, Conn.; Los Angeles; New York; St. Louis; Stockholm, Sweden; Toronto.

**Staff:** 628 total staff members; 107 staff members assigned to risk management consulting only; 77 professional staff members, including 42 principal consultants, 15 consultants, 20 analysts. Professional designations held by staff include 10 CPCUs, 10 ARMs, 10 MBAs, 12 FCASs, six ACASs, eight CLUs.

**Clients:** 850 total clients; 20% with risk and insurance budgets less than $1 million, 30% $1 million-$5 million, 30% $5 million-$10 million, 10% $10 million-$25 million, 10% exceeding $25 million. No minimum size client.

**Compensation:** By the hour: principal consultant, $125-$240; consultant, $75-$125; analyst, $50-$80; clerical, $35-$50.

**1985 gross revenues:** $54.3 million total, $9.8 million from risk management consulting.

**Principal officers:** George M. Betterley, Mitchell J. Cole, Robert F. Ford, Thomas M. Hermes, Douglas Hoffman, H. Felix Kloman, Charles R. Lee, Michael J. Moody, Ulf Nordblad, D. Hugh Rosenbaum, Keith Shakespeare, Charles T. Tagman Jr. and David L. Tibbals.

**Membership:** SRMC.

### Towers, Perrin, Forster & Crosby-Insurance Consulting Services Unit

245 Park Ave., New York, N.Y. 10167; 212-309-3400

**Year founded:** 1934.
**Independent.**

**Services provided:** 2% continuous consulting; 4% risk management audits; 4% special projects, including frequent risk retention analysis, including self-insurance studies, captive feasibility studies, analysis of necessary insurance limits, insurance contract analysis, accounting system analysis, assessment of broker service and remuneration, risk management organization studies, preparation of specifications for bidding, quantitative analysis and statistical forecasting, consulting on the design of risk management information systems; 90% other services, including general management and actuarial consulting to life and property/casualty insurance industry.

**Locations:** 37 consulting offices in the U.S., Canada, Latin America, Europe, Australia and Far East. Risk management staff located in Philadelphia, Chicago, Los Angeles, New York.

**Staff:** 57 total staff members; 45 professional staff members, including seven principal consultants, 25 consultants, 13 analysts. Professional designations held by staff include two CPCUs, six MBAs, seven FCASs, two CLUs, one attorney, 10 FSAs.

**Clients:** 175 total clients. No minimum size client.

**Compensation:** By the hour.

**1985 gross revenues:** $7.7 million total for Insurance Consulting Services Unit, $750,000 from risk management.

**Principal officers:** Richard T. Delaney, vp/manager-Insurance Consulting Services Unit; Frank J. Cacchione Jr., vp-Insurance Consulting Services Unit; Garrett Mathieson, risk management practice leader; Robert Miccolis, actuarial practice leader; Peter Godfrey, Eastern region; Dick Smith, Los Angeles; John Roscopf, Chicago; Ware Preston, New York.

## U

### Unirisk Inc.

#1 California St., 27th Floor, San Francisco, Calif. 94111; 415-772-7190

**Year founded:** 1986.
**Independent.**
**Services provided:** 50% continuous consulting, 25% risk management audits, 25% special projects.
**Staff:** Three total staff members, two professional staff members.
**Clients:** 1986 year-end estimate: 50 total clients. No minimum size client.
**Compensation:** By the project, fee for service.
**Gross revenues:** 1986 estimate: $100,000 total.
**Principal officers:** Warren Heiman, president/chief executive officer; Clark Warden, chairman; Scott R. Heldfond, vice chairman; Barbara A. Guernsey, secretary/treasurer.

### United Risk Management Inc.

14261 E. Fourth Ave., Suite 261, Aurora, Colo. 80011; 303-364-5372

**Year founded:** 1982.
**Independent.**
**Services provided:** 25% continuous consulting; 40% risk management audits; 35% special projects, including frequent risk retention analysis, including self-insurance studies, analysis of necessary insurance limits, insurance contract analysis, assessment of broker service and remuneration, loss settlement assistance, risk management organization studies, preparation of specifications for bidding; occasional claims auditing, loss prevention audits, quantitative analysis and statistical forecasting, consulting on the design of risk management information systems.
**Staff:** Three total staff members; one staff member assigned to risk management consulting only; one professional staff member who is a principal consultant.
**Clients:** 27 total clients, 100% with risk and insurance budgets less than $1 million. No minimum size client.
**Compensation:** By the project; by the hour: principal consultant, $70; clerical, $15.
**1985 gross revenues:** Not reported.
**Principal officers:** Brian L. Briese, president.

## W

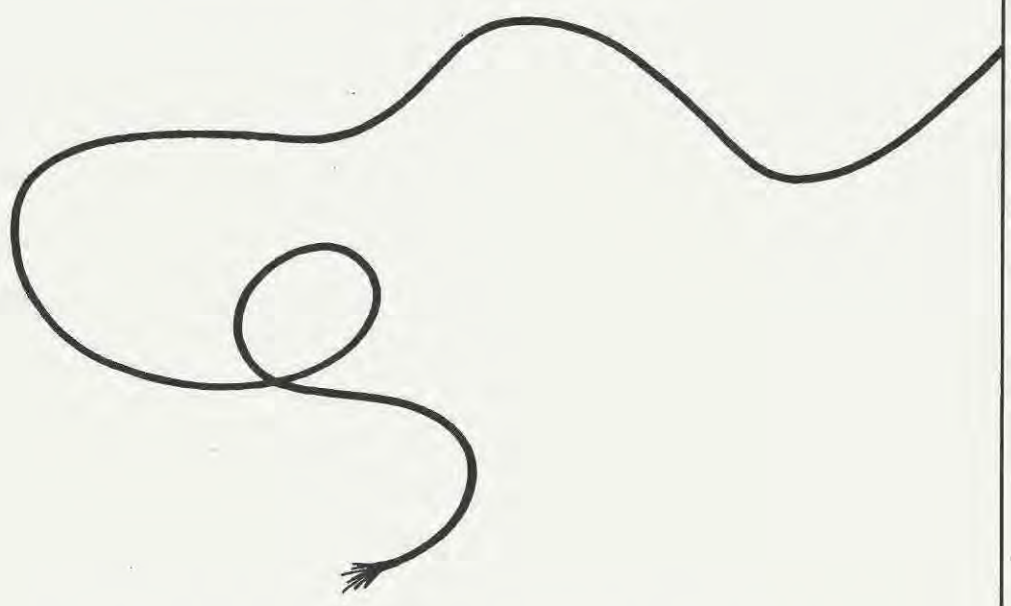
### WBK Ltd.

10605 Judicial Drive, Fairfax, Va. 22030; 703-385-7390

**Year founded:** 1979.
**Independent.**
**Services provided:** 100% special risk management projects, including frequent loss prevention audits, accounting system analysis, physical security,

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data processing security, security management; occasional claims auditing, loss settlement assistance, risk management organization studies, consulting on the design of risk management information systems, disaster recovery, loss investigation, loss recovery, earnings improvement, loan review.

**Specialty:** Financial institutions.

**Locations:** Offices in New Jersey, North Carolina, California, England.

**Staff:** 27 total staff members; 23 staff members assigned to risk management consulting only; professional staff members include eight principal consultants, 15 consultants. Professional designations held by staff include five MBAs, six NBEs.

**Clients:** Total clients not reported; 40% with risk and insurance budgets less than $1 million, 20% $1 million-$5 million, 10% $5 million-$10 million, 20% $10 million-$25 million, 10% exceeding $25 million.

**Compensation:** By the project; on retainer; by the hour: principal consultant, $200; junior consultant, $85; consultant, $125; clerical, $35.

**1985 gross revenues:** More than $1 million total, all from risk management consulting.

**Principal officers:** Alan L. Butkow, chairman/president; Gene Eskildsen, senior vp/chief operating officer; James Angel and James Stewart, vps.

## WEB Insurance Consultants Inc.

50 Galesi Drive, Wayne, N.J. 07470; 201-785-9066

**Year founded:** 1981.
**Independent.**

**Services provided:** 80% continuous consulting; 10% risk management audits; 10% special projects, including frequent insurance contract analysis, loss settlement assistance, preparation of specifications for bidding; occasional risk retention analysis, including self-insurance studies, captive feasibility studies, analysis of necessary insurance limits, claims auditing, loss prevention audits, assessment of broker service and remuneration, risk management organization studies, quantitative analysis and statistical forecasting.

**Staff:** Five total staff members; three staff members assigned to risk management consulting only; three professional staff members, including one principal consultant, one consultant, one analyst.

**Clients:** Total clients not reported; 80% with risk and insurance budgets less than $1 million, 20% $1 million-$5 million. No minimum size client.

**Compensation:** By the project, on retainer, by the hour.

**1985 gross revenues:** Not reported.

**Principal officers:** William Brengel, president.

**Membership:** SRMC.

## David Warren

58 Diablo View Drive, Orinda, Calif. 94563; 415-254-9472

**Year founded:** 1979.
**Independent.**

**Services provided:** 72% risk management audits; 8% special projects, including frequent risk retention analysis, including self-insurance studies, analysis of necessary insurance limits, insurance contract analysis, assessment of broker service and remuneration, risk management organization studies, preparation of specifications for bidding; occasional captive feasibility studies, claims auditing, loss prevention audits, accounting system analysis, loss settlement assistance, quantitative analysis and statistical forecasting, consulting on the design of risk management information systems; 20% other services, including publishing.

**Staff:** One total staff member, who has a CPCU designation.

**Clients:** Total clients not reported.

**Compensation:** By the project; by the hour: principal consultant, $125

**1985 gross revenues:** Not reported.

**Principal officers:** David Warren.

**Membership:** SRMC.

## Warren, McVeigh & Griffin Inc. & Subsidiary Cos.

1420 Bristol St. N., Newport Beach, Calif. 92660; 714-752-1058

**Year founded:** 1968.
**Independent.**

**Services provided:** 25.9% continuous consulting; 25.9% risk management audits; 22.2% special projects, including frequent risk retention analysis, including self-insurance studies, captive feasibility studies, analysis of necessary insurance limits, insurance contract analysis, claims auditing, assessment of broker service and remuneration, risk management organization studies, preparation of specifications for bidding, quantitative analysis and statistical forecasting; occasional loss prevention audits, accounting system analysis, loss settlement assistance, consulting on the design of risk management information systems; 26% other services, including publishing, employee benefit consulting.

**Locations:** San Francisco; Chicago office to be opened in 1986.

**Staff:** 21 total staff members; 15 staff members assigned to risk management consulting only; professional staff members include seven principal consultants, six consultants, two analysts. Professional designations held by staff include five CPCUs, five ARMs, one MBA, two attorneys.

**Clients:** 150 total clients; 15% with risk and insurance budgets less than $1 million, 78% $1 million-$25 million, 7% exceeding $25 million. No minimum size client.

**Compensation:** By the project; on retainer; by the hour: principal consultant, $125-$165; junior consultant, $50-$80; consultant, $90-$110; clerical, $25-$40.

**1985 gross revenues:** $2.1 million total, $1.6 million from risk management consulting.

**Principal officers:** C.C. Griffin, president; Erin A. Oberly, senior vp; Robert Wilkinson, vp.

**Membership:** SRMC.

## Waters Risk Management

7110 Augusta Blvd. N., Seminole, Fla. 33543; 813-397-8665

**Year founded:** 1978.
**Independent.**

**Services provided:** 40% continuous consulting; 25% risk management audits; 30% special projects, including frequent risk retention analysis, including self-insurance studies, analysis of necessary insurance limits, insurance contract analysis, assessment of broker service and remuneration, risk management organization studies, preparation of specifications for bidding; occasional accounting system analysis, loss settlement assistance, quantitative analysis and statistical forecasting, consulting on the design of risk management information systems; 5% other services, including seminars, teaching.

**Specialty:** Government entities.

**Staff:** Four total staff members, all of whom are assigned to risk management consulting only; two professional staff members, including one principal consultant, one consultant. Professional designations held by staff include two CPCUs, one ARM, one CLU.

**Clients:** 40 total clients; 80% with risk and insurance budgets less than $1 million, 20% $1 million-$5 million. No minimum size client.

**Compensation:** By the project; on retainer; by the hour: principal consultant, $100; consultant, $90; clerical, $20.

**1985 gross revenues:** Not reported.

**Principal officers:** Allan Paul Waters, principal; J. Hayden Knowlton, associate.

**Membership:** SRMC.

## Wisenberg Insurance & Risk Management (Consulting Division)

4828 Loop Central Drive, Ninth Floor, Houston, Texas 77081; 713-666-5200

**Year founded:** 1986.

**Parent company:** Wisenberg Insurance & Risk Management.

**Services provided:** 80% continuous consulting; 10% risk management audits; 10% special projects, including frequent analysis of necessary insurance limits, insurance contract analysis, assessment of broker service and remuneration, loss settlement assistance, risk management organization studies, preparation of specifications for bidding; occasional risk retention analysis, including self-insurance studies, claims auditing, loss prevention audits, quantitative analysis and statistical forecasting, consulting on the design of risk management information systems.

**Staff:** Three total staff members, in-

*Continued on next page*





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San Francisco Group Sales
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Agent

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**With Mutual Benefit Life's LTD, rehabilitation is the bottom line.**

Encouraging disabled workers every step of the way is part of our rehabilitation commitment. But that's not the only thing that makes our LTD so appealing.

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Mutual Benefit Life

People and Performance

*Continued from preceding page*
cluding two principal consultants, one consultant. Professional staff members include two CPCUs.

**Clients:** 15 total clients; 70% with risk and insurance budgets less than $1 million, 30% $1 million-$5 million. No minimum size client.

**Compensation:** By the project; on retainer; by the hour: principal consultant, $150; consultant, $100; clerical/technical, $60.

**Gross revenues:** 1986 estimate: $200,000 total, all from risk management consulting.

**Principal officers:** Irving Pozmantier, chairman; Joe L. Williams, president.

### Peter Leckie Wright-Ocean Marine Insurance Consultant

1880 St. Denis Place, West
Vancouver, British Columbia V7V 3W6

**Year founded:** 1984.
**Independent.**
**Services provided:** 65% continuous consulting; 5% risk management audits; 5% special projects, including loss settlement assistance; 25% other services, including seminars, computer marketing, management consulting, secretary-management duties.

**Staff:** One total staff member.

**Clients:** 10 total clients; 100% with risk and insurance budgets less than $1 million. No minimum size client.

**Compensation:** By the hour: principal consultant, $55.

**1985 gross revenues:** $59,000 total.

**Principal officers:** Peter Leckie Wright, sole proprietor.

### The Wyatt Co.

233 S. Wacker Drive, Suite 5600, Chicago, Ill. 60606; 312-876-2000

**Year founded:** 1942.
**Independent.**
**Services provided:** 0.9% continuous consulting; 0.75% risk management audits; 1.35% special projects, including frequent risk retention analysis, including self-insurance studies, captive feasibility studies, analysis of necessary insurance limits, insurance contract analysis, claims auditing, assessment of broker service and remuneration, risk management organization studies, quantitative analysis and statistical forecasting, consulting on claims, expert witness on disputed claims, industry surveys, exposure analysis, evaluation of loss reserves; occasional loss prevention audits, accounting system analysis, loss settlement assistance, preparation of specifications for bidding, consulting on the design of risk management information systems; 97% other services.

**Specialty:** Government, financial institutions, industry, utilities, health care.

**Locations:** Dallas; Detroit; Montreal; San Francisco; Toronto; Vancouver, British Columbia; Washington, D.C.

**Staff:** 2,000 total staff members; 52 staff members assigned to risk management consulting only; 37 professional staff members, including seven actuaries, 24 consultants six analysts and actuarial assistants. Professional designations held by staff include 13 CPCUs, nine ARMs, eight MBAs, two FCASs, four ACASs, one CLU, four attorneys, two PEs, three FLICs, three FCIAs.

**Clients:** 650 total clients. No minimum size client.

**Compensation:** By the project; on retainer; by the hour: consultant, $60-$235; actuary, $100-$200; analyst and actuarial assistant, $30-$60; clerical, $25-$55.

**1985 gross revenues:** $174 million total.

**Principal officers:** Warren G. Brockmeier, vp (Chicago); Edgar W. Armstrong, manager (Washington); Henry P. Devlin, manager (Detroit); Arthur E. Parry manager (Dallas); Thomas G. Briggin, manager (San Francisco); William R. Andrus, manager (Toronto); Frank Kingan, manager (Vancouver); Sylvain Dion, manager (Montreal).

