

Business Insurance

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

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Acquisition of Ohio Blues barred; Anthem proposed as licensee

CLEVELAND—The Ohio Department of Insurance ruled against Columbia/HCA Healthcare Corp.'s proposed \$299.5 million purchase of Cleveland-based Blue Cross & Blue Shield of Ohio last week.

Separately, the national Blue Cross & Blue Shield Assn. designated Indianapolis-based Anthem Inc., another Blue Cross & Blue Shield licensee, as the replacement licensee for the Cleveland operation, assuming a federal appellate court decision goes in its favor and it can terminate the license of BC/BS of

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M&M reclaims lead position

Broker acquires rival Johnson & Higgins for \$1.8 billion

By DOUGLAS McLEOD

NEW YORK—The top of the insurance brokerage world is looking more than ever like the land of the giants.

Marsh & McLennan Cos. Inc. reinforced the point last week with its \$1.8 billion takeover of Johnson & Higgins, a move that ends a decades-old rivalry and a long debate within J&H over whether it could survive as a privately held company.

The acquisition returns M&M to its customary spot as the world's largest retail broker, a position it ceded briefly after Aon Group Inc. absorbed Alexander & Alexander Services Inc. and Bain Hogg Group P.L.C. last year (BI, Dec. 16, 1996).

The combination makes M&M Cos. an all-around global behemoth with \$5.3 billion in gross revenues, including Putnam Investment Corp.'s \$1.1 billion. It will encompass the world's largest employee benefit

consulting and captive management operations and possibly the largest reinsurance broker. J&H Marsh & McLennan Inc., which will be formed as the new brokerage unit of M&M Cos., will have gross revenues exceeding \$2.3 billion.

For J&H executives, the takeover is also a stunning financial windfall: J&H's 51 shareholding directors and managing principals will reap large shares of the cash and M&M stock included in the deal. They also will keep a pool of J&H retained earnings and other cash estimated at more than \$200 million.

Shares of the purchase price also will be spread among roughly 150 J&H principals, 45 retired J&H directors and about 600 handpicked J&H executives whose cuts of the deal will vest over periods of up to four years, confirmed J&H Chairman David A. Olsen and M&M Chairman A.J.C. Smith.

Mr. Smith and Mr. Olsen emphasize—and analysts

See Merger on page 64

Strength in numbers

Statistics based on year-end 1996 figures

	MARSH & MCLENNAN COMPANIES	JOHNSON & HIGGINS	M&M & J&H* combined
Gross revenues	\$4.16 billion	\$1.2 billion	\$5.36 billion
Employees	More than 27,000	8,731	More than 35,731
Offices	More than 400	145	More than 545

Business Insurance estimates J&H Marsh & McLennan Inc. will have:

- More than \$2.3 billion in retail brokerage revenues.
- More than \$340 million in reinsurance brokerage revenues.
- 672 captives under management.

* Estimates. Figures do not reflect M&M's January 1997 acquisition of CECAR.

GRAPHIC BY ADAM DO

Regulator seeks court OK of EMLICO liquidation pact

By MICHAEL PRINCE

BOSTON—The Massachusetts Insurance Commissioner is asking a state court to approve a settlement under which it would participate in overseeing the liquidation of Electric Mutual Liability Insurance Co. in Bermuda.

Reinsurers of EMLICO, however, contend the proposed deal puts them in a worse position for challenging claims by the failed insurer related to massive pollution and asbestos losses of its sole policyholder General Electric Co.

Under the terms of the settlement—reached last week among Massachusetts Commissioner Linda Ruthardt, GE, EMLICO's liquidators and an EMLICO affiliate—the Massachusetts commissioner will become U.S. receiver of EMLICO's winding-up in Bermuda.

Under the settlement, before any GE claim can be settled by EMLICO, the commissioner must submit it to a justice of the Supreme Judicial Court for Suffolk County (Mass.) for approval.

The claim will go directly to a special master—a lawyer—working under the authority of the court; the special master will make a recommendation to both the Massachusetts and Bermuda courts overseeing the liquidation. The plan calls for the special master to be appointed by the Massachusetts court based on recommendations by the commissioner, EMLICO and GE.

The settlement also calls for the Insurance Division to drop its investigation into alleged fraud surrounding EMLICO's request for redomestication to Bermuda

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Kaiser blocks critical report

Texas regulators seek to penalize HMO over emergency care

By MICHAEL BRADFORD

AUSTIN, Texas—Kaiser Foundation Health Plan of Texas is battling to keep under wraps a report in which insurance regulators charge the health maintenance organization inappropriately denied emergency room care.

Court documents indicate the Texas Department of Insurance was set to release the report and levy stiff penalties against the Dallas-based HMO for disallowing care and creating a "chilling effect" on emergency room use.

The penalties are outlined in the report.

Kaiser Foundation, which covers 129,000 lives in the Dallas-Fort Worth area, operates in a partnership with the Permanent Medical Assn. of Texas as the HMO commonly referred to as Kaiser Permanente. The partners filed suit against the Insurance Department late last month and won a temporary restraining order blocking release of the report.

Judge Paul Davis, of the Travis County District Court in Austin, Texas, also granted Kaiser Permanente's request to keep confidential all documents and testimony gathered during the discovery phase of the case.

The restraining order will remain in place at least until April 18.

Meanwhile, another Kaiser Permanente unit is answering questions regarding emergency room services.

In California, Kaiser Permanente-

See Kaiser on page 67

California bill could increase third-party bad-faith suits

By JOANNE WOJCIK

SACRAMENTO, Calif.—California lawmakers are considering legislation that essentially would codify the controversial 1979 *Royal Globe* decision that gave third parties the right to sue insurers for bad faith.

The state Supreme Court reversed that decision in 1988, when it barred third-party bad faith lawsuits against insurers in *Moradi-Shalal vs. Fireman's Fund Insurance Cos.*

But, if A.B. 1109 were enacted, the *Royal Globe* precedent once again would become law in California.

And because the bill would apply to all lines of coverage—including life/health and workers compensation—the potential for third-party litigation is significant.

For example, the legislation would allow injured employees to sue their employers' workers compensation insurers and possibly recoup damages greater than those prescribed by statute for work-related injuries.

The bill's backers say the legislation is necessary because the Insurance Department doesn't have sufficient staff resources to enforce the state's rigid claims-handling regulations, which require insurers to respond to a claim in as few as 15 days.

"Although the department has regulatory power to enforce the provisions of (the claims-handling act), the reality is that most violations go unaddressed, whether due to lack of resources of the department or other reasons," the legislation states.

"When California citizens, both corporate and private, suffer damages as the result of conduct of another covered by insurance, they are properly entitled to the benefit of the insured's policy coverage for indemnification of their loss or damage," the legislation adds.

"As the law now stands, however, the insurer has no financial incentive to conclude the claim made by the

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Updates

Blues' for-profit moves halted

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Ohio (BI, Nov. 11, 1996).

In its notice disapproving the Columbia/HCA acquisition, the Ohio Insurance Department said in part that the move would enfranchise the mutual insurer's policyholders "by abrogating their rights and interests and will fundamentally alter the character and structure of a domestic mutual insurance company" in violation of state code. Blue Cross has 30 days to file for a hearing.

John Burry Jr., Blue Cross & Blue Shield of Ohio's chairman and chief executive officer, said in a statement that he regrets the decision and "we will be in discussions with both the Department of Insurance and with Columbia to determine" its next steps.

A spokeswoman for Nashville, Tenn.-based Columbia said the company still is looking at the decision's implications.

Patrick G. Hays, the national BC/BS Assn.'s president and CEO, said that giving Anthem the Cleveland operation's license is an effort to protect the integrity of the association's trademark.

Blue Cross & Blue Shield of Ohio is now seeking to overturn a federal district court decision in November allowing the national association to terminate the Ohio plan's license to use the Blue Cross & Blue Shield names and trademarks. A decision by the federal appellate court in Cincinnati is expected within a few weeks. The national Blues organization and many other Blues plans see a takeover by a for-profit health care giant as an unprecedented shift away from the Blues' traditions and heritage.

Mr. Hayes said the Insurance Department's rejection of the acquisition does not alter the association's decision to transfer the license. It will be up to policyholders as to whether they plan to move to Anthem, he said.

Mr. Burry said in a statement that any effort by the association to interfere with Blue Cross & Blue Shield of Ohio's ability to operate as a BC/BS plan would violate a stay granted by the federal appellate court. A spokeswoman for the Cleveland operation said it has not received formal notification of the national association's license decision and is awaiting the federal appellate decision.

Meanwhile, St. Louis-based Blue Cross & Blue Shield of Missouri and its RightCHOICE Managed Care Inc. unit said they have ended discussions with St. Louis-based BJC Health System concerning a possible alliance or business combination.

401(k) proposal under review

HARTFORD, Conn.—Travelers Group is awaiting U.S. Labor Department approval to contribute options on its own stock rather than cash to employees' 401(k) plan accounts.

Under the proposal, Travelers would give employees stock options worth 10% of their salary, up to a \$40,000 salary. Employees would receive the right to buy Travelers stock at the closing price on the New York Stock Exchange the day before the grant of the option. The right to exercise the option would expire after 10 years. While the stock options would vest when employees get them, they only could be exercised at the rate of 20% a year.

An option gives an individual the right to purchase stock at a later date at a certain price.

Contributing options would conserve a company's cash, but if the stock price were depressed for an extended period of time, the options would have little value.

The Labor Department's decision on the proposal could come as soon as this week.

Court denies partner benefits

TRENTON, N.J.—A New Jersey appeals court has rejected the attempt by five faculty members of state-supported Rutgers University to extend benefits to cover domestic partners.

The faculty members, four professors and one dean, attempted in 1992 to enroll their same-sex domestic partners in the university's health plan that covers the state's employees. After their attempt was denied, they sued the state and the university.

In rejecting their suit against the state, the Superior Court of New Jersey Appellate Division sitting in Trenton ruled that the domestic partners did not qualify as spouses under the language of the New Jersey law establishing the plan.

"It is not for this court to agree or disagree with the Legislature's decision on such issues," Judge Thomas Shebell wrote for the court. "These are political and economic issues to be decided by the elected representatives of the people."

Lawyers for the plaintiffs criticized the reasoning. "They are wrong in thinking they do not have the authority to strike this down as in violation of the New Jersey Law Against Discrimination or the constitution," said Lenora Lapidus, an attorney with the New Jersey chapter of the American Civil Liberties Union who represented two plaintiffs.

The court also rejected the plaintiffs' arguments that the state's anti-discrimination law prohibits their partners' exclusion by stating the law does not apply to benefit and insurance plans.

In a separate concurring opinion, Judge David Baime said although the statute "indirectly discriminates against homosexual domestic partners," it is up to the state to make any change.

"It says the court recognizes and indeed admits the policy is discriminatory vs. gay and lesbian employees," said Rosemary DiSavino, an attorney with Ball Livingston, a Nutley, N.J.-based law firm that represented three plaintiffs. "However, the court has stopped short of remedying the discrimination."

Ms. DiSavino said her clients plan to petition the New Jersey Supreme Court to hear an appeal. She added that separate but related claims still exist against Rutgers that will proceed after a decision by the Supreme Court.

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9th Circuit reversal allows U.S. names to sue

More litigation for Lloyd's

By SARAH GODDARD

LONDON—Lloyd's of London could face continued litigation by U.S. members in U.S. courts if a federal appeals court ruling is upheld.

In a decision handed down earlier this month, the 9th U.S. Circuit Court of Appeals in San Francisco overturned a lower court ruling that members' disputes with Lloyd's can be heard only in English courts, paving the way for litigation from U.S. members who refused to accept the

settlement under Lloyd's reconstruction and renewal plan.

A Lloyd's spokesman said it plans to file an appeal with the 9th Circuit by the end of this week.

If the court accepts the petition, it will schedule a hearing "en banc," which will include the chief judge from the circuit and 10 of the circuit judges hearing the appeal.

"The decision made does not affect R&R," said the spokesman. "It is a recruitment issue."

Nearly 300 U.S. Lloyd's mem-

bers were party to the long-running action, which called for their Lloyd's memberships to be declared null and void under securities laws and demanded rescission, meaning they would not be liable for any losses incurred through their membership of Lloyd's.

In all, 576 U.S. members of Lloyd's did not accept the settlement offer, and Lloyd's has issued writs against 247 of them. However, until the appeal to the latest decision has been heard, Lloyd's

See Lloyd's on page 61

Face of workers comp to change significantly in next decade: Exec

By MEG FLETCHER

CAMBRIDGE, Mass.—Managed care of workers compensation claimants will undergo a shakeup in the coming decade that will

help return the workers comp system to its no-fault roots, an insurer executive predicts.

As more research is published in the next three to five years, "many of what we consider traditional

axioms or dogma in workers compensation are going to be replaced," said Bruce G. Sundquist, chief operating officer of the managed care division of the Chicago-based CNA Insurance Cos.

Mr. Sundquist made his predictions at the recent Workers Compensation Research Institute conference earlier this month in Cambridge, Mass.

Three of the workers comp axioms that he predicts will become outdated in 1997 and 1998 are the

cost-effectiveness of discounted medical care, the use of primary care physicians as mere "gatekeepers" and oversight by case managers.

CNA reviewed 10,000 closed claims that in total involved eight types of case managers. Among the claims reviewed, the only effective case managers were nurses with at least five years' experience, and their primary contribution was facilitating an injured employee's return to work.

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WCRI

Service is key for small brokers

Putting client first pays: CEO

By JUDY GREENWALD

SAN FRANCISCO—The success of smaller brokers is largely dependent on how well they develop their unique capabilities to deliver customer service, executives say.

"Our results are better when we put the client first and benefit them first," said Thomas W. Corbett, chairman and chief executive officer of San Diego-based Robert F. Driver Inc., whose specialties include program business for public entities.

Mr. Corbett was among the brokers speaking on a panel on client service during the national insurance symposium leadership conference sponsored by San Francisco-based Russell Miller Inc. earlier this month.

Mr. Corbett noted that program business, which is done primarily on behalf of its Robert F. Driver public entity division, accounts for just

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Russell Miller Inc.

Federal plan exempt from N.Y. charges

By JERRY GEISEL

ALBANY, N.Y.—The nation's largest group health care benefit program is exempt from hefty New York-mandated surcharges on hospital and other medical bills in the state.

New York Department of Health officials say health insurance plans that participate in the Federal Employees Health Benefits Program do not have to pay surcharges on hospital and other health care bills for services provided to federal employees in the program. The program covers nearly 9 million federal employees, dependents and retirees through about 385 health maintenance organizations and fee-for-service plans.

The surcharges, which range from 8.18% to 57.27%, are included in a 1996 New York law. Other employers have been liable for the surcharges since Jan. 1.

The actual amount of the surcharge depends on whether an employer has agreed to pay the surcharges directly to a New York state pool administrator and the location of a hospital where an employee is treated. The highest surcharges and

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Inside

• To end the CIGNA restructuring controversy, policyholders need a fair chance to assess their protection under the new arrangement, this week's editorial says. **PAGE 8**

• Pension trust managers in Ireland fear the new divorce law will bring administrative complications. **PAGE 61**

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Risk Management Services

Risk managers' worlds expanding

By EDWIN UNSWORTH

As U.S. multinational companies expand their operations, risk managers increasingly are instituting global programs for their corporate risks, consultants agree.

The change toward a more international perspective among U.S. risk managers is "a natural evolution resulting from the global expansion of U.S. companies," said David Tibbals, president of Atlanta-based D.L. Tibbals Risk Management Consulting Inc.

Most companies with international exposures seem to be opting wherever possible to establish a global risk management program, though they are not always conscious of the possibility or the advantages of this until they ask their broker, insurer or consultant to assess their exposures, he said. Mr. Tibbals said he is seeing more clients that want a primary policy with a high liability limit that covers their U.S. and international risks.

Part of the service his firm provides is to help risk managers take a global perspective in identifying and cataloging their exposures, which gets them through "three quarters of the battle" in dealing with the problem, Mr. Tibbals added.

Among the risks that must be looked at in this way are business interruption exposures, terrorism and foreign exchange risks, he said.

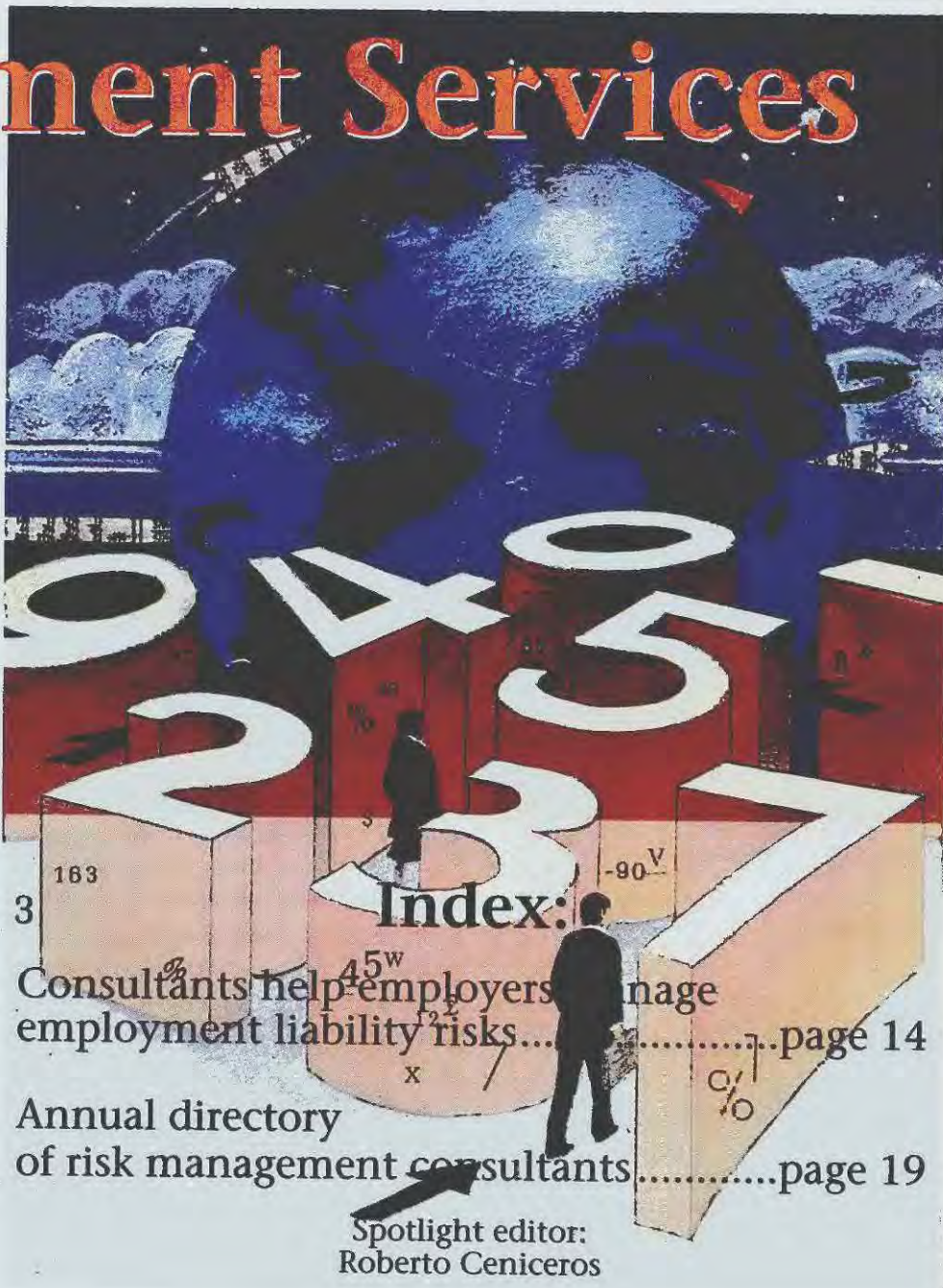
Richard S. Betterley, president of Betterley Risk Consultants Inc. of Sterling, Mass., reports a "brisk" rise over the past few years in the number of existing and new U.S. clients seeking help in dealing with non-U.S. exposures.

One manifestation of this is the growth in alternative risk transfer for some global exposures. For example, buying protection through capital market products is proving appropriate, particularly for political risk, said Mr. Betterley.

Similarly, more foreign companies have sought Betterley Risk Consultants' help in dealing with the exposures of their U.S. subsidiaries. Mr. Betterley has encountered "consternation" on the part of these companies that the expertise is not available in their countries to deal with the risks they face in the United States, such as liability. Even some of those that use global brokers think the local branches of these firms are not always sufficiently informed on U.S. risks, he says.

The rate of change among U.S. companies considering risk management matters on a

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Consultants help employers manage employment liability risks.....page 14

Annual directory of risk management consultants.....page 19

Spotlight editor: Roberto Cenicerros

Image Bank

New ideas, communication key to success in future

By MICHAEL PRINCE

Learning to understand and communicate with the various departments in a company and bringing new risk management solutions to the table will be critical for many risk managers and their advisers in the future.

Consultants see themselves as the key to helping companies manage strategic risk management programs, which attempt to address all of a company's exposures, including ones that traditionally are uninsurable, and often blend traditional and non-traditional risk financing.

Those skills represent "a different way to do what we've traditionally done and move that forward to the year 2000 and beyond," said Susan Sauer, senior vp at Johnson & Higgins in Chicago and leader of the brokerage's total cost of risk initiative.

Because these programs involve more

than traditional insurance, implementing them requires the involvement of people from disciplines and departments other than risk management, consultants say. These people usually come from the tax, finance, legal, operations and strategic planning departments, but also can include chief financial and executive officers.

"You talk to more than one audience," according to Jerry Miccolis, principal with Tillinghast-Towers Perrin in Parsippany, N.J.

Sometimes the varied audience can present problems for the risk manager and consultant.

"It can be difficult for people to understand the concepts if they are relatively inexperienced in risk management," said Michael Rodman, executive vp with J.H. Albert International Insurance Advisors

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Probability of choices rising for actuarial work

By ROBERT KAZEL

The competition for risk managers' dollars has never been greater between risk management consultants and accounting firms, leaving the risk manager more choices than ever before for actuarial services.

Risk managers depend on consulting actuaries for a range of complex tasks involving estimating the cost of risk, identifying key risks and setting premiums, reserves, retentions and capitation rates.

The battle to win these actuarial contracts is being fought on several fronts and among a growing number of players.

Risk management consulting firms are competing among themselves, and also with the Big Six national accounting firms and many smaller accounting firms, for actuarial assignments.

In addition, they all are competing against insurance brokers, with which risk manager clients may already have longstanding relationships.

Over the past five to 10 years, the risk management industry has witnessed a "dramatic expansion" in the scope of actuarial services available from the nation's largest accounting firms, said Harvey N. Michaels, national director of business insurance consulting at Deloitte & Touche L.L.P. in Houston.

"We have a ton of actuaries in our firm," he said.

Accounting firms have reached out to risk managers in response to a rise in corporations' use of out-

side consulting for actuarial projects. This has paralleled a steep increase in the dimensions that the typical risk manager's work has come to entail.

"The risk manager has had to work much harder to analyze more information," he said.

"Smart firms have recognized this and have seen the need to provide their risk managers with a consultant on call," Mr. Michaels said.

The accounting firms are in a natural position to compete with the risk management consultant, and to win that contest, said Mark Charron, national leader for risk management consulting at Deloitte & Touche in Hartford, Conn.

"All of the Big Sixes have a strong actuarial representation," he said. "Some are larger and growing faster than others."

All, however, have the advantage over other risk management consultants of being able to offer a "natural link" to tax and audit services, he said.

In performing audits for corporate clients, actuaries at Big Six accounting firms in the past few years have found themselves dealing with thorny risk management issues that traditional financial auditing approaches can't resolve, said Ward Ching, Western region practice director/leader for Watson Wyatt Worldwide in San Francisco.

"The auditors are having a lot of trouble looking at hazard risks because they don't understand insurance," he said. In addition, the auditors are coming to understand their

See Actuaries on page 6

Top U.S. independent* risk management consultants

(Ranked by revenues; dollar figures in millions)

	Revenues		Number of clients	Professional risk management staff ¹	Offices Total U.S.
	1996 pure risk management consulting	% change from 1995			
1. Coopers & Lybrand L.L.P.	\$35.0	50.9	1,852	153	22 15
2. Tillinghast-Towers Perrin	30.5	14.7	1,000	62	29 17
3. Andersen Worldwide	26.2	73.5	822	106	9 9
4. Deloitte & Touche L.L.P. Risk Management Consulting Services	20.9	7.2	500	104	23 17
5. Watson Wyatt Worldwide	18.6	-15.5	1,300	98	17 11
6. Ernst & Young L.L.P.	18.2	30.0	450	103	7 5
7. KPMG Peat Marwick L.L.P. Risk Management & Actuarial Consulting	10.9 ²	-0.9	200	65	9 6
8. Milliman & Robertson Inc.	8.0	5.3	1,000	33	15 14
9. United Insurance Consultants Inc.	6.9	6.2	527	17	1 1
10. J.H. Albert International Insurance Advisors Inc.	6.4	1.6	800	33	1 1

*Not affiliated with insurance companies or brokers¹ Staff figures are in full-time equivalents² Estimate Source: BI survey

Global

Continued from previous page
more global basis is far too slow for Michael Rodman, executive vp of J.H. Albert International Insurance Advisors Inc. of Needham, Mass.

"In our experience, there is a certain lack of sophistication on the part of risk managers in dealing with their international operations. . . There are a large number that aren't taking advantage of the opportunities to consolidate and apply universal risk management practices," he said.

This situation sometimes results from risk managers' lack of awareness of their options and of the global insurance programs available to them, Mr. Rodman added.

He said lack of awareness of available programs is greatest among risk managers at small to midsize companies, many of which may be using full-time risk managers for the first time.

Too often, U.S.-based multinationals have a "hands-off" approach and don't exert the same risk management control over their overseas operations as their units at home, Mr. Rodman contended. As a result, companies are not always managing their risks or protecting assets as well as they can.

However, Julian Phillips, a Lon-

don-based risk management consultant with Tillinghast-Towers Perrin, noted that while European risk managers started operating

Too often, U.S.-based multinationals have a 'hands-off' approach, says J.H. Albert's Michael Rodman.

global risk management programs well ahead of their U.S. counterparts, U.S. companies generally tend to be more centrally controlled than those in Europe and so require their foreign subsidiaries to follow U.S. practices.

This tends to help U.S. risk managers in covering different areas of global risk. For example, while European companies may have been first in harmonizing their global insurance programs, U.S. multinationals have been at the forefront in areas such as unifying health and safety standards.

With global insurance programs already well-established for property and liability risks—at least among European-based multinationals—risk managers increasingly are turning their attention to

health and safety issues, Mr. Phillips said. Many countries maintain strict regulations on health and safety matters, which leaves improvement of standards as the only way corporations can reduce costs.

Not all consultants, particularly those in units of the major global brokers—which tend to attract those clients who are more internationally active—think the pace of change toward global risk management programs among U.S. companies is slow.

Philip Gawthorpe, senior vp of Aon Risk Services Global in Chica-

go, said U.S. companies have been moving in this direction for at least the past 15 to 20 years, though the past five years have seen a real "explosion of growth in demands for global risk management solutions."

While the bigger companies have been doing this over the longer period, the dramatic increase in growth is coming from small to midsize companies that are beginning to export and expand their operations abroad, he said.

Risk managers not only want their insurance transacted globally, but they also want the same sys-

tems of risk management throughout their operations, Mr. Gawthorpe added. This includes exporting higher quality and loss control standards to overseas operations where possible and increasing spending to protect their facilities worldwide, he said.

Insurers and brokers are adapting to these needs, and it has led Aon Risk Services to develop two new products recently.

Global Edge, launched last year, is a comprehensive package for exporters doing business in several locations that combines coverage

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Class addresses global comp exposures

Companies that want to reduce their global workers compensation costs can enroll in a special course offered by Aon Management Institute.

Known as Comp Camp, the course is intended for risk managers or human resources directors of U.S. multinationals or their counterparts from overseas companies.

Rebecca Shafer Bruce, president and chief executive officer of the Glastonbury, Conn.-based Insti-

tute, says the Comp Camp course centers on dealing with workers comp issues "around the clock and around the globe."

She said many risk managers must learn to look at their workers compensation exposures on a global basis, but once they do, the risk managers are very receptive to the idea.

This doesn't mean risk managers necessarily can devise a single program that fits all of their companies' workers comp needs globally,

but they can learn to look at exposures and initiate practices that meet local employment laws.

Comp Camp also attracts foreign risk managers, in large part because the privatization of workers comp and disability systems abroad means they want to learn how to deal with the issues their U.S. counterparts have faced for years, says Ms. Bruce.

For more information, contact Ms. Bruce at 860-659-6780.

—By Edwin Unsworth



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At Wausau, Highly Protected Risk (HPR) coverage begins at the design stage with a fire protection system based on a building's proposed layout and occupancy. That way, a facility can be prequalified for HPR coverage before the first bid requests.

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**THE BUSINESS
INSURANCE EXPERTS.**



Global

Continued from page 4
for risks ranging from kidnap to liability, extortion, cargo insurance, automobile and property.

The other product, which is expected to be released in the middle of this year, will be an overseas vehicle fleet program offering elements of loss control, specialized claims handling and up-to-date legal advice on matters such as local drunk-driving laws.

Where the risk manager of an international company does not take the initiative in examining his exposures on a global basis, risk management consulting firms increasingly are advising them to do so.

J.H. Albert encourages its clients to think more globally and

try to persuade management to see the advantages of doing so. "Ultimately, what we try to get our client to adopt is a true global risk management program. . . in a

The risk manager must be a 'change agent,' pushing insurers to provide global programs, says Michael Rodman.

consistent way throughout their global operations," Mr. Rodman said.

"They know the concept, but getting it into place is not a fast or easy process," and, as a result, "it isn't changing as rapidly as I

thought it would," he said.

Betterley Risk Consultants similarly tries "to coach and cheer on" its clients to look at matters on a global basis while still deciding what is appropriate locally.

Mr. Betterley said this often entails using a local broker who knows the market well, but for him it means otherwise helping clients to "build the process" by which they can gather the knowledge to determine what is appropriate action to take to each locale.

However, consultants agree that risk managers have the ball in their court when it comes to arranging the kind of global risk management programs they want.

According to Mr. Rodman, the risk manager must be a "change agent," pushing insurers, which tend to be more reactive, to pro-

vide global programs.

Risk managers have a great deal of clout, and brokers often will help put together whatever package a risk manager wants, Mr. Betterley said.

Hugh Loader, president of the Federation of European Risk Management Assns., said that with the soft insurance market, "underwriters will be more flexible about doing what the client wants."

Also, the consolidation among major brokers, and their move toward doing more work on a consulting basis, means "you can get whatever you want" as a risk manager.

"I think that any consultant is likely to take the view that if they don't put forward the program you want, somebody else will," he said. **B**

Actuaries

Continued from page 3
own professional liability should they overlook future risk implications of a client's financial situation, he said.

The proliferation of self-insured organizations and alternative risk financing arrangements has fueled the growth of complex problems requiring actuarial solutions.

In addition, Mr. Charron said more companies have sought the "big name" of large accounting firms as a sign of prestige, rather than hire smaller risk management consulting firms, some of which probably will subcontract out the work, he said. Deloitte & Touche, in contrast, has about 70 actuaries doing risk management consulting work.

In addition to challenging the largest risk management consulting firms, the actuaries in the accounting firms have come to represent "very severe competition for the small, independent consultant," said David L. Tibbals, president of Atlanta-based D.L. Tibbals Risk Management Consulting Inc.

"It presents a problem for the small consultant like me and others in terms of establishing a

More companies have sought the 'big name' of large accounting firms as a sign of prestige, says Mark Charron.

niche in the marketplace," said Mr. Tibbals, who farms out clients' actuarial tasks to large consulting firms such as Wakefield, Mass.-based Milliman & Robertson Inc.

A fair number of risk managers and brokers indeed have gravitated to accounting firms for actuarial services, according to Richard S. Betterley, president of Sterling, Mass.-based Betterley Risk Consultants. The types of tasks that risk management consultants and accounting firms do best often are very distinct, he said.

"I think primarily it's a very different service," Mr. Betterley said. "Actually, I don't do what they do, and they don't do what I do."

A client of Mr. Betterley who wants a feasibility study for an alternative risk financing method, for instance, may need an actuary with skills the risk management consultant admits he probably lacks. Teaming together with an actuarial accounting firm is logical, in his view.

"I think we need to buddy up—do the work together," he said. "Hopefully, we won't end up with two pies, just one pie with two wedges in it."

Much risk management consulting work involves no actuarial work at all, of course. Still, large risk management consulting firms see it increasingly in their own best interest to develop the actuarial side of their business.

New York-based Tillinghast-Towers Perrin now is seeing about 40% of its risk management practice devoted to actuarial work and 60% devoted to "pure" risk management consulting, as opposed to an estimated 20% actuarial work and 80% risk management consulting work in the late 1980's, said John Yonkunas, principal.

See Actuaries on page 12

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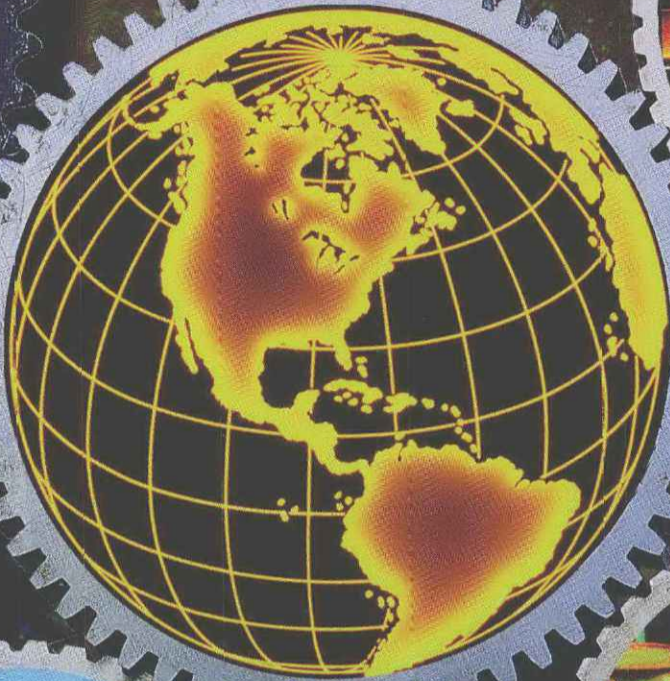
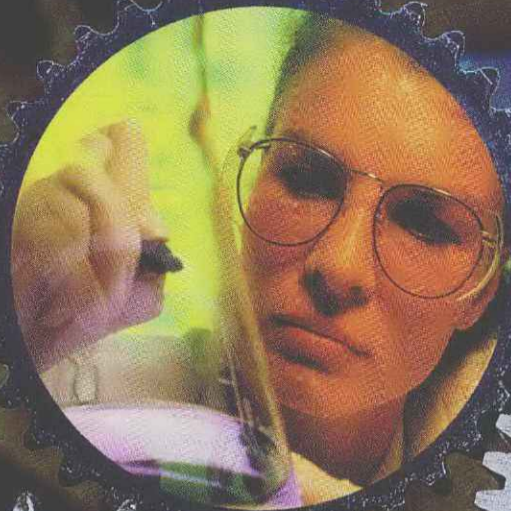
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Opinions

Lifting the veil on CIGNA plan

WE ARE HEARTENED that a measure of reason finally has prevailed in the litigation over CIGNA Corp.'s reorganized property/casualty insurance business, but it's going to take more than one rational court ruling to straighten out this mess.