**Membership:** SRMC. ■

# Risk management consultants arranged by city and state

## Alabama

**Birmingham**
- Industrial Insurance Management Corp.
- Johnson & Higgins Risk Management Services

## Alaska

**Anchorage**
- Mary A. Pierce Insurance & Risk Management Consulting Services
- Rollins Burdick Hunter Co.-Risk Management Service Group

## Arizona

**Phoenix**
- Johnson & Higgins Risk Management Services
- Omni Risk Services

**Scottsdale**
- Independent Risk & Insurance Management Services (IRMS)
- Insurance Consulting Services

## California

**Beverly Hills**
- Richard N. Irmas Co.

**Burbank**
- Adjustco Inc.

**Burlingame**
- The Reiss Organization/American Risk Management Inc.

**Corona Del Mar**
- Tiller Consulting Group

**Costa Mesa**
- Johnson & Higgins Risk Management Services

**Fountain Valley**
- Risk Services of California

**Irvine**
- Fred S. James & Co. Inc.
- James A. Robertson & Associates Inc.

**Lafayette**
- The FPE Group
- Fred S. James & Co. Inc.

**Laguna Beach**
- Risk Management Consultants Inc.

**Laguna Hills**
- Advanced Risk Management Techniques
- Applied Risk Funding Services

**La Jolla**
- Richard H. Soper Inc.

**Long Beach**
- Jack & Levine Risk Management Inc.

**Los Angeles**
- AIG Risk Management Inc.
- Anistics Inc.
- Coopers & Lybrand
- Thomas J. Hammond & Co.
- Jack & Levine Risk Management Inc.
- Fred S. James & Co. Inc.
- Johnson & Higgins Risk Management Services
- Risk Analysis & Management Corp.
- Rollins Burdick Hunter Co.-Risk Management Service Group
- Stogniew & Associates
- Tillinghast, Nelson & Warren Inc.
- Towers, Perrin, Forster & Crosby-Insurance Consulting Services Unit

**Marina del Rey**
- Morris Insurance Services Inc.

**Newport Beach**
- Rupp & Johnson Inc.
- Warren, McVeigh & Griffin Inc. & Subsidiary Cos.

**Oakland**
- Commercial Investment Alternatives Inc.

**Orinda**
- David Warren

**Palo Alto**
- Anistics Inc.
- Rollins Burdick Hunter Co.-Risk Management Service Group

**Pasadena**
- Rollins Burdick Hunter Co.-Risk Management Service Group

**Riverside**
- Johnson & Higgins Risk Management Services

**San Diego**
- Johnson & Higgins Risk Management Services
- Risk Management Advisers Inc.

**San Francisco**
- AIG Risk Management Inc.
- Anistics Inc.
- Coopers & Lybrand
- Glenn, Nyhan & Associates
- Fred S. James & Co. Inc.
- Johnson & Higgins Risk Management Services
- Rollins Burdick Hunter Co.-Risk Management Service Group
- Unirisk Inc.
- Warren, McVeigh & Griffin Inc. & Subsidiary Cos.
- The Wyatt Co.

**Santa Clara**
- Adjustco Inc.

**Sausalito**
- Risk Sciences Group Inc.

**Walnut Creek**
- Mund, McLaurin & Co. of San Francisco

## Colorado

**Aurora**
- United Risk Management Inc.

**Denver**
- Anistics Inc.
- Corporate Risk Services
- Curtner Risk Management Inc.
- Fred S. James & Co. Inc.
- Johnson & Higgins Risk Management Services
- Risk Consultants
- Rollins Burdick Hunter Co.-Risk Management Service Group

## Connecticut

**Darien**
- Risk Strategies Inc.
- Tillinghast, Nelson & Warren Inc.

*Continued on facing page*




**STRUCTURED SETTLEMENT. OUR PEOPLE GO OUT AND FIND THE FACTS THEY NEED TO KNOW.**

CONSULTANTS. Webster's *New World Dictionary* defines consultant as "a person who gives professional or technical advice." A fine definition–as far as it goes. The open question is: Advice based on what? Experience, training and knowledge, right? Especially the knowledge needed to understand what facts are important in *your* case.

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*Continued from facing page*

**Greenwich**
Fred S. James & Co. Inc.
**Hartford**
Johnson & Higgins Risk Management Services
Tillinghast, Nelson & Warren Inc.
**Stamford**
Huggins Financial Services Inc.
Johnson & Higgins Risk Management Services
**Wallingford**
Glenn, Nyhan & Associates
**Waterbury**
Root & Boyd Risk & Insurance Consulting Services Inc.
**West Hartford**
Carabillo Consulting Co.

## Delaware

**Wilmington**
Johnson & Higgins Risk Management Services

## District of Columbia

Insurance Advisory Services Inc.
Johnson & Higgins Risk Management Services
Risk Science International
The Wyatt Co.

## Florida

**Boca Raton**
Corporate Risk Consultants
**Fort Lauderdale**
Fred S. James & Co. Inc.
**Jacksonville**
Rodriguez Consulting Group Inc.
**Maitland**
Adjustco Inc.
**Marianna**
Justin S. Lencke & Associates
**Miami**
Johnson & Higgins Risk Management Services
Stogniew & Associates
**St. Petersburg**
Interisk Corp.
E.W. Siver & Associates Inc.
Stogniew & Associates
**Seminole**
Waters Risk Management
**Surfside**
Dave Goodwin & Associates
**Tampa**
EVAZBO Risk Management Consulting Services Inc.
Insurance Management Consultants
**West Palm Beach**
Fred S. James & Co. Inc.

## Georgia

**Atlanta**
AIG Risk Management Inc.
Anistics Inc.
Coopers & Lybrand
Fred S. James & Co. Inc.
Johnson & Higgins Risk Management Services
McNeary Insurance Consulting Services Inc.
The Reiss Organization/American Risk Management Inc.
Risk Analysis & Management Corp.
Risk Sciences Group Inc.
Rollins Burdick Hunter Co.-Risk Management Service Group
Stogniew & Associates
Tillinghast, Nelson & Warren Inc.

## Hawaii

**Honolulu**
Johnson & Higgins Risk Management Services

## Idaho

**Boise**
Fred S. James & Co. Inc.

## Illinois

**Bensenville**
The Reiss Organization/American Risk Management Inc.
**Chicago**
AIG Risk Management Inc.
Adjustco Inc.
Anistics Inc.
AuditRate Inc.
Coopers & Lybrand
The FPE Group
Glenn, Nyhan & Associates
Huggins Financial Services Inc.
Fred S. James & Co. Inc.
Johnson & Higgins Risk Management Services
M&M Risk Management Services
MRM/Multi-Risk Management Inc.
Rollins Burdick Hunter Co.-Risk Management Service Group
Towers, Perrin, Forster & Crosby-Insurance Consulting Services Unit
The Wyatt Co.
**Evanston**
R.E. Maynard Consulting Inc.
**Northbrook**
Corporate Advisors Inc.
**Park Ridge**
Corporate Policyholders Counsel Inc.
John Pierce, Consulting Actuary
**St. Charles**
J.M. Corp.

## Indiana

**Indianapolis**
Insurance Audit & Inspection Co. Inc.
Insurance Management Bureau
Rollins Burdick Hunter Co.-Risk Management Service Group
**Muncie**
Insurance & Financial Consultants Inc.

## Kansas

**Lenexa**
Fortune & Co./Risk Managers Inc.
**Overland Park**
Charlesworth & Associates
**Prairie Village**
The Reiss Organization/American Risk Management Inc.
**Wichita**
The FPE Group

## Kentucky

**Louisville**
Johnson & Higgins Risk Management Services
The Reiss Organization/American Risk Management Inc.

## Louisiana

**Baton Rouge**
Felton Associates
**New Orleans**
Johnson & Higgins Risk Management Services

## Maine

**Portland**
Fred S. James & Co. Inc.

## Maryland

**Annapolis**
Parks-Hudson Inc.
**Baltimore**
Insurance Buyers' Council Inc.
Johnson & Higgins Risk Management Services
**Columbia**
The FPE Group
Glenn, Nyhan & Associates

## Massachusetts

**Boston**
Corroon & Black/Advanced Risk Management Services
Robert M. Currey & Associates
Kevin F. Donoghue & Associates
Fred S. James & Co. Inc.
Johnson & Higgins Risk Management Services
Rollins Burdick Hunter Co.-Risk Management Service Group
Tillinghast, Nelson & Warren Inc.

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Name
Title
Company
Address
Area Code/Phone
Annual Claim Volume

BI 317

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*Continued from preceding page*

**Braintree**
National Insurance Advisory Services
**Carlisle**
H. Russell Perry Insurance Advisor Inc.
**Needham Heights**
J.H. Albert International Insurance Advisors Inc.
**Southboro**
Risk Management Associates
**Springfield**
MacMeekin Consulting Inc.
**Wellesley**
John Liner Insurance & Risk Management Advisers Inc.
**Worcester**
D.A. Betterley Risk Consultants Inc.

## Michigan

**Detroit**
Fred S. James & Co. Inc.
Johnson & Higgins Risk Management Services
Rollins Burdick Hunter Co.-Risk Management Service Group
The Wyatt Co.
**Grand Rapids**
Johnson & Higgins Risk Management Services
**Plymouth**
The Reiss Organization/American Risk Management Inc.
**Southfield**
Corporate Risk Consultants
**West Bloomfield**
Haig G. Neville

## Minnesota

**Eden Prairie**
Corporate Risk Managers Inc.
**Excelsior**
Risk Control Inc.
**Golden Valley**
Risk Management Inc.
**Minneapolis**
American Risk Services Inc.
Anistics Inc.
Johnson & Higgins Risk Management Services
The Reiss Organization/American Risk Management Inc.
Risk Analysis & Management Corp.
**St. Paul**
William Peet, Insurance Consultant

## Missouri

**St. Louis**
Insurance Audit & Inspection Co. Inc.
Fred S. James & Co. Inc.
Johnson & Higgins Risk Management Services
Risk Analysis & Management Corp.
Rollins Burdick Hunter Co.-Risk Management Services Group
Tillinghast, Nelson & Warren Inc.

## New Hampshire

**Concord**
The Reiss Organization/American Risk Management Inc.
**Hanover**
Albert C. Jones, New England Inc.

## New Jersey

**Bridgewater**
The Reiss Organization/American Risk Management Inc.
**Fort Lee**
The Reiss Organization/American Risk Management Inc.
**Lyndhurst**
Ebasco Risk Management Consultants Inc.
**Madison**
Bernard Ruback-Certified Public Accountant
**Marlton**
Kamp Associates
**Mays Landing**
Risk Management Technologies Inc.
**New Milford**
Francis X. McGrath
**Parsippany**
Johnson & Higgins Risk Management Services
**Paramus**
NIA Risk Management Services Inc.
**Pine Hill**
The FPE Group
**Princeton**
Capell Industrial Risk Management Inc.
Glenn, Nyhan & Associates
**Short Hills**
Fred S. James & Co. Inc.
**Union**
Blades & Macaulay
**Wayne**
WEB Insurance Consultants Inc.

## New York

**Briarcliff Manor**
Adjustco Inc.
Frank B. Hall & Co. Inc. (Risk Management Services)
**Buffalo**
Aldrich & Cox Inc.
**Fredonia**
Warren D. McPherson
**Great Neck**
Herbert H. Feldman Insurance Consulting Associates
Leonard R. Friedman/Risk Management Inc.
Industrial Risk Specialists Inc.
Risk Control Strategies Inc.
Risk Management Counsel
**Hamburg**
Ernest A. Holfoth
**Jericho**
Regent Cosultants Corp.
**Liberty**
Insurance Surveys Co.-Benjamin Levy
**New York**
AIG Risk Management Inc.
A.J.A. Risk Management Consultants Inc.
S.B. Ackerman Associates
Adjustco Inc.
Anistics Inc.
Classic Funded Risk Services Inc.
Coopers & Lybrand
EVAZBO Risk Management Consulting Services Inc.
Ebasco Risk Management Consultants Inc.
Ernst & Whinney-Risk Management Consultant Practice
Huggins Financial Services Inc.
Fred S. James & Co. Inc.
Johnson & Higgins Risk Management Services
M&M Risk Management Services
Risk Sciences Group Inc.
Rollins Burdick Hunter Co.-Risk Management Service Group
Stone & Webster Management Consultants Inc.-Risk Management Division
Tillinghast, Nelson & Warren Inc.
Towers, Perrin, Forster & Crosby-Insurance Consulting Services Unit
**Rochester**
Fred S. James & Co. Inc.
**Smithtown**
Ken Buhler Associates Inc.
**Tarrytown**
Adjustco Inc.

## North Carolina

**Charlotte**
Consulting Associates Inc.
Corporate Risk Management Inc.
Industrial Insurance Management Corp.
Insurance Audit & Inspection Co. Inc.
Johnson & Higgins Risk Management Services
McNeary Insurance Consulting Services Inc.
Pine States Management Inc.
Stogniew & Associates
**Raleigh**
Applied Risk Consultants Inc.

## Ohio

**Cincinnati**
Johnson & Higgins Risk Management Services
**Cleveland**
Crain, Langner & Co.
Johnson & Higgins Risk Management Services
The Reiss Organization/American Risk Management Inc.
Rollins Burdick Hunter Co.-Risk Management Service Group

*Continued on facing page*


# Crawford & Company now offers overnight updates to your claims administration database

**Claims administration with value added . . . overnight information to explore options and keep track of claims progress.**

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Send today for the 64-page booklet describing the SISDAT+ RMIS, supported **exclusively** by the nationwide system of Crawford & Company claims professionals.

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Better yet, give Barry LaFleur a call at (404) 256-0830. As Crawford's Vice President, Market Production, he'll respond to qualified inquirers with our SISDAT+ information **overnight.**

I'd like to see exactly what you mean about Crawford's *"value added"* claims administration. Send me the SISDAT+ booklet showing sample reports and how they can be used.

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Title _____
Company _____
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**Youngstown**
The FPE Group
The Reiss Organization/American Risk Management Inc.

## Oklahoma

**Tulsa**
Johnson & Higgins Risk Management Services

## Oregon

**Portland**
Fred S. James & Co. Inc.
Johnson & Higgins Risk Management Services
LMC & Associates
Rollins Burdick Hunter Co.-Risk Management Service Group

## Pennsylvania

**Feasterville**
First Risk Management Co.
**Harrisburg**
Fred S. James & Co. Inc.
**Hershey**
Rollins Burdick Hunter Co.-Risk Management Service Group
**Philadelphia**
AIG Risk Management Inc.
Huggins Financial Services Inc.
Fred S. James & Co. Inc.
Johnson & Higgins Risk Management Services
Risk Analysis & Management Corp.
Rollins Burdick Hunter Co.-Risk Management Service Group
Towers, Perrin, Forster & Crosby-Insurance Consulting Services Unit
**Pittsburgh**
Fred S. James & Co. Inc.
Johnson & Higgins Risk Management Services
Professional Risk Management Consultants
**Radnor**
Glenn, Nyhan & Associates

## Rhode Island

**Warwick**
Insurance & Financial Consultants Inc.

## South Carolina

**Columbia**
Fred S. James & Co. Inc.

## Tennessee

**Brentwood**
The Reiss Organization/American Risk Management Inc.
**Memphis**
Justin S. Lencke & Associates
**Nashville**
Corroon & Black/Advanced Risk Management Services
Fred S. James & Co. Inc.
Johnson & Higgins Risk Management Services

## Texas

**Arlington**
Aerospace Management Services International
**Austin**
Insurance & Financial Consultants Inc.
The Joseph Ivy Co.
**Dallas**
Adjustco Inc.
Fred S. James & Co. Inc.
Johnson & Higgins Risk Management Services
Robert Hughes Associates Inc.
The Reiss Organization/American Risk Management Inc.
Rollins Burdick Hunter Co.-Risk Management Service Group.
Tillinghast, Nelson & Warren Inc.
The Wyatt Co.
**Houston**
AIG Risk Management Inc.
Larry W. Buck & Associates Inc.
Johnson & Higgins Risk Management Services
Kusters Consulting International
Rollins Burdick Hunter Co.-Risk Management Service Group
Stogniew & Associates
Wisenberg Insurance | Risk Management (Consulting Division)
**Plano**
Intex Management Co. Ltd.
Robert W. Lazarus & Associates Inc.

## Utah

**Salt Lake City**
Fred S. James & Co. Inc.

## Vermont

**Burlington**
The Reiss Organization/American Risk Management Inc.

## Virginia

**Arlington**
Fred S. James & Co. Inc.
**Fairfax**
WBK Ltd.
**Hampton**
Commercial Risk Consultants Inc.
**Lexington**
International Insurance Consultants
**Richmond**
Industrial Insurance Management Corp.

## Washington

**Bellevue**
The Reiss Organization/American Risk Management Inc.
**Seattle**
Advanced Risk Management Techniques
Coopers & Lybrand
Fred S. James & Co. Inc.
Johnson & Higgins Risk Management Services
Rollins Burdick Hunter Co.-Risk Management Service Group
**Spokane**
Fred S. James & Co. Inc.

## West Virginia

**Charleston**
Johnson & Higgins Risk Management Services
**Richmond**
Johnson & Higgins Risk Management Services

## Wisconsin

**Brookfield**
Corporate Risk Managers Inc.
**Manitowoc**
Risk Consultants Inc.
**Milwaukee**
T.E. Brennan Co.
Rollins Burdick Hunter Co.-Risk Management Service Group
**Oak Creek**
Insurance Program Management Inc.
**Plymouth**
Risk Consultants Inc.
**Sheboygan**
Risk Consultants Inc.
**Sheboygan Falls**
Risk Consultants Inc.

## Alberta

**Calgary**
J.M. Gordon & Associates

## Australia

**Sydney**
Johnson & Higgins Risk Management Services

## Bermuda

**Hamilton**
Coopers & Lybrand
Haig G. Neville

*Continued on next page*


# Do you and your broker have the right information to go to market?

In a tight market,
underwriters have to be sold on taking a risk.
Good, professional underwriting information can result
in convincing a market to take your risk
at a fair price.

If there ever was a time to win the hearts and minds of underwriters, now is the time.

When your broker sits down across the desk with the one person who can make or break your risk management budget, make sure he has the right information to sell your risk on the most favorable terms.

Many underwriters do not want to write new business at this time. Or they tend to lump all businesses in a specific category as if they all had the same risk exposures, regardless of past experience or risk control measures in effect.

You can combat this approach by knowing yourself what your risk is worth and by packaging a high quality, professional underwriting presentation. Such a presentation should include detailed claims statistics, historical loss development and payout analysis, risk exposure projections, and a series of other critical decision variables that will allow the underwriter to focus on real values, rather than a fear of the unknown.

In addition, the ability to present your casualty data in conformance with the new "claims made" forms could make a significant difference in your ability to present and negotiate renewals for these lines of risk.