It's also going to take CIGNA and especially the Pennsylvania Insurance Department to begin acting responsibly by sharing vital actuarial information with policyholders and by seeking their approval to transfer their coverage to CIGNA's runoff facility.

The Pennsylvania Commonwealth Court on March 5 vacated Pennsylvania Insurance Commissioner Linda S. Kaiser's approval of CIGNA's reorganization into an active operation for its in-force business and a runoff operation for most of its liabilities, including 80% of its asbestos and environmental liabilities. Most significantly, the court found that Ms. Kaiser wrongfully denied CIGNA policyholders a trial-like hearing on their concerns over the adequacy of the runoff entity's capital and reserves.

The security of the entity responsible for paying their claims is a valid concern of the highest order for policyholders, notwithstanding the \$1.35 billion in capital and reinsurance that CIGNA has committed to the facility.

The fact is that CIGNA and the department have not demonstrated whether that protection is enough because they have refused to share the data on which it is based. Indeed, their legal maneuvering with a Tillinghast actuarial report on the runoff facility's financial strength does not foster confidence in their assertions that policyholders are better off than they were before the reorganization.

After the final motion in the last appeal of this case has been heard, we hope that policyholders have the black and white proof they won from the Commonwealth Court that shows either how well or how poorly the runoff facility would protect them.

Of course, that point of contention stems from another fundamental issue in this case: whether moving policies to the runoff facility from the CIGNA company that originally wrote the coverage is a novation, which requires prior policyholder approval.

CIGNA maintains that the coverage was moved through a series of mergers among its subsidiaries, which would not require policyholder approval.

But, describing the transaction as purely a merger is like calling a mule a thoroughbred. We believe that the transaction began with a novation.

Before all the merger activity, CIGNA divided its main subsidiary, Insurance Co. of North America, in two. One half retained most of INA's liabilities and merged into the runoff entity. But, the other half retained the company's in-force business and the INA name and continues as part of CIGNA's active operation. That means the insurer that originally wrote most of the policies that have been moved into the runoff facility did not fully move



into that facility as well.

Policyholders, though, still most likely will have to endure a new hearing before they would be able to exercise their right for a say in the future of their coverage.

Appropriately so, the court banned Ms. Kaiser, a former senior counsel for CIGNA, from further involvement in the case. It did not rule on her conflict of interest, though it reminded her in a footnote of the importance of avoiding even the appearance of impropriety. The court held she could not be an impartial adjudicator in the new hearing because she already approved CIGNA's reorganization once.

The court, though, will allow Ms. Kaiser to appoint the new adjudicator. We hope she investigates whether she legally may appoint an adjudicator from outside the department. Given the department's stated close work with CIGNA during its reorganization planning, selecting an outside adjudicator is the only way to attain the fairness that the Commonwealth Court stressed is so important "to promote faith and integrity in the government."

In the meantime, CIGNA and the department say it is business as usual for the company, insisting the court did not overturn CIGNA's restructuring along with the regulatory approval of that transaction. We think that stance is disingenuous and means the issue will be needlessly litigated further in ongoing coverage disputes between CIGNA and policyholders.

It is proper that the court granted buyers access to the information on which CIGNA and regulators relied to for this restructuring, as well as a new opportunity to argue for their right to decide where their risks reside.

Only when policyholders have a fair chance to assess their protection under the restructuring will the controversy surrounding this transaction be put to rest.

Letters

Letting agents get on with business

To the editor: I'd like to compliment the leadership of the National Assn. of Professional Insurance Agents for deciding that no future consolidations of PIA affiliates with non-PIA groups will be approved. It is the right move because it

will allow insurance professionals to focus on making our businesses more successful, rather than getting mired in needless controversy.

The consolidation issue has been a difficult one for all concerned. Now that PIA has put an end to the seemingly endless debate on this issue, we can concentrate on what's really important—meeting the challenges of the future. The pace of change affecting the insurance industry will not slow, it will increase.

Those of us who love our chosen profession will need all the assistance we can get to successfully navigate the coming sea changes. Technological advances, increased competition and Washington bureaucrats who want to

subvert state regulation of insurance by administrative fiat are just a few of the many challenges professional insurance agents face.

It's time to move forward.

Al Aparicio Jr.
President
Aparicio, Walker & Seeling Inc.
Metairie, La.

Editor's note: The National Assn. of Professional Insurance Agents voted in January to prohibit its affiliated state organizations from consolidating with other agent organizations, following several years of discussion of the issue and some state-level affiliations with other groups.

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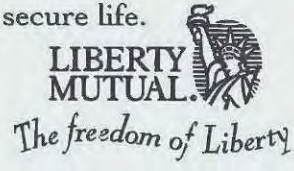
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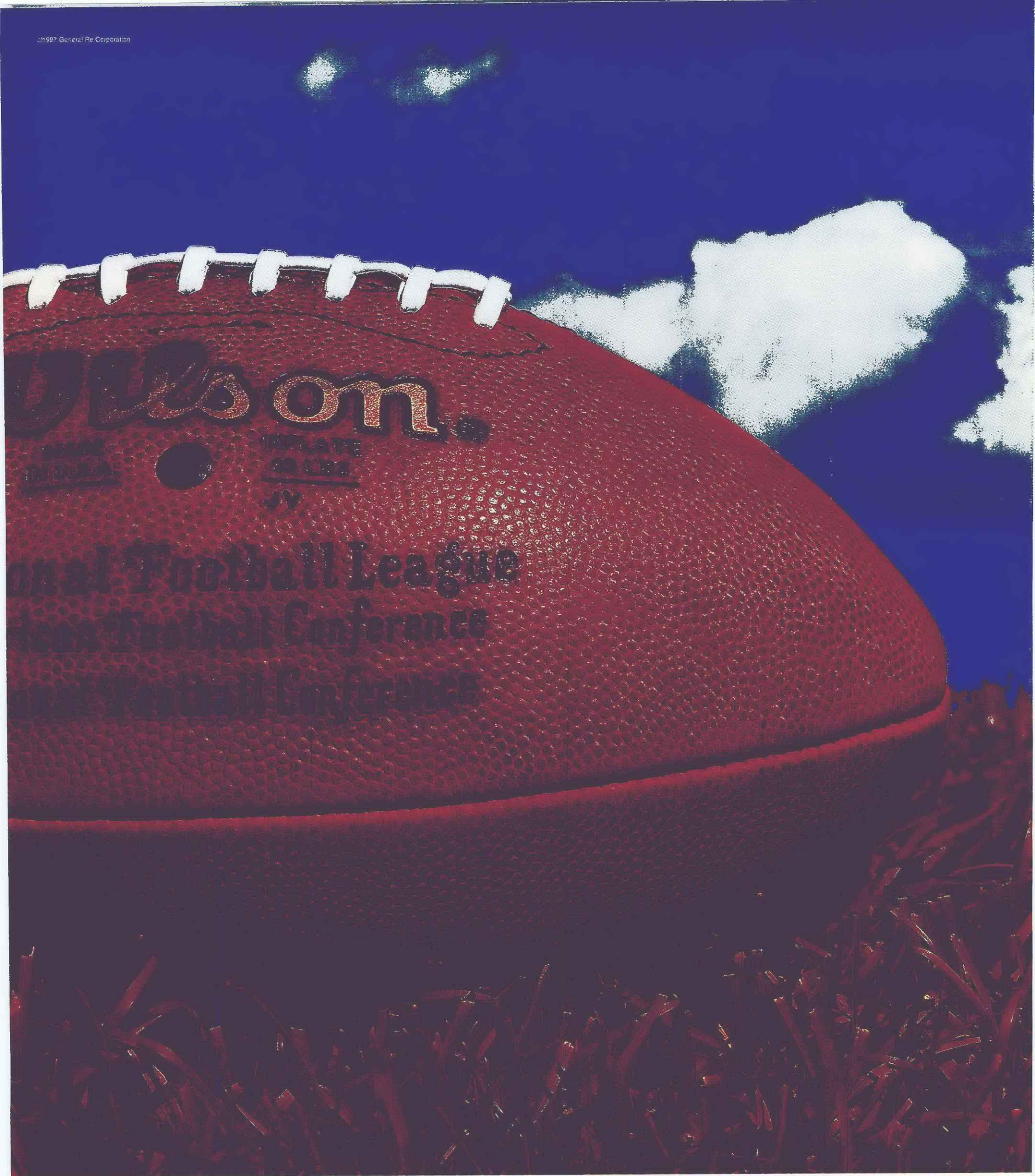
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Continued from page 1

1995 and to declare the move final.

The settlement will become effective if approved by the Supreme Judicial Court for Suffolk County after a public hearing scheduled for April 8.

Also under the settlement, Electric Insurance Co.—a former EMLICO affiliate remaining in Massachusetts that assumed all non-GE business—must submit a business plan for its future operations and, in return, the commissioner will end her examination of Electric Insurance.

"This agreement paves the way for an efficient resolution to all claims brought in EMLICO's winding-up proceedings," said a statement from Coopers & Lybrand, EMLICO's joint liquidators in Bermuda.

The settlement is a partial resolution of the ongoing dispute over the redomestication of EMLICO. The company reorganized in 1995 by spinning off its non-GE liability business to EIC and then moving to Bermuda. A few months after the move, EMLICO declared itself underinsured for GE's pollution and asbestos claims and insolvent by more than \$500 million.

Court fights erupted in both Bermuda and Massachusetts, with EMLICO's reinsurers charging that GE and EMLICO knew of EMLICO's impending insolvency and that moving to Bermuda was a strategy to take advantage of Bermuda liquidation laws permitting accelerated reinsurance payments.

In addition, a criminal grand jury sitting in Boston has been investigating the insurer's redomestication. That investigation is continuing.

Attorneys for EMLICO's reinsurers criticized both the settlement and Commissioner Ruthardt for agreeing

to it.

"It's a sham," said Alice Richmond, an attorney with Richmond, Pauly & Ault in Boston, who represents underwriters at Lloyd's of London. "It puts us in a worse situation than under our reinsurance contracts," she said.

An attorney for another EMLICO reinsurer also attacked the settlement.

"It's astounding to me the commissioner has waived all rights on the fraud investigation," the attorney said. "It's another instance of the commissioner abdicating her responsibilities."

"It's curious at best why she is dropping the investigation when she assured the Insurance Committee (of the Massachusetts Legislature) in October she would get to the bottom of it and she has further strong evidence of fraud that has to come into her possession since she made that assurance," said Joseph T. McCullough IV, a lawyer with Lovell White Durrant in Chicago, representing Kemper Reinsurance Co.

The appointment of a special master to review GE's claims is the crux of the proposed settlement and also the focus of the reinsurers' criticism.

Ms. Richmond said the procedure by which the special master reviews claims is "not acceptable." She said the settlement means that since GE appointed the Bermuda liquidators to EMLICO and has a say in appointing the special master, "they are now completely in charge of the process," she said.

"It is the facade they have erected to give the appearance that Massachusetts will be given some meaningful role in the claim settlement process," Mr. McCullough said.

Under the settlement, the special master will have limited ability to reject a claim submitted by EMLICO's liquidators. It states the special mas-

ter "shall not substitute his or her judgment for that of the parties to the compromise, but rather shall recommend approval of the compromise if it falls within a range of valuation that is fair and reasonable under the applicable policies of insurance."

The commissioner defended the provision, saying through a spokeswoman that she is "satisfied with the powers outlined in the agreement."

Also under the settlement, the reinsurers are not permitted to obtain additional information or question witnesses from EMLICO or GE on claims submitted to the special master, though they can submit comments and appear at a hearing before the special master arrives at a recommendation.

Also criticized by the reinsurers is a provision that allows GE or the EMLICO liquidators to ask the special master or the Massachusetts court to declare some submitted documents confidential.

"It's another instance of a behind-closed-doors deal," said one attorney for an EMLICO reinsurer.

The presence of GE as a party to the settlement also concerns the reinsurers, who called it unusual that a policyholder is part of a settlement between the insurer and the insurance commissioner.

"It's evidence that GE is the mastermind," Mr. McCullough said. "GE is the one that is effectively the puppeteer and EMLICO and the joint liquidators are the puppets."

Commissioner Ruthardt also agreed to withdraw an amicus brief she submitted to assist the U.S. Attorney in obtaining documents subpoenaed from Kemper Re for his criminal investigation. EMLICO and GE opposed the release of the documents. Also, all documents related to her investigation will not be considered public records. **BI**

Global

Continued from page 65

J&H Chairman David A. Olsen said it is still unclear what impact the deal will have on relationships with independent UNISON partners or those in which J&H has only a minority stake. J&H officials will be meeting with those partners shortly, he said.

Asked if M&M might consider buying UNISON partners like Jauch & Huebener or Gras Savoye, M&M Chairman A.J.C. Smith replied, "I never like to rule anything out. If you can add strong professional capability anywhere in a business you think has great potential, it's a good thing."

He added, though, that "clearly, we do not need to make strategic acquisitions in very many places geographically."

A Gras Savoye spokesman said, "We don't know if the UNISON network will live or die. (Gras Savoye Chairman) Patrick Lucas is working with the partners in the UNISON network. There is no decision for the moment."

The UNISON partners "can either sell out to Marsh Mac, who are open to offers... or tie up with somebody else—Sedgwick or Willis maybe," said Tony Silverman, stock analyst for NatWest Securities in London. Otherwise, "I guess UNISON wouldn't survive. It is likely that each individual UNISON partner will be looking after itself."

Jauch & Huebener executives will meet with J&H executives early this week to discuss the consequences for the UNISON network, according to a spokesman for Jauch & Huebener.

Jauch & Huebener has a 50% stake in a joint venture with J&H in Amsterdam called J&H UNISON Holding B.V., which was set up to buy shares in the other UNISON partners. The German broker also has a sharehold-

ing in a J&H operation in Thailand. J&H has a shareholding in Jauch & Huebener Reinsurance Brokers Ltd. in London, and the two companies jointly operate an office in Moscow. Another company, UNISON S.A. in Brussels, is owned by all the partners.

There is speculation in Germany that Jauch & Huebener could seek to merge with M&M's Germany subsidiary Gradmann & Hollar GmbH, but Jauch & Huebener executives would not comment.

It is likely, however, that Gras Savoye in Paris will not seek to merge with M&M's Faugere & Jutheau.

Gras Savoye "doesn't want to be bought. It wants to stay independent. Our first objective is to work for the clients and then to be independent and French—these are our main ideas at the moment," said the Gras Savoye spokesman.

Last week's merger "is a very important event for our group, but has no effect on us (directly), because J&H has no operations in France other than (Gras Savoye)," said Mohammed Dahbi, chief executive of M&M's Faugere & Jutheau in Paris.

Faugere & Jutheau still is in the early stages of merging with CECAR, which M&M bought earlier this year (BI, Feb. 3).

Meanwhile, Sedgwick and Willis will remain the third- and fourth-largest brokers, respectively, after both last week's merger and Aon Group Inc.'s acquisition earlier this year of Alexander & Alexander Services Inc. However, M&M and Aon dwarf Sedgwick and Willis.

Sedgwick has said it would be open to a merger, but Willis continuously has said it wants to remain independent and focus on its strengths.

"The deal will put further pressure on both Sedgwick and Willis to re-evaluate their respective strategies," said Julianne Jessup, a stock analyst for UBS Ltd. "It will be particularly

disappointing for Willis, where hopes were growing that the former close relationship with J&H could be revived. However, this deal also weakens Sedgwick's relative position."

Sedgwick is now only half the size of both Aon and M&M, and Willis is only about one-third the size in terms of revenues, said Ms. Jessup.

Although merging may have its risks for Sedgwick and Willis, doing nothing also is "a high-risk strategy," said Ms. Jessup. "An eventual deal between the two looks ever more likely."

Added Mr. Silverman of NatWest Securities, "Sedgwick and Willis in the long term will have to talk to each other." While Willis is focusing on certain strengths, such as international reinsurance, marine, aerospace and aviation, Sedgwick maintains its broad retail brokerage approach. "It might be that Sedgwick looks to be more vulnerable strategically than Willis," he said.

Sax Riley, chairman of Sedgwick, would not comment.

Max Taylor, chief executive of Willis, said the company has made its position "absolutely clear" to its employees that it will continue with its strategy of remaining independent and focusing on its core strengths.

However, asked about possible mergers in the future, Mr. Taylor said, "We never rule anything in or out."

Mr. Taylor added that the deals by Aon and M&M present "all sorts of opportunities." Teams of people may be looking for new homes; companies may be looking for new partners; and clients may become disenchanted.

"Even Ian Smith (chairman and chief executive officer of M&M Cos.) once said that it's not how big you are but how good you are. We support that," said Mr. Taylor.

Sarah Goddard, Mark A. Hofmann and Don Lewis Kirk contributed to this report.

Updates

Storm damage at \$265 million

RAHWAY, N.J.—The severe thunderstorms and rainfall that battered much of the nation's midsection in late February and early this month caused an estimated \$265 million in insured property damage, reports the Property Claim Services division of the American Insurance Services Group.

The violent weather hit hardest in portions of seven states stretching from Texas to West Virginia (BI, March 10). A tornado devastated Arkadelphia, Ark., causing damage to an area of roughly 80 blocks in that city of 10,000. Tornadoes and high winds also caused damage throughout much of the Ohio Valley, where floodwaters have yet to recede completely.

Gary R. Kerney, assistant vp of the PCS, estimates insurers will receive 133,500 claims as a result of the storms.

Reinsurers report growth

WASHINGTON—Reinsurers reported a 4.5% increase in net premiums written to \$18.9 billion last year, compared with \$18.1 billion written in 1995 by the same group of 49 reinsurers, according to a survey by the Reinsurance Assn. of America released last week.

The sampling also showed an improvement in the reinsurers' combined ratio. The combined ratio stood at 103.5% last year, an improvement over the 109.9% registered by a similar group of companies in 1995. Policyholder surplus also grew to about \$23.7 billion in 1996, from \$21.5 billion for a similar group in 1995.

US Airways settles suit

COLUMBIA, S.C.—US Airways Inc. settled last week with eight families of victims of a July 1994 crash near Charlotte, N.C., that killed 37 people (BI, July 11, 1994).

The recent settlements are in addition to those reached during a U.S. District Court trial in Columbia, S.C. The jury found March 7 that US Airways, which recently changed its name from USAir, was negligent in connection with the crash.

The company now has settled with more than a dozen of the original 26 litigants in the case, a company spokesman said. The airline settled with families of other victims before the litigation began.

While declining to disclose the financial details, the US Airways spokesman said the company is insured for the settlements. The airline's lead insurers are Associated Aviation Underwriters of Short Hills, N.J.; United States Aircraft Insurance Group Inc. of New York and Paris-based La Reunion Aerieenne.

PBGC plan termination rules

WASHINGTON—The Pension Benefit Guaranty Corp. last week proposed new rules to ease administrative burdens for employers terminating fully and overfunded pension plans.

The new rules would give employers more time to meet various deadlines associated with terminating fully funded plans. For example, the deadline for filing a standard termination notice with the PBGC would be extended to 180 days from 120 days after the proposed termination date.

Plan administrators also would have up to 120 days—up from the current 60-day maximum—to distribute plan assets after receiving a clearance letter from the Internal Revenue Service.

In addition, the PBGC has developed a model notice of intent to terminate a fully funded plan that employers could use to inform plan participants of the intended plan termination and the effect it would have on their benefits.

Separately, the PBGC said it will not assess financial penalties on employers in areas of the country hit by floods whose PBGC termination insurance premium payments were due by Feb. 28. Premiums now are due by April 30.

Briefly noted

NAC Re Group has received a ratings upgrade from A.M. Best Co. The ratings agency raised the rating to A+ from A to reflect the company's "strong operating earnings, conservative loss reserves, superior capitalization, and leadership position within the domestic reinsurance segment." A subsidiary, NAC Re International Ltd., also had its rating upgraded to A+ from A. . . Steve Shulman, formerly the president of Value Health Inc.'s pharmacy and disease management group, has been appointed president and CEO of **Prudential Healthcare**. Mr. Shulman, a founder of Value Health in 1987, will direct managed health care for the Roseland, N.J.-based Prudential unit. Value Health recently announced its planned sale to Nashville, Tenn.-based Columbia/HCA Healthcare Corp. . . An Illinois Senate bill to increase regulatory oversight of the **Illinois Insurance Exchange** passed its first hurdle last week when the senate's Insurance and Pensions Committee approved it. . . A state court judge in Texas reduced to \$16.75 million the award to two California restaurant executives who sued **American Airlines** for injuries from a car accident they blamed on the airline's giant information signs at Dallas-Fort Worth Airport (BI, Dec. 9, 1996). Compensatory damages were cut by \$7.75 million in the original award of \$24.5 million while a \$10 million punitive award was not reduced. . . Mississippi will proceed with its **suit against tobacco companies** after the state Supreme Court last week rejected Gov. Kirk Fordice's request for a ruling that the state's attorney general had no authority to sue to recover the cost of treating smoking-related illnesses. . . **Michael G. Bungert** has been named president and CEO of the U.S. reinsurance brokerage operations of **Aon Re Worldwide Inc.** in Chicago.

Merger

Continued from previous page
dating rivals and hampered in its own acquisition plans by its status as a private company.

J&H started working with Morgan Stanley & Co. last spring to examine its strategic options, which included an initial public offering to finance an acquisition push. Mr. Olsen explained.

But "there are two parts to an IPO. The first is raising the funds and the second is deciding what you do with them," he noted. After considering an IPO-financed acquisition drive, "our feeling was that really wasn't something we wanted to do."

J&H began "exploratory conversations" with M&M in mid-1996. Mr. Smith said. The talks then went on "hiatus," but later resumed and led to last week's announcement.

Mr. Smith and Mr. Olsen emphasized the degree to which the two companies' operations mesh.

"Geographically, it's a remarkable fit," Mr. Smith said, noting for example that M&M has a strong United Kingdom operation while J&H is a

relative newcomer since its split with former correspondent Willis Faber P.L.C. While M&M has a start-up operation in the Netherlands, J&H has a well developed company there.

The two brokers also complement each other in professional specialties, with J&H bringing strong expertise in health care, construction and technology industries while M&M has traditionally been stronger in marine and aviation, Mr. Smith observed.

In the United States, there is considerable geographical overlap: Both brokers have offices in about 40 of the same cities, while each has a dozen or more offices in cities where the other is not represented.

Mr. Smith said these operations are also complementary: "From place to place around the country, either we or J&H seems to have been more successful," he said.

The overlap will also create savings, though, as M&M combines offices and systems and cuts staff.

Mr. Smith estimated a \$150 million reduction in the combined expenses to the two brokers. M&M reported expenses of \$3.4 billion in 1996; J&H has not disclosed expenses.

Officials of the two companies said

they have not focused on staff cuts yet and would not comment on how extensive they may be.

Revenue growth, not expense reduction, is the driving force behind the merger, brokerage officials emphasize: Mr. Smith predicted the combined companies may reach 25% year-to-year growth in retail brokerage revenues.

Analysts, and even some competitors, agree that the deal is a good move for both companies.

"Certainly there are a number of potential benefits from a merger like this," said John J. Kriz, managing director with Moody's Investors Service Inc. in New York. "Top-line growth is increasingly difficult in the commercial property/casualty business globally, and mergers have become one of the key ways to generate top-line growth."

"Furthermore, the nature of commercial lines brokerage is becoming more technologically intensive, with demand for broader product and service offerings by risk managers. It's becoming difficult to make a business proposition (work) without size," said Mr. Kriz.

"It was clear that J&H was going to

find a partner," said John Wicher, a managing director for Russell Miller Inc. in San Francisco. The merger will create a "truly astounding professional practice."

The clout that the largest brokers wield with insurance companies should work even more to the benefit of clients of the merged J&H Marsh & McLennan, said Harris R. Chorney, national director of KPMG Peat Marwick's insurance practice.

"You have more leverage if you're producing 15% of (an insurer's) business than if you are producing 7%," he observed.

"I think overall these megaconsolidations will be very disruptive to the market and create a problem for major insurers because approximately 80% comes from these major firms," agreed Bernard Mizel, chairman and chief executive officer of USI Insurance Services Corp. in San Francisco. "At the end of the day it's going to change the complexion of distribution of insurance products in this country."

But "I think it's a great merger. It's a good fit. It's the most logical thing I've heard in a long time," he added.

"It's excellent. Basically what you have are two companies with really the same kind of market focus" on large corporate and international accounts, said Frank C. Witthun, president and CEO of Indianapolis-based Acordia Inc., which will become the world's fifth-largest retail broker.

"I think J&H has been looking to find a way that they can keep on doing what they do best," he said, calling the merger a "real natural."

Mr. Witthun said the merger is unlikely to have any great impact on either the way Acordia does business or on the possible sale of Acordia's property/casualty brokerage business by its parent, Anthem Insurance Cos. Inc. of Indianapolis (BI, Feb. 17; Feb. 10).

"Truthfully, in most cases we are not competing directly with Marsh & McLennan or J&H," said Mr. Witthun. Acordia focuses on midmarket accounts, he said.

Mergers like M&M/J&H and Aon/A&A by definition reduce risk managers' choices in the marketplace, Russell's Mr. Wicher noted. The risk man-

Consolidation reshuffles broker ranks again

1996 gross revenues (\$ in millions)

J&H Marsh & McLennan Inc.	\$5,363*
Aon Group Inc.	3,284**
Sedgwick Group P.L.C.	1,510
Willis Corroon Group P.L.C.	1,340
Acordia Inc.	661

* Estimate based on 1996 revenues of J&H Marsh & McLennan
** Estimate based on Aon's 1996 revenues

GRAPHIC BY ADAM DOI

Merger of brokers creates stronger benefit consultant

By JERRY GEISEL

NEW YORK—While pressures to cut brokerage costs and expand revenues are the driving forces behind Marsh & McLennan Cos. Inc.'s proposed acquisition of Johnson & Higgins, clients of the firms' benefit consulting units also will reap dividends from the new combination.

For clients of J&H's benefit consulting unit, A. Foster Higgins & Co. Inc., the benefits of the merger are obvious: They will have access to services provided by M&M's huge William M. Mercer Cos. Inc. consulting unit.

As the world's largest employee benefit consultant with 1996 revenues of \$796 million, Mercer dwarfs Foster Higgins, the No. 7 consultant with revenues of \$255 million.

At more than three times the size in terms of revenues and with about four times as many employees, Mercer offers both a depth and breadth of services that Foster Higgins cannot match.

For example, in several major business cities where Mercer is especially strong, including Chicago and Boston, Foster Higgins does not maintain offices.

At the same time, internationally, Foster Higgins is a relatively small player; outside the United States and Canada much of its business is conducted through correspondents rather than through integrated offices.

By contrast, more than 40% of Mercer revenues are generated outside the United States. It is, for example, one of the largest benefit consultants in the United Kingdom, Australia and New Zealand.

In addition, Mercer has a major compensation consulting unit, while Foster Higgins got out of that business years ago when it sold its Sibson & Co. Inc. compensation division to Sibson principals in late 1993.

In short, with the merger, Foster Higgins' clients will receive services from a "bigger, stronger firm," said Peter Hughes, a Foster Higgins principal in New York.

But the benefits of the merger are not just one-way. While Foster Higgins is roughly a third the size of Mercer, its consultants are considered first-rate.

"While Mercer has incredibly deep resources, Foster Higgins, pound for pound, has some of the top consultants in the country. They just don't have as many as the largest firms," said Donn Bleau, a principal with La Jolla, Calif.-based Global Resources Group, which has done executive recruiting for both Foster Higgins and Mercer.

In particular, health care consulting, as Mr. Bleau puts it, is Foster Higgins' *creme de la creme*, a strength clients confirm.

"They really do an excellent job," said Harry Spencer, manager of medical plans at Mobil Corp. in Fairfax, Va., which used Foster Higgins for assistance in direct contracting with providers.

"Even as a smaller company, Foster Higgins has been great," said Kathy Migita, director of health care benefits with Los Angeles County Employees Retirement Assn., which tapped Foster Higgins to find ways to control the system's retiree health care costs.

Aside from boosting Mercer's capabilities in health care consulting, acquiring Foster Higgins will aid Mercer in other ways.

For example, observers say acquiring Foster Higgins could give a boost to Mercer's capabilities in outsourcing, a benefit consulting area where Mercer has lagged behind its competitors. Foster Higgins recently opened what it claims is a state-of-the-art outsourcing center in Princeton, N.J., and also uses a center in Des Moines, Iowa.

With this transaction, "Mercer may have really helped themselves a great deal on outsourcing," said Mr. Bleau of Global Resources Group.

Mercer's top executives are very much aware of the benefits the company will reap by combining with Foster Higgins.

"They have really good people and outstanding clients. Everything about them is a class act," said Mercer President Peter Coster in New York.

Still, as in any major merger or acquisition, a big unknown is how well the two companies will fit. For example, how easily will Foster Higgins' consultants adjust to working for a substantially larger company, and how easily will Mercer integrate

Foster Higgins?

Some observers ask whether or not clients might be turned off by receiving services from such a gargantuan firm. The combined companies would have total benefit consulting revenues well over \$1 billion, making it significantly larger than Towers Perrin, the second-largest benefit consultant with 1996 consulting revenues of \$618 million.

Rather than dealing with such a big company, some employers may turn to smaller consultants to receive more personalized service.

"This could be one consolidation that provides greater potential for niche firms that can provide customized, personalized services," said Dallas Salisbury, president of the Employee Benefit Research Institute in Washington.

But Foster Higgins clients say what is most important to them is retaining consultants that they now work with.

"When it comes to consulting, what matters the most is the consultant we use, not the overall firm," said Tom Hestwood, director of compensation and benefits for MCI Communications Corp. in Washington.

Clients also say they do not worry—at least not yet—that the recent wave of mergers and acquisitions among employee benefit consulting firms will reduce competition and ultimately raise costs. Earlier this year, Coopers & Lybrand L.L.P. acquired Kwasha Lipton L.L.C., while Mellon Bank is acquiring Buck Consultants Inc. In addition, Aon Group Inc. acquired Alexander & Alexander Services Inc.'s benefit consulting unit as part of its purchase of A&A.

"Right now, there is a fair degree of competition for consulting in health care. It is possible that continued consolidation could reduce competition, but I don't think we are there yet," MCI's Mr. Hestwood said.

Mercer and Foster Higgins executives said both firms are going full tilt and doubt there would be any layoffs of professional staff as a result of the merger. Offices, though, could be combined in some cities where Foster Higgins and Mercer both have offices as space becomes available, said Foster Higgins CEO Alan Page.

Global aftershocks from M&M, J&H deal

By STACY SHAPIRO

LONDON—The merger of Johnson & Higgins with Marsh & McLennan Cos Inc. is causing major reverberations across the Atlantic Ocean for at least five of the world's other largest brokers.

The merger will directly affect Jauch & Huebener KGaA in Germany and Gras Savoye S.A. in France, which are partners with J&H in the UNISON network.

In addition, some analysts wonder whether the latest mega-merger means London-based Sedgwick Group P.L.C. and Willis Corroon Group P.L.C. now must merge to compete with bigger brokers.

The merger also leaves London-based Minet Group's future in question. Minet's parent, The St. Paul Cos. Inc., confirmed in January that it was talking to M&M about a sale (BI, Jan. 27).

"Discussions are continuing, and we hope they will be successfully completed," said Minet Chairman and

ager who always had "that implicit ability to say 'I'm going to call A&A or J&H or Marsh or Aon,'" now faces fewer alternatives, he said.

But Patrick G. Ryan, chairman and CEO of Aon, says that consolidation actually will increase competition: "There is no end of competition. I think competition will be keener as a result of consolidation, because you have stronger organizations."

"We do believe that the forces that are in play are very real, and a very natural outcome of the competitive environment and low real growth in the business over the last 10 years" putting great financial pressures on companies, said Alan Levin, senior vp-insurance rating services at Standard & Poor's Corp. in New York.

For their part, risk managers sound enthusiastic about the merger but are waiting to see how it works out.

"I can see the complementary aspects of these deals, and the combined client base these two organizations have is going to be incredible," said Scott Lange, director of risk management for Microsoft Corp. of Redmond, Wash., a J&H client. "Provided the integration is done well, this is going to be an even more impressive organization and one that produces more benefits to its customers."

Millie Workman, risk manager for Mueller Industries Inc. in Memphis, Tenn.—who is actually an Aon client—also expressed concern about the impact of this or any similar merger on relationships.

"What if my team were basically wiped out and they said, 'Here's your new team.' I would not be a happy camper," she said.

J&H and M&M brokers were busy contacting clients last week to let them know the merger was coming.

"The reassurances were very, very nice, but we will just have to see what happens," said Hillman's Ms. Mitro, a J&H client.

Mark A. Hofmann contributed to this report.

Chief Executive Peter Christie. Mr. Christie said it is premature to talk about how Minet's operations would combine with J&H Marsh & McLennan Inc.

J&H has been the backbone of UNISON, which is a combination of subsidiaries, joint ventures and corresponding brokers in 72 countries. J&H owns 100% of the operations in 20 countries, has majority or minority shares in operations in 12 countries and has correspondent relationships, where it has no shareholdings, in the remaining 40 countries (BI, July 22, 1996).

The two main UNISON partners other than J&H are Gras Savoye and Jauch & Huebener.

Willis Faber P.L.C. also belonged to the network until it merged in 1990 with Corroon & Black Corp. to form Willis Corroon Group P.L.C.

There is speculation that UNISON will die after the merger announced last week unless another major broker decides to take J&H's place.

See Global on next page

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LEGAL NOTICE

LEGAL NOTICE

UNITED STATES BANKRUPTCY COURT SOUTHERN DISTRICT OF NEW YORK

IN THE PETITION OF ANTHONY JAMES MCMAHON AND PHILIP WEDGWOOD WALLACE, AS JOINT PROVISIONAL LIQUIDATORS OF ANGLO AMERICAN INSURANCE COMPANY LIMITED, Case No. 97-B-41556 (PCB)

YOU ARE HEREBY NOTIFIED THAT, PURSUANT TO AN ORDER TO SHOW CAUSE WITH TEMPORARY RESTRAINING ORDER OF THE UNITED STATES BANKRUPTCY COURT FOR THE SOUTHERN DISTRICT OF NEW YORK (THE "BANKRUPTCY COURT"), IN CONNECTION WITH THE PETITION FILED PURSUANT TO SECTION 304 OF THE UNITED STATES BANKRUPTCY CODE BY THE JOINT PROVISIONAL LIQUIDATORS (THE "PETITIONERS") OF ANGLO AMERICAN INSURANCE COMPANY LIMITED (THE "COMPANY"), A HEARING WILL BE HELD IN THE BANKRUPTCY COURT ON MARCH 19, 1997 AT 2:30 O'CLOCK P.M., BEFORE THE HONORABLE PRUDENCE C. BEATTY IN HER COURTROOM AT THE ALEXANDER HAMILTON CUSTOM HOUSE, ONE BOWLING GREEN, NEW YORK, NEW YORK 10004 (THE "HEARING"), TO CONSIDER THE PETITIONERS' REQUEST FOR A PRELIMINARY INJUNCTION ORDER ON THE TERMS SET FORTH BELOW, AND PENDING THAT HEARING A TEMPORARY RESTRAINING ORDER IS IN EFFECT:

(1) ENJOINING ALL PERSONS AND ENTITIES FROM (A) TRANSFERRING, RELINQUISHING OR DISPOSING OF ANY PROPERTY OF THE COMPANY IN THE UNITED STATES,* OR THE PROCEEDS OF SUCH PROPERTY, TO THIRD PARTIES; (B) COMMENCING OR CONTINUING ANY ACTION OR OTHER LEGAL PROCEEDING (INCLUDING, WITHOUT LIMITATION, ARBITRATION OR ANY JUDICIAL, QUASI-JUDICIAL, ADMINISTRATIVE OR REGULATORY ACTION, PROCEEDING OR PROCESS WHATSOEVER AND ANY DISCOVERY IN CONNECTION THEREWITH) AGAINST THE COMPANY, OR ANY OF ITS REPRESENTATIVES OR AGENTS, INCLUDING RUN-OFF AGENTS, OR ANY OF THEIR PROPERTY IN THE UNITED STATES OR ANY PROCEEDS THEREOF; (C) ENFORCING ANY JUDICIAL, QUASI-JUDICIAL, ADMINISTRATIVE OR REGULATORY JUDGMENT, ASSESSMENT OR ORDER OR ARBITRATION AWARD, AND COMMENCING OR CONTINUING ANY ACT OR OTHER LEGAL PROCEEDING (INCLUDING, WITHOUT LIMITATION, ARBITRATION, OR ANY JUDICIAL, QUASI-JUDICIAL, ADMINISTRATIVE OR REGULATORY ACTION, PROCEEDING OR PROCESS WHATSOEVER) TO CREATE, PERFECT OR ENFORCE ANY LIEN, SETOFF OR OTHER CLAIM AGAINST THE COMPANY, OR ANY OF ITS REPRESENTATIVES OR AGENTS, INCLUDING RUN-OFF AGENTS, OR ANY OF THEIR PROPERTY IN THE UNITED STATES OR ANY PROCEEDS THEREOF, INCLUDING, WITHOUT LIMITATION, RIGHTS UNDER REINSURANCE OR RETROCESSION CONTRACTS; AND (D) DRAWING DOWN ANY LETTER OF CREDIT ESTABLISHED BY, ON BEHALF OR AT THE REQUEST OF, THE COMPANY, OR WITHDRAWING FROM, SETTING OFF AGAINST, OR OTHERWISE APPLYING PROPERTY THAT IS THE SUBJECT OF ANY ESCROW AGREEMENT OR SIMILAR ARRANGEMENT IN WHICH THE COMPANY HAS AN INTEREST, IN EXCESS OF WHAT IS EXPRESSLY AUTHORIZED BY THE TERMS OF THE CONTRACT AND ANY RELATED TRUST OR OTHER AGREEMENT PURSUANT TO WHICH SUCH LETTER OF CREDIT, ESCROW, OR SIMILAR ARRANGEMENT HAS BEEN ESTABLISHED EXCEPT, HOWEVER, NO DRAWING AGAINST ANY LETTER OF CREDIT SHALL BE MADE IN CONNECTION WITH ANY COMMUTATION UNLESS THE AMOUNT HAS BEEN AGREED IN WRITING WITH THE PETITIONERS OR PERMITTED BY FURTHER ORDER OF THE COURT;

(2) REQUIRING ALL PERSONS AND ENTITIES THAT ARE BENEFICIARIES OF LETTERS OF CREDIT ESTABLISHED BY, ON BEHALF OR AT THE REQUEST OF, THE COMPANY OR PARTIES TO ANY ESCROWS OR SIMILAR ARRANGEMENTS IN WHICH THE COMPANY HAS AN INTEREST TO (A) PROVIDE NOTICE TO THE PETITIONERS' UNITED STATES COUNSEL OF ANY DRAWDOWN ON ANY LETTER OF CREDIT ESTABLISHED BY, ON BEHALF OR AT THE REQUEST OF, THE COMPANY, OR ANY WITHDRAWAL FROM, SETOFF AGAINST, OR OTHER APPLICATION OF PROPERTY THAT IS THE SUBJECT OF ANY ESCROW AGREEMENT OR SIMILAR ARRANGEMENT IN WHICH THE COMPANY HAS AN INTEREST, TOGETHER WITH INFORMATION SUFFICIENT TO PERMIT THE PETITIONERS TO ASSESS THE PROPRIETY OF SUCH DRAWDOWN, WITHDRAWAL, SETOFF OR OTHER APPLICATION, INCLUDING, WITHOUT LIMITATION, THE DATE AND AMOUNT OF SUCH DRAWDOWN, WITHDRAWAL, SETOFF OR OTHER APPLICATION AND A COPY OF ANY AGREEMENT PURSUANT TO WHICH ANY SUCH DRAWDOWN, WITHDRAWAL, SETOFF, OR OTHER APPLICATION WAS MADE AND PROVIDE SUCH NOTICE AND OTHER INFORMATION CONTEMPORANEOUSLY THEREWITH; AND (B) TURN OVER AND ACCOUNT TO THE PETITIONERS FOR ALL FUNDS RESULTING FROM SUCH DRAWDOWN, WITHDRAWAL, SETOFF, OR OTHER APPLICATION, IN EXCESS OF WHAT IS EXPRESSLY AUTHORIZED BY THE TERMS OF THE CONTRACT, ANY RELATED TRUST OR OTHER AGREEMENT PURSUANT TO WHICH SUCH LETTER OF CREDIT, ESCROW, OR SIMILAR ARRANGEMENT HAS BEEN ESTABLISHED;

(3) REQUIRING EVERY PERSON AND ENTITY THAT HAS A CLAIM ARISING UNDER A CONTRACT OF INSURANCE, REINSURANCE, RETROCESSION OR OTHERWISE, WRITTEN OR ENTERED INTO BY THE COMPANY AND WHO IS A PARTY TO ANY ACTION OR OTHER LEGAL PROCEEDING (INCLUDING, WITHOUT LIMITATION, ARBITRATION, OR ANY JUDICIAL, QUASI-JUDICIAL, ADMINISTRATIVE OR REGULATORY ACTION, PROCEEDING OR PROCESS WHATSOEVER) IN WHICH THE COMPANY IS OR WAS NAMED AS A PARTY, OR AS A RESULT OF WHICH A LIABILITY OF THE COMPANY MAY BE ESTABLISHED, TO PLACE THE PETITIONERS' UNITED STATES COUNSEL ON THE MASTER SERVICE LIST OF ANY SUCH ACTION OR OTHER LEGAL PROCEEDING AND TO TAKE SUCH OTHER STEPS AS MAY BE NECESSARY TO ENSURE THAT SUCH COUNSEL RECEIVES (A) COPIES OF ANY AND ALL DOCUMENTS SERVED BY THE PARTIES TO SUCH ACTION OR OTHER LEGAL PROCEEDING OR ISSUED BY THE COURT, ARBITRATOR, ADMINISTRATOR, REGULATOR OR SIMILAR OFFICIAL HAVING JURISDICTION OVER SUCH ACTION OR LEGAL PROCEEDING, AND (B) ANY AND ALL CORRESPONDENCE, OR OTHER DOCUMENTS CIRCULATED TO PARTIES NAMED IN THE MASTER SERVICE LIST; AND

(4) PROVIDING, WITH RESPECT TO ANY ACTION, ARBITRATION OR OTHER PROCEEDING WHICH MAY BE COMMENCED OR BECOME KNOWN TO THE PETITIONERS IN THE FUTURE, OR THE ENTITLEMENT OR ALLEGED ENTITLEMENT OF ANY BENEFICIARY OF ANY LETTER OF CREDIT ESTABLISHED BY, ON BEHALF OR AT THE REQUEST OF, THE COMPANY, OR OF A PARTY TO ANY ESCROW AGREEMENT OR SIMILAR ARRANGEMENT IN WHICH THE COMPANY HAS AN INTEREST, THAT IS IDENTIFIED BY THE PETITIONERS IN THE FUTURE (EACH A "SUBSEQUENT CLAIM"), THAT:

(A) WHEN INFORMED OF A SUBSEQUENT CLAIM, COUNSEL FOR THE PETITIONERS SHALL SERVE UPON THE HOLDER OF SUCH CLAIM A COPY OF THE SUMMONS AND PETITION AND THE MOST RECENT INJUNCTION ORDER ENTERED BY THE COURT;

(B) A HOLDER OF A SUBSEQUENT CLAIM WILL HAVE TWENTY (20) DAYS FROM SERVICE OF THE SUMMONS IN WHICH TO SUBMIT A MOTION OR ANSWER TO THE PETITION; AND

(C) ON SUCH NOTICE TO COUNSEL FOR THE PETITIONERS AS THE COURT MAY REQUIRE, THE HOLDER OF A SUBSEQUENT CLAIM MAY FILE A MOTION SEEKING AN ORDER OF THE COURT VACATING OR MODIFYING THE INJUNCTION ENTERED IN THIS PROCEEDING WITH RESPECT TO SUCH SUBSEQUENT CLAIM. SUCH REQUEST SHALL BE THE SUBJECT MATTER OF A HEARING AS SCHEDULED BY THE COURT. OTHERWISE, THE HOLDER OF A SUBSEQUENT CLAIM MAY FILE OBJECTIONS AND BE HEARD BY THE COURT IN ACCORDANCE WITH THE TERMS OF ANY ORDER OF THE COURT PROVIDING FOR A HEARING IN THE FUTURE ON THE RELIEF SOUGHT BY THE PETITIONERS IN THIS PROCEEDING.

ALL PARTIES IN INTEREST OPPOSED TO THE PETITIONERS' REQUEST FOR A PRELIMINARY INJUNCTION ORDER MUST APPEAR AT THE HEARING AT THE TIME AND PLACE DESCRIBED HEREIN. THE ORDER TO SHOW CAUSE WITH TEMPORARY RESTRAINING ORDER AND SUPPORTING PAPERS WILL BE MADE AVAILABLE BY THE PETITIONERS UPON REQUEST AT THE OFFICES OF CHADBOURNE & PARKE LLP AND WILL BE AVAILABLE AT THE HEARING.

CHADBOURNE & PARKE LLP
ATTORNEYS FOR THE PETITIONERS
30 ROCKEFELLER PLAZA
NEW YORK, NEW YORK 10112
(212) 408-5100
ATTN: KENNETH P. COLEMAN

* AS USED HEREIN, UNITED STATES IS DEFINED TO INCLUDE THE UNITED STATES AND ITS TERRITORIES AND POSSESSIONS.

Claims

Continued from page 1

insured citizen in a reasonable, prompt or timely manner. This situation has led to abuses."

Today, insurers seem more interested in fighting claims than settling them, according to David S. Casey Jr., president of the Sacramento-based California Consumer Attorneys Assn., formerly the California Assn. of Trial Lawyers.

"We've seen cases where they will delay paying while awaiting the death of a claimant or to put a person under economically," he said.

"We're just taking (Section) 790.03 (of the California Insurance Code) and creating a limited civil mechanism for its enforcement since the insurance commissioner is unable to enforce it," he explained.

"In the real world, it's ignored now. That's really the primary reason for this legislation," said Mr. Casey, a partner with the San Diego law firm Casey, Geery, Reed & Schenk.

The legislation, introduced Feb. 27 in the Assembly Judiciary Committee by Assemblywoman and Committee Chairwoman Martha Escutia, D-Huntington Park, would be good for policyholders because it would stop insurer foot-dragging, agreed Jordan Stanzler, a policyholder attorney in the San Francisco office of Anderson, Kill & Olick P.C.

Mr. Stanzler cited a situation involving one of his business clients as an example of why the legislation is necessary.

"One of my clients filed a claim against a California-based insurer. After the insurer failed to acknowledge the claim for three months, I advised my client to write to the DOI to tell them that the insurer is violating the regulations. The department responded by asking the client to fill out a complaint form and return it," he recounted. "But we still haven't heard anything back from the department."

The claim is now six months old, Mr. Stanzler said.

Under the current statute on unfair claims settlement practices, insurance companies have 15 days to acknowledge receipt of a claim and must respond to any other correspondence from a policyholder regarding the claim within 15 days.

But the claims-handling regulations are sufficiently rigorous to protect policyholders, said Wayne Wilson, Sacramento-based regional vp of the American Insurance Assn. The AIA opposes the legislation.

"The regulatory process ought to take its course," he said. "Plus, the claims-handling regulations are more rigorous today."

Giving third parties the right to sue insurers directly also could cost policyholders more in the long run, Mr. Wilson pointed out.

"It'll be used for leverage purposes," he said. "When a company settles a claim, it may pay more than the claim is worth to avoid the threat of bad faith."

So, for example, if a \$12,000 claim settles for \$15,000, "that \$15,000 goes back into the rate base. Eventually premiums will go up," he explained.

The Insurance Department also opposes A.B. 1109, saying that "a better alternative is for the department to continue fighting for consumers by cracking down on those who violate the Unfair Claims Practices Act."

Commercial lines and personal

lines policyholders can register complaints against insurers via a consumer hot line staffed by employees in the Consumer Services Division.

The division is headed by Richard Wiebe, who before joining the department in 1994 served as Western regional public affairs manager for the American Insurance Assn.

According to the California Insurance Department Press Office, 50,053 complaints of insurers violating the claims-handling statute were resolved in 1996, resulting in \$32.6 million in additional insurance recoveries to policyholders. The department received 13,874 complaints in 1996, a decline of 11% from the 15,630 complaints made the previous year.

If third parties have the right to sue, insurers will settle for more than claims are worth to avoid suits, the AIA's Wayne Wilson says.

While complaints are down, the department maintains that enforcement of the claims-handling statute is up dramatically since Commissioner Chuck Quackenbush took office two years ago.

"In two years, Commissioner Quackenbush has levied over \$10.5 million in fines against insurance companies for all violations, while his predecessor only imposed \$6 million in four years," Rex Frazier, legislative bureau chief for the department, said in a March 10 statement regarding A.B. 1109.

But "the stats he's given to us don't bear that out at all," said Amy Bach, executive director of United Policyholders, a non-profit insurance consumer education group in San Francisco. "It is mathematically and physically impossible for the department to be delivering the kind of results they claim to be delivering given the lack of training and gross understaffing of the Consumer Services Division at this time," she said.

Ms. Bach, who also is a policyholder attorney, is currently reviving a lawsuit, *Bourhis vs. Gillespie*, in which the department was ordered to enforce the Unfair Claims Practices Act and prosecute consumer complaints.

Since Mr. Quackenbush has taken office, enforcement has been "a joke," she said. "They are not enforcing the law."

In fact, several Consumer Services Division staff members recently testified before the state Senate Insurance Committee that personnel cuts are threatening the division's ability to properly investigate complaints against the insurance industry.

"In the past, all consumer complaints against an agent, broker or company were investigated. This administration has changed that by first changing the complaint forms the consumer receives. Now, the form asks if the consumer has gone to the company, agent or broker first," one staff member said in anonymous testimony at an Oct. 23, 1996, hearing.

As a result of this procedural change, "delays can occur on otherwise urgent issues or no response at all, which occurs routinely," the staff member said.

Furthermore, "violations of law could go unnoticed because there was no outlook (sic) for the consumer to go to and the violators will continue to break the law."

B1

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UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

IN THE PETITION OF PAUL ANTHONY BRERETON EVANS AND RICHARD CLAUDE BOYS-STONES, AS JOINT PROVISIONAL LIQUIDATORS OF THE ORION INSURANCE COMPANY PLC AND THE LONDON AND OVERSEAS INSURANCE COMPANY PLC (THE "COMPANIES")
Case Nos. 94-B-44968 (SMB) and 94-B-44969 (SMB) Jointly Administered

PLEASE TAKE NOTICE that on March 6, 1997, a Permanent Injunction Order (the "Order") was entered by the Bankruptcy Court pursuant to 11 U.S.C. § 304 providing: (i) that the Scheme of Arrangement dated November 20, 1996 (the "Scheme") between The Orion Insurance Company PLC and The London and Overseas Insurance Company PLC (the "Companies"); and their Scheme Creditors (as defined in the Scheme) shall be given full force and effect and is binding on and enforceable against all Scheme Creditors in the United States; (ii) that all persons are permanently enjoined and restrained from taking certain actions against the Companies, their property, the Pre-Scheme Parties and the Scheme Parties (as those terms are defined in the Order); and (iii) other related relief.

Interested parties may obtain a copy of the Order by writing to United States counsel for the Scheme Administrators:

CHADBOURNE & PARKE LLP
30 Rockefeller Plaza • New York, New York 10112
Attention: Kenneth P. Coleman

The Orion Insurance Company PLC, a U.K. company, is not affiliated in any way with Orion Capital Corporation or any of the Orion Capital Companies.

INTERNATIONAL

Lloyd's

Continued from page 2

will be unable to collect the cash it says the non-accepting U.S. members owe. Lloyd's was unable to say how much U.S. members owe.

If the 9th Circuit decision is upheld on appeal, Lloyd's would owe the members damages of up to \$1 billion under anti-racketeering laws, contends the American Names Assn.

Lloyd's, however, is confident the decision will be overturned, as it "flies in the face of five previous circuit hearings," said the Lloyd's spokesman.

Separately, Lloyd's will be back in the U.K. High Court at the end of this week to test allegations of fraud by two members, Dennis Leighs and David Wilkinson.

Messrs. Leighs and Wilkinson had refused to pay their premium to Equitas Ltd., the reinsurer of Lloyd's pre-1993 liabilities, on the grounds

that they had not accepted Lloyd's

settlement offer. Although the High Court found against them on two counts last month (*BI*, Feb. 24), it decided to separately hear their argument that Lloyd's had acted fraudulently by concealing infor-

Lloyd's is confident the 9th Circuit decision will be overturned, noting it 'flies in the face of five previous circuit hearings,' a Lloyd's spokesman said.

mation on the scale of losses. Lloyd's intends to argue that even were fraud to be proved, rescission—the complete voiding of

Lloyd's membership—is not possible because irrespective of under what circumstances members joined Lloyd's, they subsequently entered into third-party contracts that override any other consideration. Also, it will argue that the two

defending members are bound by the "pay now, sue later" principle in the Equitas reinsurance contracts. That principle says they must pay the Equitas premium first, then pursue their fraud claims.

The hearing is scheduled to last two days.

Meanwhile, the U.K. Department of Trade and Industry has issued a third solvency test for Lloyd's to strengthen policyholder protection. In answer to a Parliamentary question, Minister for Trade Anthony Nelson said he had been considering whether any steps were needed to strengthen Lloyd's solvency after the R&R plan had gone through.

"I have concluded that it would be appropriate to introduce an additional solvency test for Lloyd's, supplementing those already specified in the legislation," said Mr. Nelson.

Currently, Lloyd's is subject to two solvency tests, one covering the whole of the market and the other at individual members' level, which ensures they have enough assets to cover their liabilities. The new third test will also be applied at members' level, requiring each to have a margin of solvency in addition to meeting their estimated liabilities.

The new solvency margin for individuals is the same as the one applied to Lloyd's globally: the greater of either 16% of the total annual premiums or 23% of average annual claims over a three-year period.

This test "will provide policyholders with an additional degree of protection against adverse developments, and will also encourage a prompt response should financial difficulties ever begin to develop at Lloyd's in the future," said Mr. Nelson. **BI**

Bermuda

Continued from page 59

at F&G Re, the Morristown, N.J.-based subsidiary of USF&G Corp., said that while it is only a matter of time before the capital markets play a more significant role in the insurance business, "I don't think it's really going to take off until insurance companies can really charge the appropriate rates for the cat exposures."

Those with cat exposures now are spending their time trying to get rid of them instead of making money out of them, Mr. Berger said.

'It remains to be seen whether the new index overcomes the basis risk obstacle for the end user,' says David Koegel.

David Koegel, senior vp at New York reinsurance intermediary Gill & Roeser Inc., commented that "anything that you call alternative catastrophe management solutions work best in a hard market environment, which we're not in right now."

"It remains to be seen whether the new index overcomes the basis risk obstacle for the end user," Mr. Koegel said. The basis risk is the difference between the losses indicated by the index and an insurer's own losses.

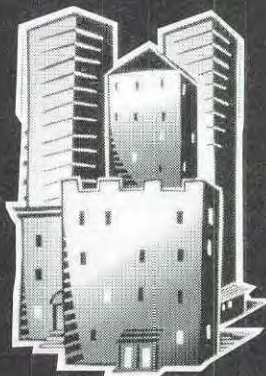
However, "what's refreshing about (the Exchange) to me is you have an integrated unit in insurance, banking and brokerage sectors of the business that have gotten together to do this. That might be the first of its kind," Mr. Koegel said.

Meanwhile, Menlo Park, Calif.-based Risk Management Solutions Inc. separately said it also has developed a new financial index for use by issuers and investors involved in securities trading based on insured catastrophe risk.

The index, which is called the RMS CAT Index, will be available by the start of the U.S. hurricane season in June and is expected to be used as the basis for structuring, pricing and trading both securities and certain traditional reinsurance contracts.

Rod McCormack, general manager of Risk Management Solutions' Capital Markets Group, said the RMS CAT Index, unlike similar indexes, is based on computer modeling, rather than on reported losses. **BI**

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P&I clubs

Continued from previous page
Ltd., Assuranceforeningen Gard, The Standard Steamship Owners P&I Assn. (Bermuda) Ltd., The Standard Steamship Owners P&I Assn. Ltd., and the U.K. Mutual Steam Ship Assurance Assn. (Bermuda) Ltd.

The remaining three have moved up from the two-flag category: The London Steam-Ship Owners' Mutual Ins. Assn. Ltd., The Shipowners' Mutual P&I Assn. (Luxembourg) and The Swedish Club.

Six clubs merited the two-flag ranking, indicating S&P considers

the likelihood of their needing to make a supplementary call on members as average. Five of the clubs already had the two-flag ranking: British Marine Mutual Ins. Assn. Ltd., The Japan Ship Owners' Mutual P&I Assn., Assuranceforeningen Skuld, The Steamship Mutual Underwriting Assn. (Bermuda) Ltd., and The West of England Ship Owners Mutual Ins. Assn. (Luxembourg). The sixth club, the North of England P&I Assn. Ltd., had its ranking lowered to two flags from three flags, largely because it paid \$43.3 million in gross claims in 1996, up from \$27.1 million in 1995, S&P said.

The four clubs receiving a one-flag ranking, indicating S&P's assessment of a greater than average need in comparison with the other clubs to have to make a supplementary call, were unchanged from a year earlier. They are: American Steamship Owners P&I Assn. Inc., Liverpool & London Steamship P&I Assn. Ltd., Newcastle Protection & Indemnity Assn. and Ocean Marine Mutual P&I Assn. Ltd.

Copies of the 1997 Marine Mutual Report are available from S&P for \$750 or £495. Contact Bernard O'Sullivan, Associate Director, S&P Insurance Ratings, London; 171-826-3666.

Results

Continued from previous page
noted U.S. premium volume rose to £1.34 billion (\$2.29 billion) last year from £1.28 billion (\$2.19 billion) in 1995.

The largest U.K. insurance company, Commercial Union P.L.C., saw pretax operating profits decline 12.8% to £444 million (\$760.4 million) from 1995. The lower result was blamed on a deterioration in operating conditions in the U.K. market and a £41 million (\$70.2 million) increase in U.S. weather-related losses to £80

million (\$137.0 million). Those weather claims helped increase U.S. underwriting losses to £132 million (\$226.1 million) from £101 million (\$173.0 million) in 1995. However, CU Chief Executive John Carter maintained that "the increasingly strong position of the group provides many opportunities to expand our business."

London-based Royal & Sun Alliance Insurance Group P.L.C., formed last year by merger, reported 1996 pretax operating profit of £706 million (\$1.21 billion), down 22.8% on a combined £915 million (\$1.42 billion) profit for the two companies in 1995. Like his counterparts at the other companies, Executive Deputy Chairman Roger Taylor said the year was marked by a record £96 million (\$164.4 million) of U.S. weather losses and continuing soft markets. Underwriting losses soared to £711 million (\$1.22 billion) from £191 million (\$327.1 million).

Other significant factors affecting Royal & Sun Alliance were £117 million (\$200.4 million) of provisions against future U.S. asbestos and environmental claims, and a £32 million (\$54.8 million) negative effect of currency exchange rate movements over the year. However, the company said

that if conditions remain as they are now, its capital position will continue to strengthen, and so it plans to buy back shareholder approval to pay to seek up to 5% of its issued share capital.

Profits of Eagle Star P.L.C. also were adversely affected by provisions for U.S. pollution claims. Pretax profits fell in 1996 to £85 million (\$145.6 million) from £220 million (\$376.8 million) the previous year, mainly because of a £160 million (\$274.0 million) strengthening of reserves for U.S. environmental exposures from more than 30 years ago. The extra provision was made after an assessment by actuarial consultants Tillinghast-Towers Perrin.

Eagle Star, a unit of B.A.T Industries P.L.C., also increased its reserves for London market excess-of-loss spiral claims by £40 million (\$68.5 million). Underwriting losses were £96 million, up £28 million (\$48.0 million) over 1995 losses. Apart from this, Eagle Star said "most markets remain very competitive... and there is very little evidence of rates hardening."

It said these conditions, combined with its determination to cease writing unprofitable business, led to a 12% fall in gross premium volume to £1.9 billion (\$3.25 billion). **BI**

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INTERNATIONAL

Global Briefs

U.K. companies are failing to inform their employees about benefit entitlements, according to a survey by benefit consultant **Watson Wyatt Worldwide**. More than 1,200 people were interviewed in the manufacturing, retail and services sectors, revealing that, on average, 20% of employees did not know about the benefits their employers provided. The survey also showed a mismatch between employers' views of the benefits their employees wanted and priorities on the employees' wish lists, in particular the provision of private health insurance, which employees rank as the leading priority. . . . Objections by the Finnish Ministry of Social Affairs and Health about a proposed new holding company structure has led Finnish insurer **Pohjola Insurance Co. Ltd.** to shelve restructuring plans announced in January. Instead, Pohjola is planning to write domestic and foreign reinsurance, transferring the rest of its non-life business to a new company, yet to be established or licensed. The Ministry of Social Affairs and Health is considering the new proposals. . . . The directors of London insurer **Anglo American Insurance Co. Ltd.** have recommended to the U.K. Department of Trade and Industry that the company be put into a scheme of arrangement to deal with its deteriorating loss record. The board says the move will best protect the interests of Anglo American policyholders and creditors, and London accountants KPMG have been appointed liquidators. Anglo American, which wrote general liability, marine and professional liability business, was placed into runoff in June 1994 and was bought by Bermuda-based Centre Reinsurance Co. the next month. . . . Softening market conditions and slowing premium growth did little to hurt **St. Paul Reinsurance Co. Ltd.**'s 1996 results. Net written premiums were up 3% to £181.2 million (\$310.3 million), showing a pure underwriting profit of £9.8 million (\$16.8 million), down 2% from the previous year. . . . Runoff specialists Insurance Management Associates Ltd. and North Star Management Services Ltd. have merged to form new runoff company **Bridgeway Management Ltd.** Bridgeway will take over the management of Trinity Insurance Co. Ltd., Bryanstone Insurance Co. Ltd. and Andrew Weir Insurance Co. Ltd. from IMA, and Orion Insurance Co. P.L.C. and London & Overseas Insurance Co. P.L.C. from North Star. Meanwhile, the High Court approved the Orion and London & Overseas scheme of arrangement (BI, July 10, 1995). . . . **Corporacion Mapfre** of Spain reported 1996 consolidated pretax profit down slightly to 17.8 billion pesetas (\$123.2 million) from 17.9 billion pesetas (\$123.9 million), though net profits rose 6.5% to 10.2 billion pesetas (\$70.5 million). While profitability of business in Spain improved, foreign direct insurance operations, mainly in South America, had a 328 million peseta (\$2.3 million) loss, after a 1.54 billion peseta (\$10.7 million) 1995 profit.

Bermuda exchange to begin

New contracts to be sold based on catastrophe index

By JUDY GREENWALD

HAMILTON, Bermuda—A new Bermuda Commodities Exchange is expected to begin trading contracts based on catastrophic insurance risks in April, though some observers question the exchange's viability in light of the current soft market.

Initial members of the exchange, which was authorized by an act of the Bermuda Parliament, are American International Group Inc., reinsurance intermediary Guy Carpenter & Co. and Chase Manhattan Bank, all based in New York.

Additional members are being sought. Members will own the exchange.

The exchange has signed a letter of intent with the Chicago Board of Trade under which the new ex-

change will offer CBOT members trading privileges and receive services from the CBOT.

Members of the Bermuda exchange will be able to buy and sell

hurricanes, tornadoes and winter storms.

The index, which is based on the exposure and loss experience of a defined group of insurers, will be

the United States for single events and aggregate losses during six-month periods, January to June or July to December. Contracts covering future risk periods also will be offered.

Exchange President Thomas C. Heise, former director of reinsurance and financial planning at AIG, said in a statement:

"We have created a mechanism equally attractive to institutions seeking to hedge or invest in catastrophe risk. The investors, using an index that will provide standardized, detailed information, can add a potentially lucrative new asset class to their portfolios."

But observers question whether the time is right for the exchange given the soft market.

John Berger, president and CEO
See **Bermuda** on page 61

'We have created a mechanism equally attractive to institutions seeking to hedge or invest in catastrophe risk,' Exchange President Thomas C. Heise said in a statement.

contracts based on a new catastrophe index created by Guy Carpenter.

The index measures insured damage to homes in the United States caused by perils such as

updated quarterly by a newly formed Guy Carpenter subsidiary, Hartford, Conn.-based IndexCo L.L.C.

The exchange's products will cover seven geographic areas of

P&I clubs shore up reserves

But shipowners shift to new clubs may lead to demands for cash: S&P

By EDWIN UNSWORTH

The financial condition of most protection and indemnity clubs is improving, and their reserves have grown dramatically from the dangerous levels of six years ago, according to a recent survey by rating agency Standard & Poor's Corp.

Rowena Potter, a director of S&P's insurance ratings service in London and a co-author of the report, said this healthy balance in

unallocated reserves means P&I clubs have far greater flexibility in how they manage their "calls"—the practice of asking members for extra money to meet claims.

Ms. Potter also noted in the report a shift among shipowners moving to different clubs, which could put pressure on clubs losing members to make supplementary calls.

"The slow drift of quality owners moving to new clubs is likely

to gain momentum in 1997," she said. As a result, S&P predicts weakened clubs may seek additional funds, she said.

While such shifts will enable some clubs to develop relatively stronger financial reserves and stable results, others will become more dependent on members putting up additional money as claims arise and possibly having to make a greater number of supplementary calls to make up shortfalls.

S&P's 1997 Marine Mutual Report ranks 16 P&I clubs that are members of the International Group of P&I Clubs, which has a

reinsurance pooling arrangement, and two mutuals that do not belong to the International Group. The report assesses the perceived likelihood of the clubs having to make unexpected supplementary call on members to meet claims.

The number of clubs receiving S&P's highest rating of three flags has grown to eight from six. Three flags indicates S&P's assessment of a lesser than average need to make supplementary calls compared with the other clubs.

Five of the clubs also rated three flags last year: The Britannia Steam Ship Insurance Assn.
See **P&I clubs** on next page

Losses insured from collapsed dam in New Zealand

CHRISTCHURCH, New Zealand—Loss adjusters, hydrologists and consulting engineers are trying to determine why a partly constructed irrigation and hydropower dam in New Zealand collapsed last month, flooding nearby farmlands.

The dam, near Fairlie, which is about 140 miles from Christchurch, on the eastern coast of the south island, was partly completed when it collapsed Feb. 6 after heavy rain fell in the area.

Farmers in the area, mainly sheep and cattle farmers and barley growers, have been badly affected by flooding but have not yet estimated their losses.

Opuhu Dam Ltd., a Dunedin-based construction company, had a contract works policy with property limits of \$30 million NZ (\$21.1 million), and an additional \$10 million NZ (\$7 million) in third-party liability cover.

The lead insurer is Auckland-based Lumley General Insurance Ltd., with 40%. Four other New Zealand-based underwriters shared the remaining 60%.

Ron Wardle, assistant manager-technical for Lumley New Zealand, would not name the other underwriters on the risk. He said no third-par-

ty claims have yet been received as of early last week.

Mr. Wardle said the construction company had notified Lumley of its intention to file a claim, but liability will not be determined until the reports from adjusters, hydrologists and engineers are completed.

He said the construction company wants to rebuild the dam, which was to be used to irrigate crops, and included turbines to generate hydroelectricity.

Alistair Inman, chairman of the Federated Farmers' South Canterbury region meat and wool committee, was one of the worst-affected farmers. He would not disclose his loss estimate but said he lost about 5 miles of fencing, 200 sheep, and more than 600 bales of fodder. A nearby deer farmer lost much of his herd after fences were washed down.

Mr. Inman said that he and other affected farmers will meet construction company representatives March 25 and expect a compensation proposal.

The dam, only weeks from completion when it collapsed, had a 1,287-foot-high wall, and the storage area was to cover 1,754 acres and hold 100 million cubic meters of water.

—By Kate Tilley

U.K. insurers show lower profits

By EDWIN UNSWORTH

LONDON—Soft pricing and a deterioration in U.S. underwriting results clearly show in lower 1996 operating profits for the major U.K. multiline insurers.

However, the results have not dampened the confidence of the insurers, several of which have plans to expand their business.

Guardian Royal Exchange P.L.C., which reported a 17.4% fall in pretax operating profits to £281 million (\$481.2 million) in 1996, also announced it has up to £1 billion (\$1.71 billion) in cash available for one or more acquisitions.

GRE said its operating result was achieved in the face of continuing competitive pressure and abnormally severe weather conditions in North America and the United Kingdom. It added that it is continuing to withdraw from "non-core, non-performing markets."

Commenting on plans for the company's £1 billion cash pile, GRE Chief Executive John Robins said possible acquisition targets could include another U.K. multiline insurer, a U.K. life and health insurance company, a North American specialty auto insurer,

or a North American property/casualty insurer.

Another U.K. insurer, General Accident P.L.C., said it would continue to pursue its policy of "organic growth and growth by acquisition."

Perth, Scotland-based General Accident achieved the best results of the five major U.K. insurers that have reported 1996 figures. Its pretax profits overall improved 28.8% to £720 million (\$1.23 billion), though without investment gains pretax operating profits declined 3.4% to £421 million from £436 million.

Severe weather losses took a toll on nearly all the insurers. General Accident paid out £30 million (\$51.8 million) more on severe weather claims last year than it did in 1995. U.S. underwriting losses, which increased to £94 million (\$161 million) from £66 million (\$113.0 million), were blamed on increased weather-related claims.

General Accident Group Chief Executive Bob Scott said the underlying results in the United States continue to improve, and would have been better if not for the higher weather claims. He
See **Results** on next page

Insurers find controlled growth key to success

By JUDY GREENWALD

SAN FRANCISCO—Although insurance buyers are demanding larger, better capitalized insurance companies, bigger insurers run the risk of becoming sluggish and inefficient, says an insurance official.

Brian Duperreault, chairman, president and chief executive officer of Bermuda-based ACE Ltd., said insurance buyers today want to do business with fewer companies and demand that those companies handle large transactions and offer net capacity and longer-term deals, all of which require more capital.

Brokers, who themselves are consolidating, are demanding larger insurers as well, and deregulation and globalization further spurs this trend. "Everyone's bulking up," said Mr. Duperreault, who spoke at a session

called "Starting from scratch: A good way to grow," at the annual national insurance symposium leadership conference sponsored by San Francisco-based Russell Miller Inc. earlier this month.

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Mr. Duperreault said the large companies that successfully manage their size will be the survivors. Among their characteristics will be: small corporate offices; a flat organization; heavy use of technology in communications, processing and underwriting; staying close to their customers; and small but more sophisticated staffs. ACE, he noted, has assumed these characteristics. "We've had to," he said.