If you are presently a Crawford & Company claims administration client, much of your needed data may have already been collected and is readily accessible.

To find out how to develop your information presentation, contact Risk Sciences Group now by sending in the coupon below or call Andy Daniels at (415) 331-5900.

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Mail this coupon for detailed information on how Risk Sciences Group's Risk Management Information Systems can help you or your broker package your loss experience to be better understood by underwriters.

Name
Title
Company
Address
City, State, Zip
Phone ( )
Renewal Date

*Continued from preceding page*

### British Columbia

**Richmond**
Harold Hudd
**Vancouver**
Copper Roof Management Inc.
Kemp Risk Management & Analysis Ltd.
Peter Shuley & Associates Inc.
Peter Leckie Wright-Ocean Marine Insurance Consultant
The Wyatt Co.

### England

**London**
AIG Risk Management
Anistics Inc.

### Ontario

**Rexdale**
Armour Riley Inc.
**Toronto**
Fred S. James & Co. Inc.
Johnson & Higgins Risk Management Services
Peter Shuley & Associates Inc.
Tillinghast, Nelson & Warren Inc.
The Wyatt Co.

### Puerto Rico

**Old San Juan**
EVAZBO Risk Management Consulting Services Inc.
**San Juan**
First Risk Management Co.

### Quebec

**Dollard-des-Ormeaux**
Melanber Inc.
**Montreal**
Herbert H. Feldman Insurance Consulting Associates
Fred S. James & Co. Inc.
Melanber Inc.
The Wyatt Co.

### Sweden

**Stockholm**
Tillinghast, Nelson & Warren Inc. ■

# Risk managers can modify software to fit their needs

## products & services

A new software product that gives risk managers more flexibility in information management has been developed by SCFTEC Inc. of Livonia, Mich.

Administrative Tracking software, designed for the IBM Personal Computer and compatible systems, employs a "paint by numbers approach" to teach users each step of the sorting and coding process, explained Mark E. Dorn, marketing director.

Unlike a customized program, the Administrative Tracking software lets users modify functions to meet their specific needs, Mr. Dorn added.

The software consists of user-tailored storage files, which even first-time computer users can create, the company says.

In addition, the software includes pre-structured submodules, which also can be altered or augmented, for contract management, litigation record, policy management, property management, personal directory, hazardous materials, bond abstracting, employee health services and infection control.

The Administrative Tracking product is priced at $1,995. Sortmaster, an additional software package that alphabetizes data, is available for $1,500.

SOFTEC also offers a support service for $20 per month, billed annually. Subscribers can call the company for answers to programming questions and/or to get help troubleshooting most computer problems.

For more product or seminar information, contact Mark E. Dorn, director of marketing, SOFTEC Inc., 33063 Schoolcraft Road, Livonia, Mich.; 313-261-4440.

## Safety training series

National Loss Control Service Corp. of Long Grove, Ill., has developed a safety training series called SMART (Safety Management and Risk Training) for risk managers.

The materials, available in slide/cassette or videocassette, cover four areas of worker safety training:

- "Telling Employees About Chemical Hazards," a four-module package, is designed to help employers comply with right-to-know laws. The training time is two to three hours, and a Spanish version is available. Cost is $650.
- "Flammable Liquid Safety" is an introduction to flammable liquid hazards, which describes properties of flammable vapors, flash points, sources of ignition and storage and handling principles. Training time is an hour or less, and the cost is $295, including an instructor's manual and handout booklets.
- "Procedure I: Basic Laboratory Safety" can be used as either an introduction or refresher on basic lab safety rules and procedures. Training time is one hour or less and cost is $235, including an instructor's manual and handout booklets.
- "Forklift Safety" is a three-part operator's introduction to forklift features and characteristics, inspection and operations. The materials are designed to be used as part of a complete driver certification program. Training time is 1½ to two hours and cost is $355, including an instructor's manual and handout booklets.

For more information or to purchase the safety training series, contact Dick Odom of the National Loss Control Service Corp. at 800-323-9585; in Illinois, call 312-540-2011. ■


**Challenge #37**

*"My client says that his voice is worth $50,000 a month to him. What do you say?"*



We said "Fine," and responded with a same-day competitive quote on an Individual Disability Income policy Including Loss of Voice coverage for this noted New York radio/TV broadcaster. The policy was written for a 5-year Term including a 5-year Indemnity Period, a 90-day Elimination Period and a $50,000 per month Benefit.

* * *

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**Challenge #95**

*"My clients are going to explore some of the wilder reaches of the Amazon for 6 weeks. Can they be insured for $2,000,000?"*



After a quick investigation, we provided a same-day competitive quote on an individual AD&D Including War Risk policy for an older couple about to undertake the adventure. The policy was written – Term: 6 weeks; Sum Insured: $2,000,000.

* * *

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**Challenge #117**

*"My client's off to do a photo essay on rebel forces in one of those Central American hotspots and needs AD&D Including War Risk. Help!"*



Adding urgency to it all was the fact that the photographer was leaving within days. We provided our usual same-day competitive quote, which was accepted. The policy covered him for $100,000 AD&D Including War Risk; Term: 1 month. Unfortunately the man was killed in crossfire between the combatants.

* * *

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# Heston appointed president of Utica Mutual

## comings & goings: industry

**W. Craig Heston** has been named president of Utica Mutual Insurance Co. of New Hartford, N.Y., a subsidiary of the Utical National Insurance Group. Mr. Heston, who serves on the board of all the major companies in the group, previously was executive vp.

He joined the company in 1963 and has held a variety of positions, including vp-regional office operations, senior vp and assistant to the president.

Also at Utica, **John G. Di Liberto** named vp. Mr. Di Liberto, who joined the company in 1983, previously was director of field claims operation.

**Other insurer changes:**

**Leonard D. Schaeffer** appointed president and chief executive officer of Oakland-based Blue Cross of California. Mr. Schaeffer previously was president of Group Health Inc. in Minnesota, a health maintenance organization.

**Ronald L. Mays** named executive vp of San Francisco-based California Physicians' Insurance Corp., a subsidiary of Blue Shield of California. Mr. Mays, 54, previously was vp of personal insurance marketing at Fireman's Fund Insurance Cos. of Novato, Calif.

Progressive Casualty Insurance Co. of Mayfield Village, Ohio, a subsidiary of The Progressive Corp., has appointed several vps. **Edward Ford** named vp/manager-corporate actuary on the company headquarters staff. Mr. Ford previously was an assistant vp. In the Atlantic division, **Tony Lardakis** named vp/manager-New England region. Mr. Lardakis previously was an assistant vp. **Timothy Madden** named vp/division claims manager in the commercial division. Mr. Madden, who joined the company in 1976, previously was an assistant vp.

**Thomas M. Collerain** named executive vp of Ranger Insurance Co. of Houston. Mr. Collerain will be responsible for commercial product management, underwriting and reinsurance activities.

**Walter P. Guzzo** elected vp of Chubb & Son Inc. of Warren, N.J., Mr. Guzzo, who joined Chubb 17 years ago, retains his responsibilities a branch manager of Chubb's Pittsburgh office.

**John G. Dalziel** appointed vp of Manchester-based New Hampshire Insurance Co., a subsidiary of New Hamshire Insurance Group, which is a unit of American International Group Inc. Mr. Dalziel will be responsible for overseeing New Hampshire Insurance Group's claims operations nationwide.

**Denis J. Devos** appointed vp-group insurance for Great-West Life Insurance Co. of Denver, a subsidiary of Power Financial Corp. Mr. Devos, who joined the company in 1973, will be responsible for all group underwriting, administrative functions and product development.

**W.W. King** named home office field operation manager for Fairmont Insurance Co. of Burbank, Calif. Mr. King will be responsible for coordinating all branch operations in the workers compensation area.

**William S. Montgomery** elected vp of Liberty Mutual Insurance Co. of Boston. Mr. Montgomery also serves as the manager of the insurer's Canadian division.

**Forrest A. Richen** named vp and actuary of individual insurance, and **Wayne V. Roberts** named vp and actuary of group insurance for Standard Insurance Co. of Portland, Ore.

**Bobby E. Milam** and **William G. Murphy** elected vps of Transamerica Insurance Group of Los Angeles, a subsidiary of Transamerica Corp. Mr. Milam, who joined the company in 1969, is vp-property claims. Mr. Murphy is vp-of claims operations. He joined the company last year.

**John N. Blackman** named president and chief executive officer of New York Marine & General Insurance Co. of New York. Mr. Blackman also retains his responsibilities as chairman. He assumes the positions from **Joseph T. Parte,** who was named vice chairman.

Also at New York Marine, **John N. Blackman Jr.** and **Mark W. Blackman** named executive vps, and **Anthony J. Kuczinski** named vp and chief operating officer.

**Richard A. Price** named vp and director of the new structured financings group in the Risk Management Department of Financial Guaranty Insurance Co. of New York. Mr. Price joined the company last year as vp-marketing and new product development.

### Agents/brokers

**Dennis M. Doyle** named president and chief operating officer of Charter Corp. of Towson, Md. Mr. Doyle joined the company in 1974.

**Robert J. Kopal** named president of FG Special Risk Inc. of Houston, a subsidiary of Financial Guardian Group Inc. Also, **Lawrence Mennes** named executive vp of FG Special Risk, formerly Worldsurance Inc.

**Wayne E. McOwen** named executive vp of Shoval Associates of Wilkes-Barre, Pa. He previously was production manager for agency Hackett, Valine & MacDonald Inc., as well as vp of Yankee Captive Management, the agency's captive insurer.

**Val E. Nichols** named president of Fred S. James of New York Inc., a subsidiary of Fred S. James & Co. Inc. Mr. Nichols previously was vp of Alexander & Alexander Inc.'s Philadelphia office.

**Gary M. Slep** named vp and technical division manager of Boston-based Fred S. James & Co. of Massachusetts. He will be responsible for all claims and loss prevention services.

**Robert E. Cronin** and **Lawrence J. Babbitt** appointed vps in the Tampa, Fla., office of Marsh & McLennan Inc. of New York. Mr. Cronin, who joined M&M in October, also heads the Tampa office.

Also at M&M, **M. Steven Sadler, Nancy B. Brady, Kendel J. Lyman** and **Thomas E. Fenn** named vps.

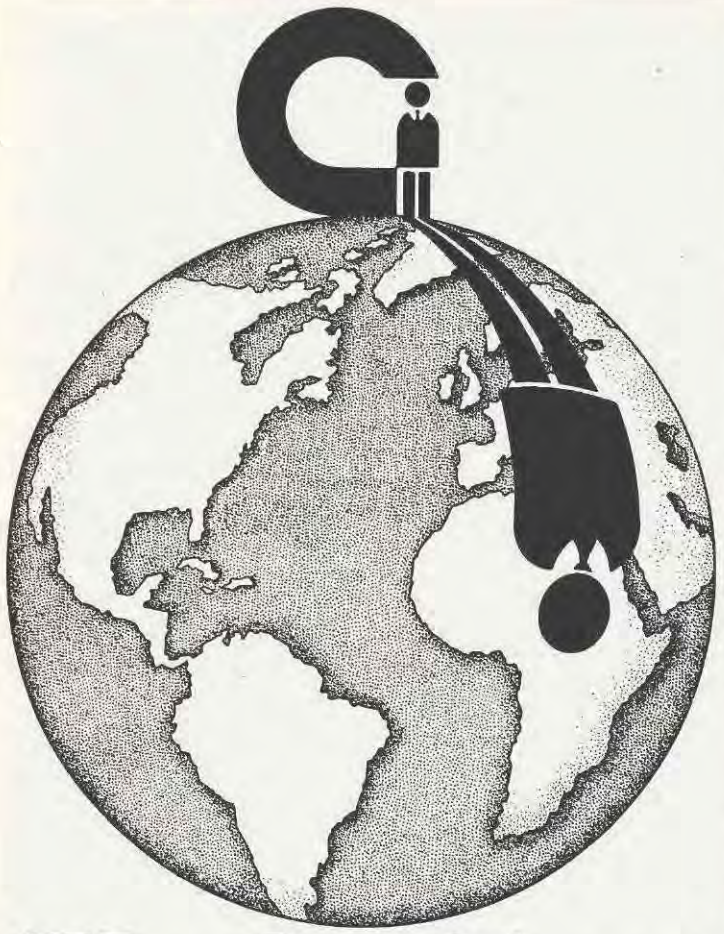
**Herbert R. Selander Jr.** named vp of Johnson & Higgins of New York.

**Jack S. Hupp** elected president of Seibels, Bruce & Co. of Columbia, S.C. Mr. Hupp joined the company in 1984.

Also at Seibels, Bruce, **William M. Davis** elected chairman and **Sterling E. Beale** elected vice chairman. Mr. Davis, who joined the company 39 years ago, previously was president. Mr. Beale

*Continued on next page*



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# comings & goings: industry

*Continued from previous page*
previously was vp. He joined the company in 1972.

**James W. Alexander** named president and chief operating officer of Imco Corp. of Southfield, Mich. He previously was executive vp.

**James L. Moss** named managing vp of Alexander & Alexander Inc.'s St. Louis office. Mr. Moss, who joined the firm in 1978, previously was a senior vp.

**C. Timothy Morris** named senior vp of the agencies division of FBS Insurance of Minneapolis, a subsidiary of First Bank System Inc. Prior to joining the company in 1982, Mr. Morris was executive vp of Adapt Inc.

**Bruce E. Catherwood** and **Thomas A. Seery** appointed senior vps of the political and financial risks division of John P. Tilden Ltd. of Bay Shore, N.Y. Mr. Catherwood previously was senior vp of the financial products group at Fred S. James & Co. He also has been associated with The Home Insurance Group, Johnson & Higgins and CIGNA Corp. Mr. Seery has more than 25 years in the risk management field, including founding the Insurance & Risk Management division of Merrill Lynch & Co.

## Other suppliers

**Harry A. Crawford** named president and chief executive officer of Insurance & Risk Management of Fort Wayne, Ind. Mr. Crawford will be responsible for developing and executing long-range business plans. Mr. Crawford resigned as chairman to accept his new position. The newly elected chairman is **Paul A. Porter.**

**Alice B. Weiss** elected president of Leonard R. Friedman/Risk Management Inc. of Great Neck, N.Y. Ms. Weiss, who joined the firm in 1977, previously was executive vp and associate risk manager.

Also at Friedman, **Susan G. Kaufman** elected vp and director of risk control, and **Rachel Efrati** named associate risk manager. Ms. Kaufman joined the firm in 1979 and established its safety and claims management department. Ms. Efrati previously was an underwriter for a major insurer.

**William McLeish** appointed regional manager of the Midwest region of Martin E. Segal Co., a New York-based benefit consultant. Mr. McLeish, a senior vp since 1978, previously was head of the company's Chicago office. He succeeds **Wendell H. Link,** who assumes senior status as benefit consultant and adviser. **Richard M. Frenzel** succeeds Mr. McLeish as head of the Chicago office. Mr. Frenzel has been a senior vp since 1981.

**Susan F. Stoltze** named communications consultant at Benefit Communicators Inc. of San Diego. Ms. Stoltze will plan, organize and implement communications and marketing programs throughout California. Ms. Stoltze previously was with Barney & Barney of San Diego and Ozanne & Associates of Dallas.

**Peter S. Godfrey** joined the risk management and consulting services unit of Towers, Perrin, Forster & Crosby of New York. He is responsible for business development and project management.

**Ralph M. Wilson** named president and chief executive officer of Self-Insurance Service Inc. of Chicago, a subsidiary of Rollins Burdick Hunter Co. providing claims management and safety services. Mr. Wlson previously was chief executive officer of New York-based Adjustors Corp. of America.


Mr. Wilson

**David B. Lloyd** appointed vp-physical damage claims at Underwriters Adjusting Co. of Piscataway, N.J. Mr. Lloyd previously was vp-auto damage claims. He joined the company in 1973.

**Elizabeth N. Buchbinder** named manager in the national tax department of Ernst & Whinney in Washington. Ms. Buchbinder will specialize in the retirement benefits area.

**Robert Hollins** named senior vp and **J.R. King** named vp of Brocklehurst International Associates Inc. of Houston, an oil field insurance adjuster and surveyor.

Crawford & Co. of Atlanta has announced two appointments at subsidiary companies: **Don Hull** named vp of Canadian subsidiary Crawford & Co. Insurance Adjuster Ltd. and **Michael Keating** named vp of Risk Sciences Group.

**Janet M. Wesche** and **Jayne M. DiSomma** appointed vps of Westport Management Group Ltd. of Hauppauge, N.Y. The company provides operational and consulting services to the reinsurance and insurance industry.

**William J. Demoray** elected president and chief executive officer of Dayton-based Total Group Services of Ohio Inc., an employee benefits administrating and consulting company. Mr. Demoray is a co-founder of the company and has served as managing vp.

**Linda R. Minson** appointed to the staff of Charlesworth & Associates of Overland Park, Kan., a risk management consulting firm. Mr. Minson has more than 13 years' experience in the field of commercial property and liability risk management.

**Joanne C. Woolsey** named benefits communications consultant at The Johnson Cos. of Langhorne, Pa., a claims administrator and brokerage. Ms. Woolsey will be responsible for developing multimedia presentations to help clients communicate benefit plans to their employees. ■


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# NAIB backs expansion of Risk Retention Act

By JERRY GEISEL

**washington**

WASHINGTON—The National Assn. of Insurance Brokers endorses the proposed expansion of the federal Risk Retention Act.

The NAIB says that, in view of the tight commercial insurance market, buyers should be given new options to cover their casualty exposures.