During his talk, Mr. Duperreault also described the measures he has introduced to diversify ACE since taking over in late 1994. He noted the company had a particularly bad year in 1994, when it was hit by both a poorly performing bond market and breast implant product liability losses, which together shaved off about 20% of its capital.

The company was too narrowly focused, with just two lines of business—excess liability and directors and officers liability insurance, although before he got there it did add satellite insurance to its business mix, he said.

Still, Mr. Duperreault said, the company was well-capitalized, with an established franchise, satisfied customers, long-term relationships, cost efficiencies, low overhead, and relatively low commissions. It also had no

"historical baggage," adequate reserves and a high-quality professional staff.

In addition, it had the advantage of the favorable tax structure in Bermuda, where there is no income tax, a pro-business regulatory environment and more insurers per square mile than anywhere else in the world.

But while ACE had more than \$1 billion in capital, it was underutilized. Because giving capital back to the shareholders would have been unacceptable to its clients, who wanted ACE to be able to offer high limits, the company decided to further diversify its book of business, he said.

He noted ACE also was too exposed to multiple occurrences, such as breast implant claims.

To reduce the risk profile of its excess book, ACE cut its limits to \$100 million from \$200 million and in-

creased its rates.

His first year, Mr. Duperreault quipped, was spent telling clients: "I'm the new CEO. Glad to meet you," and then informing them of the changes. One response would be, "Are you from AIG?" said Mr. Duperreault, who is in fact a former American International Group Inc. official.

On the diversification front, ACE expanded into three new areas: aviation, excess property and financial lines (*BI*, April 24, 1995). These lines fit into ACE's strategy of focusing on low-frequency, high-severity products but also had the advantage of limited correlation with its other products. ACE was able to attract outstanding underwriters, who were able to build up these lines from scratch. It also had the advantage of being able to cross-sell the products to its other clients.

At the same time, in an effort to acquire a high transaction book of business, ACE acquired Lloyd's of London managing agency Methuen Group Ltd. (*BI*, April 8, 1996) and two agencies of Ockham World Wide Holdings P.L.C., said Mr. Duperreault, who noted they will be consolidated into one entity.

This year, he said, these agencies have more than \$1.1 billion under management, of which ACE shares in only 20%.

ACE also acquired catastrophe reinsurer Tempest Reinsurance Co. Ltd., which gave it an opportunity to expand its client base (*BI*, Feb. 12, 1996). Today, he noted, ACE has more than \$2.2 billion of capital and more than \$4.5 billion in assets.

Mark D. Mosca, president and CEO of Greenwich, Conn.-based Risk Capital Reinsurance Co., also offered his views on insurer growth.

Mr. Mosca noted that as of June 1995, Risk Capital was just an idea, and in July had just one employee—himself. By September, it consisted of an idea, one employee and \$335 million of capital (*BI*, Sept. 18, 1995). "We felt that was a good start," said Mr. Mosca.

From September to December, said Mr. Mosca, the core of an insurance operation was put together, and Risk Capital Re essentially entered the marketplace as of Jan. 1, 1996.

Risk Capital Re was created in response to changes and trends in the marketplace, including the changing nature of reinsurance buyers, he said. Increasingly, he said, instead of being bought by underlings who match insurance and reinsurance risks, the chief financial officers, chief operating officers and chief executive officers of insurance enterprises, who see reinsurance in a more sophisticated manner—as a form of capital—are buying reinsurance.

At one time, he said, there was an apparent "impenetrable" barrier between reinsurance and capital. It became apparent to Risk Capital Re's organizers that these boundaries were "fairly rapidly falling," and the way reinsurance traditionally was defined had become "increasingly archaic" and "in danger of becoming irrelevant," said Mr. Mosca.

Mr. Mosca said Risk Capital fills the four functions of providing treaty reinsurance, non-traditional financial reinsurance, investment capital, and financial security that fills the role previously filled only by reinsurance.

The company presents integrated solutions to problems that cannot be solved by reinsurance or capital alone with the use of a variety of reinsurance and financing techniques that meet the needs of its clients, he said.

Among the advantages of starting from scratch is that "We don't have to change a culture," he said. The company did not have to break down barriers between staff or re-engineer itself. There are just 25 people in the firm today, and "if we have to we'll go to 50," within the next five years, but no larger. **BI**

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Sedgwick Re

Continued from previous page
largest U.S. broker based on estimates of 1995 commercial retail brokerage revenues from U.S. offices.

Wortham has only one office but is the largest retail broker in Houston, said Mr. Burns. The brokerage has 57 partners with an average tenure of more than 20 years, said Mr. Burns.

He noted that the brokerage's revenues per employee increased to \$145,456 in 1995 from \$118,808 in 1991. Compensation and benefits total 83% of its expenses, compared with the more typical 50% at competitors, he noted.

Wortham seeks employees who have a work ethic, appreciate the value of work, are capable of accomplishing multiple tasks with a sense of urgency, and have common sense, above-average intelligence and "unquestioned integrity," said Mr. Burns, who noted that "integrity does not come in degrees."

James R. Riedman, president of Rochester, N.Y.-based Riedman Corp., said his firm is a privately held brokerage that operates in "middle market" communities and has about \$48 million in estimated 1997 revenues.

The brokerage's strategic challenges include developing core growth in a continuing soft market and increasing market share in an environment of extreme overcapacity.

Riedman, founded in 1938, focuses on relatively small communities, such as Ocala, Fla.; Bismarck, N.D.; and Fort Collins, Colo.

Riedman, for instance, has nine offices in Colorado but none in downtown Denver. If it did, Marsh &

McLennan Cos. Inc. would "hand our heads to us," quipped Mr. Riedman.

Mr. Riedman noted the agency typically makes eight to 10 acquisitions a year, though for a large brokerage, this could be the equivalent of adding one producer. Last year, he said, the company also added 13 salespeople, though it meant adding \$1 million to its expenses. "We continue to invest in what we think is the lifeblood of our organization," said Mr. Riedman.

Technical resources Riedman Corp. bring to bear include a new employee benefits practice and a special risk unit, he said.

Discussing the company's growth, Mr. Riedman said it increased to \$36 million in commission income in 1996, based on just under \$290 million in premium volume, from \$16 million in commission income in 1992 on a premium base of \$124 million. That is an annual compound growth rate of more than 17%. **BI**

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Conference draws about 155

SAN FRANCISCO—About 155 registrants attended the ninth annual National Insurance Symposium leadership conference earlier

National Insurance Symposium



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this month sponsored by San Francisco-based Russell Miller Inc., an insurance industry specialty investment bankers.

The theme of the conference was "The Competitive Market: Reaching Beyond the Boundaries." William A. Schreyer, a director of the Willis Corroon Group and chairman emeritus of Merrill Lynch & Co., delivered the opening address.

Mr. Schreyer said winners and losers in the financial services firms "will be sorted out by how they manage three fundamental transformations": shifting their corporate mind-set from selling to marketing; reorienting their dealing with clients from transactions to relationships, and changing technology from a cost center to a "genuine competitive advantage."

Other conference highlights included a dinner address by former Democratic Indiana Gov. Evan Bayh and a humorous luncheon presentation by Alan Dundes, a professor of anthropology and folklore at the University of California at Berkeley.

Next year's conference, which is by invitation only, has been set for March 8-10 in San Francisco. For more information, contact symposium director Darlene Nelson at 415-956-7474; fax: 415-398-0620.



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GLOBAL CLAIMS MANAGEMENT

WCRI witness to turnaround in comp fortunes

By MEG FLETCHER

CAMBRIDGE, Mass.—Change may be inevitable, but it is still eye-opening to see workers compensation go from poster child to positive role model in a half-dozen years.

"Not only is there no widespread talk of crisis, but workers comp is becoming innovative," said Richard A. Victor, executive director of the Workers Compensation Research Institute in Cambridge, Mass.

About 260 people gathered at the WCRI's annual issues conference March 5 and 6 in Cambridge to hear researchers discuss a variety of topics, including return-to-work, reducing litigation and the future of managed care in the comp system.

The not-for-profit research group, which analyzes issues but does not take positions on them, is funded

through contributions primarily from insurers, employers and individual workers comp administrative agencies from the United States and the United Kingdom.

At the beginning of this decade, employers complained of soaring workers comp costs, Mr. Victor noted. They sought solutions in legislative halls as well as in greater scrutiny of their own business practices and those of workers comp service providers, he said.

Insurers, faced with regulatory suppression of insurance rate hikes, left some markets and questioned the long-term survival of the private workers comp market.

A half-dozen years later, it's "a relatively active time and innovative

time in the area of disability management," Mr. Victor said.

Disability managers are looking to workers compensation for lessons in return-to-work, use of networks and other managed care approaches, he said.

Insurers and product vendors also are interested in exploring profit-making opportunities; the National Council on Compensation Insurance is considering converting to a for-profit entity from a non-profit one.

"How novel. Our sleepy backwater of workers comp being an innovator that others look to," Mr. Victor said. "And, it is certainly a time of great change for those involved with workers compensation data and research using that data."

The WCRI's goal is to shift the way state workers comp systems typically improve themselves from the historic

cycle of crisis-reform-crisis "to a more continuous improvement, mid-term correction, early-warning methodology," he said.

To help accomplish this, the WCRI launched two major research programs in January (BI, Nov. 4, 1996).

The institute's "CompScope" program is designed to measure the performance annually of state workers compensation agencies in meeting their goals. The WCRI has developed some special statistical methods that will allow for meaningful interstate comparisons, so states can benchmark their performances in their searches for best practices.

In the first year of the program, Minnesota and Pennsylvania will be joined by two additional states that will be chosen from among California, Massachusetts, Texas and Wisconsin, Mr. Victor said. Within the

next few years, the WCRI's goal is to have about 20 of the largest states, representing 80% of the benefits paid to injured workers, participating in the program.

The WCRI's second program will emphasize finding "what works" by standardizing the measurement of outcomes and quantifying savings. Its aim is to identify system components, such as useful guidelines, that achieve the best results given the goals of workers comp: prompt, quality medical care focused on return to work and affordable costs for employers.

In addition, the WCRI will analyze state advisory boards as a change agent in addition to performing its traditional studies.

The WCRI plans to hold its next annual issues conference March 4 and 5, 1998, in Cambridge, Mass. For details, contact convention planner Karen Holt, 101 Main St., Cambridge, Mass., 02142; 617-494-1240, ext. 233. **BI**

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Brokers

Continued from page 2

\$10 million, or 35%, of Robert F. Driver's \$37.5 million in annual revenues, but accounts for two-thirds of its profit. The company intends to continue to focus on this segment, said Mr. Corbett.

Among the reasons it is so profitable is the stability of the client base. When you "build a better mousetrap, the clients tend to stay," he said.

Among the reasons these programs are so successful, said Mr. Corbett, is that the company tends to build client/broker-based programs rather than market- or underwriter-controlled programs.

The brokerage likes to build the program first and approach the market second, said Mr. Corbett, who noted the entire process generally takes six to nine months. Driver thinks it needs at least \$1 million to \$2 million in premium volume to bring a potential new program to insurers, he said.

Driver also must perceive that it can also offer improved coverage to program participants. In addition, if it cannot get at least a 25% improvement in rates for its clients, it is unlikely to pursue a potential program, said Mr. Corbett.

The agency also relies on association or buyer support. Mr. Corbett noted that as the broker for 500 public entities, it is virtually an association in its own right.

To start a program, it must also have an established or quantifiable marketing and distribution program, he said. It is also willing to leverage its volume to build an "unfair advantage" over its competitors, he said.

Another important factor for Driver is exclusivity, which makes it difficult for underwriters to add clients to its program without going through the brokerage.

Driver intends to build and acquire more program business, said Mr. Corbett, who noted its goal is to have program business increase in five years to as much as 70% of its total revenues from its current 35%.

The company plans to double its size through mergers and acquisitions as well as triple its profitability, he said.

The company's goals also include becoming more involved in other types of risk-transfer vehicles, such as captives or risk retention groups, said Mr. Corbett.

Sophisticated advice and solutions to buyers' problems, stability and depth of professional staff, and close working relationships are among the benefits Wortham aims to give its clients, said Fred C. Burns, managing partner at Houston-based John L. Wortham & Son L.L.P., the 19th-

See Brokers on next page

Study sheds light on return to work

By MEG FLETCHER

CAMBRIDGE, Mass.—New research about return to work for workers compensation claimants helps identify injured workers who are at high risk for a late return.

The Workers Compensation Research Institute study says high-risk workers are those who: were out more than six months with the injury; worked for a small employer; worked intermittently prior to injury; and were experienced workers who took a post-injury job with a new employer.

The study by the Cambridge, Mass.-based WCRI drew its conclusions from an analysis of workers comp and unemployment insurance claims for 120,000 lost-time cases from 1989 to 1990 in Wisconsin, which has a "good" workers comp system, said Monica Galizzi, a WCRI labor economist.

She said the study took care to isolate key individual factors, including medical care, worker and employer attributes, working environment and the features of the state's workers comp system. However, outcomes could differ in other systems.

The major findings are that:

- Workers out more than six months have double the unemployment rate one year after returning to work.

- 14% fewer workers in the smallest companies—those with one to 50 employees—return to the pre-injury employer.

- Intermittent pre-injury employment slows return to work by 34%. Those workers who had at least one quarter of unemployment before the injury were likely to be younger and in the construction or service trades.

- Return to work at a new employer slows the return for workers who had spent at least six months with the previous employer. Those previously employed six to 12 months take 85% longer to return to work when moving to a new employer, while those previously employed one to five years take up to 258% longer to return to work when moving to a new employer.

The research has significant implications for managed care, Ms. Galizzi said. The findings emphasize the long-term importance of return to work during the first six months, she said.

In addition, the findings should help improve health care providers' awareness of the importance of return to work to the former employer,

rather than to a new one. The findings also could be used to help price risk-sharing contracts, she said.

While most good employers will take the time to support and learn about new research outcomes, many already are establishing effective return-to-work programs.

WCRI

Cincinnati-based Procter & Gamble Co. requires supervisors to do extensive pre-injury training with health care providers on how to get medical care for each worker, but "we focus on training employees (about the worker comp system) at the time they are injured," said James M. Palmer, associate director of human resources and employee benefits.

Those efforts must be coupled with prompt payment of benefits and an-

swers to workers' questions, he said. It also requires follow up.

"A lot of people in claims think that once they get an employee back to work that their job is done," he said. It's not. Claims handlers need to continue communicating and must remember that returning employees may need time to catch up, emotionally as well as physically, he added.

Company structure sometimes inhibits return to work, adds Paula Rinta Stewart, corporate director of safety and health risk management at Weyerhaeuser Co. in Tacoma, Wash.

The paper manufacturing and processing giant could improve its return-to-work program more if it could assign recuperating workers to different divisions that cross union lines, she said. However, union leaders generally oppose that. **BI**

Employers eligible for grants

CAMBRIDGE, Mass.—Employers now can apply for a share of \$3 million in grants for innovative projects that address quality and cost issues in workers compensation medical care.

This is the second round of grants from the Robert Wood Johnson Foundation of Princeton, N.J., but the first for which employers are eligible. The foundation, a philanthropy dedicated to improving health care in the United States, previously awarded about \$3 million in grants for demonstration or evaluation projects to stimulate innovative delivery and financing of workers comp (*BI*, Nov. 25, 1996).

They include efforts to introduce more managed care techniques, implement experimental 24-hour coverage programs and evaluate the ef-

fectiveness of medical care practice parameters.

Grants for the new initiative may be used for staff salaries, consultant fees, data collection and analysis, meetings, supplies and other direct expenses, the Robert Wood Johnson Foundation said. The application deadline is Sept. 5. Recipients will be announced in March 1998.

Also, a voluntary workshop for applicants will be held May 13 at Buena Vista Palace in Lake Buena Vista, Fla., near Orlando.

For more information, call Jay Himmelstein, the foundation's national program director, at the Occupational and Environmental Health Program of the University of Massachusetts Medical Center in Worcester, Mass., 508-856-3576.

—By Meg Fletcher



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Litigation

Continued from previous page
workers comp statute is clear about what employers are required to pay and allows benefits to continue as long as needed, she said.

There should also be consistency in terms of the benefits a state agency provides, as well as predictability in adjudicators' rulings, especially in cases of permanent partial disability.

A state agency also should provide for the communication of timely and accurate information through telephone hot lines, pamphlets and perhaps ombudsmen. The information should be available to workers, employers and other system participants.

Specific steps agencies can take to reduce litigation should include:

- Providing timely and accurate information to system participants.
- Initiating agency activities to help prevent disputes.
- Establishing time frames for payers to pay or deny claims.
- Paying permanent partial disability benefits, pending a final determination.
- Providing a clear and understandable framework for valuing permanent partial disability. **BI**

WCRI

Continued from page 2

Another axiom that will be replaced is the perception that claimant fraud is "high" in the workers comp system. He estimates only 3% to 5% of all claims are fraudulent.

"We are going to find that a lot of this stuff never made any difference and in many respects, probably added costs or aggravated what was happening in workers compensation systems," said Mr. Sundquist, a former chemical engineer and loss prevention specialist.

While he did not mention any specific research beyond the CNA claims review, Mr. Sundquist predicted that by the end of next year, more data will be analyzed to measure outcomes. That data will foster "consumerism in health care" and enhance communication among

providers, payers and employers, he said. CNA plans to publish parts of its research findings this spring.

The speed of change will increase from 1999 to 2002, Mr. Sundquist predicts.

There will be improved utilization of medical service based on outcomes data as well as performance-based compensation for "right-minded" providers who understand an employer's and insurer's concerns about prompt return to work.

Key stakeholders also will re-evaluate the concept of "compensability," he said. Fighting claims appears to be a waste of money, because although that consumes about 25% of payers' total claims-related costs, fewer than 2% of all claims are successfully denied, he said.

In addition, "there will be movement from the case management model to a new primary care model for health care, in which the primary care provider maintains control

of the patient" but refers patients to specialists, as needed.

From 2002 to 2007, the goal will be to establish new standards for workers comp systems, Mr. Sundquist predicts.

That will include "a return to no-fault status (of workers comp) through elimination of adversarial processes," which research has demonstrated to be an inefficient use of resources.

New protocols also will bring significant changes in the treatment regimens in occupational medicine, he said. Employers and employees will become educated consumers of occupational medicine.

Also in the future, there will be easy access to treatment using a quality sports medicine approach by select primary care and specialty providers.

Injured workers will receive more medical care at their job sites, according to Mr. Sundquist. They also

will use more computerized kiosk connections to nurses, adjusters and providers.

The future also will bring "collaborative relationships" through data sharing among employers, providers and payers, he said. To facilitate this, workers will get a "smart card" from their employers that providers can use to "charge" workers comp medical treatment. The card will allow treatment data to be collected at the same time.

Also, claims and case managers' roles will be "significantly" changed so their new goals will be communication and problem resolution.

Service organizations must adapt to these changes, because functions that do not add value will be eliminated from workers comp, he said. "Either you are in the game or you will be out of business," Mr. Sundquist said. **BI**

Avoiding litigation over comp

By MEG FLETCHER

CAMBRIDGE, Mass.—Some employers, insurers and state agencies unknowingly follow "a recipe for litigation" with their workers compensation claims-handling practices.

The ingredients are: "pay late, do nothing, deny often, make unrealistic offers, negotiate permanent partial disability with no framework and don't talk."

Those practices to avoid were identified by researchers at the Cambridge, Mass.-based Workers Compensation Research Institute who studied about two dozen state systems. Carol A. Telles, the WCRI's manager of administrative studies, summarized them earlier this month at a WCRI conference.

Jane Eden, a claimants attorney with Eden, Tolines & Rafferty in Worcester, Mass., also echoed practices to avoid. "You never want to forget that many of the people out there have been legitimately injured and deserve the protection of the system," she said.

Yet some employers do forget.

At least one worker came to her because an employer made the worker finish the shift before seeking medical treatment. Another worker had difficulty getting the name of an employer's workers comp insurer, perhaps because the employer did not plan to report the injury, Ms. Eden said.

Employers have a right to monitor an injured

WCRI

worker's condition and encourage return to work, but that can be excessive when a worker with a fractured hip is told to come to work and lie on the floor, she said.

Selective Insurance Co. of America in Branchville, N.J., has found that sensitive management of workers comp claims can be good for customers and profitable for the business, said Neil F. Flaherty, assistant vp.

In recent years, Selective has taken several steps to heighten claims managers' sensitivity, including changing terminology so a claimant is now referred to as "an injured employee," which helped change the way claims managers approached them, he said.

The company also adopted a new mission statement for claims managers: "Prompt delivery of benefits to entitled employees that are required of employers by the workers compensation statute, in the most cost-effective manner."

His other key recommendations to reducing litigation include:

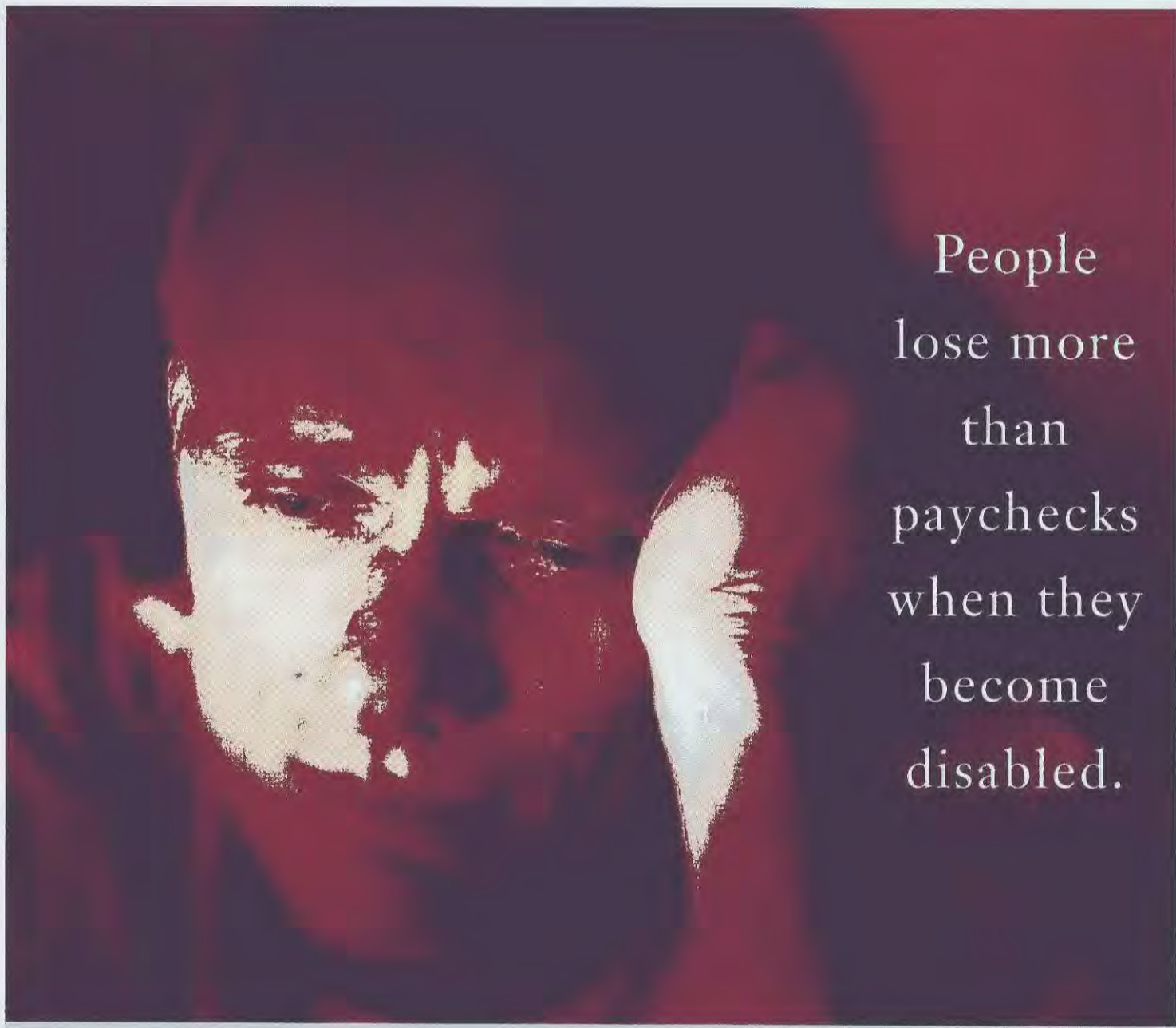
- Provide prompt answers to employees' questions.
- Start negotiations early.
- Make prompt settlement offers and raise only substantive issues in litigated cases.

For state agencies, the best way to reduce litigation in workers comp cases is to let injured workers know their state-mandated medical and wage-loss benefits will be provided with certainty, consistency and communication.

Those elements are like "a three-legged stool" that supports the effective operation of state workers comp agencies with low levels of litigation, Ms. Telles said.

An effective agency gives an employee certainty that a state's

See *Litigation* on next page



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Issue of March 17

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Consulting since: 1973.
Services: Most risk management services.
Locations: Phoenix; San Francisco; Stamford, Conn.; Washington; Chicago; Wellesley Hills, Mass.; Southfield, Mich.; Minneapolis; New York; Dallas; St. Michael, Barbados; Toronto; London and Reigate, England; Amsterdam, Netherlands; Auckland, New Zealand.
Compensation: By the hour: consultant, \$135 to \$380.
Officers: James A. Swanke Jr., practice director; Mitchell Cole, northeast regional practice director; James A. Rech, southwest regional practice director; Paul VanZuiden, mid-west regional practice director; Ward Ching, west regional practice director.
Contact: James A. Swanke Jr., 612-921-5773.

Weil & Son Inc.

1127 Euclid Ave., Suite 1050,
 Cleveland, Ohio 44115-1695;
 216-781-1300; fax: 216-241-8267

1996 revenues

Continuous consulting.....75%
 Risk management audits.....5%
 Special projects.....15%
 Actuarial/accounting services.....5%

Staff

Total.....6
 Risk management professionals.....5
 Includes: 1 principal consultant, 3 consultants, 1 analyst; 1 CPCU, 1 ARM

Clients

Total.....20
 Minimum size.....None

Consulting since: 1985.
Services: Most risk management services.
Compensation: By the project, on retainer, by the hour: principal consultant, \$195; consultant, \$88 to \$150; analyst, \$60; clerical, \$40.
Contact: Michael R. Weil, president.

Robert L. Wilkinson

155 24th Ave., Suite 5,
 San Francisco, Calif. 94121;
 415-387-5522; fax: 415-387-0771

1996 revenues

Continuous consulting.....45%
 Risk management audits.....45%
 Special projects.....10%

Staff

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

Clients

Total.....36
 Minimum size.....None

Consulting since: 1994.
Services: Insurance coverage and limits analysis, broker and vendor services analysis, expert witness services.
Compensation: By the project, by the hour: principal consultant, \$175 to \$250.
SRMC member.
Officers: Robert L. Wilkinson, owner.

R.K. Williams

10425 Ethel Ave.,
 Indianapolis, Ind. 46280;
 800-479-1776; fax: 317-571-9996

1996 revenues

Total gross revenues.....\$767,950
 Risk management consulting revenues.....\$670,210
 Continuous consulting.....68%
 Risk management audits.....12%
 Special projects.....12%
 Actuarial/accounting services.....8%

Staff

Total.....8
 Risk management professionals.....7
 Includes: 3 principal consultants, 3 consultants, 1 analyst

Clients

Total.....21
 Minimum size.....None

Parent: HMG Inc.
Services: Most risk management services.
Locations: Phoenix.
Compensation: By the project, on retainer, by the hour: principal consultant, \$150; consultant, \$75; analyst, \$75; clerical, \$25.
Contact: R.K. Williams, CEO.

Willis Corroon Advanced Risk Management Services

26 Century Blvd., Nashville,
 Tenn. 37214; 615-872-3200;
 fax: 615-872-3254

1996 revenues

Total gross revenues.....\$10,250,000

Risk management consulting revenues.....\$8,500,000
 Continuous consulting.....55%
 Risk management audits.....1%
 Special projects.....19%
 Actuarial/accounting services.....25%

Staff

Total.....85
 Risk management professionals.....30
 Includes: 8 principal consultants, 15 consultants, 12 actuaries, 10 analysts; 7 CPCUs, 7 ARMs, 4 FCASs, 2 ACASs

Clients

Total.....350
 Associations.....17
 Minimum size.....None

Consulting since: 1976.
Parent: Willis Corroon Group P.L.C.
Services: Most risk management services.
Locations: Los Angeles; Chicago; New York.

Compensation: By the hour: principal consultant, \$250; consultant, \$190; analyst, \$95; clerical, \$40.

Officers: James V. Davis, chairman/CEO; Carl Groth, Ed Davenport, Dave Dybdahl, Dave Wisniewski, managing directors.

R.P. Wittuck & Associates Inc.

5727 Schultz Road, Erie,
 Pa. 16509; 814-825-0525;
 fax: 814-825-1598

1996 revenues

Total gross revenues.....\$365,950
 Risk management consulting revenues.....\$365,000
 Continuous consulting.....100%

Staff

Total.....4
 Risk management professionals.....4
 Includes: 1 principal consultant, 1 consultant, 2 analysts

Clients

Total.....25
 Associations.....1
 Minimum size.....\$75,000

Consulting since: 1991.
Services: Most risk management services.
Compensation: On retainer.
Officers: Ronald P. Wittuck, president; Vicky A. Wittuck, secretary.



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WEB Insurance Consultants Inc.

23 Tindall Road, P.O. Box 4065, Middletown, N.J. 07748; 908-671-9455; fax: 908-671-2820

1996 revenues

Continuous consulting.....	77%
Risk management audits.....	16%
Special projects.....	7%

Staff

Total.....	3
Risk management professionals.....	2
Includes: 1 principal consultant, 1 consultant, 1 ARM	

Consulting since: 1981.

Services: Most risk management services.

Compensation: By the project, on retainer, by the hour.

Officers: William Brengel, president; Bar-

bara Benedetto, vp.

Contact: William Brengel.

Walden Risk Management Inc.

1001 Hingham St., Rockland, Mass. 02370-3318; 617-681-7000; fax: 617-681-7050

1996 revenues

Risk management consulting revenues.....	\$425,000
Continuous consulting.....	50%
Risk management audits.....	20%
Special projects.....	30%

Staff

Total.....	5
Risk management professionals.....	4
Includes: 3 principal consultants, 1 consultant, 2 ARMs, 3 CSPs	

Clients

Total.....	23
Associations.....	2
Minimum size.....	\$300,030

Consulting since: 1991.

Services: Most risk management services. **Specialties:** Transportation, professional services, associations.

Locations: Virginia Beach, Va.

Compensation: By the project, on retainer, by the hour.

Officers: Ronald M. Kaufman, president.

Contact: Philip E. Goldsmith or Ronald M. Kaufman.

Warren, McVeigh & Griffin Inc.

1420 Bristol St. N., Suite 220, Newport Beach, Calif. 92660; 714-752-1058; fax: 714-955-1929

1996 revenues

Continuous consulting.....	45%
Risk management audits.....	20%
Special projects.....	30%
Actuarial/accounting services.....	5%

Staff

Total.....	8
Risk management professionals.....	6
Includes: 2 principal consultants, 3 consultants, 2 analysts; 3 CPCUs, 3 ARMs	

Clients

Total.....	150
Associations.....	2
Minimum size.....	None

Consulting since: 1968.

Services: Most risk management services. **Compensation:** By the project, on retainer, by the hour: principal consultant, \$190 to \$245; consultant, \$150 to \$185; analyst, \$100 to \$125; clerical, \$50.

SRMC member.

Officers: C.C. Griffin, president; Gary W. Griffin, senior vp; Don Huff, Jim Bukowski, Robert Jones, senior consultants.

Waters Risk Management

7300 Park St. N., Seminole, Fla. 33777-4601; 813-397-8665; fax: 813-397-3585

1996 revenues

Continuous consulting.....	20%
Risk management audits.....	20%
Special projects.....	60%

Staff

Total.....	4
Risk management professionals.....	2
Includes: 1 principal consultant, 1 consultant, 2 CPCUs, 2 ARMs	

Clients

Total.....	29
Associations.....	1
Minimum size.....	None

Services: Most risk management services.

Specialties: Public sector.

Compensation: By the hour: principal consultant, \$130; consultant, \$120; clerical, \$25.

SRMC member.

Officers: Al Waters, Hayden Knowlton.

Watson Wyatt Worldwide

6707 Democracy Blvd., Suite 800, Bethesda, Md. 20817; 301-581-4600; fax: 301-581-4688

1996 revenues

Total gross revenues.....	\$22,800,000
Risk management consulting revenues.....	\$18,600,000
Continuous consulting.....	12%
Risk management audits.....	8%
Special projects.....	43%
Actuarial/accounting services.....	37%

Staff

Total.....	143
Risk management professionals.....	98
Includes: 20 consultants, 32 actuaries, 37 analysts; 6 CPCUs, 8 ARMs, 6 FCASS, 4 ACASS, 2 CICs, 1 PE	

Clients

Total.....	1,300
Associations.....	80
Minimum size.....	None

Continued on next page



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Attn: Joseph F. Scognamiglio, President

Continued from previous page

by the hour; principal consultant, \$185 to \$210; consultant, \$115; analyst, \$95.

Officers: William J. Gombocz, director-risk management services; Michael A. Colin, manager-client services; Stephen R. Geller, Alice Rushforth, consultants.

Contact: William J. Gombocz.

Strang & Associates

5396 Maricopa Drive, Simi Valley, Calif. 93063; 805-522-1725; fax: 805-522-1973

1996 revenues	
Continuous consulting.....	60%
Risk management audits.....	30%
Special projects.....	10%
Staff	
Total.....	1
Risk management professionals.....	1
Includes: 1 principal consultant	
Clients	
Total.....	12
Minimum size.....	None

Consulting since: 1991.
Services: Most risk management services.
Locations: Los Angeles; San Francisco.
Compensation: By the project, on retainer, by the hour; principal consultant, \$175 to \$200.
SRMC member.
Officers: James P. Strang, principal.



Tetra Tech EM Inc.

1593 Spring Hill Road, Suite 300, Vienna, Va. 22182; 703-287-8880; fax: 703-287-8910

1996 revenues	
Continuous consulting.....	35%
Risk management audits.....	30%
Special projects.....	30%
Actuarial/accounting services.....	5%
Staff	
Total.....	850
Includes: 2 ARMs, 20 PEs	
Clients	
Total.....	15

Consulting since: 1984.
Parent: Tetra Tech Inc.
Services: Most risk management services.
Specialties: Financial services, professional services, public sector.
Locations: Sacramento, San Francisco and San Diego, Calif.; Denver; Atlanta; Honolulu; Chicago and Rolling Meadows, Ill.; Kansas City, Kan.; Baton Rouge, La.; Helena, Mont.; Rockaway, N.J.; Albuquerque, N.M.; Cincinnati; Portland, Ore.; Philadelphia; Aiken, S.C.; Dallas; Seattle; Milwaukee.
Compensation: By the project.
Officers: Michael Nigro, COO; Robert Van Osten, CFO; Ed DiDominico, Daniel Chow, vps; Mark Johnson, director-risk management services.
Contact: Mark Johnson.

D.L. Tibbals Risk Management Consulting Inc.

990 Hammond Drive, Suite 310, Atlanta, Ga. 30328; 770-395-3850; fax: 770-395-3852

1996 revenues	
Total gross revenues.....	\$360,123
Risk management consulting revenues.....	\$360,123
Continuous consulting.....	70%
Risk management audits.....	20%
Special projects.....	10%
Staff	
Total.....	2
Risk management professionals.....	1
Clients	
Total.....	50
Minimum size.....	Ncne

Consulting since: 1987.
Services: Alternative risk financing consulting, insurance coverage and limits analysis, broker and vendor services analysis.
Specialties: Health care providers, technology, hospitality.
Compensation: By the hour; principal consultant, \$200; clerical, \$55.
SRMC member.
Officers: David L. Tibbals, president.

Tillinghast-Towers Perrin

335 Madison Ave., New York, N.Y. 10017-4605; 212-309-3400; fax: 212-309-0950

1996 revenues	
Total gross revenues*.....	\$72,000,000
Risk management consulting revenues.....	\$30,500,000
Continuous consulting.....	20%
Risk management audits.....	5%
Special projects.....	50%
Actuarial/accounting services.....	25%

Staff	
Total.....	384
Risk management professionals.....	62
Includes: 15 principal consultants, 15 consultants, 13 actuaries, 19 analysts	
Clients	
Total.....	1,000
Associations.....	100
Minimum size.....	None

Consulting since: 1946.
Parent: Towers Perrin.
Services: Most risk management services.
Locations: 29 offices worldwide.
Compensation: By the project, by the hour; principal consultant, \$300 to \$450; con-

sultant, \$175 to \$375; analyst, \$115 to \$180; clerical, \$70 to \$90.

Officers: Greg Berg, Charles Lee, Jerry Miccolis, Hugh Rosenbaum, John Yonkunas, principals.

Contact: John Yonkunas, 860-843-7044.
** Includes property/casualty consulting only.*

Transatlantic Insurance Associates Inc.

1801 Crystal Drive, Suite 315, Arlington, Va. 22202; 703-685-7810; fax: 703-685-7813

1996 revenues	
Total gross revenues.....	\$100,000
Risk management consulting revenues.....	\$100,000

Staff	
Total.....	2
Includes: 1 principal consultant, 1 consultant; 1 CPCU, 1 ARM	

Clients	
Total.....	6
Associations.....	2
Minimum size.....	None

Consulting since: 1994.

Parent: The Transatlantic Group.

Services: Most risk management services.
Locations: Los Angeles; Las Vegas.

Compensation: By the project, on retainer, by the hour; principal consultant, \$115; consultant, \$100; analyst, \$65; clerical, \$30.

Contact: Frank Farago, principal consultant.



United Insurance Consultants Inc.

11 Harristown Road, Glen Rock, N.J. 07452; 201-444-3888; fax: 201-444-9335

1996 revenues	
Risk management consulting revenues.....	\$6,885,000
Continuous consulting.....	95%
Risk management audits.....	2.5%
Special projects.....	2.5%

Staff	
Risk management professionals.....	17
Includes: 12 principal consultants, 5 consultants; 1 CPCU, 2 ARMs	
Clients	
Total.....	527
Minimum size.....	\$200,000

Consulting since: 1979.
Services: Most risk management services.
Compensation: By the project, on retainer.
Officers: Thomas D. Kovatch, president.

Continued on next page

Companies indicating "most risk management services" may offer some or all of the following services: alternative risk financing consulting, insurance coverage and limits analysis, broker and vendor services analysis, consulting on design of risk management information systems, risk management organization studies, claims consulting, loss prevention consulting, expert witness services, loss settlement assistance and actuarial consulting.

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Continued from previous page

Clients	
Total	20
Consulting since: 1992.	
Services: Most risk management services.	
Specialties: Utilities, global companies, energy.	
Compensation: By the project, by the hour: principal consultant, \$185; consultant, \$100 to \$125.	
SRMC member.	
Certified under ISO 9000.	
Officers: John Gordon, president; Ajay Kumar, Dave Dwyer, consultants.	
Contact: John Gordon.	
Silver Stone Group	
300 W. Broadway, Council Bluffs, Iowa 51503; 712-325-5838; fax: 712-325-5709	
1996 revenues	
Risk management audits	20%
Special projects	80%
Staff	
Total	150
Risk management professionals	5

Includes: 1 CPCU, 2 CICs	
Clients	
Total	10
Associations	1
Minimum size	None
Consulting since: 1975.	
Services: Alternative risk financing consulting, claims consulting, loss prevention consulting.	
Specialties: Manufacturing, associations, telemarketing.	
Locations: Omaha, Neb.	
Compensation: By the project, by the hour: principal consultant, \$130; consultant, \$85.	
Officers: Gary L. Hurley, president; Lewis E. Trowbridge, executive vp; John T. Sarich, vp.	
Contact: John T. Sarich.	
Sirco Consulting	
P.O. Box 70729, Richmond, Va. 23255; 804-360-0707; fax: 804-360-0202	
1996 revenues	
Continuous consulting	100%

Staff	
Total	4
Risk management professionals	2
Includes: 1 CPCU, 1 CIC	
Consulting since: 1988.	
Services: Most risk management services.	
Compensation: By the project, on retainer.	
Officers: Sam S. Revenson, president.	
E.W. Siver & Associates Inc. dba Siver Insurance Consultants	
P.O. Box 21343, St. Petersburg, Fla. 33742; 813-577-2780; fax: 813-579-8692	
1996 revenues	
Total gross revenues	\$1,411,091
Risk management consulting revenues	\$1,018,505
Continuous consulting	25%
Risk management audits	9%
Special projects	57%
Actuarial/accounting services	9%
Staff	
Total	11
Risk management professionals	5
Includes: 3 principal consultants, 2 consultants; 4 CPCUs, 3 ARMs	

Clients	
Total	85
Associations	2
Minimum size	None
Consulting since: 1970.	
Services: Most risk management services.	
Specialties: Health care providers, government and private sector, law firms.	
Compensation: By the project, on retainer, by the hour: principal consultant, \$200 to \$300; consultant, \$100 to \$200; clerical, \$35 to \$45.	
SRMC member.	
Officers: Edward W. Siver, president/senior consultant; James Marshall Jr., executive vp/senior consultant; Robert F. McBurney, senior vp/senior consultant; Jean A. Cornillaud, corporate secretary.	
Contact: Edward W. Siver.	
C.J. Spivey Associates Inc.	
6813-B Fairview Road, Charlotte, N.C. 28210; 704-364-6187; fax: 704-364-7143	
1996 revenues	
Total gross revenues	\$658,930

Risk management consulting revenues	\$342,641
Continuous consulting	75%
Special projects	25%
Staff	
Total	2
Risk management professionals	1
Includes: 1 principal consultant; 1 ARM	
Clients	
Total	7
Associations	1
Minimum size	\$100,000
Consulting since: 1981.	
Services: Most risk management services.	
Compensation: By the project, on retainer, by the hour: principal consultant, \$150; consultant, \$100; clerical, \$40.	
Officers: C.J. Spivey, president/treasurer; B.R. Spivey, vp/secretary.	
William H. Sternburg & Associates Inc.	
125 Greenleaf St., Quincy, Mass. 02169; 617-773-6672; fax: 617-479-7563	
1996 revenues	
Risk management consulting revenues	\$290,000
Continuous consulting	90%
Risk management audits	5%
Special projects	5%
Staff	
Total	3
Risk management professionals	2
Includes: 1 principal consultant, 1 consultant; 1 CPCU	
Clients	
Total	50
Minimum size	None
Consulting since: 1991.	
Services: Most risk management services.	
Compensation: By the project, on retainer, by the hour: principal consultant, \$150; consultant, \$150; clerical, \$65.	
Contact: Emily F. Schabacker, president.	
Stogniew & Associates	
12225 28th St. N., St. Petersburg, Fla. 33716; 813-572-7400; fax: 813-572-7457	
1996 revenues	
Total gross revenues	\$1,000,000
Risk management consulting revenues	\$650,000
Continuous consulting	80%
Risk management audits	10%
Special projects	10%
Staff	
Total	15
Risk management professionals	9
Includes: 3 principal consultants, 3 consultants, 1 analyst	
Clients	
Total	50
Associations	2
Minimum size	None
Consulting since: 1980.	
Services: Insurance coverage and limits analysis, claims consulting, loss prevention consulting.	
Specialties: Financial services, professional services, health care providers.	
Locations: Los Angeles.	
Compensation: By the project.	
Officers: Gerald F. Stogniew, CEO; Rosemary Stogniew, CFO; Kristen J. Stogniew, general counsel; William M. Flemming, Dennis Sherry, directors.	
Stone & Webster Management Consultants Inc.-Risk Management Division	
1 Penn Plaza, 250 W. 34th St., New York, N.Y. 10119; 212-290-7032; fax: 212-290-7123	
1996 revenues	
Risk management consulting revenues	\$1,375,000
Continuous consulting	65%
Risk management audits	10%
Special projects	20%
Actuarial/accounting services	5%
Staff	
Total	7
Risk management professionals	7
Includes: 5 principal consultants, 1 consultant, 1 analyst; 2 CPCUs, 1 ARM	
Clients	
Total	65
Associations	1
Minimum size	None
Parent: Stone & Webster Inc.	
Services: Most risk management services.	
Specialties: Utilities, municipal governments and authorities, industrial corporations.	
Compensation: By the project, on retainer.	

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Continued on next page

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Contact: Richard M. Duvall, 615-783-2505 or Charles W. Kahsen, 415-983-4645.

Self-Insurance Resource Inc.

12770 Coit Road, Suite 1215, Dallas, Texas 75251; 972-991-8077; fax: 972-991-8498

1996 revenues

Total gross revenues	\$806,911
Risk management consulting revenues	\$571,914
Continuous consulting	80%
Risk management audits	10%
Special projects	10%

Staff

Total	9
Risk management professionals	7
Includes: 3 principal consultants, 3 consultants, 1 analyst, 1 CPCU, 2 ARMs	

Clients

Total	55
Associations	2
Minimum size	\$250,000

Consulting since: 1983.
Services: Most risk management services.
Compensation: By the project, on retainer, by the hour; principal consultant, \$175; consultant, \$100; analyst, \$50; clerical, \$30.
Officers: Keith C. Kakacek, president; John Catanzano, vp; Kim Rhone, associate.
Contact: Keith Kakacek.

Self-Insurance Specialists Inc.

6909 S. Holly Circle, Suite 204, Englewood, Colo. 80112; 303-741-5683; fax: 303-741-5639

1996 revenues

Continuous consulting	65%
Risk management audits	5%
Special projects	5%
Actuarial/accounting services	25%

Staff

Total	2
Risk management professionals	1
Includes: 1 principal consultant, 1 CPCU, 1 ARM	

Clients

Total	6
Associations	3
Minimum size	None

Consulting since: 1991.
Services: Most risk management services.
Specialties: Public sector, associations, education (universities and school districts).
Locations: Denver.
Compensation: By the project, on retainer, by the hour.
Contact: Sally A. Arnold, president.

Shelter Island Risk Services

P.O. Box 568, 14 Tarkettle Road, Shelter Island, N.Y., 11964; 516-749-1535; fax: 516-749-2315

1996 revenues

Total gross revenues	\$215,000
Risk management consulting revenues	\$200,000
Continuous consulting	60%
Special projects	30%
Actuarial/accounting services	10%

Staff

Total	1
Risk management professionals	1
Includes: 1 principal consultant, 1 CPCU	

Clients

Total	40
Minimum size	None

Consulting since: 1994.
Services: Alternative risk financing consulting, consulting on design of risk management information systems, education on effective use of risk management information system software.
Specialties: Transportation, retail, global companies.
Locations: Atlanta; Chicago; New York.
Compensation: By the project, by the hour; principal consultant, \$150 to \$175; consultant, \$120 to \$150; analyst, \$75 to \$120; clerical, \$20 to \$25.
Officers: Richard F. Denning, president.

Richard E. Sherman & Associates Inc.

415 Williamson Way, Suite 5, Ashland, Ore. 97520; 541-488-0331; fax: 541-488-7759

1996 revenues

Total gross revenues	\$430,000
Risk management consulting revenues	\$200,000
Actuarial/accounting services	100%

Staff

Total	5
Risk management professionals	3

Includes: 1 principal consultant, 2 actuaries; 1 FCAS

Clients

Total	32
Associations	7
Minimum size	None

Consulting since: 1991.
Services: Alternative risk financing consulting, expert witness services, actuarial consulting.
Compensation: By the project, by the hour; principal consultant, \$175 to \$350; analyst, \$40 to \$55; clerical, \$30 to \$45.
Officers: Richard E. Sherman, president.

Peter Shuley & Associates Inc.

P.O. Box 5254, Vancouver, Canada V6B 4B5; 604-684-4700; fax: 604-684-4700

1996 revenues

Continuous consulting	50%
Risk management audits	25%
Special projects	25%

Staff

Total	2
Includes: 1 principal consultant, 1 consultant	

Clients

Total	8
Associations	2
Minimum size	None

Consulting since: 1982.
Services: Most risk management services.
Compensation: By the hour; principal consultant, \$150; consultant, \$150.
Officers: Peter Shuley, president.

Sigma Risk Management Inc.

400 Third Ave. S.W., Suite 1400, Calgary, Alberta, Canada T2P 4H2; 403-264-8244; fax: 403-264-8248

1996 revenues

Continuous consulting	20%
Risk management audits	20%
Special projects	40%
Actuarial/accounting services	20%

Staff

Total	4
Risk management professionals	3
Includes: 1 principal consultant, 2 consultants; 3 ARMs, 1 CSP, 3 PEs, 1 CMC	

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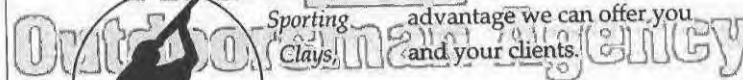
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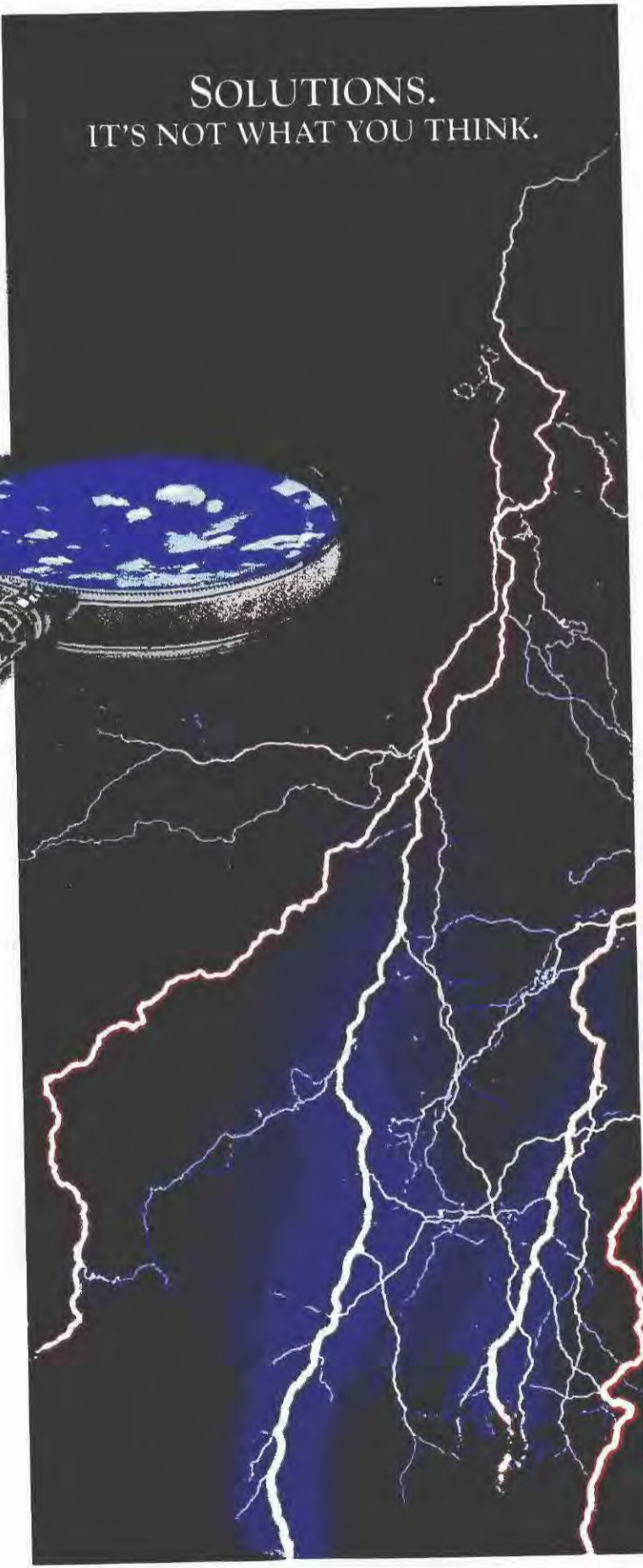
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Staff
Total.....4
Risk management professionals.....3
Includes: 1 principal consultant, 2 consultants
Clients
Total.....14
Minimum size.....None

Consulting since: 1990.
Services: Insurance coverage and limits analysis, claims consulting, installation of risk management information systems.
Specialties: Maritime industries, law firms.
Compensation: By the project, by the hour: principal consultant, \$125 to \$175; consultant, \$75 to \$100.
Officers: Roger Phillips, president; Elizabeth Seymour, manager.
Contact: Elizabeth Seymour.

Risk Resources/Corporate Policyholders Counsel

2 Westbrook Corporate Center, Suite 640, Westchester, Ill. 60154; 708-449-0165; fax: 708-449-0235

1996 revenues
Total gross revenues.....\$1,000,000
Risk management consulting revenues.....\$1,000,000
Continuous consulting.....70%
Risk management audits.....15%
Special projects.....15%

Staff
Total.....6
Risk management professionals.....4
Includes: 2 CPCUs, 2 ARMs

Clients
Total.....100
Associations.....10
Minimum size.....None

Consulting since: 1992.
Services: Most risk management services.
Compensation: By the project, on retainer, by the hour: principal consultant, \$165 to \$205; clerical, \$40.
SRMC member.
Officers: Steven A. Coombs, president; Robert J. Trompeter, executive vp; William Leinheiser, senior vp.
Contact: William Leinheiser.

RiskCap

1571 Race St., Denver, Colo. 80206; 303-388-5688; fax: 303-388-5585

1996 revenues
Total gross revenues.....\$1,510,000
Risk management consulting revenues.....\$884,950
Continuous consulting.....78%
Risk management audits.....7%
Special projects.....15%

Staff
Total.....18
Risk management professionals.....12
Includes: 1 principal consultant, 6 consultants, 5 analysts; 4 CPCUs, 2 ARMs

Clients
Total.....43
Associations.....8

Consulting since: 1976.
Services: Most risk management services.
Locations: Detroit, Cayman Islands.
Compensation: By the hour: principal consultant, \$150 to \$175; consultant, \$125 to \$150; analyst, \$125; clerical, \$35.
SRMC member.
Officers: Michael Murphy, principal consul-

tant; Sheryn Farrell, Larry Lawson, senior consultants; Richard Poling, Donna Holstlaw, consultants.

Contact: Michael Murphy, president.

RiskSolutions

716 Laurel St., Suite 8, San Carlos, Calif. 94070-3114; 415-592-8000; fax: 415-592-4366

1996 revenues
Total gross revenues.....\$200,000
Risk management consulting revenues.....\$200,000
Continuous consulting.....10%
Risk management audits.....40%
Special projects.....50%

Staff
Total.....2
Risk management professionals.....2
Includes: 2 principal consultants; 1 CPCU, 1 ARM

Clients
Total.....30
Minimum size.....None

Consulting since: 1995.
Services: Insurance coverage and limits analysis, expert witness services, competitive insurance bidding.

Specialties: Health care providers, public sector, food processing.

Compensation: By the project.

Officers: Bruce Coddling, president; Brian Gagan, executive vp.

Contact: Bruce Coddling.



SRG Strategy & Risk Group

P.O. Box 1778, Sun City, Ariz. 85372-1778; 602-583-4107; fax: 602-583-4108

1996 revenues
Continuous consulting.....50%
Risk management audits.....25%
Special projects.....25%

Staff
Total.....2
Risk management professionals.....2
Includes: 2 principal consultants; 1 CPCU, 1 CIC

Clients
Total.....60
Associations.....5
Minimum size.....None

Consulting since: 1987.
Parent: Ralph Korn & Associates Inc.
Services: Most risk management services.
Locations: Danville, Calif.
Compensation: By the project, on retainer, by the hour: principal consultant, \$150.
SRMC member.
Officers: Ralph Korn, president; Thomas J. O'Malley, executive vp.

Seaver, Rudolph & Associates Inc.

1460 Renaissance Drive, Suite 305, Park Ridge, Ill. 60068; 847-298-1790; fax: 847-298-1805

1996 revenues
Continuous consulting.....60%
Risk management audits.....10%
Special projects.....30%

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

Clients
Total.....75
Minimum size.....None

Consulting since: 1898.
Services: Alternative risk financing consulting, insurance coverage and limits analysis, expert witness services.
Locations: Neshkoro, Wis.
Compensation: By the project, on retainer, by the hour: principal consultant, \$200 to \$220; analyst, \$60 to \$100; clerical, \$35.
Officers: Ronald E. Seaver, president; Richard G. Rudolph, senior vp.
Contact: Richard G. Rudolph.

Sedgwick Risk Services

3401 West End Ave., Suite 180, Nashville, Tenn. 37203; 615-783-2500; fax: 615-298-1120

1996 revenues
Risk management consulting revenues.....\$13,800,000
Continuous consulting.....5%
Risk management audits.....40%
Special projects.....15%
Actuarial/accounting services.....40%

Staff
Total.....69
Risk management professionals.....60
Includes: 20 principal consultants, 25 consultants, 5 actuaries, 10 analysts; 3 CPCUs, 3 ARMs, 2 CSPs, 2 PEs

Clients
Total.....700
Associations.....6
Minimum size.....None

Consulting since: 1976.
Parent: Sedgwick Group P.L.C.
Services: Most risk management services.
Locations: Los Angeles; San Francisco; Atlanta; Boston; Detroit; New York; Portland; Philadelphia; Memphis and Nashville, Tenn.; Dallas.
Compensation: By the project, on retainer, by the hour: principal consultant, \$175 to \$286; consultant, \$135 to \$190; analyst, \$110 to \$145; clerical, \$50 to \$100.
Certified under ISO 9000.
Officers: Jane Hill Fleming, senior vp-risk services-Sedgwick Inc.; Richard M. Duvall, president-financial & actuarial consulting; Charles W. Kahsen, director-claims consulting services.

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Compensation: On retainer, by the hour: principal consultant, \$150; consultant, \$125; clerical, \$40.

Officers: Reynold M. Corn, president.
Contact: Reynold M. Corn.

The Risk Management Center Inc.

4075 Old River Trail, Powhatan, Va. 23139-4112; 804-598-7954; fax: 804-598-7905

1996 revenues	
Continuous consulting.....	50%
Risk management audits.....	25%
Special projects.....	25%

Staff	
Total.....	2
Risk management professionals.....	1
Includes: 1 principal consultant, 1 CPCU, 1 ARM, 1 CSP	

Clients	
Total.....	20
Associations.....	3

Consulting since: 1993.

Services: Most risk management services.
Compensation: By the project, on retainer, by the hour: principal consultant, \$85; clerical, \$35.

SRMC member.

Contact: Richard F. O'Hare, president.

Risk Management Consulting Associates

400 W. Main St., P.O. Box 39, Wyckoff, N.J. 07481; 201-847-0200; fax: 201-847-9244

1996 revenues	
Total gross revenues.....	\$675,000
Risk management consulting revenues.....	\$675,000
Continuous consulting.....	97%
Risk management audits.....	2%
Special projects.....	1%

Staff	
Total.....	5
Risk management professionals.....	3

Includes: 3 principal consultants; 3 ARMs

Clients	
Associations.....	2
Minimum size.....	\$100,000

Consulting since: 1990.

Services: Most risk management services.
Compensation: By the project, on retainer.
Officers: Gary D. Salt, president.

Risk Management Dynamics Inc.

P.O. Box 383, Southampton, Pa. 18966; 215-364-4404; fax: 215-364-2890

1996 revenues	
Continuous consulting.....	90%
Risk management audits.....	5%
Special projects.....	5%

Staff	
Total.....	6
Includes: 2 principal consultants; 2 CPCUs, 2 ARMs	

Clients	
Total.....	40
Associations.....	1
Minimum size.....	None

Consulting since: 1987.

Services: Most risk management services.
Compensation: On retainer, by the hour: principal consultant, \$200; clerical, \$30.

SRMC member.

Officers: Alvin E. Mangold, president/treasurer; Bernice L. Mangold, secretary; David J. Mangold, vp.

Risk Management Services Inc.

1319 Dexter Ave. N., Suite 300, Seattle, Wash. 98109-3541; 206-282-6077; fax: 206-282-5939

1996 revenues	
Continuous consulting.....	60%
Risk management audits.....	20%
Special projects.....	20%

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Thomas C. Radziewicz Risk Management Consulting

300 W. Main St., Northborough, Mass. 01532; 508-393-6699; fax: 508-393-6709

1996 revenues	
Continuous consulting.....	80%
Risk management audits.....	10%
Special projects.....	10%

Staff

Total.....	1
Risk management professionals.....	1
Includes: 1 principal consultant; 1 CPCU	

Clients

Total.....	30
Minimum size.....	None

Consulting since: 1994.
Services: Most risk management services.
Compensation: By the hour: principal consultant, \$170.
SRMC member.
Officers: Thomas C. Radziewicz, principal.

Regent Consultants Corp.

544 Broadway, Suite 200, Massapequa, N.Y. 11758; 516-541-0021; fax: 516-541-1964

1996 revenues	
Continuous consulting.....	95%
Special projects.....	5%
Staff	
Total.....	3
Includes: 1 principal consultant; 1 CPCU, 1 ARM	
Consulting since: 1968. Services: Most risk management services. Compensation: On retainer. SRMC member. Officers: Philip Platzer, president.	
Risk Consultants Inc.	
7506 E. Independence Blvd., Suite 100, Charlotte, N.C. 28227; 704-537-3400; fax: 704-532-2359	
1996 revenues	
Total gross revenues.....	\$585,500
Risk management consulting revenues.....	\$380,500
Continuous consulting.....	65%
Risk management audits.....	25%
Special projects.....	10%
Staff	
Total.....	11
Risk management professionals.....	7
Includes: 3 principal consultants, 2 consultants, 2 analysts; 1 CPCU, 2 ARMs	
Clients	
Total.....	150

Associations.....	2
Minimum size.....	None
Consulting since: 1969. Services: Most risk management services. Compensation: By the project, on retainer, by the hour: principal consultant, \$100; consultant, \$100; analyst, \$50; clerical, \$20. Officers: Merle D. Fandle, chairman; Richard C. Canovai, president; J. Lanny Goode, vp-sales; David R. Lively, Theresa P. Deaton, vps.	

Risk Control Inc.

216 Water St., Excelsior, Minn. 55331; 612-474-5204; fax: 612-474-3144

1996 revenues	
Continuous consulting.....	85%
Risk management audits.....	8%
Special projects.....	7%

Staff

Total.....	4
Risk management professionals.....	2
Includes: 2 principal consultants	

Clients

Associations.....	1
-------------------	---

Services: Most risk management services.
Compensation: By the project, on retainer, by the hour: principal consultant, \$100 to \$150; clerical, \$22.
SRMC member.
Contact: Jerry L. Brecke, president.

Risk Control Strategies

170 Great Neck Road, Great Neck, N.Y. 11021; 516-466-0750; fax: 516-466-0997

1996 revenues	
Total gross revenues.....	\$300,000
Risk management consulting revenues.....	\$300,000
Continuous consulting.....	50%
Special projects.....	50%

Staff

Total.....	8
Risk management professionals.....	6
Includes: 2 principal consultants, 2 consultants,	

2 analysts; 1 CPCU, 4 ARMs	
Clients	
Total.....	15

Consulting since: 1980.
Parent: LRF/RM.
Services: Claims consulting, loss prevention consulting.
Compensation: By the project, on retainer, by the hour: principal consultant, \$185; consultant, \$150; analyst, \$95; clerical, \$45.
SRMC member.
Officers: Susan G. Kaufman, president; Alice B. Weiss, vp.
Contact: Susan G. Kaufman.

Risk International Services Inc.

320 Springdale Drive, Suite 250, Akron, Ohio 44333; 330-666-2556; fax: 330-666-0842

1996 revenues	
Continuous consulting.....	95%
Risk management audits.....	4%
Special projects.....	1%

Staff

Total.....	51
Risk management professionals.....	40
Includes: 8 principal consultants, 9 consultants, 1 actuary, 22 analysts; 1 CPCU, 1 ARM, 1 FCAS	

Clients

Total.....	40
Minimum size.....	None

Consulting since: 1986.
Parent: Millennial Assurance Services.
Services: Most risk management services.
Locations: Baltimore; Houston; Salt Lake City.
Compensation: By the project, on retainer, by the hour: principal consultant, \$125 to \$185; consultant, \$85 to \$125; analyst, \$60 to \$85; clerical, \$45.
Officers: Del R. Jones, chairman; David C. Hatch, president; Terrell E. Hunt, executive vp/general counsel; Douglas L. Talley, vp/counsel.
Contact: Douglas L. Talley.

Risk Management Inc.

6969 Carey Lane, Maple Grove, Minn. 55369; 612-425-4040; fax: 612-425-4038

1996 revenues	
Special projects.....	100%

Staff

Risk management professionals.....	3
Includes: 1 principal consultant, 2 consultants; 1 CPCU	

Clients

Total.....	15
------------	----

Consulting since: 1978.
Services: Insurance coverage and limits analysis, broker and vendor services analysis, expert witness services.
Compensation: By the hour: principal consultant, \$200; consultant, \$150; analyst, \$100; clerical, \$30.
Officers: Andrew F. Whitman, president; Susan J. Whitman, secretary/treasurer.

Risk Management Affiliates Ltd.

515 Rockaway Ave., Suite 4LL, Valley Stream, New York, N.Y. 11581; 516-561-7177; fax: 516-825-2384

1996 revenues	
Continuous consulting.....	80%
Risk management audits.....	10%
Special projects.....	10%

Staff

Total.....	5
Includes: 2 principal consultants, 2 consultants, 1 analyst	

Clients

Total.....	25
Associations.....	3
Minimum size.....	\$100,000

Consulting since: 1991.
Services: Most risk management services.
Specialties: Health care providers.

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Locations: Newark, N.J.; New York; Cincinnati; Barre, Burlington, and Rutland, Vt.
Compensation: By the project, on retainer.
Officers: John Spratt, CEO; Michael Fortunato, CFO.
Contact: Jack Spratt.



Paragon Reinsurance Risk Management Services Inc.

3500 W. 80th St., Minneapolis, Minn. 55431; 612-844-9752; fax: 612-896-4646

1996 revenues	
Continuous consulting.....	51%
Special projects.....	29%
Actuarial/accounting services.....	20%
Staff	
Total.....	125
Includes: 42 CPCUs	

Consulting since: 1994.
Parent: E.W. Blanch Holdings Inc.
Services: Alternative risk financing consulting (reinsurance/insurance); consulting on design of risk management information systems (reinsurance); reinsurance risk management, administration and analytical services.
Locations: Atlanta; Boston; New York.
Compensation: By the project, by the hour.
Officers: William P. Windhorst, president-Paragon; William J. Ashley, president-Blanch Catastrophe Services; Martin Brody, president-UniSURE; Lewis H. Paul, David D. Grady, senior vps-Paragon.
Contact: William P. Windhorst.

Professional Liability Risk Management Ltd.

214 Bronson Road, Suite 200, Syracuse, N.Y. 13219-1408; 800-323-7475; fax: 315-488-3963

1996 revenues	
Total gross revenues.....	\$272,170
Risk management consulting revenues.....	\$272,170
Continuous consulting.....	53%
Risk management audits.....	13%
Special projects.....	43%
Staff	
Total.....	6
Risk management professionals.....	2
Includes: 1 principal consultant, 1 consultant	

Clients
 Total.....25
 Associations.....20
 Minimum size.....\$100,000
Consulting since: 1983.
Services: Most risk management services.
Compensation: By the project, on retainer, by the hour: principal consultant, \$200; consultant, \$100; clerical, \$25.
Contact: Eli Marposon III, president.

Professional Risk Management Inc.

9979 Valley View Road, Suite 255, Eden Prairie, Minn. 55344-3596; 612-829-8922; fax: 612-829-8924

1996 revenues	
Continuous consulting.....	87%
Risk management audits.....	3%
Special projects.....	7%
Staff	
Total.....	1
Risk management professionals.....	1
Includes: 1 principal consultant, 1 CPCU, 1 ARM, 1 CIC	

Clients
 Total.....23
 Minimum size.....None
Consulting since: 1988.
Services: Most risk management services.
Compensation: By the project, by the hour: principal consultant, \$110 to \$165.
SRMC member.
Officers: Carl F. Lidstrom, president.

Professional Risk Management Consultants

393 Vanadium Road, Pittsburgh, Pa. 15243; 412-429-3301; fax: 412-429-3310

1996 revenues	
Continuous consulting.....	15%
Risk management audits.....	43%
Special projects.....	45%
Staff	
Total.....	5

Risk management professionals.....	4
Includes: 3 principal consultants, 1 consultant; 4 CPCUs, 3 ARMs	
Clients	
Total.....	210

Consulting since: 1983.
Parent: Halliwell & Associates Inc.
Services: Most risk management services.
Specialties: Financial services, health care providers, public sector.
Compensation: By the project, on retainer, by the hour: principal consultant, \$160; consultant, \$125.
Officers: Paul D. Halliwell, president-Halliwell Consulting Group; Thomas S. Baily, president-Professional Risk Management Consultants.
Contact: Thomas S. Baily.



RCS Services Inc.

15810 Park Ten Place, Suite 295, Houston, Texas 77084; 281-647-9022; fax: 281-647-0722

1996 revenues	
Risk management consulting revenues.....	\$1,035,500
Special projects.....	100%
Staff	
Total.....	18
Includes: 3 ARMs, 1 CSP	

Clients
 Total.....450
Consulting since: 1990.
Services: Claims consulting, loss prevention consulting.
Specialties: Health care providers, temporary help/employee leasing services, auto dealers.
Compensation: By the project.
Officers: James E. Parker Jr., president/CEO; Patricia A. McCall, senior vp.

RMI Consulting Inc.

16 S. Maryland Ave., Port Washington, N.Y. 11050; 516-767-7373; fax: 516-767-7486

1996 revenues	
Total gross revenues.....	\$2,000,000
Risk management consulting revenues.....	\$300,000

Continuous consulting.....	90%
Risk management audits.....	5%
Special projects.....	5%
Staff	
Total.....	14
Risk management professionals.....	12
Includes: 2 principal consultants, 8 consultants; 1 CPCU, 2 ARMs	

Clients
 Total.....200
 Associations.....4
Consulting since: 1982.
Services: Most risk management services.
Locations: Yorktown Heights, N.Y.
Compensation: By the project, on retainer, by the hour: principal consultant, \$200 to \$250; consultant, \$100 to \$150.
SRMC member.
Officers: MaryAnn Sackman, president; James W. Barber, senior consultant; Scott Salat, Janet Uhl, Gabriela Milleew, consultants.