"Eliminating legal blocks to the creation of risk retention groups and group purchase of insurance is one tool to assist insurance buyers in coping with the diminished insurance market," the NAIB said in a statement issued last week.

"NAIB therefore supports the concept of appropriate expansion of the Product Liability Risk Retention Act to enable self-insurers to form financially sound, professionally managed risk retention groups covering their liability risks in addition to product liability," the Washington-based trade group said.

The endorsement by the NAIB's board of directors follows the introduction last month of legislation, S. 2129, in the Senate to expand the 1981 Risk Retention Act.

The Risk Retention Act amendments, proposed by Sens. John Danforth, R-Mo., and Robert Kasten, R-Wis., would expand the original 1981 law to permit businesses, trade groups and municipalities to purchase all forms of commercial casualty coverage—except workers compensation—as a group or to form a captive insurer to pool their risks (*BI*, March 10).

A measure to expand the Risk Retention Act also has been introduced in the House as H.R. 4301 by Rep. Ron Wyden, D-Ore. It is virtually identical to the Senate bill.

## Catastrophic cover

Department of Health and Human Services Secretary Otis Bowen will create a special panel to advise him on establishing catastrophic health insurance plans.

Speaking this month at a Washington legislative seminar sponsored by the National Assn. of Independent Insurers, Dr. Bowen said an advisory panel is being established to develop recommendations on how the private sector and government can work together to provide health insurance coverage for catastrophic expenses.

In another issue discussed at the seminar, NAII President Lowell Beck urged that Congress keep its hands off the McCarran-Ferguson Act, the federal law that exempts insurers from many provisions of antitrust law and leaves primary regulation of the industry with the states.

A repeal of McCarran-Ferguson "would not do a single thing to alleviate the affordability/availability crisis," Mr. Beck said.

But "tampering with McCarran would destroy state regulation of insurance, put many small- and medium-sized insurers out of business, increase prices for the consumer and increase market share for large companies," Mr. Beck added.

## Pension appointment

Paula J. Page has been appointed chief of the Division of Field Operations in the Pension and Welfare Benefits Administration's Office of Enforcement.

As chief of the division, Ms. Page is responsible for developing enforcement policies for the Employee Retirement Income Security Act. She also oversees the investigative activities of the agency's 15 area and district offices throughout the country and the review of contested cases.

Previously, Ms. Page, a graduate of Antioch School of Law in Washington, was an assistant counsel in the Plan Benefits Security Division of the Office of the Solicitor of Labor.

## APPWP appeal

The Assn. of Private Pension & Welfare Plans is urging the Internal Revenue Service to modify a notice that imposes tax sanctions on employers that failed to amend their pension and savings plans to comply with three federal laws.

In addition, benefit consultant Hewitt Associates, the Lincolnshire, Ill., has written to Treasury Secretary James Baker III recommending that the controversial IRS notice be withdrawn.

The IRS said in Notice 86-3 that employers would lose part of their tax deductions for plan contributions if they didn't meet an IRS deadline to amend their plans to comply with the Tax Equity and Fiscal Responsibility Act of 1982, the Deficit Reduction Act of 1984 and the Retirement Equity Act of 1984.

The deadline for amending plans for many companies was Nov. 1, 1985, though it was later for others (*BI*, March 3).

The penalties for failing to amend a plan on time would depend on when an employer filed its plan amendments with the IRS.

In a letter to IRS Commissioner Roscoe Egger, the APPWP recommended that employers be given until Sept. 30, 1986, to file plan amendments before penalties are imposed.

In urging a filing extension deadline, the APPWP, a Washington-based benefits lobbying group, described the IRS's retroactive penalties as "draconian."

The trade group noted that the IRS did not give employers any prior notice of the penalties and that the compliance period for amending plans—due to delays by the IRS in issuing regulations—was extremely short.

"On behalf of our membership, we strongly believe that such retroactive penalties are harsh and unfair. . . .Employers have been virtually overwhelmed with the plan amendments that have been required by the annual legislative overhauls in the tax code that relate to benefit plans without the time necessary to obtain union clearances, make and implement plan design decisions, put in place administrative guidelines and draft plan amendments to the IRS," the APPWP said.

Meanwhile, Hewitt Associates, in its letter to Treasury Secretary Baker, described Notice 86-3 as a "serious lapse of judgment" and urged its withdrawal.

"The notice imposes inappropriate and retroactive penalties. It is extremely inequitable. It should be an embarrassment to an administration that purports to champion a fair tax system. It should be withdrawn immediately," Hewitt said. ■




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# Capacity is up 45% at Sturge syndicates

**By STACY SHAPIRO**

LONDON—Capacity for Lloyd's of London syndicates managed by Sturge Holdings P.L.C., Lloyd's largest underwriting agency, has increased 45% or 215 million pounds ($311.75 million), says Sturge Chairman David Coleridge.

Capacity for the syndicates now totals 685 million pounds ($993.25 million), according to Sturge's 1985 annual report.

"This considerable additional capacity for 1986 will be needed to take account of the hardening of insurance premium rates," Mr. Coleridge said.

"We have been at pains to ensure that all our underwriters have a reasonable cushion of available capacity so that they can take advantage of today's favorable underwriting conditions. . .without major risk of premium underwriting problems," he said.

Syndicates increase their capacity when new members join the syndicates, and capacity also is increased somewhat by year-to-year strengthening of the pound compared to the dollar.

Mr. Coleridge made his remarks at the first annual meeting held since Sturge began to sell stock on the London Stock Exchange last June. Sturge now has more than 1,000 shareholders.

In his remarks, Mr. Coleridge also hinted that results for Sturge's non-marine syndicates will not be good for 1983, the year just closing under Lloyd's three-year accounting system.

"The non-marine market was particularly hard-hit in 1983 and, in common with most agencies, we do not anticipate any (profit) commission contribution on the non-marine syndictes managed by R.W. Sturge & Co.," he said.

Sturge will announce syndicate results in June.

Mr. Coleridge also told shareholders that Lloyd's underwriting agents currently are engaged in reformalizing all their underwriting arrangements with names because Lloyd's requires new standard underwriting agency agreements to be used by 1987.

This has caused agents to review their terms of business, Mr. Coleridge said, adding, "We expect to be able to announce our own decisions to our names very shortly."

## *london line*

### New Lloyd's bylaw

Lloyd's of London's managing underwriting agencies and their executives are prohibited from owning more than 5% of any insurance company under a new bylaw passed last week.

The bylaw was needed for "effective regulation. . .following certain abuses in the past," according to Lloyd's.

Lloyd's Chief Executive Alan Lord said the abuses included misappropriation of syndicate funds through offshore reinsurance companies controlled by former executives of PCW Underwriting Agencies Ltd (*BI*, March 10).

The new bylaw imposes stringent controls on the placing of syndicate reinsurance with insurance companies or through non-Lloyd's brokers. Specifically:

- A managing agent of its executives or connected persons cannot own more than 5% of any insurance company unless the Council of Lloyd's approves in writing.
- Syndicate business cannot be ceded to an insurance company or related company that has more than 10% interest in the syndicate's underwriting agency.
- Placing reinsurance through a non-Lloyd's broker is prohibited unless the Council of Lloyd's approves the transaction in writing.

The new bylaw takes effect immediately for new business. Existing relationships that violate the bylaw must be severed by July 23, 1987, the deadline for Lloyd's brokers to divest themselves of Lloyd's managing underwriting agencies under the Lloyd's Act of 1982.

### Liability course

The British Safety Council is offering a four-day course on product liability that will lead to a certificate in product liability risk reduction.

The course is one of three leading to the Associate of the Faculty of Risk Management designation issued by the Safety Council; the other classes deal with risk management and hazard and loss.

The product liability course will focus on the liability crisis in the United States, reciprocal agreements between countries, civil and criminal law relating to production and distribution of defective goods in Britain, legislation throughout Europe and how to build an effective product liability protection program.

The fee for the course is 294 pounds (approximately $426) for Safety Council members and 336 pounds (approximately $487) for non-members.

For more information, contact the British Safety Council, National Safety Center, 62-64 Chancellor's Road, London W6 9RS; 01-741-1231; Telex 8813288 Safety G.

### New perspective

Brokerage executive Ken Carter believes that bigger is not necessarily better, as he settles into his new role as chief executive of Lloyd's of London broker Lloyd Thompson (Insurance Brokers) Ltd.

At the end of last year, Mr. Carter left his post as chairman of Sedgwick Group P.L.C.'s North American subsidiary, Price Forbes, to join Lloyd Thompson. John Swinglehurst has taken over Mr. Carter's place at Sedgwick.

Mr. Carter says he still has great respect for Sedgwick, but he is excited about his future and the future of Lloyd Thompson.

"It is the challenges of getting back to the sharp end of business, as opposed to the administrative side," he said. "You can deal with clients and markets directly."

Mr. Carter is bullish on the role of the small- to medium-size Lloyd's broker in today's tight market, which he believes will last for at least the next two years. He notes that these brokers pride themselves on innovation and creativity, which is essential to helping clients deal with problems posed by high rates and low capacity.

"It is an immensely exciting opportunity for Lloyd Thompson specifically," he said. "I worked for Sedgwick for 20 years and have the highest regard for them. But this is a once in a lifetime opportunity."

*Continued on next page*





The 14th Annual EMPLOYEE BENEFITS COMMUNICATION AWARDS will be presented on August 4th during the Business Insurance *"Communicating Benefits"* conference in New York City.

A panel of benefit managers and communication specialists will select winners from a variety of categories.

The Competition is open to all companies in the U.S. and Canada, and has no restrictions as to the size of the company.

Entries will be accepted beginning April 1st. No entry will be accepted after April 30th.

To obtain rules and entry forms, call Ann Vazquez, Communication Services Department, Business Insurance, 212/210-0137.

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Communications Services Dept., 220 E. 42nd Street, New York, N.Y. 10017

*Continued from previous page*

Lloyd Thompson was created in 1981 by a small group of brokers including Peter Lloyd and John Lloyd, who are not related. The company now employs about 80 people and handles a premium volume estimated at $150 million.

About 50% to 60% of the company's business is North American, and includes energy, reinsurance, hull, cargo and North American property coverage.

## U.K. fire losses drop

Fire losses in England, Scotland and Wales declined 18.8% last year to 449.6 million pounds ($651.9 million) compared to 553.6 million pounds in 1984, according to the Assn. of British Insurers.

"Although it is encouraging that the cost of fire damage in 1985 was lower than the previous two years, we cannot afford to be complacent," said Roger Taylor, chairman of the ABI property committee. "Fires cost almost 1.25 million pounds every day."

Mr. Taylor called for all possible efforts to to cut fire losses.

## Product liability

The lack of available and affordable product liability insurance may be inhibiting trade between Britain and the United States, says the London Chamber of Commerce and Industry.

The London Chamber's North American committee visited Washington recently to discuss with U.S. business and political figures factors that have an adverse effect on trade, including the lack of product liability coverage and large awards handed down in U.S. courts.

"We made noise," said committee head, Ian Weatherhead. "We said that the damages being sought (in U.S. courts) are so astronomical that it is the main reason why product liability premiums have gone up."

## Broker outlook

British insurance brokers, now beginning to publish their 1985 annual results, will show improved figures, predicts stockbroker L. Messel & Co.

But, over-optimistic investors may be disappointed because, although the results will be good, they will not reflect all the benefits of 1985 property/casualty rate increases, Messel says.

"It has been estimated that many large insurance companies managed to purchase only 50% of their required reinsurance by year-end, as opposed to the more normal figure of 75%," Messel says. "This will have a direct impact upon insurance brokers, reducing the number of booked commissions in the latter half of 1985."

In its report, Messel made observations and suggestions about seven insurance brokers:

• Sedgwick Group P.L.C. The report predicts that Sedgwick, Britain's largest broker, will see its earnings grow following its merger last year with Fred S. James & Co. Inc. Messell estimates pretax profits will be 130 million pounds ($188.5 million) for 1985 and 160 million pounds ($232 million) for 1986.

Sedgwick was scheduled to announce its results late last week.

"Sedgwick has performed poorly compared with the other stocks in the sector over the past 12 months," the report says. "The market is now discounting any disappointment in the next set of results, but the funding of a possible purchase of Bayly, Martin & Fay may introduce an element of short-term uncertainty."

James and Bayly, Martin & Fay International Inc. announced last month they are holding merger discussions (*BI*, Feb. 17).

Messel suggests Sedgwick stock as a long-term investment.

• Willis Faber P.L.C., whose results are due March 19, "deservedly enjoys the highest rating in the sector," says the report. "Future prospects are appealing."

Messel predicts Willis Faber's pretax profit will be 60 million pounds ($87 million) in 1985 and 72 million pounds ($104.4 million) in 1986. Messel suggests buying the stock.

• Minet Holdings P.L.C. is "an excellent brokering operation overshadowed by the uncertainty of the PCW affair."

But, Messel does not believe that the problems with PCW Underwriting Agencies Ltd., the former Minet subsidiary whose syndicate members face at least 130 million pounds ($188.5 million at current exchange rates) in losses from 1979-82, will be detrimental to the long-term profitability of Minet.

"We recommend cautious purchases," the report says.

Minet, which will publish its 1985 results in April or May, will show pretax profits of 31.4 million pounds ($45.5 million) in 1985 and 38 million pounds ($55.1 million) in 1986, Messels predicts.

• Hogg Robinson Group P.L.C. is a "stable U.K. retail broker with an expanding U.S division and an underrated travel agency," the report says. Messel strongly suggests buying its stock.

Hogg Robinson, which is the parent of U.S. broker Republic Hogg Robinson Inc., does not publish its 1985-86 annual report until June. But, Messel predicts its pretax profits will be 17.8 million pounds ($25.8 million) in 1986 and 22.5 million pounds ($32.6 million) in 1987.

• Stewart Wrightson Holdings P.L.C. The report says that, "Very good profit growth is likely in the future."

Stewart Wrightson, which reports its 1985 results later this month or April, is expected to show significant gains "which should continue in the future," Messel says. Messel predicts that its 1985 pretax profits will be 18.6 million pounds ($26.9 million) and that its 1986 pretax profits will climb to 22.3 million pounds ($32.3 million).

Messel suggests that Stewart Wrightson stock be bought.

• C.E. Heath P.L.C. Heath, which will release its results in May, currently has the lowest rating in the brokering sector, "principally due to loss of Australian business," the report says.

Heath's Australian underwriting operation is a concern following Australia's move to nationalize workers compensation coverage.

But, Messel says Heath's brokerage profit should progress well, especially since it is predominantly North American-based. Messel predicts Heath's 1985-86 pretax profit will increase to 36.1 million pounds ($52.3 million), while it predicts its 1987 pretax profit at 35.6 million pounds ($51.6 million).

• Steel Burrill Jones. Messel says this is "a rapidly growing company specializing in LMX (London market excess-of-loss) broking," and it suggests buying the stock.

"Although Steel Burrill Jones is a relatively young company, the experienced management team has taken advantage of the favorable market conditions, which has led to a phenomenal growth in earnings," the report says.

The company's annual report is due March 25, but Messel predicts pretax profits of 4.5 million pounds ($6.5 million) for 1985, up from 3 million pounds ($4.3 million) in 1984. It estimates 1986 profits at 5.5 million pounds ($7.9 million).

## Comings & goings

**John S. Butcher** will become chief executive of Victory Reinsurance Co. Ltd. on June 30, following the retirement of current Chief Executive **Alan L. Preston**. Mr. Butcher now is deputy general manager-operations and deputy chief executive.

Also at Victory Reinsurance, **P.N. Downing** has been named general manager-finance and **D.W. Darby** has been named general manager-general insurance and international. These appointments are effective Feb. 1. ■


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# datebook

**MARCH 31. Buying Insurance in a Hard Market** course in New York, sponsored by the American Management Assn.; $375 for members; $425 for non-members. Also **April 17** in Chicago, **May 1** in Los Angeles, **May 22** in Atlanta. American Management Assn., P.O. Box 319, Saranac Lake, N.Y., 12983; 518-891-0065.

**MARCH 31-APRIL 3. Third Annual Conference on the Environment, Health and Safety** in Atlanta, sponsored by the Environmental, Health and Safety Division of the Georgia Tech Research Institute; $155. Ann Harbert, Georgia Tech Research Institute/EDL/Environmental, Health and Safety Division, Atlanta, Georgia. 30332; 404-894-3806.

**APRIL 1. Risk Management of PCBs in Electrical Systems** seminar in Jackson, Miss., sponsored by Electro-Test Inc.; $175; $30 discount for cash payments. Also **April 2** in New Orleans; **April 3** in Atlanta; **April 8** in Detroit; **April 9** in Cleveland; **April 10** in Pittsburgh; **April 15** in Houston; **April 16** in Dallas; **April 17** in Oklahoma City; **April 22** in Cincinnati; **April 23** in Columbus, Ohio; **April 25** in Indianapolis; **April 29** in White Plains, N.Y.; **April 30** in Hartford, Conn.; **May 1** in Boston; **May 6** in Nashville, Tenn.; **May 7** in Columbia, S.C.; **May 8** in Raleigh, N.C.; **May 13** in Chicago; **May 14** in Des Moines, Iowa; **May 15** in Minneapolis; **May 20** in Long Island, N.Y.; **May 21** in Clifton, N.J.; **May 22** in Niagara Falls, N.Y.; **May 28** in Baltimore; **May 29** in Harrisburg, W.Va. Electro-Test Learning Center, P.O. Box 159, 3470 Fostoria Way, San Ramon, Calif. 94583; 415-866-8566.

**APRIL 1. The New Commercial General Liability Policies: Impact on the Insurance Buyer** course in New York, sponsored by the American Management Assn.; $375 for members; $425 for non-members. Also **April 18** in Chicago **May 2** in Los Angeles, **May 23** in Atlanta. American Management Assn., P.O. Box 319, Saranac Lake, N.Y. 12983 518-891-0065.