RWL & Associates dba RWL Group

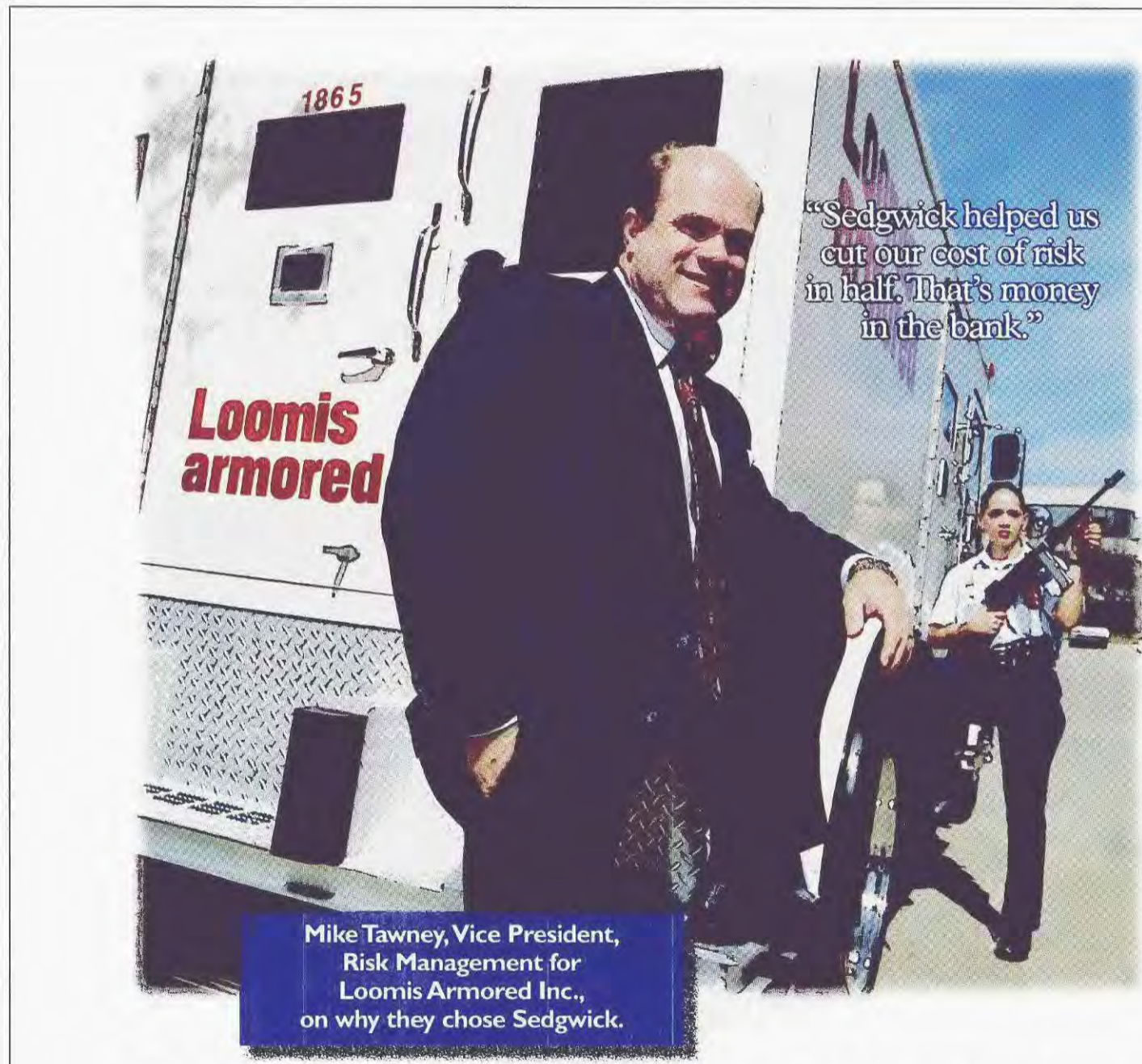
1631 Dorchester, Suite 102, Plano, Texas 75075-6312; 972-985-3187; fax: 972-596-3041

1996 revenues	
Continuous consulting.....	40%
Risk management audits.....	30%
Special projects.....	30%
Staff	
Total.....	4
Risk management professionals.....	2
Includes: 2 principal consultants	

Clients
 Total.....310
 Associations.....5
 Minimum size.....None
Consulting since: 1981.
Services: Most risk management services.
Compensation: By the project, on retainer, by the hour: principal consultant, \$195.
SRMC member.
Officers: Robert W. Lazarus, president; Roberta A. Lazarus, corporate secretary.

Continued on next page

The directory begins on page 18; terms are explained on page 19.



"We think of Loomis as more than an armored car company. We're really in the risk management business, because every day we provide secure care, custody and transportation for other people's cash and valuables. But five years ago Loomis' own cost of risk had gotten so high that profits had disappeared.

"New management hired me to find solutions, and we turned to Sedgwick as a key partner in reaching that goal. Sedgwick answered the challenge, and we implemented creative new programs for loss control, risk financing, claims management and risk administration. In just over four years, we have cut our cost of risk by 53 per cent. And Sedgwick's quality systems mean they are good on details. That's the kind of reliability that I have come to depend on from Sedgwick.

"Today we keep \$10,000,000 more in the bank annually than we did before. It's a key part of the Loomis profitability strategy. I guess you could say Sedgwick helped Loomis save a truckload."

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Sedgwick

Sound Advice About Risk

Insurance Broking Risk Services Employee Benefits

http://www.sedgwickna.com

Continued from previous page

Officers: William L. Granahan, senior consultant; Allan Kaufman, Joel S. Chansky, consulting actuaries.
Contact: William L. Granahan.

Minet Risk Services

1114 Ave. of the Americas,
 New York, N.Y. 10036;
 212-782-6000; fax: 212-782-6090

1996 revenues	
Continuous consulting.....	50%
Risk management audits.....	5%
Special projects.....	30%
Actuarial/accounting services.....	15%
Staff	
Total.....	60
Includes: 4 principal consultants, 15 consultants, 3 actuaries, 2 analysts; 3 CPCUs, 4 ARMs, 1 ACAS	
Clients	
Total.....	125
Associations.....	25
Minimum size.....	None
Consulting since: 1929.	
Parent: Minet Group.	

Services: Most risk management services.
Specialties: Financial services, technology, professional services.
Locations: Palo Alto, Calif.; New York; Sydney, Australia; London.
Compensation: By the project, on retainer, by the hour: principal consultant, \$200 to \$350; consultant, \$150 to \$175.
Officers: J. Bernard Friemann, CEO; Michael D. Dangelo, executive vp; L. Ware Preston, James M. Gevlin, Nancy E. Settergren, senior vps.
Contact: Michael D. Dangelo, 212-782-6111.

Muetterties, Bennett & Associates Inc. (MBA Inc.)

36 Midvale Road, Mountain Lakes,
 N.J. 07046-1330; 201-335-6448;
 fax: 201-335-9665

1996 revenues	
Total gross revenues.....	\$800,000
Risk management consulting revenues.....	\$800,000
Special projects.....	25%
Actuarial/accounting services.....	75%

Staff	
Total.....	5
Risk management professionals.....	5
Includes: 1 CPCU, 4 FCASs	
Clients	
Total.....	15
Minimum size.....	None
Consulting since: 1978.	
Services: Consulting on design of risk management information systems, expert witness services, actuarial consulting.	
Specialties: Financial services, utilities, professional services.	
Compensation: By the hour: principal consultant, \$200 to \$300; consultant, \$175 to \$250; analyst, \$75 to \$125.	
Officers: Charles F. Cook, president; John H. Muetterties, executive vp; Regina M. Berens, Peter A. Bennett, Mark J. Mahon, vps.	
Contact: Mark J. Mahon.	

The directory lists companies that generate at least \$100,000 of their gross revenue from risk management consulting.



National Risk Services Inc.

1 Executive Drive, Suite
 215, Fort Lee, N.J. 07024;
 800-285-1948; fax: 800-650-7898

1996 revenues	
Continuous consulting.....	5%
Risk management audits.....	44%
Special projects.....	47%
Actuarial/accounting services.....	4%
Staff	
Total.....	5
Risk management professionals.....	1
Includes: 1 principal consultant, 2 consultants; 1 CPCU	
Clients	
Total.....	248
Associations.....	1
Consulting since: 1987.	
Services: Alternative risk financing consulting, claims consulting, expert witness services.	

Compensation: By the project.
Officers: Montgomery J. Gale, president.
Contact: Jim Clark, vp-sales/marketing.

The Nemirow Group

3662 Katella Ave., Suite 211,
 Los Alamitos, Calif. 90720;
 562-430-8231; fax: 562-430-7977

1996 revenues	
Continuous consulting.....	90%
Risk management audits.....	8%
Special projects.....	2%
Staff	
Total.....	1
Risk management professionals.....	1
Includes: 1 principal consultant	
Clients	
Total.....	10
Consulting since: 1989.	
Services: Most risk management services.	
Compensation: By the project, on retainer, by the hour: principal consultant, \$190.	
SRMC member.	
Officers: Lawrence H. Nemirow, president.	



Erin Oberly

643 Bay St., San Francisco,
 Calif. 94133; 415-885-5727;
 fax: 415-885-5519

1996 revenues	
Risk management audits.....	40%
Special projects.....	60%
Staff	
Total.....	1
Risk management professionals.....	1
Includes: 1 principal consultant; 1 CPCU, 1 ARM	
Clients	
Total.....	28
Associations.....	3
Consulting since: 1992.	
Services: Insurance coverage and limits analysis, risk management organization studies, risk analysis/risk management program design.	
Compensation: By the hour: principal consultant, \$175.	
Officers: Erin Oberly, risk management consultant.	

Richard Oliver International

1590 N. Arlington Heights Road,
 Arlington Heights, Ill. 60004;
 847-577-2400; fax: 846-577-7443

1996 revenues	
Continuous consulting.....	85%
Special projects.....	15%
Staff	
Total.....	36
Risk management professionals.....	23
Includes: 14 principal consultants, 5 consultants, 4 analysts; 2 CPCUs, 6 ARMs, 1 CSP, 1 PE	
Clients	
Total.....	116
Consulting since: 1972.	
Services: Most risk management services.	
Specialties: Manufacturing, global companies.	
Locations: Adelaide, Brisbane, Hobart, Melbourne, Perth and Sydney, Australia; Woking, England; Hong Kong; Auckland and Wellington, New Zealand; Singapore.	
Compensation: By the project, on retainer, by the hour: principal consultant, \$95 to \$150; consultant, \$75 to \$110; analyst, \$65.	
Officers: Robert J. Reilly, president; Charles J. Valerio, Kathy Brody, senior vps; Norm A. Alesi, vp-risk consulting group.	
Contact: Charles J. Valerio.	

Orthopaedic Health Services Inc.

P.O. Box 437, 60 Lyme St.,
 Old Lyme, Conn. 06371;
 860-434-9398; fax: 860-434-0739

1996 revenues	
Special projects.....	100%
Staff	
Total.....	20
Risk management professionals.....	6
Includes: 1 principal consultant, 5 consultants	
Clients	
Total.....	20
Consulting since: 1977.	
Services: Loss prevention consulting.	
Specialties: Manufacturing, health care providers, transportation.	

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Lambton-Thomson Associates Inc.

148 York St., London, Ontario, Canada N6A 1A9; 519-642-3079; fax: 519-642-3029

1996 revenues	
Continuous consulting.....	75%
Risk management audits.....	15%
Special projects.....	10%
Staff	
Total.....	2
Risk management professionals.....	1
Includes: 1 principal consultant	

Clients	
Total.....	14
Minimum size.....	\$100,000

Consulting since: 1989.
Services: Insurance coverage and limits analysis, broker and vendor services analysis,

public-private partnership infrastructure projects.

Specialties: Manufacturing, public sector, real estate and project management companies.

Compensation: By the project, by the hour; principal consultant, \$150 to \$175.

Officers: A. John Thomson, president; Judy Lambton, vp.



MMI Risk Management Resources Inc.

540 Lake Cook Road, Deerfield, Ill. 60015; 847-374-2400; fax: 847-374-1030

1996 revenues	
Total gross revenues*	\$22,000,000
Risk management consulting revenues*	\$16,000,000

Staff	
Total.....	119

Consulting since: 1985.

Parent: MMi Cos Inc.

Services: Most risk management services. **Specialties:** Health care providers.

Locations: Irvine and San Francisco, Calif.; Wallingford, Conn.; Orlando, Fla.; Atlanta; Detroit; Albuquerque, N.M.; Raleigh, N.C.; Eugene, Ore.; Dallas.

Compensation: By the project, on retainer, by the hour.

Officers: Anna Marie Hajek, president; Robert Harris, Pam Lockowitz, senior vps; Michelle Cooney, vp.

* Estimate.

Matrix Risk Consultants Inc.

3491 Newmark Drive, Miamisburg, Ohio 45342; 937-438-7200; fax: 937-438-7220

1996 revenues	
Risk management consulting revenues.....	\$1,600,000
Continuous consulting.....	100%

Staff	
Total.....	14
Risk management professionals.....	10
Includes: 10 principal consultants; 1 ARM, 1 PE	

Clients	
Total.....	15

Consulting since: 1975.
Services: Loss prevention consulting.
Compensation: By the project.
Officers: Walter P. Luker, president; Larry D. Jones, vp-engineering; Alan Rodeck, vp-marketing; Keith A. Willoughby, assistant vp-engineering; Sheryl K. Hickman, secretary/treasurer.

McCoy Consulting

8 Piedmont Center, Suite 420, Atlanta, Ga. 30305; 404-841-3407; fax: 404-841-3404

1996 revenues	
Total gross revenues.....	\$175,000
Risk management consulting revenues.....	\$150,000
Risk management audits.....	80%
Special projects.....	20%

Staff	
Total.....	2
Risk management professionals.....	2
Includes: 1 principal consultant, 1 consultant	

Clients	
Total.....	10

Consulting since: 1996.
Services: Risk management organization studies, claims consulting, analysis and implementation of workers compensation managed care programs.

Compensation: By the project, on retainer, by the hour; principal consultant, \$175 to \$200; consultant, \$125 to \$150; clerical, \$25.
Officers: Doug McCoy, CEO.

McNeary Insurance Consulting Inc.-Risk Management Division

6525 Morrison Blvd., Suite 200, Charlotte, N.C. 28211; 704-365-4150; fax: 704-365-4155

1996 revenues	
Total gross revenues.....	2,901,576
Risk management consulting revenues.....	\$2,901,576
Continuous consulting.....	87%
Risk management audits.....	5%
Special projects.....	5%
Actuarial/accounting services.....	3%

Staff	
Total.....	29
Risk management professionals.....	22
Includes: 4 principal consultants, 9 consultants, 9 analysts; 10 CPCUs, 11 ARMs, 1 CSP, 5 CICs	

Clients	
Total.....	281
Associations.....	3
Minimum size.....	None

Consulting since: 1956.
Services: Most risk management services.
Locations: Marietta, Ga.; Richmond, Va.
Compensation: By the project, on retainer, by the hour; principal consultant, \$170 to \$200; consultant, \$120 to \$157; analyst, \$75 to \$95; clerical, \$45 to \$50.
Officers: Glen E. Pehl, chairman; William D. Yeager, president; Norman Crews, executive vp; Mark Francis, Al Fuller, senior vps.

Melanber Inc.

Box 1C1, Rural Route #1, Boutilliers Point, Nova Scotia, Canada B0J 1G0; 902-826-7579; fax: 902-826-7996

1996 revenues	
Risk management consulting revenues.....	\$178,000
Continuous consulting.....	70%
Risk management audits.....	20%
Special projects.....	10%

Staff	
Total.....	4
Includes: 2 principal consultants, 2 consultants	

Clients	
Total.....	10
Associations.....	2

Consulting since: 1976.
Services: Most risk management services.
Compensation: By the project, on retainer, by the hour; principal consultant, \$170; consultant, \$120.
SRMC member.
Officers: Mel Parsons, president.

Milliman & Robertson Inc.

289 Edgewater Drive, Wakefield, Mass. 01880; 617-245-4847; fax: 617-246-0508

1996 revenues	
Total gross revenues.....	\$32,000,000
Risk management consulting revenues.....	\$8,000,000
Continuous consulting.....	50%
Risk management audits.....	25%
Special projects.....	25%

Staff	
Total.....	182
Risk management professionals.....	33
Includes: 5 principal consultants, 8 consultants, 16 actuaries, 4 analysts; 1 CPCU, 2 ARMs, 16 FCASs, 4 ACASs, 1 CIC	

Clients	
Total.....	1,000
Minimum size.....	None

Consulting since: 1932.
Services: Claims consulting, expert witness services, managed care liability audits.
Locations: Irvine, Los Angeles and San Francisco, Calif.; Denver; Atlanta; Chicago; Boston; Minneapolis; New York; Philadelphia; Dallas; Seattle; Milwaukee; Hamilton, Bermuda.
Compensation: By the project, on retainer, by the hour; principal consultant, \$225 to \$425; consultant, \$125 to \$225; analyst, \$75 to \$125; clerical, \$60.

Ironically, some of the business practices that are designed to save you money can actually put your bottom line at risk. For example, outsourcing can lead you to use vendors that may not be integrated into your loss prevention program. Consolidation has eliminated redundancy, and for those utilizing Just In Time Production, there's no inventory if your manufacturing system shuts down. And where does that leave your product? Off the shelves.



IT LOOKS EVEN SCARIER ON A BALANCE SHEET.

The key to global risk management in this business environment, then, is a partner who offers expertise in helping customers manage risk. A partner such as Allendale Insurance. We can measure and quantify exposure in places you didn't even know you were vulnerable. And with offices and partners around the world, we can help advise you on local regulations and conditions. Equally important, we can do all of this cost effectively. Because as devastating as a catastrophic fire is in person, it can be just as devastating on paper.



Continued from previous page

Risk management audits.....	80%
Special projects.....	20%
Staff	
Total.....	5
Risk management professionals.....	4
Includes: 4 consultants; 2 CSPs	
Clients	
Total.....	300
Minimum size.....	None

Consulting since: 1988.
Services: Loss prevention consulting, occupational engineering, specialty training programs.
Specialties: Manufacturing.
Locations: Indianapolis, Muncie and Warsaw, Ind.; Defiance and Sylvania, Ohio
Compensation: By the hour: principal consultant, \$90; consultant, \$75; clerical, \$35.
Officers: Jim Van Dyck, Ron Harruff, Harold Everett, Dewey Tagtmeyer, account executives; James E. Krouse, director-risk control services.
Contact: James E. Krouse.

Interisk Ltd.
 1600 Dove St., Suite 310,
 Newport Beach, Calif. 92660;
 714-553-6630; fax: 714-553-6635

1996 revenues	
Total gross revenues.....	\$560,000
Risk management consulting revenues.....	\$550,000
Continuous consulting.....	7%
Risk management audits.....	1%
Special projects.....	92%

Staff	
Total.....	6
Risk management professionals.....	4
Includes: 1 principal consultant, 2 consultants, 1 analyst; 3 CPCUs, 3 ARMs, 1 CIC	

Clients	
Total.....	49
Minimum size.....	None

Consulting since: 1992.
Services: Expert witness services, insurance coverage and limits analysis, broker and vendor services analysis.
Compensation: By the project, on retainer, by the hour: principal consultant, \$175 to \$295; consultant, \$125 to \$195; analyst, \$75; clerical, \$35.
SRMC member.
Officers: James A. Robertson, president.
Contact: James A. Robertson or Linda K. Edgell.

Inwald Consulting Services
 2750 S. Woodward, Suite 300,
 Bloomfield Hills, Mich. 48304;
 810-332-2300; fax: 810-333-9710

1996 revenues	
Continuous consulting.....	30%
Risk management audits.....	5%
Special projects.....	65%

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

Clients	
Total.....	8

Consulting since: 1992.
Services: Insurance coverage and limits analysis, expert witness services, professional liability product design and policy drafting.
Specialties: Health care providers, professional services, professional liability insurers.
Compensation: By the project, on retainer, by the hour: principal consultant, \$150 to \$250.
Officers: Joseph M. Inwald, owner/principal.



JM Risk Management Co. of the Southwest Inc.
 305 FM 474, Boerne,
 Texas 78006-7809;
 210-537-4076; fax: 210-537-5023

1996 revenues	
Risk management consulting revenues.....	\$200,000
Continuous consulting.....	90%
Risk management audits.....	10%

Staff	
Total.....	2
Includes: 1 principal consultant	

Clients	
Total.....	43
Associations.....	43

Minimum size.....None
Consulting since: 1987.
Services: Most risk management services.
Specialties: Industrial gases, manufacturing.
Compensation: On retainer, by the hour: principal consultant, \$100 to \$125.
Officers: James L. Macdonald, president.



KPMG Peat Marwick L.L.P.— Risk Management & Actuarial Consulting
 345 Park Ave., New York,
 N.Y. 10154; 212-872-5872;
 fax: 212-872-6973

1996 revenues	
Risk management consulting revenues*.....	\$10,850,000
Risk management audits.....	10%
Special projects.....	50%
Actuarial/accounting services.....	40%

Staff	
Risk management professionals.....	65
Includes: 5 CPCUs, 1 ARM, 12 FCASS, 10 ACASS	
Clients	
Total.....	200

Consulting since: 1987.
Services: Most risk management services.
Locations: Los Angeles; Hartford, Conn.; Atlanta; Chicago; Dallas; Hamilton, Bermuda; Toronto; Cayman Islands.
Compensation: By the project.
Officers: Jeff Anderson, Aaron Halpert, Patricia Teufel, Mark Anderson, Larry Lott, partners.
Contact: Robert Klipera, 212-872-5872 or Roger Wade, 312-240-2299.
 *Estimate.

KRM Risk Management Services Inc.
 1851 E. First St., Suite 1040,
 Santa Ana, Calif. 92705;
 714-560-9200; fax: 714-480-1234

1996 revenues	
Continuous consulting.....	85%

Risk management audits.....	10%
Special projects.....	5%
Staff	
Total.....	11
Risk management professionals.....	5
Includes: 1 principal consultant, 4 consultants; 1 ARM, 2 CICs	

Clients
 Total.....35
 Associations.....10
Consulting since: 1993.
Services: Alternative risk financing consulting.
Locations: Atlanta; Nashville, Tenn.
Compensation: By the project.
Officers: William J. VanBeurden, chairman; Robert M. McIntosh, president.

Keenan & Associates
 2355 Crenshaw Blvd., Suite
 200, Torrance, Calif. 90501;
 310-212-3344; fax: 310-328-6793

1996 revenues	
Total gross revenues.....	\$42,900,000
Risk management consulting revenues.....	\$2,240,000
Continuous consulting.....	60%

Risk management audits.....	15%
Special projects.....	25%
Staff	
Total.....	430
Risk management professionals.....	16
Includes: 2 principal consultants, 14 consultants; 4 CPCUs, 8 ARMs, 2 CSPs	
Clients	
Total.....	115
Associations.....	54
Minimum size.....	None

Consulting since: 1978.
Services: Most risk management services.
Specialties: Health care providers, public sector, workers compensation insurers.
Locations: Campbell, Chico, Eureka, Fresno, Oakland, Riverside, Sacramento, San Diego, Santa Ana and Westlake Village, Calif.
Compensation: By the project, on retainer.
Officers: John R. Keenan, president/CEO; David J. De Wenter, executive vp/COO; Sean K. Smith, president-schools division; Richard B. Stewart, executive vp; Keith R. Pippard, CFO
Contact: David J. De Wenter.

Continued on next page



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INSPRO Risk Management Inc.

P.O. Box 515039, Dallas, Texas 75251; 972-235-3030; fax: 972-235-3556

1996 revenues	
Continuous consulting.....	50%
Risk management audits.....	20%
Special projects.....	30%

Staff	
Total.....	5
Risk management professionals.....	3
Includes: 2 principal consultants, 1 consultant, 1 CPCU, 2 ARMs	

Clients	
Total.....	25
Minimum size.....	\$100,000

Consulting since: 1991.
Services: Most risk management services.
Compensation: By the project, on retainer, by the hour: principal consultant, \$100 to \$150; consultant, \$60 to \$75; analyst, \$25 to \$35; clerical, \$25 to \$35.
Officers: Gerald P. Brunker, Paul J. McVeary, Al Angel, principals.
Contact: Gerald P. Brunker.

Insurance Audit & Inspection Co. Inc.

6314-G Rucker Road, Indianapolis, Ind. 46220-4892; 317-259-1013; fax: 317-465-1004

1996 revenues	
Continuous consulting.....	80%
Risk management audits.....	10%

Special projects		10%
Staff		
Total.....		12
Risk management professionals.....		9
Includes: 4 CPCUs, 3 ARMs, 1 CIC		

Clients	
Total.....	200
Minimum size.....	None

Consulting since: 1901.
Services: Most risk management services.
Locations: Columbus, Ohio.
Compensation: By the project, on retainer, by the hour.
SRMC member.
Officers: Mary C. Houtz, chairman; Daniel C. Free, president/general counsel; Mary E. Free, secretary/treasurer; Jack Harris, executive vp; Kenneth Bush, vp.
Contact: Daniel C. Free.

Insurance Buyers' Council and First Risk Management/IBC Inc.

9690 Deereco Road, Suite 650, Timonium, Md. 21093-6943; 410-561-9200; fax: 410-561-9351

1996 revenues	
Total gross revenues.....	\$2,214,709
Risk management consulting revenues.....	\$2,192,571
Continuous consulting.....	91%
Risk management audits.....	7%
Special projects.....	2%

Staff	
Total.....	17
Risk management professionals.....	12
Includes: 10 principal consultants, 1 consultant, 1 analyst; 7 CPCUs, 11 ARMs	

Clients	
Total.....	210
Associations.....	20
Minimum size.....	None

Consulting since: 1945.
Parent: Insurance Buyers' Council Inc.
Services: Most risk management services.
Locations: Philadelphia.
Compensation: By the hour: principal consultant, \$175 to \$320; consultant, \$100 to \$125; analyst, \$80 to \$90.
SRMC member.
Officers: Bernard J. McGovern, president/chairman; Adam P. Sielicki Jr., executive vp/treasurer; Fredric W. Schultz, vp/secretary; Thomas J. Krzys, vp.

Insurance Consulting Associates

1 International Blvd., Suite 605, Mahwah, N.J. 07495-0019; 201-512-9600; fax: 201-512-9635

1996 revenues	
Continuous consulting.....	85%
Risk management audits.....	7%
Special projects.....	8%

Staff	
Total.....	45
Risk management professionals.....	32
Includes: 12 principal consultants, 8 consultants, 12 analysts; 2 CPCUs, 8 ARMs, 3 CICs	

Clients	
Total.....	295
Associations.....	9
Minimum size.....	None

Consulting since: 1956.
Services: Most risk management services.
Specialties: Hotels and casinos, Florida condominium associations, correctional institutions.
Locations: Clark, Hasbrouck Heights and Wyckoff, N.J.
Compensation: By the project, on retainer, by the hour: principal consultant, \$250 to \$350; consultant, \$150 to \$200; analyst, \$100 to \$150; clerical, \$60.
SRMC member.
Contact: Barron S. Wall, managing associate.

Insurance Control Systems Inc.

1118 N. La Brea Ave., Inglewood, Calif. 90302; 213-678-7115; fax: 310-673-3350

Staff	
Total.....	6
Risk management professionals.....	1
Includes: 1 principal consultants; 1 ARM	

Clients	
Total.....	25
Minimum size.....	\$100,000

Consulting since: 1989.
Services: Most risk management services.
Compensation: By the project, on retainer.
Officers: A.D. Kirkpatrick, president; L. Patten, vp-operations; V. Paganelli, vp-administration; V. Heitkamp, controller; P. Traber, service director.
Contact: Laura Patten, 310-672-1334.

Insurance Review & Management

1820 Water Place, Suite 210, Atlanta, Ga. 30339; 770-955-4474; fax: 770-955-4358

1996 revenues	
Continuous consulting.....	75%
Risk management audits.....	20%
Special projects.....	5%

Staff	
Total.....	2
Risk management professionals.....	2
Includes: 1 principal consultant, 1 analyst; 1 CPCU	

Clients	
Total.....	75
Associations.....	2
Minimum size.....	None

Consulting since: 1985.
Services: Most risk management services.
Compensation: By the project, on retainer, by the hour: principal consultant, \$120; analyst, \$35; clerical, \$17.
Contact: T. Joe Byrd, owner.

Insurance & Risk Management

3811 Illinois Road, Fort Wayne, Ind. 46804; 219-436-1616; fax: 219-432-4083

1996 revenues	
Total gross revenues.....	\$250,000
Risk management consulting revenues.....	\$250,000

Continued on next page

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Continued from page 34

Staff	
Total	6
Includes: 1 principal consultant, 2 consultants	
Clients	
Total	35
Associations	8
Minimum size	\$75,000
Consulting since: 1982.	
Services: Most risk management services.	
Compensation: By the hour: principal consultant, \$160; consultant, \$120; clerical, \$35.	
Officers: Peter M. Hudson, president; Margaretta C. Glock, secretary/treasurer; Steven Howard, vp.	
Contact: Peter Hudson.	

Robert Hughes Associates Inc.

14180 Dallas Parkway, Suite 400, Dallas, Texas 75240; 972-980-0088; fax: 972-233-1548

1996 revenues	
Continuous consulting	30%
Risk management audits	30%
Special projects	10%
Actuarial/accounting services	30%
Staff	
Total	12
Risk management professionals	9
Includes: 1 principal consultant, 5 consultants, 2 actuaries, 1 analyst; 4 CPCUs, 2 ARMs, 1 FCAS, 1 ACAS, 1 CIC	
Clients	
Total	200
Associations	25
Minimum size	None
Consulting since: 1979.	
Services: Most risk management services.	
Locations: Houston; London.	
Compensation: By the project, on retainer, by the hour: principal consultant, \$295; consultant, \$200 to \$275; analyst, \$150 to \$200; clerical, \$60 to \$75.	
Officers: Robert N. Hughes, president; Cathy L. Jones, executive vp; Michele S. Martin, treasurer; Olie Jolstad, vp; Jeanne H. Camp, chief actuary.	
Contact: Olie Jolstad.	

1996 revenues	
Total gross revenues	\$308,000
Risk management consulting revenues	\$308,000
Continuous consulting	80%
Risk management audits	10%
Special projects	10%
Staff	
Total	3
Risk management professionals	2
Includes: 2 principal consultants; 1 CPCU	
Clients	
Total	25
Minimum size	None
Consulting since: 1985.	
Services: Most risk management services.	
Locations: Dallas.	
Compensation: By the project, on retainer, by the hour: principal consultant, \$175; clerical, \$50.	
Contact: Gene L. Weaver, president/chairman.	

IRMC Inc.

2451 McMullen Booth Road, Clearwater, Fla. 34619; 813-799-0844; fax: 813-791-0584

1996 revenues	
Total gross revenues	\$308,000
Risk management consulting revenues	\$308,000
Continuous consulting	80%
Risk management audits	10%
Special projects	10%
Staff	
Total	3
Risk management professionals	2
Includes: 2 principal consultants; 1 CPCU	
Clients	
Total	25
Minimum size	None
Consulting since: 1985.	
Services: Most risk management services.	
Locations: Dallas.	
Compensation: By the project, on retainer, by the hour: principal consultant, \$175; clerical, \$50.	
Contact: Gene L. Weaver, president/chairman.	

IRMG Risk Advisory Services Division

1 Executive Drive, P.O. Box 1383, Fort Lee, N.J. 07024; 201-592-7100; fax: 201-592-7859

1996 revenues	
Continuous consulting	70%
Risk management audits	10%
Special projects	10%
Actuarial/accounting services	10%
Staff	
Total	410
Includes: 20 principal consultants, 15 consultants, 15 analysts; 14 CPCUs, 5 ARMs, 1 CSP, 4 CMCs	
Clients	
Total	400
Associations	5
Consulting since: 1958.	

Parent: IRMG.

Services: Alternative risk financing consulting, claims consulting, transaction structuring and management within a quantitative context.

Locations: Newark, Del.; Minneapolis; New York; Cleveland; Seattle; Melbourne, Australia; Bridgetown, Barbados; Hamilton, Bermuda; Toronto; Cayman Islands; Helsinki, Finland; Frankfurt, Germany; Guernsey; Dublin, Ireland; Isle of Man; Singapore; Johannesburg, South Africa.

Compensation: By the project, by the hour.

Officers: Gareth G. Bradburn, CEO; William F. Nehls, COO; Thomas Grilli, CFO; William Ramonas, James W. Hutchin, managing directors.

Contact: Emory Shawver, president-American Risk Services.

Independent Risk & Insurance Management Services Inc.

13901 N. 73rd St., Suite 219, Scottsdale, Ariz. 85260; 602-483-9005; fax: 602-483-8988

1996 revenues	
Continuous consulting	50%
Risk management audits	10%
Special projects	25%
Actuarial/accounting services	15%
Staff	
Total	2
Risk management professionals	1
Includes: 1 principal consultant; 1 ARM	
Clients	
Total	30
Associations	2

Minimum size: None
Consulting since: 1984.
Services: Most risk management services.
Specialties: Public sector, manufacturing, health care providers.
Compensation: By the project, on retainer, by the hour: principal consultant, \$110; analyst, \$50; clerical, \$30.
Contact: James E. Loeb, president.

Minimum size: None

Consulting since: 1984.
Services: Most risk management services.
Specialties: Public sector, manufacturing, health care providers.
Compensation: By the project, on retainer, by the hour: principal consultant, \$110; analyst, \$50; clerical, \$30.
Contact: James E. Loeb, president.

Industrial Risk Specialists Inc.

150 Great Neck Road, Great Neck, N.Y. 11021; 516-487-1700; fax: 516-487-1146

1996 revenues	
Total gross revenues	\$1,950,000
Risk management consulting revenues	\$1,730,000
Continuous consulting	90%
Risk management audits	5%

Special projects: 5%

Staff
Total: 17
Includes: 2 principal consultants, 6 consultants, 5 analysts; 1 CPCU, 3 ARMs

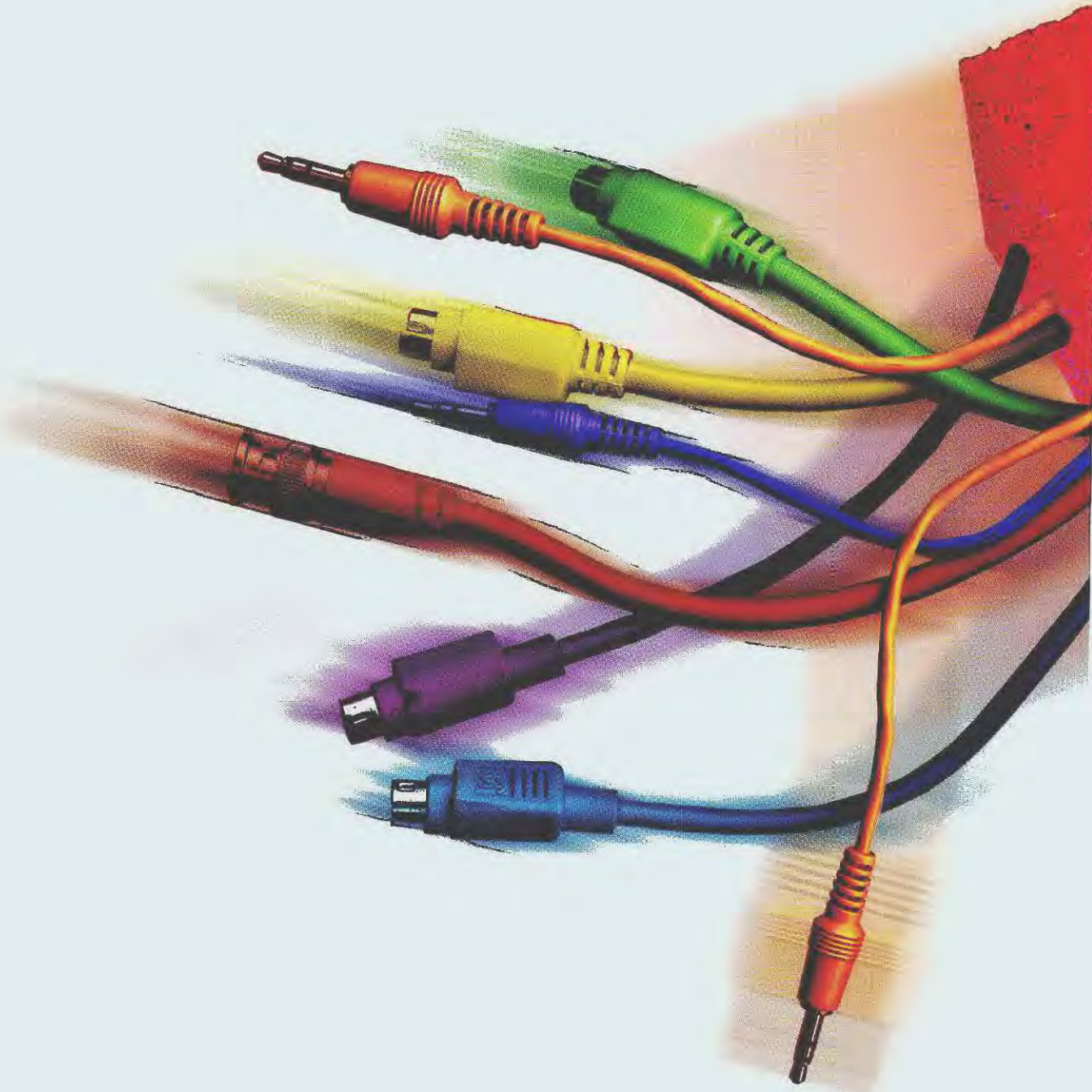
Clients
Total: 125

Consulting since: 1980.
Services: Most risk management services.
Compensation: By the project, on retainer, by the hour: principal consultant, \$200 to \$250; consultant, \$165 to \$180; analyst, \$60 to \$80.
SRMC member.
Officers: Robert S. Sterling, president; Pat Antonacci, executive vp; Les Welch, vp.
Contact: Robert S. Sterling.