**APRIL 1-4. Reinsurance Accounting & Finance for Cedents & Assumers** in Scotonville, N.Y., sponsored by Robert W. Strain Seminars Inc.; $1,295. Also **Sept. 2-5** in Cssining, N.Y. Strain Seminars Inc., P.O. Box 1000, Wingdale, N.Y. 12594; 212-677-5974 on Mon.-Wed.; 914-832-9384 on Thurs., Fri.

**APRIL 2-4. Electrical Fires Investigation** in Madison, Wis., sponsored by the Department of Engineering Professional Development at the University of Wisconsin. $450. Ken Greenwald, Department of Engineering Professional Development University of Wisconsin, 432 N. Lake St., Madison, Wis. 53706; 800-262-6243. 800-353-3020 in Wisconsin.

**APRIL 2-5. Corporate Benefits Management Conference** in Phoenix, Ariz., sponsored by the International Foundation of Employee Benefit Plans; $530 for members; $605 for non-members. Also **May 7-10** in Atlantic City, N.J.; **Aug. 3-6** in Monterey, Calif. International Foundation of Employee Benefit Plans, Attention Registration Department, 18700 W. Bluemound Road, P.O. Box 69, Brookfield, Wis. 53008-0069; 414-786-6700.

**APRIL 3. Insurer/Reinsurer Insolvency** workshop in Jacksonville, Fla., sponsored by the Society of Chartered Property and Casualty Underwriters; $80 for members; $95 for non-members. Mari Jennings, Professional Services Department, Society of CPCU, Kahler Hall, Providence Road, CB#9, Malvern, Pa. 19355; 215-251-2741.

**APRIL 3-4. How to Audit and Check Insurance Policy Costs and Coverages** course in Honolulu, sponsored by the American Management Assn.; $675 for members; $775 for non-members. Also **April 10-11** in Dallas; **April 17-18** in Philadelphia; **May 8-9** in Los Angeles; **May 15-16** in Burlington, Mass.; **May 22-23** in Atlanta. American Management Assn., P.O. Box 319, Saranac Lake, N.Y. 12983; 518-891-0065.

**APRIL 6-9. 1986 Health Care Cost Management Conference** in Miami, sponsored by the International Foundation of Employee Benefit Plans; $450 for members; $525 for non-members. Registration Department, International Foundation of Employee Benefit Plans, P.O. Box 69, Brookfield, Wis. 53008-0069; 414-786-6700.

**APRIL 6-9. Association Benefits Management Conference** in Hollywood, Fla., sponsored by the International Foundation of Employee Benefit Plans; $450 for members; $525 for non-members. Registration Department, International Foundation of Employee Benefit Plans, 18700 W. Bluemound Road, P.O. Box 69, Brookfield, Wis. 53008-0069; 414-786-6700.

**APRIL 6-9. Annual Conference—State and Local Government Benefit Assn.** in Atlanta, sponsored by the Georgia State Merit System; $100 for members; $125 for non-members. SALGBA Conference, State Merit System, 200 Piedmont Ave., Atlanta, Ga. 30334; 404-656-4063.

**APRIL 6-11. The Basic Course in Reinsurance** in Princeton, N.J., sponsored by The College of Insurance; $895 for College sponsors; $1,050 for others. Ronnie Kranis, Professional Development Programs, The College of Insurance, One Insurance Plaza, 101 Murray St., New York, N.Y. 10007; 212-962-4111.

**APRIL 7-8. Offshore Captive Insurance Seminar** in Houston, sponsored by Risk Alternatives Inc.; $395. Charlene Gilliam, Risk Alternatives Inc., Box 707, Salado, Texas 76571; 817-947-5048.

**APRIL 7-8. Health Care Cost Containment Workshop** in New York, sponsored by Health Research Institute; $495. Also **April 21-22** in Portland, Ore.; **May 5-6** in Chicago; **May 12-13** in Washington; **June 2-3** in Houston; **June 23-24** in Atlanta; **July 14-15** in Denver; **July 21-22** in San Jose, Calif.; **Aug. 11-12** in Minneapolis; **Sept. 22-23** in New Orleans; **Oct. 6-7** in San Francisco; **Oct. 27-28** in Boston; **Nov. 10-11** in New York; **Nov. 17-18** in Dallas; **Dec. 8-9** in Chicago. Health Research Institute, 49 Quail Court, #200, Walnut Creek, Calif. 94596; 415-676-2320.

**APRIL 7-8. Pension Consultants Conference** in Sand Key, Fla., sponsored by Charles D. Spenser & Associates; $425. Charles D. Spenser & Associates Inc., 222 W. Adams St., Chicago, Ill. 60606; 312-236-2615.

**APRIL 7-11. Safety in Chemical Operations** course in Chicago, sponsored by the National Safety Council; $595 for members; $740 for non-members. Registrar, Safety Training Institute, National Safety Council, 444 N. Michigan Ave., Chicago, Ill. 60611; 312-527-4800, Ext. 5105.

**APRIL 9. Maryland All Industry Day** in Baltimore, sponsored by the Insurance Company Representatives of Maryland; $20. Insurance Company Representatives of Maryland, P.O. Box 41, Lutherville, Md. 21093.

**APRIL 9. Advanced Cost Containment** workshop in New York, sponsored by Health Research Institute; $250. Also **April 23** in Portland, Ore.; **May 7** in Chicago; **May 14** in Washington; **June 4** in Houston; **June 25** in Atlanta; **July 16** in Denver; **July 23** in San Jose, Calif.; **Aug. 13** in Minneapolis; **Sept. 24** in New Orleans; **Oct. 8** in San Francisco; **Oct. 29** in Boston; **Nov. 12** in New York; **Nov. 19** in Dallas; **Dec. 10** in Chicago. Health Research Institute, 49 Quail Court, #200, Walnut Creek, Calif. 94596; 415-676-2320.

**APRIL 9. Health Improvement/Wellness** workshop in New York, sponsored by Health Research Institute; $250. Also **April 23** in Portland, Ore.; **May 7** in Chicago; **May 14** in Washington; **June 4** in Houston; **June 25** in Atlanta; **July 16** in Denver; **July 23** in San Jose, Calif.; **Aug. 13** in Minneapolis; **Sept. 24** in New Orleans; **Oct. 8** in San Francisco; **Oct. 29** in Boston; **Nov. 12** in New York; **Nov. 19** in Dallas; **Dec. 10** in Chicago. Health Research Institute, 49 Quail Court, #200, Walnut Creek, Calif. 94596; 415-676-2320.

**APRIL 10-12. Workers Compensation: A Review of Costs, Emerging Developments and Remedies** conference in San Francisco, sponsored by the American Bar Assn.; $325 ABA Tort & Insurance Practice Section member; $350 ABA member; $375 non-member; $300 Young Lawyer; $75 law student. American Bar Assn., Division for Professional Education, Department WC1, 750 N. Lake Shore Drive, Chicago 60611; 312-988-6200.

**APRIL 13-18. "Reach for the Top"—Risk & Insurance Management Society 24th annual conference** in Toronto. $595 for members; $695 for non-members; reduced fees available for those attending only part of the conference. RIMS Conference Department, 205 E. 42nd St., New York, N.Y. 10017; 212-286-9292.

**APRIL 13-18. The College of Insurance Management Program** in Tarrytown, N.Y., sponsored by The College of Insurance; $895 for College sponsors; $1,050 for others. Ronnie Kranis, Professional Development Programs, The College of Insurance, One Insurance Plaza, 101 Murray St., New York, N.Y. 10007; 212-962-4111.

**APRIL 14-15. Health Policy Conference** in Washington, sponsored by the American Medical Care & Review Assn.; before March 28: $375 members; $425 non-members. After March 28: $425 members; $550 non-members. AMCRA, 5410 Grosvenor Lane, Suite 210, Bethesda, Md. 20814.

**APRIL 14-15. Cost Containment and the Restructuring of the U.S. Health Insurance Industry** conference in New York, sponsored by Bear Stearns & Co. and Communitech Market Intelligence; $595; $495 for additional registrants from the same organization. Sharon Barrett Curry, Communitech, P.O. Box 67, Yorktown Heights, N.Y. 10598; 914-245-7764.

**APRIL 14-18. Practising Law Institute Insurance Week** series in San Francisco, including: Introduction to Commercial Insurance; Hazardous Waste, Toxic Tort, and Products Liability Insurance Problems; Directors and Officers Liability Insurance and Self-insurance; Bad Faith Litigation and Insurer vs. Insurer Disputes; and Insurance Litigation and Coverage Issues. Cost per seminar is $215; five-day rate is $900. Practising Law Institute, Dept. 105-F9, 810 Seventh Ave. New York, N.Y. 10019; 212-765-5700.

**APRIL 15. The Claims-Made and New Occurrence Revolution** seminar in New York, sponsored by the College of Insurance; $295 for first registrant from an organization; $265 each additional attendee. Also **April 22.** Risk Research Center of the College of Insurance, One Insurance Plaza, 101 Murray St., New York, N.Y. 10007; 212-962-4111, ext. 358.

**APRIL 15. 1986 Claims Conference Series** in Chicago, sponsored by CMA Consulting Group; $195. Also **April 17** in San Francisco; **April 22** in Atlanta; **April 29** in Dallas. Beverly Loughlin, CMA Consulting Group, 170 E. Hanover Ave., Morristown, N.J. 07960; 201-267-7171.

**APRIL 16. Mental Health Benefits Conference** in Washington, co-sponsored by the American Medical Care & Review Assn. and the National Assn. of Private Psychiatric Hospitals; before March 28: $350 members; $400 non-members. After March 28: $450 members; $500 non-members. AMCRA, 5410 Grosvenor Lane, Suite 210, Bethesda, Md. 20814.

**APRIL 16-19. Arbitration and Dispute Resolution** institute in Scottsdale, Ariz., sponsored by the International Foundation of Employee Benefit Plans; $450 for members; $525 for non-members. IFEBP, Registration Department, 18700 W. Bluemound Road, P.O. Box 69, Brookfield, Wis. 53008-0069; 414-786-6700.

**APRIL 16. Chemical Safety** seminar in Springfield, Ill., sponsored by the Illinois State Chamber of Commerce; $90 for members; $135 for non-members. Also **April 22** in Chicago. Carol Jensen, ISCC, 20 N. Wacker Drive, Chicago, Ill. 60606; 312-372-7373.

**APRIL 17-18. The Brief Course in Reinsurance** in New York, sponsored by The College of Insurance; $165. Ronnie Kranis, Professional Development Programs, The College of Insurance, One Insurance Plaza, 101 Murray St., New York, N.Y. 10007; 212-962-4111.

**APRIL 18. Arbitration Day '86** in New York, sponsored by the American Arbitration Assn.; $85. American Arbitration Assn., 140 W. 51st St., New York, N.Y. 10020; 212-484-3233.

**APRIL 18-19. Training Workshop for Beginning Pension Administrators** in Los Angeles, sponsored by the National Institute of Pension Administrators; $125 for NIPA corporate members; $95 for NIPA individual members; $195 non-members. Julie McInnis, NIPA, P.O. Box 15466, Santa Ana, Calif. 92705; 714-250-8749.

**APRIL 20-23. National Debate on Health Care** in Dallas, sponsored by the Texas Department of Human Services, the League of Women Voters of Texas Education Fund, Texas Foundation for Human Services and the Office of the Governor of Texas; $320. Roy E., Westerfield, P.O. Box 49287, Austin, Texas 78765; 512-450-3005.

**APRIL 20-23. National Assn. of Rehabilitation Professionals in the Private Sector's Annual Conference** in Philadelphia; $195 for members; $225 for non-members. Richard LaFon, National Assn. of Rehabilitation Professionals in the Private Sector, P.O. Box 708, Twin Peaks, Calif. 92391; 714-337-0746.

**APRIL 21-22. Fifth Annual Principles of Petroleum Insurance** conference in New York, sponsored by Professional Development Institute and Self-Insurance Resource Inc.; $450. Also **April 22-23** in Boston; **May 5-6** in Canton, Ohio; **May 7-8** in Southfield, Mich.; **May 19-20** in Evansville, Ind.; **May 21-22** in Wichita, Kan.; **June 3-4** in Pittsburgh. Mary Ann Crow, Professional Development Institute, P.O. Box 13288 NTSU, Denton, Texas 76203; 800-433-5676; 817-565-3356 in Texas.

**APRIL 21-23. Employee Benefit Plan Conference** in New Orleans, sponsored by Charles D. Spencer & Associates; $385. Charles D. Spencer & Associates Inc., 222 W. Adams St., Chicago, Ill. 60606; 312-236-2615.

**APRIL 22. The New Insurance Services Office Commercial General Liability Policy Workshop** in Philadelphia, sponsored by the Insurance Society of Philadelphia; $90 for members; $105 for non-members. The Insurance Society of Philadelphia Inc., 737 Public Ledger Building, Philadelphia, Pa. 19106; 215-627-5306.

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# Product liability bill

*Continued from page 1*

health insurance and workers compensation benefits.

However, sources said the proposal, drafted by an administration task force, does not contain a statute of repose provision that would automatically cut off a consumer's right to sue after a product reaches a certain age.

The administration, though, would not be opposed to the individual states enacting such statutes of repose on their own, according to one source.

One detail about the proposal approved by the Cabinet Council that Mr. Riggs would reveal is that the proposal does not recommend the establishment of a federal reinsurance program or any changes in the McCarran-Ferguson Act, the federal law that leaves primary regulation of the insurance industry with the states.

Sources also say that while the administration has not yet drafted a federal product liability bill, legislation could be put together quickly if President Reagan gives his approval.

If the president throws his support behind an administration effort to draft its own bill, it could help revive the currently stalled effort to pass a uniform federal product liability bill to pre-empt varying state statutes, experts say.

"If the administration drafts its own bill, it could give an important push to the product liability reform movement," said Jim Anderson, director of government relations for the National Assn. of Wholesaler-Distributors in Washington.

"We'd never had a president who actively pushed for resolution of the product liability problem," said Victor Schwartz, counsel for The Product Liability Alliance, a Washington-based business lobbying group that favors enactment of federal product liability legislation.

So far, the administration has given only lip service to federal product liability legislation.

Several years ago, the administration did endorse a federal product liability bill introduced by Sen. Robert Kasten, R-Wis., but did little—if any—lobbying on its behalf, observers said.

**'If the administration drafts its own bill, it could give an important push to the product liability reform movement,' says Jim Anderson of the National Assn. of Wholesaler-Distributors. 'An administration bill will get attention. It will show that the administration is willing to be a heavy hitter in this area.'**

In addition, administration officials have not been part of an effort, led by the Senate Commerce Committee staff, to come up with a federal product liability reform bill that also would provide consumers with automatic compensation if they waive their right to sue.

The administration decision will come at a critical juncture in the 4½-year-old effort by U.S. business groups to persuade Congress to pass a federal product liability reform statute.

Initially, many business groups pinned their hopes on measures introduced into Congress by Sen. Kasten designed to give them more protection from product liability suits (*BI*, Oct. 5, 1981).

But under pressure from trial attorney groups, support among Commerce Committee members for Sen. Kasten's proposal significantly eroded.

Finally, last year, the Commerce Committee declined to send Sen. Kasten's bill to the Senate floor on an 8-8 vote. This represented a stunning loss of support for a proposal that had cleared the committee easily during the previous two sessions of Congress (*BI*, May 20, 1985).

Following that debacle, both Sen. Kasten and Commerce Committee Chairman John Danforth, R-Mo., agreed that the only product liability bill that would have any chance of gaining congressional approval would be one that both made changes in the tort law and established a no-fault compensation program, which would apply to those injured parties who were willing to give up their right to sue product manufacturers and distributors in exchange for speedy settlement of claims (*BI*, Aug. 5, 1985).

The Commerce Committee staff drafted two proposals containing tort and no-fault sections.

The latest staff draft was introduced in December by Sen. Danforth as S. 1999 (BI, Jan. 20; Feb. 17). However, that proposal has elicited little support.

Generally, consumer groups believe the no-fault compensation provision is much too complex, while business groups say the provision could open them up to many new claims.

"S. 1999 isn't exactly being embraced by anyone," explained Mr. Anderson of the National Assn. of Wholesaler-Distributors in Washington.

With seemingly little support for S. 1999, it seems likely that the Commerce Committee might have to draft yet another proposal, a process that could take months.

In the interim, whatever momentum now exists on the Commerce Committee for product liability legislation could decline sharply, according to some observers.

However, a product liability bill drafted and supported by the administration could expand that momentum.

"An administration bill will get attention," Mr. Anderson said.

"It will show that the administration is willing to be a heavy hitter in this area," he added.

In any case, business interest in enactment of federal product liability legislation appears to be on the rise.

Last week, for example, about 1,000 NAM members—including many presidents of corporations hit by huge increases in liability insurance rates—came to Washington to show legislators how much importance they attach to approval of a uniform federal product liability law.

The message NAM members delivered on Capitol Hill was summed up in one sentence in a leaflet distributed to legislators: "Pass a Fair and Balanced Product Liability Reform Bill in 1986."

"I have been following this issue since 1976, and I've never seen so much widespread interest (among businesses) in federal product liability legislation," said Mr. Schwartz of The Product Liability Alliance, who also is a partner at the Washington law firm of Crowell & Moring.

According to a NAM fact sheet distributed to legislators, several provisions should be included in federal product liability legislation:

- Manufacturers should be protected from lawsuits involving very old products.

"Manufacturers should not be held responsible forever for injuries caused by their products. A reasonable period must be established for statutes of limitation and repose," according to the NAM.

However, sources say an administration-drafted bill would not include such a statute of repose.

- Joint and several liability should be eliminated among manufacturers, sellers and other defendants unless they were consciously engaged in a common enterprise.
- Punitive damages should be limited in amount and awarded only if a company acted maliciously.
- Product liability awards should be reduced by the extent a plaintiff's own negligence contributed to the accident.
- Manufacturers should not be held liable if their products were altered or misused by consumers.
- Those who file "capricious" lawsuits should be responsible for paying the legal damages of the other party.
- The development of clear guidelines on product warnings should be encouraged.

"Manufacturers clearly have a duty to warn of certain product hazards. However, the duty to warn should only be for hazards that are clearly foreseeable," the NAM fact sheet said. ■


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## 401(k) plans

*Continued from page 2*

Under the bill, the tax could be avoided if an individual rolled over a pre-retirement distribution, such as funds collected from a profit-sharing plan, into an Individual Retirement Account.

The justification of the favorable tax treatment of pension and savings plans is that the benefits are supposed to be used as retirement income, he said.

"It is appropriate to recover taxes on funds intended for retirement, but distributed before then," he said.

Mr. Mentz said a provision in the House bill that would impose a 10% excise tax on reversions employers recover from terminated overfunded pension plans is necessary to discourage companies from folding their pension programs.

In addition, he said the administration is opposed to any change in the effective date of that provision. As written in the House bill, the excise tax on reversions recaptured from overfunded plans would be effective as of Jan. 1, 1986.

A retroactive effective date is necessary to prevent an 11th-hour rush of employers to terminate their overfunded plans to "slip-in" before the excise tax would go into effect, he said.

Turning to another issue, he said the proposed changes in the House tax bill to reduce maximum pension benefits and contributions are "a very delicate subject." Under the House bill, the maximum annual benefit offered by a defined benefit plan would be lowered to $77,000 from the current $90,000; the maximum annual contribution to a defined contribution plan, such as a profit-sharing plan, would be cut to $25,000.

"I'm aware of the risk of cutting (maximum) benefits willy-nilly," he said, noting that some believe that owners of small companies might be reluctant to offer pension programs if the maximum benefits were reduced too much.

Mr. Mentz said he expects the Senate Finance Committee to wrestle with its tax overhaul bill this month and during much of April.

It could take the Senate about a month to debate and finally pass a bill. While the Senate considers the legislation, attempts will be made to tack on unrelated amendments to the legislation.

Both the administration and Finance Committee Chairman Sen. Robert Packwood, R-Ore., will resist such amendments, Mr. Mentz said.

Mr. Mentz said if all goes well, a congressional conference committee will be convened in July to iron out differences between the House and Senate-passed tax bills. Final congressional approval of a tax bill could occur in August, he said.

"It is an ambitious time schedule, but achievable," the Treasury Department official said.

Mr. Mentz also predicted that the tax bill being prepared by Sen. Packwood and his staff will spark controversy, but will win acceptance.

"There will be a hue and cry about the bill," but once the dust settles it will be perceived as a good program, he said.

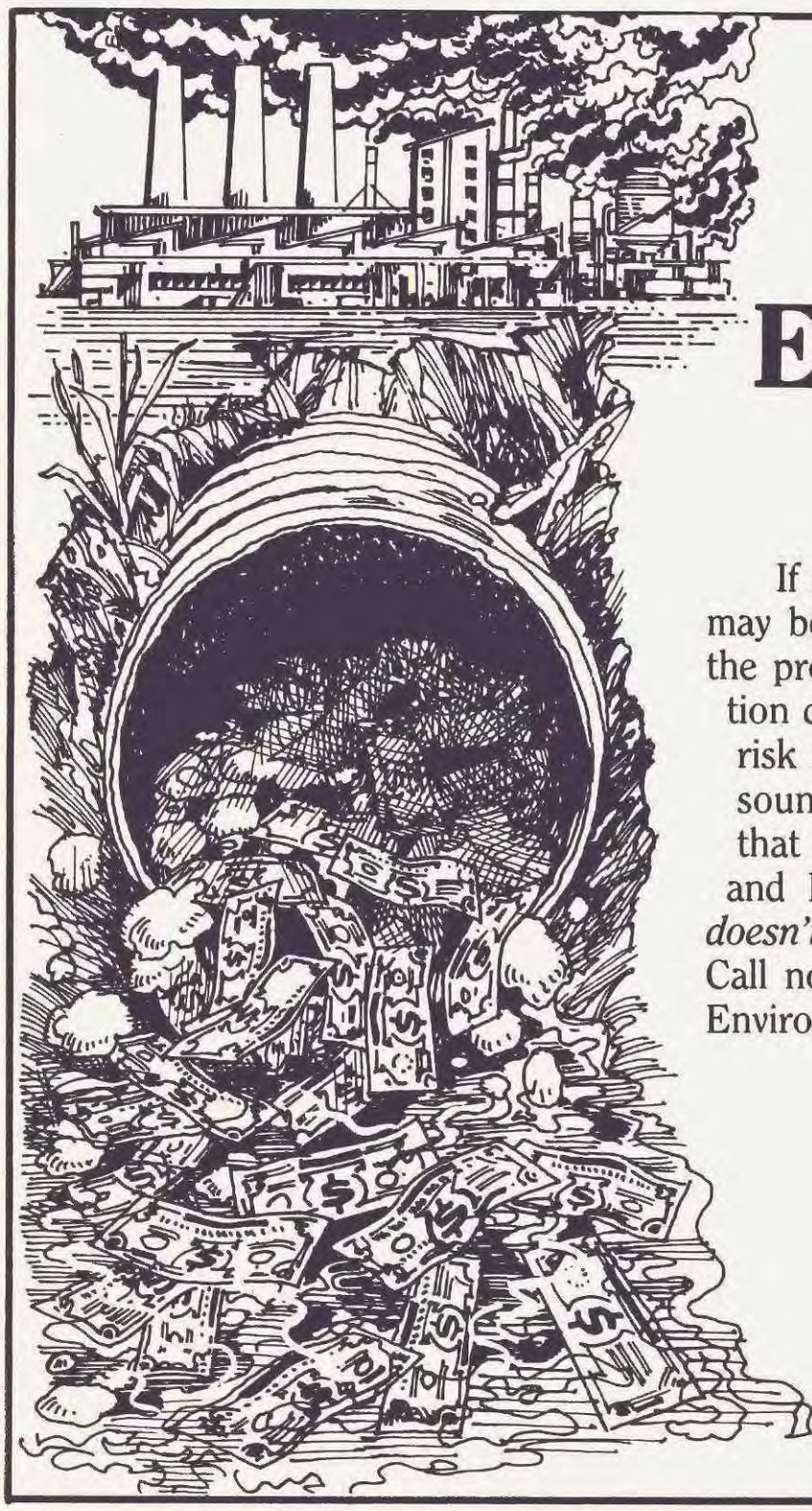
Mr. Mentz said employers should not hesitate to call him with their suggestions on changing the tax bill.

"I almost never turn down a request" for an appointment, he said.

But visiting employers should have their positions on paper, summed up in no more than a couple of pages.

"Keep it down to a page or two. There is an awful lot of paper flowing through my office," Mr. Mentz commented.

In addition, it isn't enough for a company just to point out that it has a problem with a provision in tax legislation. Mr. Mentz said he also wants employers to offer a solution to the problem. ■

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## IFEBP presents research grants

Research grants totaling $12,000 have been awarded by the International Foundation of Employee Benefit Plans.

The recipients of the grants are:

- Jack L. VanDerhei and Steven Johnson, awarded a $5,000 grant to study why companies use alternate accounting methods allowed under the generally accepted accounting principles.

The results of this study could be valuable in the current debate over whether the cost of non-pension benefits for retirees should be reflected on corporate financial reports, the IFEBP notes.

Mr. VanDerhei is an assistant professor in the department of insurance at the Wharton School of the University of Pennsylvania. Mr. Johnson is an associate professor at the School of Business, Columbia University in New York.

- Donald Tyree, chairman and professor of finance at St. Louis University, was awarded a $4,000 grant to study self-funding of employee health benefit plans.
- Robert W. Turner, an assistant professor at Colgate University in Hamilton, N.Y., has been awarded a $3,000 grant to study the tax-free status of employee benefits and its impact on employees. He also will analyze current tax proposals. ■

# ISO pamphlet

*Continued from page 2*

ing occurred through year-end 1984.

The second accusation is that excess price increases, not losses, are the problem.

Against the specific charge that premium increases are so dramatic today because of prior inadequate prices, the pamphlet states:

"No one can deny that insurers reduced prices far below the level needed to cover the costs of policies written. However, in the past five years, growth in property/casualty losses has far exceeded the country's economic growth as measured by (gross national product)."

The third accusation is that insurers are making substantial profits while paying no taxes, and therefore there is nothing fundamentally wrong with industry profitability and this is just a typical cyclical downturn.

But the pamphlet asserts record highs have been set for underwriting and operating losses, combined ratios, the number of insolvencies and the number of companies targeted for immediate regulatory attention, while reinsurers have been seriously weakened.

The final accusation reported is that insurance is too expensive. The pamphlet disputes the charge that the total U.S. insurance bill rose to more than $300 billion in 1985, displacing personal federal income taxes as the third-largest expense in the nation's budget behind food and housing.

The pamphlet responds that this figure is misleading, because in addition to property/casualty premiums it includes life, health and accident insurance premiums.

"Moreover, the inclusion of business insurance expenses is inappropriate when making comparisons to disposable income, which is a measure of personal income only," the pamphlet states.

But Mr. Hunter says the pamphlet "doesn't even answer our charges. It's totally misleading and overstates losses, understates income.

"They go to all this trouble to produce a report instead of providing what's needed," which is a study on the impact of tort reform and "how are victims faring under the present system," he adds.

**The ISO pamphlet is 'clearly a strategy on their part' to avoid facing issues, Mr. Hunter says.**

The pamphlet is "clearly a strategy on their part" to avoid facing the issues, Mr. Hunter says.

Robert Havel, public relations director at the Assn. of Trial Lawyers of America, who says he has not yet seen the pamphlet, concurs.

"They're crying about their net losses," he says, noting insurers' total assets are worth more than $267 billion, and their net worth increased by $7.6 billion in 1985. ■

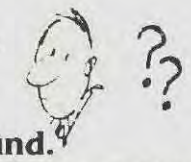
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**Commercial Consumers**

**Administrative:**

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Vice-presidents, general managers and other administrative personnel .....2,758

**Financial:**

Chief financial officers and vice-presidents of finance .....2,018
Secretaries, treasurers, controllers and other financial personnel ...6,484

**Risk/employee benefits:**

Vice-presidents, directors, managers, and other related department personnel of: insurance, risk, employee benefits, personnel, compensation, pension, safety, security, industrial relations, human resources and employee/labor relations .....8,111

**Sub-total ..... 22,354**

Associations ..... 483
Government, unions and educational systems .....1,252

**Commercial Consumers**

**Sub-total ..... 24,089**

Insurance agents and brokers 10,285
Insurance companies .....6,739
Financial institutions ..... 748
Actuaries, attorneys, adjusters, appraisers and consultants .....3,808
Others allied to the field .....1,308

**TOTAL ..... 46,977**

* Source Business/Occupational breakdown of qualified circulation, Nov. 25, 1985 issue, as submitted to BPA for December 1985 BPA Publisher's Statement.

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The proposal will address the objectives of the Pennsylvania Transit Insurance Study Group, including development of a statewide insurance data base, recommendations for improvements, identification of insurance alternatives, and development of a detailed plan to implement identified long-range objectives for meeting the insurance needs of Pennsylvania's mass transit systems.

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Copies of the RFP may be obtained by writing or calling the office of the General Manager, Cambria County Transit Authority, 726 Central Avenue, Johnstown, Pennsylvania, 15902-2996; 814-535-5526.

The study is sponsored by the Pennsylvania Association of Municipal Transportation Authorities, the Pennsylvania Department of Transportation, and the Urban Mass Transportation Administration.

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# Punitive damages

*Continued from page 2*

A spokesman for the Alliance of American Insurers said one problem with the report is that it addresses punitive damages only at a specific point in time while overlooking the tremendous growth of awards in the past decade and how the environment for awarding them has changed.

"It really doesn't look over time and address the concerns expressed today," said Rodger Lawson, senior vp and director of research for the Alliance.

In addition, figures in the study that show punitive damages are awarded in more than 20% of cases in one county backs up insurers' view that punitive damages are a serious problem in certain areas, Mr. Lawson added.

The study's project director, Stephen Daniels, a Ph.D. in political science and a permanent member of the foundation, said, "...preliminary findings are sufficient to call into question many of the claims made in both professional circles and the mass media about punitive damages as well as the civil justice system generally.

"Punitive damages are not, in the sites we have studied at least, routine, nor are they necessarily awarded in amounts that boggle the mind," he said.

The study seeks to fill in the "information gap" on punitive damages through empirical evidence that so far has been lacking in the claims of both critics and supporters of punitive damages.

Neither group has any systematic, factual basis for its claims, the study says, and the only evidence presented has been based on "anecdotes, horror stories and surveys of appellate decisions," all of which are guaranteed to produce a distorted picture, Mr. Daniels says.

The information used is based on civil jury verdicts from more than 30 jurisdictions in 10 states from 1981-85. They are Arizona, California, Georgia, Illinois, New York, Oregon, Texas, Utah, Washington, and Wisconsin.

The study addresses the incidence of punitive damage awards in state trial courts, the types of cases in which punitive damages are awarded and the magnitude of awards.

According to the study, in none of the sites studied did even one-quarter of reported cases in which plaintiffs won money include an award for punitive damages.

Some counties—such as Lake County, Ill., King and Spokane counties in Washington state, and Winnebago County in Wisconsin—reported no punitive damages in cases in which plaintiffs were awarded money, the study says.

Moreover, in two-thirds of the places studied, plaintiffs won punitive damages in less than 10% of the cases in which they won money.

Particularly interesting, the study says, is that the percentage of punitive damage verdicts in which plaintiffs win money is very low for New York City (1.6%), Cook County, Ill., (2.2%), and Los Angeles County (8.6%).

"These three sites represent the three largest cities in the country, and they do not appear, generally speaking, to be facing a punitive damages storm," the study says. "Punitive damages, in terms of their incidence, are unusual in these sites."

The highest percentages of punitive damages awards were found to be in metropolitan Atlanta, Phoenix, Houston and Green Bay, Wis.; in all these locations, more than 13% of all reported verdicts in which the plaintiff won money included punitive awards.

In Cobb County, Ga., near Atlanta, 21.6% of cases in which a plaintiff won money included punitive damages, the study found.

"While the punitive damages weather map may show some sites as being partly cloudy, it does not indicate the presence of some massive storm system about to engulf the entire country," the study said.

The study also found that punitive damage awards are most apt to be awarded in certain types of cases—those involving personal violence, fraud, false arrest and insurance bad faith. In some jurisdictions, at least 20% of the verdicts included a punitive damage award in these cases.

But the study found that punitive damages were not often awarded in product liability and medical malpractice cases, although they appear more often in the former.

"In fact, it is relatively more difficult to win any kind of award in these two types of cases," the study says.

However, when plaintiffs do win money and a punitive award in these cases, they are likely to win a large amount of money.

Mr. Daniels provided detailed figures on seven sites—Cook County (Chicago); Harris County, Texas (Houston); Fulton County, Ga. (Atlanta); Maricopa County, Ariz. (Phoenix); New York City; Los Angeles County; and San Diego County.

In 11 product liability cases in these sites where punitive damages were awarded, eight or 72.7% of them had total awards of $1 million or more. A similar pattern was found with medical malpractice.

Fraud cases, however, have very high percentages of reported verdicts where plaintiffs win money and also win punitive damages. But these cases are not likely to receive high awards, the study says.

"What this suggests is that the cases that draw the most attention because of the size of the awards are in types of cases that are not large percentages of all reported verdicts, are relatively less likely to have plaintiffs winning money, and are less likely to include punitive awards," the study says.

It suggests there may be two percentage systems at work—one for the few "highly visible mega-cases" in areas like malpractice or product liability, and another for the more common and less visible areas where plaintiffs are more likely to win and receive punitive damages but in lower amounts.

"Much of the discussion of problems and crises, of course, is based upon the highly visible but highly unusual mega-cases, not the more typical cases," the study says.

"Consequently, that discussion is somewhat distorted, and the reforms emanating from it are rather suspect."

Concerning amounts of awards, the study found that median awards for reported cases with punitive awards vary considerably depending on where they are awarded. The median is the dollar figure at which half of the awards are lower and half higher.

Median total awards for cases including punitive damages ranged from $31,000 in Phoenix to $248,000 in San Diego, where there were only four reported cases, the study found.

However, in most areas studied, the median award including punitive damages was less than $63,000.

"Generally speaking, awards (as measured by medians) for all reported verdicts in which the plaintiff wins money as well as for those including punitive award do not appear as a single storm engulfing the entire country," the study says.

"The wide variation in medians, however, suggests that there may be some inclement weather on the weather map—around New York City and Los Angeles.

"But in the other sites, particularly Cook, Harris, Maricopa, and Fulton, the overall median awards certainly are not of the magnitude that 'boggles the mind,' and neither are the medians for punitive damage cases."

The study adds that some sites have relatively high numbers of punitive damage cases with awards of $1 million or higher.

Thus, in Los Angeles, 25.9% of the punitive damage cases have awards of $1 million or more; in Cook County, the figure is 36.4%; and in New York the figure is 10%.

At other sites, the range of percentages of $1 million or higher punitive damage cases is from 8.6% to 11.1%.

In conclusion, the study calls into question the idea of a general, nationwide punitive damage problem.