Continued on next page

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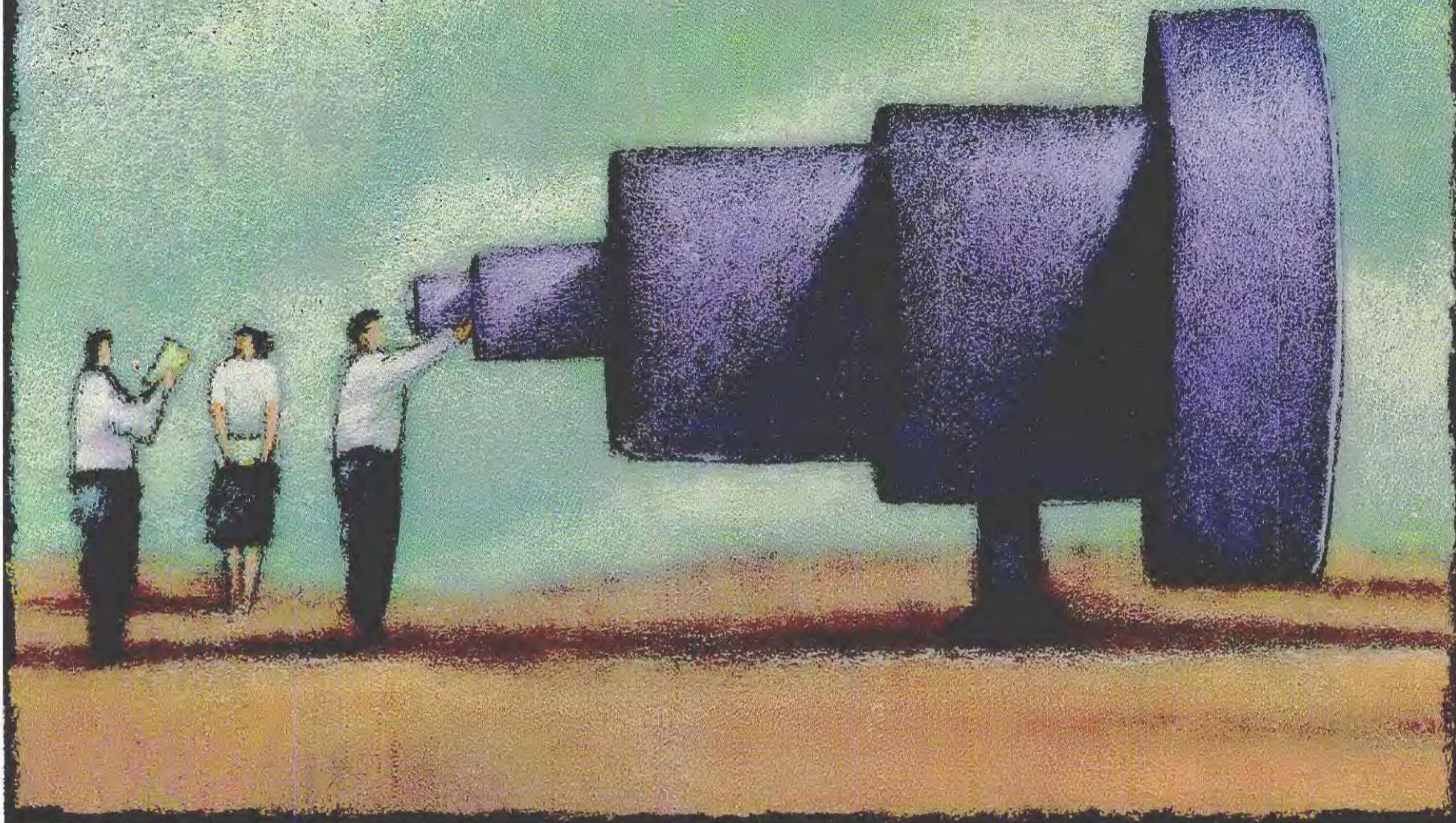


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Apr 14	Captives/Risk Manager of the Year ^{RS} <i>Directory: Captives Managers, Distribution: NMHCC; RIMS</i>		Apr 2
Apr 21	RIMS Report: Employee Benefits & Workers Comp ^{RS}	IT Insurer/Agency Relations	Apr 9
Apr 28	RIMS Report: Risk Management ^{RS}		Apr 16
May 5	Benefits: Pensions/Retirement Plans ^{RS} <i>Directory: 401(k), Plan Administrators</i>	AB ⁺ Agency/Insurer Relations	Apr 23
May 12			Apr 30
May 19	Government Risk Management ^{RS} <i>Directory: Alternative Risk Financing Facilities Distribution: AAMGA; NAIB; PRIMA</i>	IT Information Technology	May 7
May 26			May 14
Jur 2	PFIMA Report	ABT Automation	May 20
Jur 9	Specialty Risks: Environmental & Professional ^{RS} <i>Directory: Environmental Risk Management Consultants Distribution: NAIC</i>		May 28
Jur 16			
Jur 23	Benefits: Balancing Work & Family ^{RS, SS} <i>Directory: EAPs & Dependent Care Resources & Referral Services Distribution: AAHP; SHRM</i>	IT Reinsurance Recoveries	Jun 4
			Jun 11
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Investigation

Continued from previous page

What the duty to defend means

The duty to defend and the duty to indemnify are separate and distinct. The duty to defend, in fact, is much broader than the duty to indemnify. While the insurance company is required only to indemnify the policyholder for losses actually covered by the insurance, the insurer must defend the policyholder in a lawsuit or other adversarial proceeding if there is a mere potential the claims may be covered. The determination whether a claim made against a policyholder could be covered by the policy, thus triggering the duty to defend, must be made with the information available at the start of the lawsuit or other proceeding—not with the advantage of hindsight at the end of the matter.

A policyholder's entitlement to a defense does not depend on its ability to escape all liability to the third-party claimant. Black's Law Dictionary defines "defense" as "That which is put forward to defeat or diminish recovery." Thus, in fulfilling its duty to defend, the insurance company must take all steps necessary to defeat or reduce its policyholder's liability, including asserting any and all affirmative defenses available to the policyholder and providing counsel with adequate funds to conduct the defense of the suit. Any reasonable attempt to defeat or reduce liability before entry of a final judgment, even if ultimately unsuccessful, logically should be classified as a defense cost.

Why environmental investigation expenses are defense costs

In environmental matters, investigation costs are a necessary component of defending the actions brought by regulatory agencies. In fact, in many cases, the only reason the investigation is undertaken is because litigation has begun. Without the information derived from the investigation, the lawyers would be unable to competently determine the nature and extent of any potential liability, explain the potential liability to management in developing a settlement position or convince the government that the company's settlement proposal was acceptable. Thus, the investigation is necessary both to:

- Attempt to defeat liability, such as showing that other parties, not the policyholder, were responsible for any contamination.
- Reduce liability, such as persuading the regulatory agencies to accept a smaller settlement payment or a less expensive cleanup plan.

Those are the quintessential defense goals, and investigation expenses incurred in service of those goals logically are covered by the insurer's duty to provide a

defense.

Few courts, however, have considered whether environmental investigation costs are costs of defense, which do not count against the policy limits, or costs of indemnity, which do. Among those courts in California, for example, that have considered the issue, the prevailing view is that at least some environmental investigation costs can be recovered as costs of defense.

For example, one court has ruled that at least two categories of investigation costs qualify as defense costs: the cost of investigation to determine the nature and extent of contamination, and the study of cleanup options and strategies.

Another court has held that any investigation costs incurred before the government approves a remediation plan for a site can be recovered as defense costs. Because before the government approves such a plan, the policyholder has not officially incurred any liability, and therefore the duty to indemnify does not yet apply, the court ruled.

Recovering investigation expenses as defense costs

The question of whether environmental investigation costs can be recovered as defense costs is an unsettled one in many jurisdictions. Insurers typically do not reimburse such costs as defense costs unless litigation forces them to do so. Policyholders faced with a potential environmental problem should anticipate the possibility of such litigation from the outset and take steps to increase the likelihood of winning it or settling it on favorable terms.

A policyholder can do several things to increase the likelihood of recovering this type of expense. The simplest would be to have investigatory work performed by a different consultant from that used for remedial work. This would permit a clear delineation of task by provider, facilitating payment. However, in some circumstances, a policyholder may find it is necessary or desirable for a single consultant to perform both the investigation and remediation. In such a case, it would be desirable for the policyholder to develop and implement an accounting procedure with a work-order number structure. Such a procedure would eliminate much of the subjectivity from the cost characterization process, increase the likelihood that records are maintained in a consistent manner and help segregate defense and indemnity expenses. This last factor increases in importance as years pass and memories fade.

Before developing the work-order structure, the company should attempt to determine the legal standard that may be applied in the applicable jurisdiction down the road in determining which costs should be attributed to defense. One possible standard may be that defense costs include any expenses incurred at the direction of the lawyers who assist them in:

- Determining whether to recommend to management

pursuing litigation or settlement.

- Deciding what would constitute a desirable settlement from the company's standpoint.
- Convincing the regulators that the remedial plan the policyholder proposes is sound.

Under this standard, defense costs would include the expense of developing an appreciation of the geology and hydrogeology of the site, determining the nature and extent of chemicals present in soil and ground water as well as the toxicology of those chemicals, identifying and evaluating remediation options and the relative costs of those options, and other similar expenditures.

Once the standard is determined, the work-order structure will write itself. Expense categories that may be useful include:

- Searching for other PRPs.
- Investigating the nature and extent of the presence of chemicals in ground water soil.
- Investigating alternative technologies for remediation.
- Monitoring the effectiveness of ground water remediation.

The precise categories will need to be tailored to fit the nature of the expense incurred and contemplated.

Insurance companies may attempt to avoid paying environmental investigation costs under their duty to defend by trying to use the descriptions of the work maintained by policyholders for bookkeeping purposes against them. Policyholders should not fall into this trap. They should make certain each investigation expense is described fully and properly in all internal writings to increase the likelihood that each such expense will be recoverable as a defense cost.

Investigation costs are among the most financially burdensome for businesses and other organizations involved in environmental cleanup actions. By carefully planning, tracking and describing such expenditures, policyholders can help maximize the chance that such expenses will be recoverable as defense costs, thus getting the most out of their insurance coverage. **BI**



Mr. DeVries



Mr. Pethybridge

Scott DeVries and Tad Pethybridge are attorneys in the San Francisco office of Nossaman, Guthner, Knox & Elliott. They represent policyholders in litigation with insurance companies.

Prisoner not disqualified to hold employee status

A claimant's status as a prisoner in a work-release program did not preclude the existence of an employer-employee relationship for workers compensation benefits, according to the Supreme Court of New Mexico.

Sierra Blanca Motors, a private business enterprise, contacted the Roswell Correctional Center to request several inmates to work on its demolition and reconstruction project. Jose Ventura Benavidez volunteered to participate through the center's work-release program. Sierra Blanca supervised and provided equipment to the prisoners. It deposited each inmate's net wages into the inmates' individual accounts after deducting the cost of each inmate's participation in the work-release program. Mr. Benavidez was injured while participating in the program. He filed for but was denied workers comp benefits. The Court of Appeals concluded he was Sierra Blanca's employee and, therefore, entitled to receive workers comp benefits.

On appeal, Sierra Blanca argued that denial of workers comp benefits to incarcerated felons furthers sound public policy. But, the appellate court said there is a trend toward treating work-release prisoners like other workers as a matter of law when on all relevant facts they are indistinguishable from those other workers. According to the court, the legislature resolved the public policy issue and

Legal Briefs

determined that Mr. Benavidez' status was not sufficient to preclude coverage. However, the court remanded the case to workers comp administration for further determination as to whether an employer-employee relationship existed here.

Benavidez vs. Sierra Blanca Motors, Supreme Court of New Mexico, July 11, 1996 (BI/01/A.-\$10).

Ad injury involves ideas, not just text

A competitor's lawsuit alleging misappropriation of trade secrets fell within the coverage of a policyholder's commercial general liability insurance policy, according to the 9th U.S. Circuit Court of Appeals.

Sentex Systems Inc. designs and manufactures telephone entry security systems for buildings and gated communities. In 1990, Electronic Security Services Inc., a competitor, brought an action in Maryland against Sentex and one of its employees, alleging Sentex, through the employee, misappropriated Electronic's trade secrets, including customer lists, marketing techniques and other inside

confidential information. Sentex was insured under a Hartford Accident & Indemnity Co. CGL insurance policy that provided coverage for "advertising injury." Hartford refused Sentex's request to defend the suit. Sentex settled with Electronic and sued Hartford for breach of duty to defend. The trial court ruled for Sentex.

The appellate court said that "In this day and age, advertising cannot be limited to written sales materials, and the concept of marketing includes a wide variety of direct and indirect advertising strategies." The court said the policy language, given its ordinary meaning, did not limit itself to the misappropriation of an actual advertising text. "It is concerned with 'ideas,' a broader term," the court said. The trial court decision was affirmed.

Sentex Systems Inc. vs. Hartford Accident & Indemnity Co., 9th U.S. Circuit Court of Appeals, Aug. 19, 1996 (BI/02/A.-\$10). **BI**

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

ASK A BENEFIT ACTUARY

Q

How can we increase employee savings in our 401(k) plan?

A

This question comes from a benefit manager of an organization that sponsors a 401(k) plan that provides a 25% match on pretax contributions up to 6% of pay. Two-thirds of the employees participate in the plan, and the average employee savings rate is about 4% of pay.

Senior management of the organization is concerned that some baby boomers will not have sufficient financial resources to retire. Their actuary has projected the retirement income under defined benefit and defined contribution plans and Social Security and has found that at current savings rates, only one-third of the workforce will have sufficient income to retire at age 65. Management is concerned that ultimately the company will

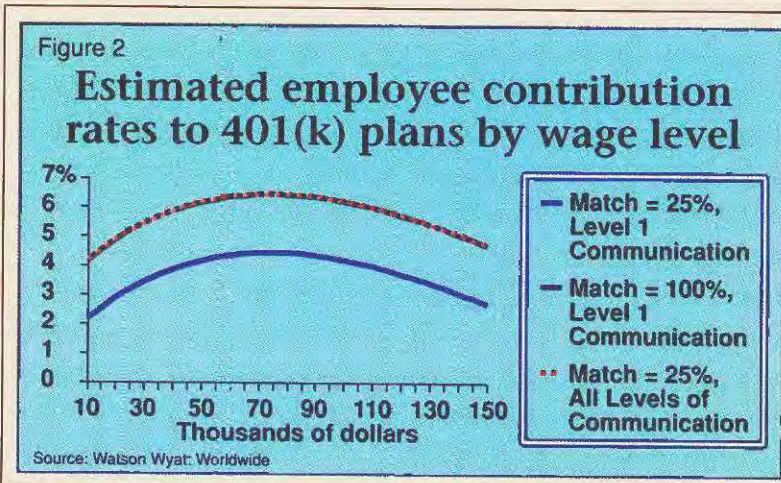
rates and has found that targeted employee communications will motivate employees to save at a much higher rate. Furthermore, the study found that targeted communications and a dollar-for-dollar match will produce about the same employee participation and savings rates. The study looked in detail at the 401(k) plans of 15 U.S.

401(k) plans. Two of the more interesting results from the model are shown as Figure 1 and Figure 2. Figure 1 shows the expected participation rate in a 401(k) plan by employee pay level for three plans. Two plans have only the first level of employee communications, one with a 25% match and the other with a 100% match. As you would expect, participation in the plan with 100% match is higher.

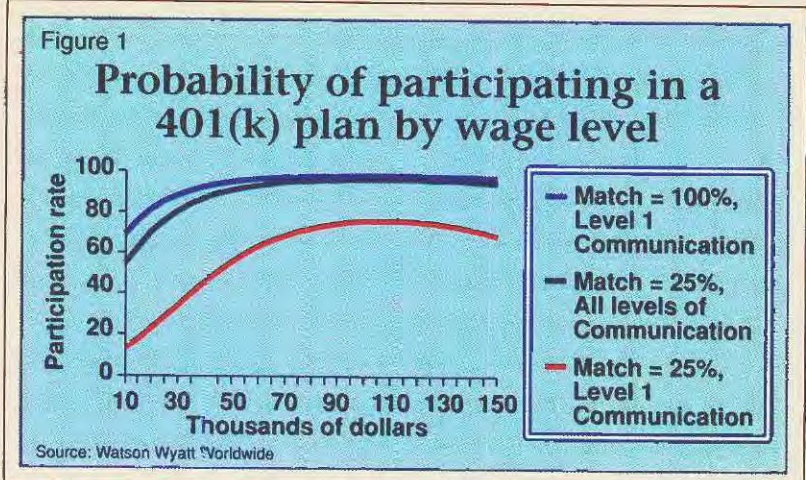
Figure 1 also shows a plan with a 25% match but with all three levels of communication. The startling result is that this plan's participation rates are almost identical to the plan with 100% match.

Figure 2 shows similar results for employee savings rates. The plan with a 100% match and only level one communications has virtually the same savings rate as the plan with a 25% match and all three levels of communications.

The takeaway for the benefits manager is straightforward. The word can be mightier than the match. Targeted employee communications can produce employee behaviors similar to a high match and are much more cost-effective



GRAPHIC BY JOHN HALL



GRAPHIC BY JOHN HALL

be pressured by employees for significant benefit improvements in the defined benefit plan.

The benefit manager has been asked to recommend a cost-effective plan to increase employee savings in the 401(k) plan. She is contemplating a recommendation for improved employee communications regarding the plan but is skeptical communications really will boost savings. The company currently only communicates account balance information to employees through periodic statements. The alternative recommendation being considered is a modest increase in the level of match, perhaps to 50%.

Watson Wyatt has studied the impact of employee communications on 401(k) plan participation and savings

companies, ranging in size from 700 employees to 10,000 employees.

To find out what factors drive employee savings and participation rates, the study looked at several variables:

- Age and salary level of employees.
- Employer match rate.
- The level of other company provided pensions.
- The quality of employee communications.

With regard to employee communications, the study classified them into three levels.

- The first level of communication consisted of only distributing plan enrollment forms and required periodic statements of account balances. All plans in the study provided this level of

communication.

- The second level of communication provided workers with generic newsletters related to 401(k) plan participation. These statements typically discussed current financial trends and personal investment strategies.
- The third level of communication involves sending workers materials specifically tailored to the company's 401(k) plan. These materials generally give more detailed information about the employer-sponsored 401(k) plan and may even suggest appropriate savings levels, given the 401(k) plan, Social Security and any defined benefit plans.

The data on these 15 plans then was used to construct a multivariate model of participation and savings rates in

than the higher match.

Free copies of the study are available from Watson Wyatt; call 800-243-1349.

BI

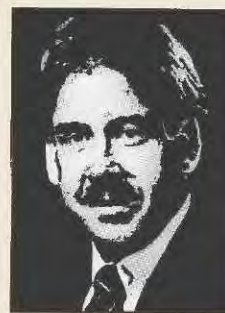
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This month's column on actuarial issues in the benefits field is written by William J. Miner, an actuary with Watson Wyatt Worldwide in Chicago. Richard E. Sherman, president of Richard E. Sherman & Associates Inc. in Ashland, Ore., answers actuarial questions in the casualty field. Christopher E.

Mandel, director of risk management for KFC Corp. in Louisville, Ky., answers questions on risk management. Dennis J. Nirtaut, managing director of compensation and benefits for Andersen Worldwide S.C. in Chicago, answers questions on employee benefit plans.

Address your questions to ASK, Business Insurance, 740 N. Rush St., Chicago, Ill. 60611. Please give us your name, title and employer; however, Business Insurance will consider unsigned letters.



Mr. Miner

Recovering pollution investigation expenses

By Scott DeVries and Tad Pethybridge

MAXIMIZING INSURANCE COVERAGE for consulting and investigation costs associated with potential environmental problems requires understanding exactly what your insurance coverage entitles you to and carefully planning and documenting the necessary expenditures that you incur.

Under standard-form liability policies, insurance companies owe several duties to their policyholders, including the duty to indemnify and the duty to defend.

Usually, there is no dispute concerning which claim costs are from defense and which are from indemnity. However, in the environmental context, where the costs of determining the existence, cause, nature and extent of property damage and a cost-effective means of

remediation often total millions of dollars, insurance companies and policyholders frequently disagree about whether such costs should be characterized as costs of indemnity or costs of defense.

In the typical environmental case, the policyholder is sued or receives a letter as a potentially responsible party, or PRP.

The policyholder then hires counsel and environmental consultants with the hope of eliminating, or at least reducing, potential damages. The policyholder submits lawyer and consultant fees to its insurers, expecting them to pay these items pursuant to the insurers' duty to defend.

Insurance companies commonly pay at least some of the attorney fees, albeit with some prodding. However, they routinely refuse to pay the consultant expense as a defense cost, arguing that it is payable, if at all, only under the duty to indemnify.

In the insurers' view, such costs are a necessary component of remediation. Because an insurance company's exposure on the duty to indemnify is capped by its policy limits, this position, if sustained, would materially reduce the insurer's potential exposure.

This is no mere semantic dispute. If investigatory expense is a defense cost, it is recoverable as incurred wherever there is a potential of coverage. If it is an indemnity cost, it is recoverable only at the end of coverage litigation, if coverage actually has been established.

It is particularly important because an insurance company's duty to defend is not tied to the coverage limits in the policy.

As a result, the insurer's duty to pay defense costs may be even more valuable to a policyholder than the coverage limits themselves.

See Investigation on next page



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LEXINGTON INSURANCE COMPANY PIONEERS IN REVOLUTIONARY COVERAGE

Express

Continued from page 34J

er with a plant in the United Kingdom and a consulting firm that has opened offices in a few countries.

Other property and casualty risks Zurich Global Express will cover include U.S. companies attending product exhibitions abroad and exporters using warehouse facilities, Ms. Rothbauer said.

Coverage is based on property and general liability forms developed by the Insurance Services Office Inc. "We've tailored an ISO-based product and enhanced it to meet the needs of international exposures," she said.

Limits are flexible, though typically \$1 million to \$2 million for general liability, and various coverage extensions are automatically

"You need to offer some extensions of coverage, so if they (the customer's operations) grow, you don't need to endorse the policy,"

program doesn't limit its clients by size. "The U.S. company can be any size. The key is the size of the international (exposure)," Ms. Rothbauer said.

However, "once the risk gets over \$100,000 in premium and needs local policies in more than five countries, they probably want a tailored insurance program" available from Zurich International, she said.

Ms. Rothbauer said she expects to see much more international insurance business in the future. "I see this as a market that's changing a lot. A few years ago, there were companies endorsing the domestic (policy). Now, more and more companies have international packages." **BI**

'You need to offer some extensions of coverage, so if they (the customer's operations) grow, you don't need to endorse the policy,' Elaine Rothbauer of Zurich Global Express says.

included, Ms. Rothbauer said. For example, Zurich Global Express extends \$250,000 of coverage for up to 180 days for a newly acquired building.

she said. "We can increase the limits to fit the client's needs."

Although the average Zurich Global Express customer generates an annual premium of \$7,500, the

IT Briefs

New ISO program

NEW YORK—Property/casualty insurers that want to reach new markets or expand in existing ones can get help from the Insurance Services Office Inc.

ISO for the first time will help develop programs tailored for individual insurers. Its new consulting service uses ISO line and actuarial experience to customize a program "from research regarding coverage possibilities and rating alternatives to submission of filings and responses to regulator's questions," ISO said.

ISO said it can write explanatory memoranda, provide supporting actuarial documents, assemble and submit filings and keep insurers informed on the progress of a filing.

Domenick J. Yezzi Jr., ISO's vp-specialty commercial lines, said in a statement, "ISO's new service is particularly useful to insurers that don't have enough qualified people available to develop and maintain a new program of insurance or update an existing program because of peak-load demand or other time constraints."

For more information about the service, contact ISO's customer service department at 800-888-4476.

New board member

NEW YORK—Theodore Henke has been elected to the board of directors of the Coalition Against Insurance Fraud.

Mr. Henke is senior vp-Claims Services Division for Atlantic Mutual Insurance Co.

The Coalition is an alliance of consumer groups, government agencies and insurers that promotes public awareness and legislative reform to fight insurance fraud.

Members of the Coalition include Atlantic Mutual Cos, the American Insurance Assn., the National Assn. of Insurance Commissioners, the National Conference of Insurance Legislators and the National District Attorneys Assn.

New IIS director

NEW YORK—Linda C. Bock has been named executive director of the International Insurance Society Inc., reporting to John P. Meyerholz, president and chief executive officer.

Ms. Bock will oversee administration and finance operations, annual seminars, awards programs, and marketing and communications for the non-profit organization. The society's membership consists of insurance executives, academics and people in insurance worldwide.

The New York-based IIS has about 200 corporate members and more than 1,000 individual members in about 90 countries.

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Globalization

Continued from previous page

What implications do Japan's recent moves to deregulate its non-life market have for CNA and other U.S. insurers?

I think certainly there has been a valid attempt by the Japanese government, the (Ministry of Finance) particularly, to open their markets. There is no question about that. That should be accepted by any American company in a positive way. But Japan is a very dynamic marketplace. It has very strong nationalistic buying habits, and the rules have also changed for some Japanese companies. With this change, the Japanese companies have become more liberated in both how they view their own marketplace and how they are going to view marketplaces outside of their market.

I view it as very positive, with lots of new rules, lots of new opportunities. But, Japan remains a very complex, difficult marketplace. Any strategy should be very thoughtful-

ly put in place and have a time horizon that would be longer than most American insurance companies might be prepared to accept.

Where do you see the international insurance market in the next five to 10 years? Will more insurance companies be doing business internationally or do you think it will become the realm of relatively few large companies?

The market continues to expand and change. When you expand internationally, it is a question of resources. It is expensive. There is a lot of research and cost that go into building in these marketplaces. The reason that you won't see more international competitors is I don't think companies have sufficient resources to expand globally. They might go into various marketplaces, but to really be a global provider of coverages, you have to have an infrastructure in place and that takes resources. I do think, over the next 10 years, you will see fewer global providers of products, and I believe the number could be fewer than 10. **BI**

Zurich-American offers program for smaller companies going abroad

By REGIS COCCIA

An increasing number of U.S. companies are doing business abroad, and a program created by Zurich-American Insurance Group is offering coverage tailored to small to midsized international exposures.

Zurich Global Express in Schaumburg, Ill., a unit of Zurich-American, provides a variety of coverages, including property, general liability, inland marine and foreign voluntary workers compensation.

"It's like a shopping list of coverages," said Elaine Rothbauer, Zurich Global Express' vp and director.

"It's a package you can tailor to meet the needs of the customer going overseas," she said.

While Zurich is one of the

biggest writers of international property/casualty business—it ranked second in a 1996 *Business Insurance* list of the 10 largest, based on 1995 foreign premium volume of \$14.6 billion (*BI*, Nov. 18)—the insurer found that clients with small international exposures lacked coverage scaled to their needs, Ms. Rothbauer said.

"Market research indicated more U.S. companies were starting to do business overseas," she said, adding that Zurich's domestic units also found that clients were beginning to operate abroad.

Most of the foreign exposures are minimal, such as employees traveling abroad, low volume exporting or companies with only a few office operations internationally, she said.

"That type of business wasn't within the strategic plan" of Zurich International, the unit

that handles large international risks, Ms. Rothbauer explained.

As a result, the insurer created Zurich Global Express as a separate unit designed to cover smaller international risks.

Zurich Global Express began underwriting March 1, 1996, and so far has written more than 200 accounts, according to Ms. Rothbauer.

Zurich's network of brokers and agents distributes the coverage.

"Seventy-five percent of the business we're writing, we're writing with a sister organization (at Zurich). They're writing the domestic, while we're writing the foreign package," she said.

Zurich Global Express customers come from both the manufacturing and service industries, including law, consulting and accounting firms. For example, the program can cover a plastics mak-

See *Express* on page 34L

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AIG unit to return to Shanghai's Bund

Insurer signs 30-year lease in historic district

After vacating the premises more than 45 years ago, American International Assurance Co. Ltd. will return to its former headquarters in Shanghai's historic Bund district later this year.

AIA signed the 30-year lease for the building, located at 17 The Bund—the riverfront avenue once considered the financial center of Southeast Asia—late last year.

The American International Group Inc. unit, which in 1992 became the first foreign insurance company to receive a license from Chinese authorities in more than 40 years, has been doing business from other offices in Shanghai.

The insurance company moved out of the Bund after the Communist Party came to power in China.

The eight-story building, which was built in 1921 as the North China Daily News Building, housed predecessor companies of AIG in China from 1927 to 1950.

The Neo-Renaissance style building, which AIA is renovating, will

be renamed the AIA Building.

The AIA Building "will provide an excellent home for our growing business operations in Shanghai," according to a statement from AIG's Chairman and Chief Executive Officer, Maurice R. Greenberg.

AIA writes life and non-life insurance business in Shanghai, Guangzhou, where it received a second Chinese license in 1995, and several other markets in Southeast Asia.



Located at 17 The Bund, American International Assurance Co. Ltd.'s headquarters will be renamed the AIA Building.

Continued from previous page
partnership is because they believe the strategic partnership will allow them to expand or to generate or to benefit by competing in that marketplace better than if they do it alone.

There should be expense benefits associated with that strategic partnership. If two companies are doing it and they're sharing the expenses and they can genuinely work well together, they're going to have 50% of the expenses.

A company would choose to work in a strategic partnership because it might feel that the cost associated with entering the marketplace might be daunting.

The difficulties associated with strategic partnerships are the cultural gaps.

The way business is done in Europe is somewhat different from the way we do business in the United States, and bridging those gaps while cooperating together is a daunting challenge—impossible, no, but one should never think they are easy. One should never think that because they have a signed document that they can now go away and know that this is going to work perfectly. Usually it wouldn't. It takes a lot of management time to be thoughtful and to work closely with your strategic partner.

When a company chooses to set up an operation in a new foreign market, how long does it take to get from that initial point to actually doing a successful business there?

It's like buying a house. It's location, location, location.

Specifically, I think anyone going into a market, unless they have something extraordinary that's going to sell like hot cakes—which never happens, I might add—looking for returns faster than five years is an unrealistic goal. That doesn't mean you can't get returns faster than five years or that you have to

have five years of losses. Typically, the first thing that is going to happen when you go into a new marketplace is your expenses are going to be higher. There are just going to be duplicate costs you incur: information technology costs which you incur, there are going to be training costs which you incur as a foreign competitor going into a marketplace.

The other thing that is going to occur is that it is going to take time for whoever distributes your product in the marketplace to be comfortable with it, to understand it and then be prepared to sell it. Five years is probably a minimum to expect a return to be generated.

What kind of coverages make up the bulk of CNA's non-U.S. premiums? What types of commercial insurance are most popular overseas?

Most of our business is typical property/casualty insurance, with more of a skewing towards casualty than property.

It is a reasonably small book of business, and we are in the process of building the infrastructure that we think is going to allow us to over the next 10 years generate a billion dollars of revenue outside of the United States.

But we don't have any particular product niches at this point. It just hasn't been a focus of our company in the past.

We are realizing that it is critical for us to be one of the global competitors that are going to be doing business in the next 10 years.

What strategies does CNA employ in overcoming cultural and language barriers when setting up operations in a new international market?

I recommend hiring locally. I believe in hiring local management who buy into the strategy that you have in place for that country or that region and understand how you have successfully written indigenous business...and let them run their business for you.

We are focusing on a more decentralized approach to the way we run our business. I define decentralization as the same decision being made in the local market that would have been made in the centralized market but with the benefit of local knowledge.

Now, what are some of the costs associated with that? There is an enormous training cost. Usually the bilingual staff is more at a premium as companies expand outside of their boundaries.

So you have a salary cost that could tend to be higher, you have training costs that could be significantly higher and you certainly have potential information technology costs as you look into marketplaces. You simply can't create a successful international strategy by doing all of your IT centrally. There's got to be some local IT that goes back to feed the centralized location.

And the other thing you want to do is make the foreign location not feel like a foreign location.

You want to create an environment where someone working for CNA in Chicago would feel the same commitment to the company as someone working for CNA Europe working in Germany.

That takes some patience and some real skills to build.

See **Globalization** on next page

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Globalization

Continued from page 34E

When you go outside the United States, there is a different code of laws. There are different ways that people approach business issues. And we have to be careful that we are sensitive to those issues and can still attain our objectives.

So, it's having the patience to thoughtfully analyze a marketplace and ensure the kind of skill or core skills that you have play a role in that marketplace. Then take the time necessary to introduce in a logical way to whatever distribution system—in our case, we use a brokerage system—that they understand the value you bring. And you therefore have a realistic expectation of what the returns will be.

In the United States, we measure ourselves on quarterly returns, whereas some of our competitors in places like Europe would have a tendency to be much more conservative in their expectation of return. They might be prepared to stay for five years or 10 years. It doesn't mean that we have to do the five- or 10-year transaction, but it does mean we probably can't do the quarter-by-quarter transaction. So achieving that balance, I think, is a critical component.

In your experience, what factors are most important to an insurer's success abroad?

I would say the continuity. American insurance companies, particularly in the past, have had a tendency to go into a market because of their interest...and creativity in the marketplace have brought a product to market and it hasn't met with the same success. Or let's say that there's been some sort of significant losses. There's been a tendency to withdraw the product after the short term—let's call it two to three years. A European insurer would tend to stick with a product somewhat longer. The question isn't whether an American insurer should go into a marketplace and lose money on the same basis that a European insurer might. They should be thoughtful before entering the market to be sure they can provide product continuity in the marketplace which would have a balance to their international competitors.