"If there are problems, they are likely to be in particular types of cases in particular locales, and any reforms and changes in the civil justice system should be consistent with this," the study says.

Further aspects of the study on punitive damages will include looking at additional sites, expanding the time period covered, and following verdicts to the appellate level. ■

# Tornado damage to airport in millions

CINCINNATI—Tornado-force winds that damaged aircraft and buildings caused millions of dollars in damage last week at the Greater Cincinnati Airport near Erlanger, Ky.

Cincinnati-based Comair Airlines sustained about $2 million to $3 million in damage when two of its newer hangars were heavily damaged and a third operated by CVG Aviation Inc., a Comair subsidiary, was slightly damaged, according to Al Brown, chairman of Comair's broker, Fredrick Rauh & Co. of Kentucky.

Property coverage for the commuter airline's hangars was written by Chubb Group, he said, but he declined to reveal limits.

Falling hangar debris caused most of the damage to four of Comair's 37 aircraft. At least one of two 18-passenger Fairchild prop-jet Metroliners was damaged severely, according to an spokespersons for Comair and the airport. Comair's hull coverage is brokered by Chicago-based Rollins Burdick Hunter Co. and written by U.S. Aircraft Insurance Group and other U.S. insurers, London sources say.

A DC-9 airliner, owned by Atlanta-based Best Airlines, also was damaged by the storm. Hull coverage for Best's three DC-9s, with a maximum limit of $5 million per hull, is placed in the London market and led by Orion Insurance Co. P.L.C., according to an underwriter on the coverage. The coverage was brokered by Crawley, Warren & Co. Ltd. in London.

Nearly two dozen small, privately owned planes also were damaged, the airport spokeswoman said. Information on the insurers involved was not available.

In addition, an airport-owned field maintenance building sustained between $150,000 and $300,000 damage to its roof, the airport spokesperson said. Insurance information was not available.

The airport was closed for only 1½ hours last Monday after the tornado struck, even though winds in excess of 100 mph shattered all but one of the windows in the control tower, which is owned and operated by the Federal Aviation Administration.

The Cincinnati airport was damaged by one of 29 tornadoes or other strong windstorms that struck Ohio Valley areas of Kentucky, Ohio, Indiana and Illinois. The windstorms left in their wake six persons dead, dozens injured—including about six persons at the airport—and millions of dollars in damage. ■



Photo: Patrick Reddy/The Cincinnati Post

**Several Comair planes at the Greater Cincinnati Airport were damaged during last week's storm.**


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# Mission plan

*Continued from page 1*
the pension funds themselves, which are willing to contribute "a substantial portion" of the infusion, Mr. Whitman says.

Thus, the MIG debtholders would become Mission American investors.

Pending completion of this agreement, Mr. Whitman says the debtholders have agreed not to proceed with their bankruptcy petition. They filed the petition Jan. 7 after MIG defaulted on two interest payments (*BI*, Jan. 13; Jan 27).

Mr. Whitman sees an "extremely high probability" that the petition will be withdrawn, he says.

Although these negotiations have been taking place independent of those MIC has been conducting to garner support from ceding insurers for its rehabilitation plan, the two plans are interrelated.

"Unless the insurance operations can be made viable, then all this doesn't have a great deal of meaning," Mr. Lesser says.

"All of this is premised on the assumption that the restructuring of the insurance company will be consumated and that the infusion of capital" will be made to support Mission American, Mr. Lesser explains.

State insurance regulators were presented with a detailed review of the MIC rehabilitation plan during a closed-door session in San Francisco last week during the NAIC's Western Zone meeting.

The plan was presented by California Insurance Commissioner Bruce Bunner, who was instrumental in creating the plan, and by officials of MIC.

The rehabilitation plan would transfer all of MIC's direct policies to Mission American, while leaving MIC with its assumed reinsurance business.

The ceding insurers that agree to the plan will be given a surplus note equal to the amount of MIC's estimated ultimate obligation to the insurers.

The California Insurance Department and MIG project that MIC will ultimately owe ceding insurers $591 million in reinsurance payments.

Insurers that participate in the plan will also receive 50% of Mission American's profits, if any, for the next 10 years.

Although official approval is only needed from regulators in the three states that have taken control of MIG affiliates—California, Texas and Missouri—regulators in other states must decide how to determine the value of reinsurance written by MIC in various insurance company filings.

**The Mission plan is an example 'of state regulation at its best. If the Mission plan works—and we're very hopeful that it will—there will be no loss of funds by policyholders and no triggering of state guaranty funds,' Mr. Muhl says.**

The meeting was scheduled to "bring the comfort level of commissioners up" and to show them that "things are moving in a positive direction," according to Mr. Bunner.

The regulators attending the meeting responded favorably to the presentation, reported Mr. Bunner, who said he observed "no adverse reaction."

NAIC President Josephine M. Driscoll, the Oregon insurance commissioner, said she is "very pleased" at the prospect of MIC's rehabilitation.

"When it first started, I didn't think it had a chance. Now we're all thrilled there's a chance that this is all going to work," Ms. Driscoll said.

Other commissioners are "really excited" about the rehabilitation, says Edward J. Muhl, the NAIC's vp and Maryland's insurance commissioner.

"It's probably one of the prime examples of state regulation at its best," he said.

"If the Mission plan works—and we're very hopeful that it will—there will be no loss of funds by policyholders and no triggering of state guaranty funds," Mr. Muhl noted.

Others outside the regulatory arena also echo support for the pending rehabilitation.

The California Workers Compensation Institute, whose members write virtually all of the workers compensation policies issued in the state, expressed a "sigh of relief" at the prospect of the rehabilitation plan going forth, according to Ron Markson, associate general manager for the work comp institute.

"We're delighted they've agreed to it. It just makes it easier on everybody," says John Gates, executive director of the California Insurance Guarantee Assn., the state's property/casualty guaranty fund.

If MIC and the five Mission subsidiaries placed under state control had been liquidated, various state guaranty funds would have had to respond to an estimated $978 million in policyholder claims, according to Mr. Bunner.

"Some of that would have been recovered (from MIC), but it would have been a long time before it would have been paid back," noted Norris W. Clark, who is California's deputy insurance commissioner and chief of financial analysis.

MIG and the California department project that, if liquidated, MIC and its subsidiaries would report for year-end 1985 total assets of $693 million and total liabilities of $1.05 billion, or a $361 million deficit.

Lawrence G. Becker, MIG's vp, secretary and general counsel, also presented projections of Mission American's financial position under two possible scenarios: If the rehabilitation plan goes through with participation from all of MIC's reinsurance policyholders, or if it goes through with participation of companies representing 75% of MIC's outstanding reinsurance liabilities.

If all ceding insurers take part, Mission American would report year-end 1985 assets of $1.121 billion and liabilities of $869 million, resulting in policyholder surplus of $252 million.

If insurers that are owed 75% of MIC's outstanding reinsurance liabilities take part, Mission American would report 1985 assets of $977.8 million and liabilities of $809 million, leaving a policyholder surplus of $168.8 million.

The projections are current as of March 5 and do not reflect the anticipated $75 million infusion to Mission American.

Remaining in MIC would be assets of $25.2 million and liabilities of $87 million, creating a deficit of $61.8 million.

If 100% of MIC's ceding insurers participate, Mr. Bunner says it is possible that the insurers could take credit on their annual convention statements for as much as 100% of the amount of the surplus note issued to them by MIC.

California will probably permit participating ceding insurers to take credit for at least 50% of the value of the surplus note, but that figure could rise depending on the number of ceding companies that participate, according to Mr. Bunner.

The percentage of credit could be increased from 50%, Mr. Bunner explains, because "that's based on 70% of the people being a part of this and that's changing every day."

The remaining 50% of the value of the note would be reported as a liability charged against the company's surplus, he says.

The hit to surplus would first appear in first-quarter 1986 statements, he said.

Mr. Bunner sent letters March 7 to those ceding insurers that had not yet agreed to participate, offering the insurers a deadline of April 1.

"They're crazy not to sign on," Mr. Bunner says, explaining that the companies will receive more by participating in the plan than if they do not.

Mr. Bunner regards the plan as a permanent solution to Mission's troubles.

"I think it's a fix," he says. "There were a lot of tense moments where myself and others walked away from it, but we all came back together.

"I think it's something we can be proud of," he says. ■


# insurance services guide

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## *update*

# CGL form available in 32 states

*Continued from page 2*
Rhode Island, South Dakota, Tennessee, Utah, Wisconsin and Wyoming.

Other regulators may approve the form later this year, but they say they are waiting to make sure both policyholders and agents understand the new form before it goes into use.

For instance, Oregon Insurance Commissioner Josephine Driscoll said the new form probably will be approved there, but not in time for it to take effect before July 1. "There needs to be proper education" for both buyers and sellers, she said.

Ms. Driscoll said she personally doesn't like the claims-made form because she thinks the occurrence form better protects buyers.

"However, I'm not sure we'll have any markets without it," she said, adding, "I'm not sure we'll have any markets with it, either."

Alaska Insurance Director John L. George also expressed concern about educating policyholders and agents. Although he recently approved the form, Mr. George said only case-by-case approval will be given until July 1, to allow more time for educational efforts.

Through July 1, Alaska agents who want to use the new form must secure additional approval from the director's office as a safeguard that they know the implications of the new form, said Paul Troeh, deputy director.

# New York deputy resigns

NEW YORK—Joseph L. LaMonte, special deputy superintendent in charge of the state Insurance Department's liquidation bureau, has resigned his $70,000-a-year position to join Brisco International Agency Ltd., a New York-based brokerage, a department spokesman said.

The spokesman emphatically denied the departure was connected with recent reports alleging Mr. LaMonte assigned bureau legal business to law firms of key state legislative leaders.

"There has been no allegation of wrongdoing at the liquidation bureau by anyone," said the spokesman. "From our perspective there's absolutely nothing wrong. We would be more than happy to have him stay."

The spokesman acknowledged that Computrace, a collection agency involved in accusations of kickbacks to city officials, had been used by the liquidation bureau. But the spokesman said the firm was fired by Mr. LaMonte the day after news reports of its alleged wrongdoing appeared, and that it is not believed to have collected any funds on behalf of the bureau.

Mr. LaMonte, whose resignation became effective Saturday, joined the liquidation bureau 10 years ago and was appointed special deputy in 1983. The spokesman noted Mr. LaMonte will have an equity share in Brisco, though he did not know what title Mr. LaMonte will hold. Neither Mr. LaMonte nor a spokesman for Brisco could be reached for comment.

Andrew Alberti, the liquidation bureau's counsel, has been named acting special deputy. The liquidation bureau now supervises the liquidation of 22 New York-based companies and another 13 companies based elsewhere that wrote policies in the state.

# Reinsurers' volume balloons

WASHINGTON—The U.S. reinsurance industry's net premium volume increased sharply in 1985, while its underwriting performance improved dramatically, according to a preliminary report by the Reinsurance Assn. of America.

Net premiums written by the 69 reinsurance organizations surveyed increased 38.7% to $8.9 billion from $6.42 billion.

In addition, the industry posted an aggregate combined ratio of 119.1% for 1985, compared with a 127.2% combined ratio for 1984, according to the RAA report. The 1985 loss ratio was 90.4% and the expense ratio stood at 28.7%.

# ICI will contest verdict

NEW YORK—The Insurance Corp. of Ireland last week was expected to ask a federal judge in New York to overturn a jury verdict that certain bloodstock reinsurance contracts between ICI and two U.S. insurers are valid. ICI would lose at least $2.8 million if the Feb. 20 U.S. District Court verdict stands, sources close to ICI say.

Between April 1982 and June 1983, Monarch Insurance Co. of Ohio and Central National Insurance Co. of Omaha—through managing general agent Frelinghuysen Livestock Managers Inc. of Whitehouse Station, N.J.—fronted for bloodstock insurance fully reinsured by ICI and the Secretan syndicate at Lloyd's of London. The coverage primarily was for quarter horses and thoroughbreds.

Court documents say FLM placed the reinsurance through another intermediary with Peter Meredew at Lloyd's broker RTC Ltd., which held binding authority for both ICI and Secretan.

The Secretan syndicate paid all claims stemming from its participation, says R.D. Pilcher, the syndicate's bloodstock underwriter.

But ICI refused to pay the claims, charging there was a conspiracy among FLM, RTC, Mr. Meredew and others "to generate as much premium income as possible to the binding authority in order to produce the maximum amount of commissions, secret profits and other remunerations for themselves without regard to the underwriting losses which would inevitably result," according to an affidavit by ICI attorney John P. Higgins.

This contention, however, was rejected by the New York court.

ICI had until March 14 to ask U.S. District Judge Robert Carter to overturn the jury verdict, said David McIntosh, an ICI attorney with Davies, Arnold & Cooper in London. If the judge does not overturn the verdict, ICI may appeal, Mr. McIntosh said, adding that ICI may also try to recover directly from RTC and Mr. Meredew.

Mr. Meredew and RTC officials could not be reached for comment.

ICI was taken over by the Irish government last year following the discovery of large operating losses (*BI*, March 25, 1985).

# Casualty facilities

*Continued from page 1*

Although the pools, which are expected to begin operations by May, must have a minimum of 10 members, Mr. Mosier anticipates "no problem" attracting a full complement of at least 25 shareholders.

The excess liability pool, said Mr. Mosier, will have a group aggregate limit of $100 million, meaning that the combined losses of all of its policyholders will be capped at $100 million.

This limit will be funded through a combination of premiums and reinsurance provided by participants, with the difference to be retrospectively rated.

To capitalize the D&O pool, each participant must pledge resources of $5 million said Mr. Mosier.

Each policy will be individually underwritten by the pools, with premiums to be based on individual exposures and other factors, said Mr. Mosier.

To participate in either of the new pools, said Mr. Mosier, each company must have a captive insurance company managed by the Reiss Organization and be a Tortuga shareholder.

Mr. Mosier said, at least initally, both pools will operate under the auspices of Tortuga, although a different organizational setup may be established later.

Plans for all of these proposed insurance facilities were driven by U.S. corporations' inability to find enough commercial liability insurance to fill layers below the limits offered by A.C.E. and Tortuga.

M&M started working on the line slip idea last November after A.C.E.'s directors created a subcommittee to study problems in capacity under $100 million, said Mr. Clements, who is a member of the subcommittee.

J&H was invited to participate in the project in January, he said.

Under the line slip proposal, participating U.S. insurers would agree to assume a fixed percentage of each risk underwritten by an independent management operation, according to Mr. Clements, who said that underwriting staff would be drawn from participating companies.

Kenneth Hecken, a J&H senior vp, said no more than 10 underwriters and support staff personnel would be working at the facility. Claims, he said, will be handled by a "single, recognized entity," which has not yet been selected.

Once a year, participating insurers would be able to renegotiate details of their participations, including their percentage shares of each risk, Mr. Clements said.

M&M has so far talked to eight insurers about participating on the slip, including Aetna Casualty & Surety Co., CIGNA Corp., Travelers Corp. and Chubb Group. None as yet have agreed to participate, said Mr. Clements.

**A spokesman says Aetna is 'actively involved with M&M, J&H and with other major insurance companies in the development of a subscription policy facility for excess liability insurance. We expect that we'll take a substantial position with the hope that other major insurance companies will join in the effort.'**

A spokesman for Aetna Casualty & Surety confirmed that it is "actively involved with M&M, J&H and with other major insurance companies in the development of a subscription policy facility for excess liability insurance."

"We expect that we'll take a substantial position with the hope that other major insurance companies will join in the effort," said the spokesman, adding the entire matter is still under negotiation.

A Travelers spokesman said, "We have received a number of similar proposals" and "each is being studied."

No decisions on any of them have been reached, he said.

"We hope to have a decision on which way we're going to go in a short while," he said. The spokesman would provide no details on the other proposals being considered by Travelers.

"We're interested in the proposal," said a CIGNA spokesman, who would not provide any additional details. "It really is just too early," he said.

A Chubb spokesman could not be reached for comment.

Details of how the facility would work—including details of the claims-made policy form to be used—are still being discussed, Mr. Clements said.

J&H and M&M are now working with underwriters to "come up with a form that would be agreeable to everyone," said Mr. Hecken. "That's a very active project right now."

The maximum participation of any one insurer under the current plan will be $20 million, Mr. Clements said.

Robert Newhouse, chairman of M&M Inc., said that a "small number of companies" will account for most of the slip's anticipated $75 million capacity, and that the facility could start operating if it lines up only half of the hoped-for amount.

Mr. Clements said the line slip facility will write between 900 and 1,200 policies per year, roughly three times the 300 to 400 policies expected to be written annually by A.C.E.

Premiums will range from a minimum $100,000 to millions of dollars, depending on the risk, Mr. Clements said.

It is "too early to tell what the average premium per policyholder might be," said Mr. Hecken. He noted, though, that a policy with limits of $75 million excess of $25 million would cost 1.5 to two times more than an A.C.E. policy with limits of $100 million excess of $100 million.

M&M and J&H are asking insurers to participate on a net-line basis, Mr. Clements said.

Facultative reinsurance of line slip participations is specifically precluded, though insurers may reinsure some of their risks on treaties if they can get their treaty reinsurers to agree, Mr. Clements explained.

M&M is hoping to attract otherwise reluctant insurance companies' capacity by pointing to efficiencies of the line slip concept. These according to Mr. Newhouse include:

- Eliminating the layering of dozens of different policies that would normally provide $75 million in coverage.
- A common policy form with a full $75 million in coverage, eliminating disputes over differences in various forms.
- Unified handling of claims. The draft line slip policy includes a clause calling for arbitration of claims disputes, Mr. Clements said.

Conceivably, Mr. Hecken said, a piece of business could be rejected by an insurer, then accepted by the facility with the same insurer automatically taking a share of the risk. But this is unlikely, says Mr. Hecken, because if the insurers did not think the facility's underwriters were capable, they "would not be a subscriber."

Because J&H and M&M will hold two different roles in relation to the facility, there are two ways in which they could be compensated, says Mr. Hecken.

The first role would be as slip or wholesale brokers or managing general agents. The brokers in this instance will probably receive an as-yet undetermined fee, probably a percentage of the premium, for organizing the slip, keeping it organized and getting it renewed.

The second role, Mr. Hecken said, which is open to all agents and brokers, is to receive a commission for placing the business "just as we do now." He denied this means double commissions for J&H and M&M.

"It's a different role," he said.

Along with the line slip proposal, M&M is working with Morgan Guaranty to develop X.L., which will be incorporated with a holding company: EXEL Ltd. Bermuda.

X.L. will need initial capital of $100 million to begin operating and—like A.C.E.—will raise capital through contributions of $5 million to $10 million each from corporate sponsor policyholders.

Non-sponsor policyholders would then be required to buy shares in a holding company, generating additional capital.

X.L. may be used to provide up to one-third of the line slip's $75 million capacity if U.S. insurer participation falls short, Mr. Clements said. It will only write excess liability insurance underlying A.C.E.'s limits through the line slip, he said.

X.L. would act as a quota-share participant in the $75 million layer, not as an excess insurer over other participants, and would act as "a passive supporter" of the slip, following the decisions of slip managers in such matters as claims settlements, Mr. Clements said.

If X.L.'s participation isn't needed for the slip, the insurer may offer limits of up to $75 million excess of A.C.E.'s $100 million layer.

X.L. also will write D&O liability limits of $10 million excess of $25 million.

A.C.E. will write D&O limits of $50 million excess of $50 million, or will match a lesser amount of underlying D&O coverage. For example, if a policyholder is only able to buy $25 million of D&O coverage, A.C.E. will write $25 million excess of $25 million.

The addition of X.L.'s D&O coverage will effectively add $20 million in capacity per risk, Mr. Clements noted, since A.C.E. will match the extra $10 million in underlying limits under $50 million.

X.L. will name A.C.E. as an underwriting manager for D&O risks, Mr. Clements said.

Although X.L. will provide D&O coverage, M&M decided against trying to include D&O risks within the line slip program because "it would complicate the issue in the eyes of some of the companies we are talking to," Mr. Newhouse said.

The line slip and X.L. are expected to be operating by May 1, according to Mr. Clements, who would not name potential X.L. sponsors.

At the organizational meeting of the Tortuga Casualty Co. two weeks ago, the board of directors elected Thomas A. Duffield, vp of insurance and risk management at Decatur, Ill.-based Archer Daniels Midland Co., as president. Kenneth M. Hoffman, director of corporate insurance at New York-based Sperry Corp., was named Tortuga's vp. ■

## British Issues

| 11 March Companies | Price pence | P/E | Div. pence | Yield % | 1 Week High—Low pence |
|---|---|---|---|---|---|
| **Commi Union** | 304 | N/M | 16.9 | 5.5 | 304—285 |
| **Genl Accident** | 850 | 41.5 | 31.4 | 3.7 | 850—825 |
| **Gdn Royal Exch** | 817 | 71.0 | 38.6 | 5.0 | 817—785 |
| **Royal** | 850 | 69.7 | 35.0 | 4.3 | 858—838 |
| **Sun Alliance** | 682 | 69.2 | 23.6 | 3.5 | 682—655 |
| **Brokers** | | | | | |
| **CE Heath** | 665 | 10.1 | 36.0 | 5.3 | 665—652 |
| **Hogg Robinson** | 317 | 12.9 | 13.4 | 4.2 | 317—308 |
| **JH Minet** | 243 | 11.6 | 10.7 | 4.4 | 250—238 |
| **Sedg Grp** | 410 | 17.8 | 17.1 | 4.2 | 410—393 |
| **Stew Wrightson** | 395 | 15.8 | 15.7 | 4.0 | 395—380 |
| **Willis Faber** | 427 | 21.9 | 11.8 | 2.8 | 427—412 |

Source: Philip Olsen/Alan Clifton, Insurance Industry Specialists Kitcat & Aitken Stockbrokers, London

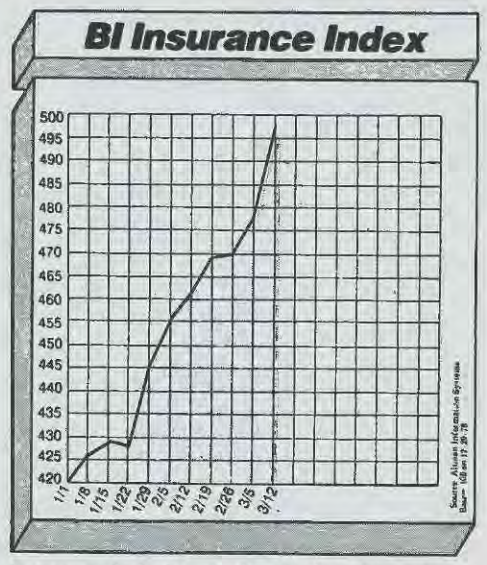
# BI Industry Stock Report

March 5, 1986 2/27/86 thru 3/5/86

| Brokers | | Price | % Chg. | P/E | $ Div. | % Yld. | High | Low | Vol.(000) |
|---|---|---|---|---|---|---|---|---|---|
| Alexander & Alexander Svcs | NYSE | 35.38 | 5.6 | 0.0 | 1.00 | 2.8 | 35.75 | 34.00 | 937.9 |
| Baldwin & Lyons Inc | OTC | 89.00 | 17.1 | 342.3 | 0.80 | 0.9 | 89.00* | 80.00 | 2.7 |
| Corroon & Black Corp | NYSE | 68.50 | 5.0 | 21.7 | 1.30 | 1.9 | 68.50* | 65.75 | 64.1 |
| Crump E H Cos Inc | OTC | 24.50 | -1.0 | 23.3 | 0.25 | 1.0 | 25.00 | 24.25 | 178.7 |
| Emett & Chandler Cos Inc | OTC | 18.25 | 1.4 | 31.5 | 0.00 | 0.0 | 18.25 | 18.13 | 38.3 |
| Gallagher Arthur J & Co | OTC | 54.50 | 5.8 | 24.8 | 0.40 | 0.7 | 54.50 | 51.00 | 15.7 |
| Hall Frank B & Co Inc | NYSE | 20.88 | 7.1 | 0.0 | 0.00 | 0.0 | 20.88 | 18.88 | 352.8 |
| Marsh & Mclennan Cos Inc | NYSE | 107.25 | 6.8 | 24.0 | 2.70 | 2.5 | 107.25* | 100.88 | 423.4 |
| Poe & Assoc Inc | OTC | 18.50 | 1.4 | 0.0 | 0.80 | 4.3 | 18.50* | 18.25 | 9.8 |
| AGENTS/BROKERS | AVERAGE | | | 379.8 | | 1.7 | | | |
| **Conglomerates & Holding Cos.** | | | | | | | | | |
| American Express(Fireman's Fd) | NYSE | 68.00 | 2.4 | 19.2 | 1.36 | 2.0 | 68.00* | 66.50 | 2,655.3 |
| Anderson Clayton(Ranger/PanAm) | NYSE | 54.38 | 0.5 | 31.1 | 0.00 | 0.0 | 54.50 | 53.38 | 255.0 |
| Armco Inc | NYSE | 11.38 | -4.2 | 0.0 | 0.00 | 0.0 | 11.75 | 11.25 | 1,167.2 |
| Berkley W R Corp | OTC | 48.50 | 10.2 | 34.2 | 0.32 | 0.7 | 48.50* | 41.25 | 329.0 |
| CIGNA Corp | NYSE | 71.63 | 4.9 | 0.0 | 2.60 | 3.6 | 72.00* | 68.63 | 971.0 |
| CNA Finl Corp (CNA) | NYSE | 69.50 | 0.7 | 23.1 | 0.00 | 0.0 | 70.38 | 68.88 | 290.0 |
| General Re Corp | NYSE | 124.00 | 2.3 | 89.5 | 1.76 | 1.4 | 124.00* | 121.75 | 398.7 |
| ITT (Hartford Group) | NYSE | 43.63 | 1.2 | 23.1 | 1.00 | 2.3 | 44.38 | 43.00 | 3,778.8 |
| Sears Roebuck & Co. (Allstate) | NYSE | 47.00 | 6.2 | 13.3 | 1.76 | 3.7 | 47.00* | 44.50 | 4,474.3 |
| Teledyne Inc (Argonaut) | NYSE | 357.25 | 1.7 | 7.7 | 0.00 | 0.0 | 357.25 | 348.00 | 159.2 |
| Transamerica Corp (Occidental) | NYSE | 39.50 | 4.6 | 18.4 | 1.68 | 4.3 | 39.50* | 37.63 | 539.3 |
| CONGLOMERATES/HOLDING COS. | AVERAGE | | | 18.1 | | 1.1 | | | |
| **Insurers** | | | | | | | | | |
| Aetna Life & Cas Co | NYSE | 63.00 | 4.1 | 16.4 | 2.64 | 4.2 | 63.50* | 61.00 | 2,047.3 |
| American General Corp | NYSE | 40.75 | 2.2 | 12.6 | 1.12 | 2.7 | 41.25* | 39.88 | 1,560.0 |
| Amern Heritage Life Invt Co | NYSE | 40.38 | 0.0 | 15.1 | 1.20 | 3.0 | 40.63 | 40.38 | 0.7 |
| American Indty Finl Corp | OTC | 22.50 | 0.6 | 0.0 | 1.12 | 5.0 | 22.75 | 22.25 | 13.5 |
| American Intl Group Inc | NYSE | 132.13 | 4.2 | 27.0 | 0.44 | 0.3 | 132.13* | 127.13 | 622.5 |
| Aneco Reins Ltd | OTC | 1.38 | 37.5 | 0.0 | 0.00 | 0.0 | 1.38 | 1.06 | 42.0 |
| Avemco Corp | NYSE | 34.63 | 3.7 | 13.6 | 0.60 | 1.7 | 34.75 | 34.38 | 22.7 |
| Business Mens Assurn Co Amer | OTC | 31.50 | 4.1 | 14.6 | 1.10 | 3.5 | 31.50 | 30.25 | 119.6 |
| Chubb Corp | NYSE | 69.50 | 5.5 | 0.0 | 1.56 | 2.2 | 69.50* | 65.38 | 335.4 |
| Combined Intl Corp | NYSE | 61.75 | 2.9 | 12.8 | 2.16 | 3.5 | 61.75* | 59.88 | 144.2 |
| Continental Corp | NYSE | 52.13 | 3.0 | 0.0 | 2.60 | 5.0 | 52.13* | 50.25 | 513.7 |
| Crown Life Ins Co | OTC | 245.00 | 0.0 | 14.8 | 0.00 | 0.0 | 245.00 | 245.00 | 0.0 |
| Durham Corp | OTC | 43.75 | -0.8 | 12.0 | 1.36 | 3.1 | 44.13 | 43.50 | 10.9 |
| Farmers Group Inc | OTC | 85.75 | 1.8 | 15.8 | 2.00 | 2.3 | 85.75* | 84.00 | 185.7 |
| Fairmont Finl Inc | AMEX | 24.75 | 4.2 | 20.6 | 0.00 | 0.0 | 25.00* | 24.13 | 68.2 |
| Fireman Fd Corp | NYSE | 38.38 | -0.3 | 0.0 | 0.30 | 0.8 | 39.75* | 38.38 | 785.0 |
| Fremont Gen Corp | OTC | 30.00 | 4.8 | 0.0 | 0.48 | 1.6 | 30.00 | 29.13 | 710.9 |
| Great West Life Assurn Co | OTC | 500.00 | -0.0 | 5.0 | 18.00 | 3.6 | 505.00* | 500.00 | 0.1 |
| Home Group Inc | AMEX | 30.38 | 16.3 | 0.0 | 0.00 | 0.0 | 30.38* | 26.25 | 1,029.7 |
| Hanover Ins Co | OTC | 62.75 | -0.8 | 65.4 | 0.56 | 0.9 | 63.50 | 62.75 | 64.6 |
| Hartford Steam Boiler Insptn | OTC | 71.50 | 2.9 | 13.2 | 2.00 | 2.8 | 71.50 | 69.50 | 43.1 |
| Kans City Life Ins | OTC | 32.50 | 0.8 | 12.8 | 0.87 | 2.7 | 33.00 | 32.50 | 11.6 |
| Kemper Corp | OTC | 96.25 | 0.8 | 20.8 | 1.80 | 1.9 | 97.00 | 95.50 | 219.2 |
| Liberty Corp S C | NYSE | 40.25 | 9.5 | 16.8 | 0.72 | 1.8 | 40.25* | 36.38 | 61.8 |
| Lincoln Natl Corp Ind | NYSE | 60.88 | 3.2 | 14.1 | 2.00 | 3.3 | 60.88* | 58.75 | 536.2 |
| Mission Ins Group Inc | OTC | 2.75 | 0.0 | 0.0 | 0.00 | 0.0 | 2.75 | 2.75 | 630.5 |
| Monumental Corp | OTC | 36.13 | -0.3 | 12.2 | 1.40 | 3.9 | 36.38 | 36.00 | 10.0 |
| Nac Re Corp | OTC | 38.75 | 1.3 | 0.0 | 0.00 | 0.0 | 38.75 | 37.75 | 61.2 |
| Nobel Ins Ltd | OTC | 18.00 | 5.9 | 23.7 | 0.25 | 1.4 | 18.00* | 16.75 | 102.7 |
| Northwestern Natl Life Ins | OTC | 27.63 | 1.4 | 13.7 | 0.80 | 2.9 | 27.63 | 26.63 | 250.8 |
| Ohio Cas Corp | OTC | 88.50 | 3.5 | 26.0 | 3.00 | 3.4 | 88.50* | 86.00 | 310.5 |
| Old Rep Intl Corp | OTC | 41.63 | 0.9 | 11.3 | 0.74 | 1.8 | 42.25* | 41.63 | 917.5 |
| Orion Cap Corp | NYSE | 37.00 | 2.1 | 0.0 | 0.76 | 2.1 | 37.00* | 35.88 | 76.2 |
| Protective Corp | OTC | 21.75 | -12.1 | 12.6 | 0.66 | 3.0 | 23.75 | 21.25 | 690.3 |
| Provident Life & Acc Ins Co | OTC | 32.00 | 1.6 | 11.1 | 0.76 | 2.4 | 32.00 | 31.50 | 208.0 |
| St Paul Cos Inc | OTC | 95.75 | 4.1 | 42.6 | 3.00 | 3.1 | 95.75* | 92.50 | 356.7 |
| SAFECO Corp | OTC | 57.13 | 2.0 | 17.4 | 1.60 | 2.8 | 57.13* | 56.75 | 514.0 |
| Sri Corp | OTC | 20.63 | 5.1 | 0.0 | 0.80 | 3.9 | 20.63 | 19.75 | 103.5 |
| Seibels Bruce Group Inc | OTC | 22.50 | 2.3 | 12.5 | 0.80 | 3.6 | 22.75 | 22.50 | 122.5 |
| Statesman Group Inc | OTC | 7.38 | 5.4 | 0.0 | 0.05 | 0.7 | 7.75* | 7.25 | 572.4 |
| Tokio Marine & Fire Ins Co | OTC | 279.75 | 8.4 | 52.7 | 1.05 | 0.4 | 279.75* | 266.00 | 19.5 |
| Torchmark Corp | NYSE | 31.50 | 0.8 | 14.5 | 0.60 | 1.9 | 31.63* | 30.00 | 1,541.6 |
| Travelers Corp | NYSE | 56.75 | 6.1 | 14.2 | 2.16 | 3.8 | 56.75* | 53.25 | 1,780.9 |
| United Fire & Cas Co | OTC | 36.00 | 10.8 | 16.8 | 1.20 | 3.3 | 36.00* | 32.50 | 15.2 |
| United States Fid & Gty Co | NYSE | 44.75 | 11.9 | 0.0 | 2.32 | 5.2 | 44.75* | 41.88 | 3,604.3 |
| Uslife Corp | NYSE | 43.13 | 3.9 | 11.7 | 1.12 | 2.6 | 43.13* | 41.50 | 459.4 |
| Washington Natl Corp | NYSE | 32.13 | 3.2 | 14.6 | 1.08 | 3.4 | 32.88* | 31.63 | 153.1 |
| Zenith Natl Ins Corp | OTC | 31.75 | 0.0 | 0.0 | 0.68 | 2.1 | 31.75 | 31.50 | 415.0 |
| INSURANCE COMPANIES | AVERAGE | | | 16.2 | | 2.3 | | | |

System design: Altman Information Systems

## BI Insurance Index




**Insurance industry stocks continued to set new highs as the *Business Insurance* stock index closed March 12 at a record 496.7, up 18.7 points from 478.0 on March 5. Forty-seven stocks posted gains during the period, seven issues declined, and six were unchanged. The largest increases were reported by Aneco Reinsurance Co. Ltd., up 37.5%; Baldwin & Lyons Inc., up 17.1%; The Home Group Inc., up 16.3%; USF&G Corp., up 11.9%; and United Fire & Casualty Co., up 10.8%. The only stocks to decline more than 1% were Protective Life Corp., down 12.1%, and The Crump Cos. Inc., down 1.1%. The *BI* index rose 3.9%, outperforming the major market indicators. The S&P 500 index rose 3.7% and the NYSE composite and the Dow Jones 30 industrials both rose 3.5%.**


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