We have our expectations and occasionally we as Americans will take a product that has sold well in our country and in some ways try to impose it on other markets. And usually, unless it's unique, you have to make some significant changes—some of it is regulations, some of it is culture, a lot of it is language.

A lot of it deals with how the product has been sold in the marketplace in the past and how you gradually make an adjust-

ment...to a market need that truly is different in Europe, Latin America or Southeast Asia.

How does CNA evaluate a foreign country as a potential source of business?

What any company would do when they look at a new marketplace is they see if there is a gap in the current marketplace that might be filled by a particular product they currently sell. That's the easiest thing. The other thing you would do is an analysis on the economic environment of the marketplace. Is it growing? Are companies currently in the market making any

money? What are the rules in the marketplace? Certainly you'd look at the number of competitors in the marketplace and the size of the marketplace.

(American insurers need) to understand the rules of the marketplace and understand the time it's going to take to overcome nationalist buying habits. The question anybody would ask themselves is, why would somebody in the U.K. want to deal with an American insurer if they had an opportunity—and everything was equal—to deal with a U.K. insurer?

It's the same with us. Why would you deal with a U.K. insurer instead of a U.S. insurer if

everything else was equal?

I think the answer is that you probably wouldn't.

So a company needs to ask, what am I going to fill? What gap can I fill? What do my core skills in this insurance company bring to give an advantage?

That would be another part of the analysis that you'd look at.

You'd also look at the linkage between that country and other countries in the region.

By going into that particular

marketplace, you might be able to understand the dynamics of other marketplaces.

The best advice I could give to any American insurance company expanding overseas would be to not look at them as regions but to look at them as particular markets.

Strategies have to be developed market by market.

Are strategic partnerships with existing insurers, perhaps local companies, a good idea? Why or why not?

Generally, the reason a company would go into a strategic

Continued on next page



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Global expansion requires patience, money

CNA exec sees major potential in China, Latin America but predicts limited players

Recent changes taking place in the international insurance market have caught insurers' eyes. Recognizing the room for growth, U.S. insurance companies, including Chicago-based CNA Insurance Cos., are in-



Mr. Van Gieson

vesting their resources in these mar-

vesting their resources in these mar-

R.T. Van Gieson, president and chief executive officer of CNA's global operations, spoke recently with Copy Editor Lee Velker about the changing global marketplace.

Which markets around the world appear to have the greatest growth potential at the moment?

We are looking at three prima-

ry markets, which are Europe, Latin America and Southeast Asia. To put them in order as we enter the 21st century, Southeast Asia probably represents the most significant opportunity simply as a component of economics and life.

For instance, there are 1.6 billion people in China. They have a low per capita cost for insurance that they are currently paying. And Japan is somewhere around \$24 per capita per person. So if

you do a dollar per person in China you see a market expanding so enormously; it's very aggressive.

In Latin America, because of the changes that have gone on for a number of years, there are a number of dynamic situations happening down there and there's a great deal of stability in the region, which is very positive for any of us as American insurers.

Clearly, as a more traditional market, you'd look at Europe. The

numbers of countries in the (European Union) are expanding quite dramatically. For a company like ours that has very little revenue over there, it represents a significant opportunity.

What third-world countries are most attractive to American insurers in general and CNA in particular?

There are two significant things that I think will happen in Southeast Asia. India is very close to making a decision to provide licenses to international companies. And it would appear that in the next year... this event is going to occur. And that's going to create an enormous opportunity, so we at CNA are certainly investigating the Indian marketplace and the opportunities that we might be able to provide to that marketplace.

The other significant change is in Japan. The recent treaty that has occurred between the United States and Japan has created the possibility of things happening that as recently as six months ago or a year ago just weren't possible—whether it's the purchase of a midsize Japanese company or more of the market being open to U.S. companies that hadn't been in the past. It just wasn't as easy to write business in that country as it was in other parts of the world. Through this treaty, it should be somewhat easier to write some business in Japan.

China represents an enormous marketplace that any company that is trying to expand internationally is just going to have to heighten their level of understanding and try to figure if they have a product application that could be successful in that marketplace.

If you go to Latin America, the speed toward the stability of the region and Mercosur (common market treaty) have created genuine, significant opportunities for international players.

I think the question is, how much can you do and how fast can you do it? We are certainly going to try to be conservative in how quickly we get into these new marketplaces and understand just how our products are going to fit into the marketplace and if we are going to be able to respond to the marketplace.

It's not that other markets aren't very important. They are, but I think you have to be thoughtful to the different kinds of challenges that exist anywhere outside the United States.

What are some of the greatest challenges for an American insurance company doing business internationally?

See **Globalization** on page 34H

Upload/download Electronic insurers

F. Timothy Hegarty Jr., CPCU (c.), President and CEO of The Norfolk & Dedham Group, discusses upload/download issues with Robert J. Stanton, President of Stanton Insurance Agency, Inc., Waltham, MA, and Rita Waters, Senior Vice President and Strategic Knowledge Officer of IVANS, Inc.



and running by year's end, supporting any agency with APT upload capability. N&D's goal is to have all of its agents uploading with them within two or three years.

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- Eliminates the high cost of redundant entry
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IIF

Continued from page 34B
that advises the Foundation on the quality and content of its programs. As each program is finalized, it is presented to the board of directors for its input and approval.

The IIF's board of educational advisers includes: Norman A. Baglini, president and CEO of the American Institute for CPCU; Charles D. Edinger, executive vp, The College of Insurance; Michael L. Murray, professor of insurance, Drake University; and Harold D. Skipper Jr., C.V. Starr Distinguished Professor at Georgia State University.

Another person key to the programming process is Robert J. Gibbons, who serves as program director and coordinates the Foundation's ongoing programs. Mr. Gibbons explained that the IIF does not insist on any particular educational system but rather works with existing resources in emerging markets to help them to progress toward global standards as quickly as possible.

IIF programs

Mr. Gibbons elaborated on a few of the programs the IIF has conducted in the past year, as well as those planned for the near term.

- In conjunction with FUNESEG, Brazil's National Foundation for Promoting Insurance Education, the IIF conducted a three-week seminar in the United States to introduce a group of 24 Brazilian insurance executives to underwriting and pricing techniques that are characteristic of the U.S. market.

- During visits to the United States by Indian and Brazilian regulators, the IIF arranged several sessions with various industry organizations to introduce the regulators to the fundamental mechanisms that support a free insurance market in the United States.

Future programs already are in the planning stages. According to Mr. Gibbons, another program for Brazilian executives is planned for May. The IIF also has received requests from Argentina, Central America, the Middle East, and Eastern Europe to develop similar seminars in the United States. The IIF is considering developing programs abroad to demonstrate risk management techniques.

Another area where education and training are needed in emerging markets is how to select, underwrite and price insurance business without tariffs. Mr. Jobe used catastrophe exposures as one example.

Computer modeling systems can help identify and manage catastrophe exposures, said Mr. Jobe. These systems record "catastrophe exposures and project those exposures into various categories of loss for various earthquake or hurricane scenarios."

Catalyst for change

Another vehicle the IIF intends to use periodically to help educate and train is the publication of papers. According to Mr. Gibbons, the first such paper, authored by Mr. Skipper, will be published soon on foreign insurers in emerging markets.

"These objective, scholarly analyses will help policy-makers in many countries frame their debates about opening insurance markets," Mr. Gibbons said.

Mr. Jobe sees the IIF as "facilitating" rather than "fostering" the growth and development of the insurance industry worldwide.

"Many countries have reformed their insurance laws, privatized state insurers and invited foreign participation in their efforts to build modern, competitive insurance markets," Mr. Jobe said.

"Under conditions of such profound change, technical information and educational support is urgently needed in many countries for

insurers to operate successfully within the framework of a private market. In competitive markets, sound insurance operations and proper regulatory oversight require professional knowledge and skills."

He added that the IIF's programs can work as a catalyst for change.

"In the spirit of friendship and cooperation, the IIF's programs can provide a catalyst for vibrant insurance education in emerging markets by helping global sharing of the knowledge and experience of the United States and other industrial insurance markets, by assisting in curriculum planning as well as by identifying resources that can be adapted to local conditions," Mr. Jobe said.

In addition to Messrs. Jobe and Cloney, the IIF's board of founding directors are Paul H. Inderbitzin, president of American Re-Insurance Co.; Mahmoud Abdallah, president-international, American Re-Insurance Co.; J. Patrick Gallagher, president and CEO, Arthur J. Gallagher & Co.; David W. Nelson, managing director and division executive, Chase Manhattan Bank N.A.; Dean R. O'Hare, chairman, president and CEO, Chubb Corp.; H. Edward Hanway, president of CIGNA HealthCare; Dennis H. Chookaszian, chairman and CEO, CNA Financial Corp.; John G. Crysler, president, Electronic Data Systems; James MacGinnitie, national director of actuarial services, Ernst & Young;

Loay M. Al-Naqib, deputy chairman and chief executive, The Imperial Fire & Marine Re-Insurance Co.; Fred Marcon, chairman, Insurance Services Office Inc.; Gary L. Countryman, chairman and CEO, Liberty Mutual Insurance Group; Ian M. Rolland, chairman and CEO, Lincoln National Insurance Co.; Jan Jobe, president-international, Principal Financial Group; and E. John Cloney, managing director and CEO, QBE Insurance Group.

Expanding the board is one of the items on Mr. Jobe's agenda.

"We want to involve more non-U.S. companies as well as add an international law firm that specializes in insurance," Mr. Jobe said. **BI**

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RESEARCH



[US]



[THEM]

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SCUDDER



IIF aims to create a strong foundation

By SUSAN BARD HALL

The International Insurance Foundation is rallying resources and commitments from top insurers to promote education and training worldwide in response to privatization in the in-

surance industry in emerging markets.

In addition to this movement toward private insurance, trade liberalization and insurance law reform are occurring in Latin America, Asia, Eastern Europe, Africa, India and China. This has heightened the need for customized professional education

programs and training among regulators, insurers and risk managers, explained Edward B. Jobe, chairman of the IIF's board of founding directors. He pointed out that education and training encompasses technical issues as well as ethics.

"The IIF's overall goal is to facilitate the emergence of a global

private insurance industry characterized by the highest levels of knowledge, technology, professionalism and business ethics," Mr. Jobe said, quoting the Foundation's mission statement. "Our highest priority is to assist insurance regulators in developing adequate systems and expertise for effective insurance supervision."



Mr. Jobe was appointed founding chairman in 1995. A 40-year veteran of the insurance/reinsurance business, Mr. Jobe said his retirement in 1996 as chairman and chief executive officer of the American Re-Insurance Co. enabled him to focus his attention on the IIF. He has the title of chairman emeritus and director at American Re-Insurance and maintains an office at its Princeton, N.J., headquarters.

Chartered by the International Insurance Council as a philanthropic institution, the IIF officially started Jan. 1, 1996.

"The IIC had been thinking for a few years of creating an educational arm and had been looking for the right person to serve as chairman," Mr. Jobe said.

Evidence of need

Mr. Jobe said he eagerly accepted the challenge because several IIC missions in which he participated prior to the IIF's formation underscored the need for education and training in emerging insurance markets.

"It's a labor of love for me," Mr. Jobe said. "I have both the time and the inclination and have made a commitment to stay on through 1998."

Soon after he assumed the IIF chairmanship, he began contacting industry colleagues to ascertain their interest and determine the level of support they were willing to commit to the Foundation.

Gordon J. Cloney, president of the Washington-based International Insurance Council, said approximately \$1 million has been raised so far, which will be used for IIF programs over the next few years. In addition to lending their financial support, the companies on the IIF's founding board have pledged to donate their resources whenever possible and wherever appropriate.

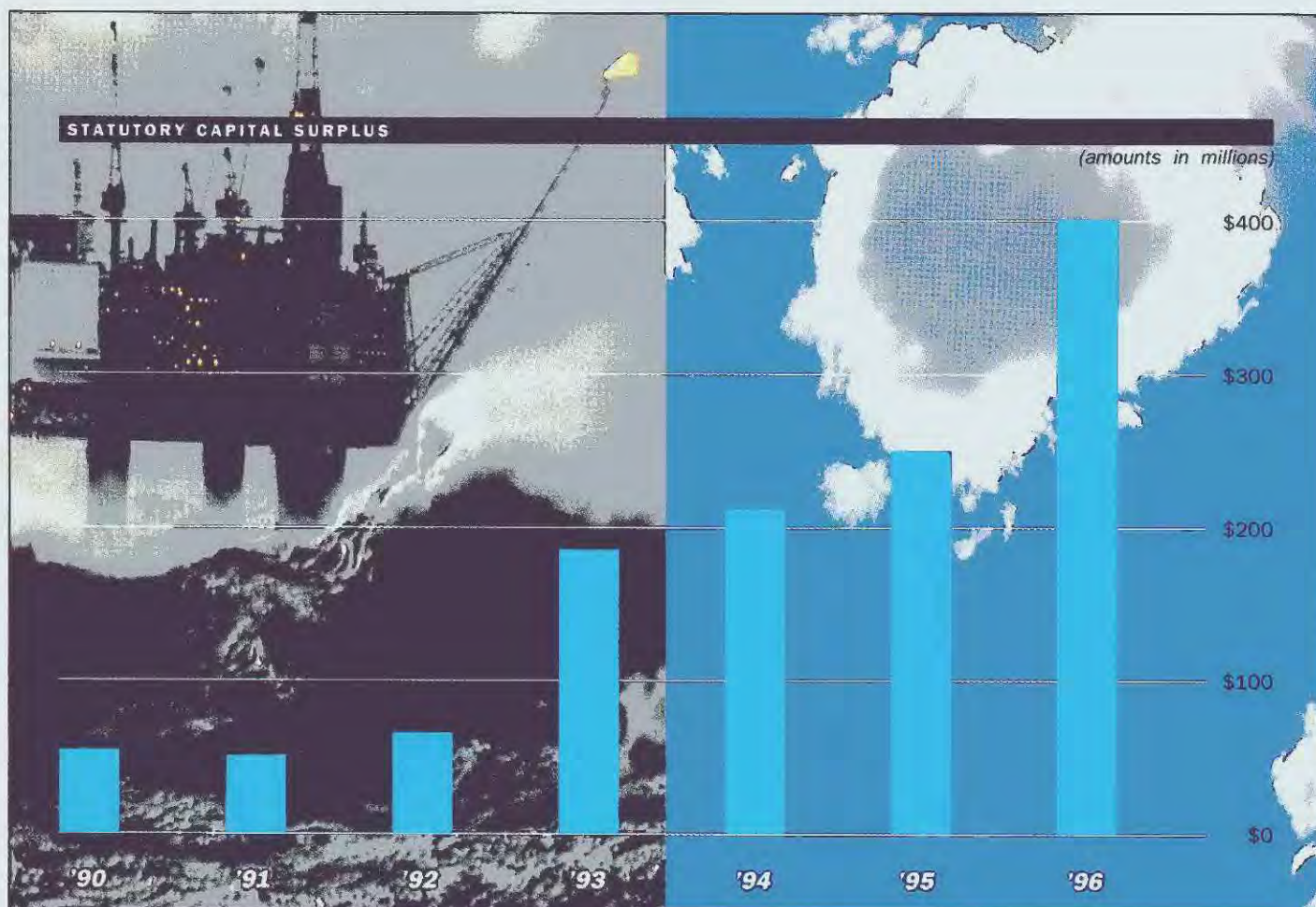
"Through these companies' in-kind support, such as providing speakers and trainers, we are actually looking at a budget with a multiplier of two to three times that dollar figure," Mr. Cloney said.

Still, the needs far outweigh the resources, Mr. Jobe pointed out.

The majority of the educational needs are identified by the IIC and brought to the Foundation's attention. Additionally, overseas programs and missions conducted in these emerging markets uncovered specific needs, Mr. Jobe said.

Once the needs are identified, the IIF calls upon the expertise of a board of educational advisers

See IIF on page 34D



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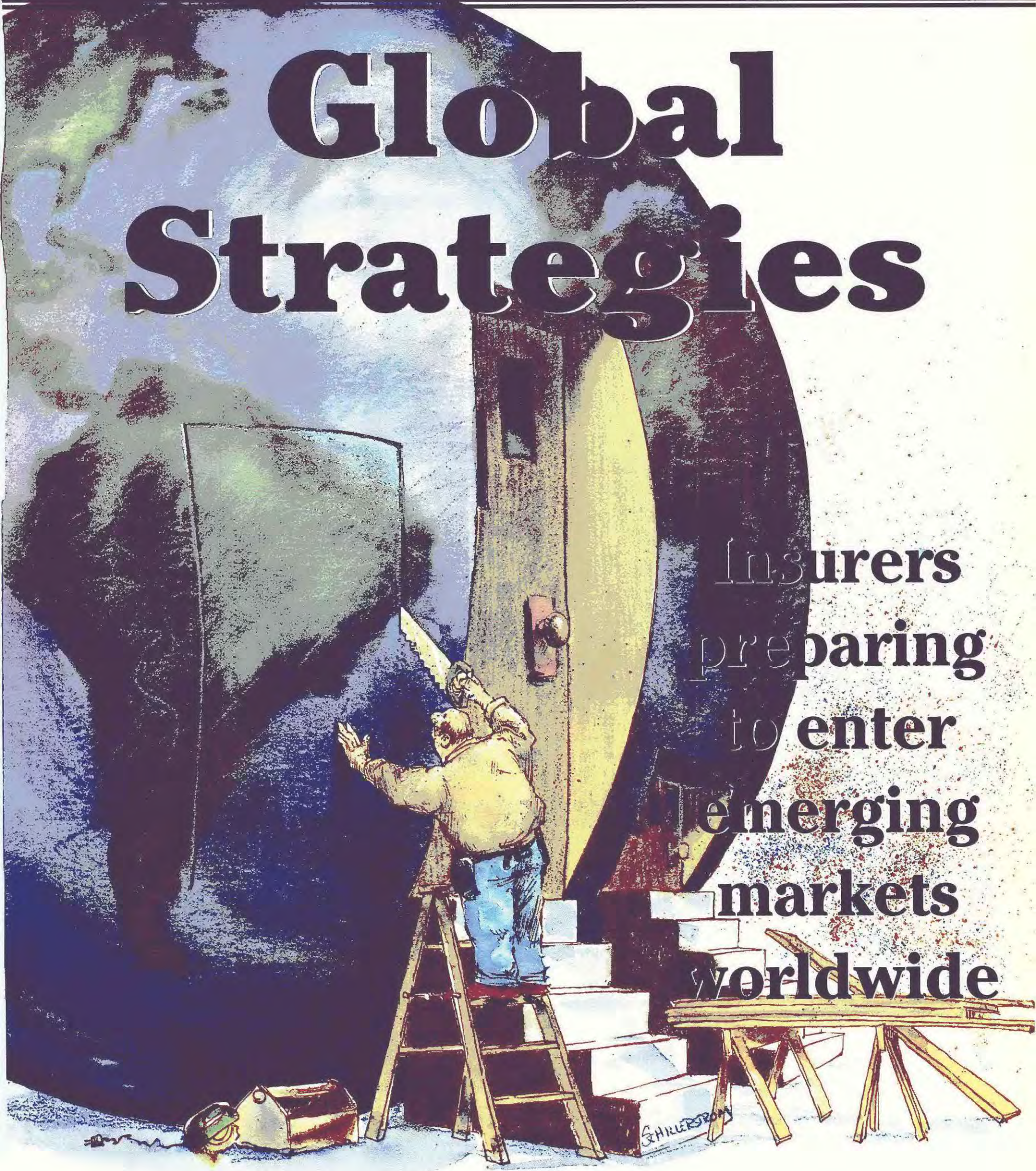
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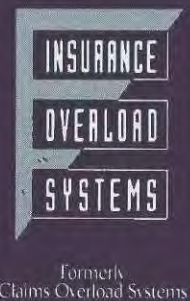
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Continued from page 32

Clients	
Total.....	16
Associations.....	2
Minimum size.....	None

Consulting since: 1992.
Services: Alternative risk financing consulting, actuarial consulting.
Compensation: By the hour: principal consultant, \$265.
Contact: Walter Haner, president/consulting actuary.

The Hastings Management Group
 122 Hillcrest Ave., Findlay, Ohio 45840; 419-424-8778; fax: 419-424-8778

1996 revenues	
Continuous consulting.....	90%
Risk management audits.....	5%
Special projects.....	4%
Actuarial/accounting services.....	1%
Staff	
Total.....	5

Risk management professionals.....		5
Includes: 2 principal consultants, 3 consultants		
Clients		
Total.....		11
Minimum size.....		None

Consulting since: 1990.
Services: Most risk management services.
Locations: Phoenix; Milwaukee.
Compensation: By the project, on retainer, by the hour: principal consultant, \$125; consultant, \$100; analyst, \$100; clerical, \$25.
Contact: Jay D. Hastings, vp-operations.

Henderson Insurance & Risk Management Consultants Inc.
 3300 Henderson Blvd., Suite 206, Tampa, Fla. 33609; 813-287-2986; fax: 813-289-0583

1996 revenues	
Risk management consulting revenues.....	\$228,000
Continuous consulting.....	80%
Risk management audits.....	10%
Special projects.....	10%
Staff	
Total.....	3

Clients	
Total.....	30
Associations.....	1
Minimum size.....	None

Consulting since: 1971.
Services: Most risk management services.
Compensation: By the hour: principal consultant, \$125; consultant, \$110.
SRMC member.
Officers: Otto Lee Henderson, president; William Admstead, senior vp.

The Hilder Group Inc.
 220 Campus Drive, Arlington Heights, Ill. 60004; 847-342-4900; fax: 847-342-4907

1996 revenues	
Continuous consulting.....	70%
Risk management audits.....	15%
Special projects.....	15%
Staff	
Total.....	2

Risk management professionals.....		2
Includes: 2 principal consultants		
Clients		
Total.....		15

Consulting since: 1987.
Services: Most risk management services.
Compensation: By the project, on retainer, by the hour.
SRMC member.
Officers: Daniel E. Hilder, president.

Hilton Hilliard & Associates
 P.O. Box 842014, Houston, Texas 77284-2014; 800-804-4741; fax: 800-914-8019

1996 revenues	
Continuous consulting.....	25%
Risk management audits.....	5%
Special projects.....	70%
Staff	
Total.....	4

Risk management professionals.....		3
Includes: 1 principal consultant, 2 consultants; 1 CIC		
Clients		
Total.....		15
Minimum size.....		\$750

Consulting since: 1991.
Services: OSHA compliance training, insurance coverage and limits analysis, loss prevention consulting.
Specialties: Home builders, general contractors, land developers.
Compensation: By the project, on retainer, by the hour: principal consultant, \$150; consultant, \$125; analyst, \$100; clerical, \$50.
Officers: J. Hilton Hilliard, licensed risk manager; Andrew H. Hilliard, OSHA qualified safety instructor; Mary H. Hilliard, safety records/procedure instruction.

P.M. Hudson & Associates Inc.
 350-A Christopher Ave., Gaithersburg, Md. 20879; 301-212-9300; fax: 301-990-0665

1996 revenues	
Risk management consulting revenues.....	\$350,000
Continuous consulting.....	35%
Risk management audits.....	45%
Special projects.....	20%

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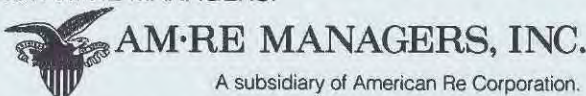
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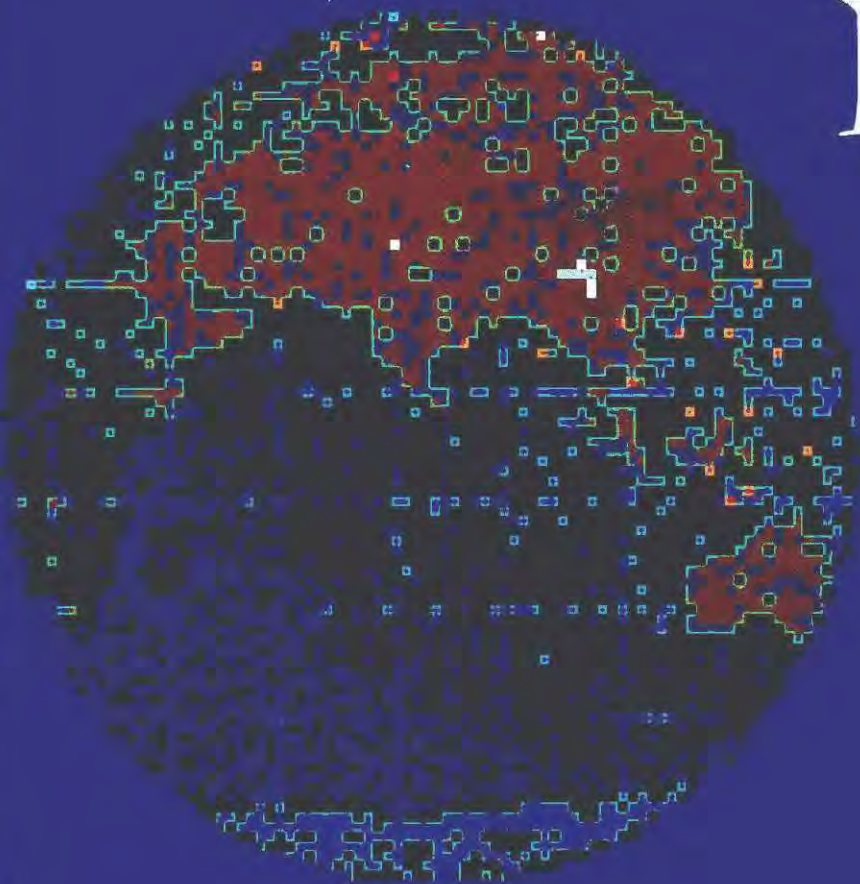
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<http://www.captive.com/service/amremgrs>

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Issue Date	Directory
Feb 5	Third-Party Administrators
Feb 19	Utilization Review Providers & Case Managers
Mar 4	Risk Management Consultants
Mar 18	Benefit Information & Claims Systems
Apr 22	Captive Managers
May 20	401(k) Plan Administrators
Jun 3	Alternative Risk Financing Facilities
Jun 24	EAPs & Dependent Care Resources and Referral Services
Jul 22	Agents & Brokers
Aug 5	Prescription Benefit Managers
Aug 19	Property Loss Control Consultants
Sep 2	Leading Reinsurers Worldwide
Sep 16	Surplus Lines Insurers & Wholesalers
Oct 14	Reinsurance Brokers
Oct 28	Benefit Communication Systems
Nov 4	Safety Consultants & Rehabilitation Services
Nov 11	Environmental Risk Management Consultants
Nov 18	International Insurers & Benefit Networks
Dec 2	Risk Management Information Systems
Dec 9	Employee Benefit Consultants
Dec '96	Managed Care Providers—HMOs, PPOs and POS Plans

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Feb 17	Third-Party Administrators
Mar 3	Benefit Information & Claims Systems
Mar 17	Risk Management Consultants
Apr 14	Captive Managers
May 5	401(k) Plan Administrators
May 19	Alternative Risk Financing Facilities
Jun 9	Environmental Risk Management: Consultants
Jun 23	EAPs & Dependent Care Resources and Referral Services
Jul 21	Agents & Brokers
Aug 4	Prescription Benefit Managers
Aug 18	Property Loss Control Consultants
Sep 1	Leading Reinsurers Worldwide
Sep 15	Surplus Lines Insurers & Wholesalers
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Continued from page 30

**Leonard R. Friedman
Risk Management Inc.**

170 Great Neck Road,
Great Neck, N.Y. 11021;
516-466-0750; fax: 516-466-0997

1996 revenues

Risk management consulting revenues	\$1,000,000
Continuous consulting	85%
Risk management audits	10%
Special projects	5%

Staff

Total	12
Risk management professionals	8
Includes: 3 principal consultants, 1 consultant, 4 analysts; 1 CPCU, 4 ARMs	

Clients

Total	50
-------	----

Consulting since: 1974.
Services: Most risk management services.

Compensation: By the project, on retainer, by the hour: principal consultant, \$200; consultant, \$150; analyst, \$95; clerical, \$45.

SRMC member.
Officers: Alice B. Weiss, president; Susan G. Kaufman, executive vp; Rachel Efrati, vp.
Contact: Susan G. Kaufman.



G.C.G. Risk Management Inc.

85 Worth St., New York,
N.Y. 10013; 212-431-3000;
fax: 212-941-6546

1996 revenues

Total gross revenues	\$4,200,000
Risk management consulting revenues	\$4,090,000

Continuous consulting	90%
Risk management audits	2%
Special projects	8%

Staff

Total	30
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Clients

Total	500
Associations	17

Consulting since: 1977.
Services: Workers compensation risk management consulting only, including workers comp claims review, reserve analysis and loss control.

Specialties: Workers compensation only for health care, contractors and transportation.
Locations: Fairport, Schenectady and Westbury, N.Y.

Compensation: By the project, on retainer.
Officers: Joseph M. Gnesin, president; Charles S. Cates, vp; Ross L. Gnesin, treasurer; Lawrence E. Grimm, secretary.

**Gallagher Bassett
Services Inc.**

The Gallagher Centre, 2 Pierce
Place, Itasca, Ill. 60143-3141;
630-773-3800; fax: 630-285-4000

1996 revenues

Total gross revenues	\$116,000,000
Risk management consulting revenues	\$7,000,000
Continuous consulting	80%
Special projects	20%

Staff

Total	60
Risk management professionals	45
Includes: 8 principal consultants, 37 consultants; 2 ARMs, 12 CSPs, 1 PE	

Clients

Total	350
Associations	25
Minimum size	None

Consulting since: 1962.
Parent: Arthur J. Gallagher & Co.

Services: Loss prevention consulting.
Locations: Little Rock, Ark.; Denver, Farmington, Conn.; Miami and Orlando, Fla.; Atlanta; Schaumburg, Ill.; Kansas City and St. Louis, Mo.; Middletown, N.Y.; Arden, N.C.; Buenos Aires, Argentina; Melbourne, Australia; Toronto; London.

Compensation: By the project, on retainer, by the hour: principal consultant, \$95 to \$135; consultant, \$90 to \$125.

Officers: John G. Campbell, chairman; Peter J. Durkalski, president; Michael J. Billings, Richard R. Rothman, Richard McKenna, ex-

ecutive vps.
Contact: Tracy D. Mock, area vp-marketing services.

GatesMcDonald

3455 Mill Run Drive, Hilliard,
Ohio 43026; 614-777-3000;
fax: 614-777-3265

1996 revenues

Total gross revenues	\$60,700,000
Risk management consulting revenues	\$3,000,000
Continuous consulting	2%
Special projects	3%
Actuarial/accounting services	95%

Staff

Total	875
Risk management professionals	17
Includes: 2 consultants, 15 analysts	

Clients

Total	3,500
Associations	25

Consulting since: 1929.
Parent: Nationwide Insurance Group.

Services: Alternative risk financing consulting, claims consulting, actuarial consulting.
Compensation: By the project, on retainer.

Officers: David Hollingsworth, president; Rich Hoyt, vp-unemployment compensation; Dave Brown, vp-business development; Gerry Sheldon, vp-risk management services; Peter Barr, vp-health management services plus; Peg Bainbridge, vp-state fund.

Contact: Dave Brown.

**General Consulting
Services Inc.**

113 N. Kickapoo St., Lincoln,
Ill. 62656; 217-732-1830;
fax: 217-732-2146

1996 revenues

Continuous consulting	80%
Special projects	20%

Staff

Total	15
Includes: 4 principal consultants, 4 consultants	

Clients

Total	60
Associations	1
Minimum size	None

Consulting since: 1986.
Services: Most risk management services.

Compensation: By the project.
Officers: Barbara O'Donohue, president; Betty J. Hayes, executive vp; Thomas H. O'Donohue, vp; Cathy Vale, secretary/treasurer.

**Global Risk Management
Center Inc.**

11200 Westheimer, Suite 920,
Houston, Texas 77042;
713-789-0563; fax: 713-785-8016

1996 revenues

Continuous consulting	55%
Special projects	45%

Staff

Total	3
Risk management professionals	2
Includes: 1 principal consultant, 1 consultant; 1 CPCU, 1 ARM	

Clients

Total	6
-------	---

Consulting since: 1991.
Services: Most risk management services.
Compensation: By the project.
Officers: John A. Lindquist, president; Diane J. Lindquist, vp/secretary/treasurer.

Mel Griffin & Associates

P.O. Box 486, Rio Linda,
Calif. 95673; 916-991-4315;
fax: 916-991-0907

1996 revenues

Risk management consulting revenues	\$175,000
Continuous consulting	25%
Risk management audits	50%
Special projects	25%

Staff

Total	5
Risk management professionals	4
Includes: 3 principal consultants, 1 consultant	

Clients

Total	27
-------	----

Consulting since: 1981.
Services: Risk management organization studies, claims consulting, loss prevention consulting.

Specialties: Manufacturing, utilities, public sector.

Locations: Concord, Calif.
Compensation: By the project, by the hour: principal consultant, \$100; consultant, \$75; clerical, \$35.

Officers: Mel Griffin, president; Sandra Van Slyke, Don Blackhurst, principal consultants.
Contact: Mel Griffin, 916-991-4315 or Sandra Van Slyke, 510-825-6812.



HJH Group Inc.

3837 Northdale Blvd., Suite 352,
Tampa, Fla. 33624; 813-985-4535;
fax: 813-985-6851

1996 revenues

Total gross revenues	\$950,000
Risk management consulting revenues	\$850,000
Risk management audits	80%
Special projects	20%

Staff

Total	5
Risk management professionals	5
Includes: 2 principal consultants, 3 consultants; 1 CPCU, 2 ARMs, 1 FCAS, 1 CSP, 1 PE	

Clients

Total	25
Minimum size	None

Consulting since: 1993.
Services: Risk management organization studies, claims consulting, analysis and implementation of workers compensation managed care programs.

Compensation: By the project, on retainer, by the hour: principal consultant, \$175 to \$200; consultant, \$125 to \$150; clerical, \$25.

Officers: Dennis L. Huffman, CEO; Catherine K. Johnson, president.
Contact: Catherine K. Johnson.

Walter Haner & Associates Inc.

545 N. Maple Ave.,
Ridgewood, N.J. 07450;
201-445-7020; fax: 201-445-0328

1996 revenues

Total gross revenues	\$247,861
Risk management consulting revenues	\$150,377
Actuarial/accounting services	100%

Staff

Total	2
Risk management professionals	1
Includes: 1 actuary; 1 FCAS	

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1075 Bay Street
Toronto, Ontario M5S 2W5
(416) 928-8542
Fax: (416) 928-3041

Continued from previous page

Consulting since: 1985.
Services: Most risk management services.
Locations: Roswell, Ga.; Clifton, N.J.
Compensation: By the project, on retainer, by the hour: principal consultant, \$150 to \$225; consultant, \$50 to \$130; clerical, \$35 to \$40.
Officers: Gordon T. Brookman, president/principal; David I. Brandwein, Richard S. Atkins, Mitchell M. Wurmbbrand, vps/principals.
Contact: David I. Brandwein.

Ernst & Young L.L.P.

787 Seventh Ave., New York, N.Y. 10019; 212-773-5600; fax: 212-773-8477

1996 revenues	
Total gross revenues	\$29,404,000
Risk management consulting revenues	\$18,175,000
Continuous consulting	10%
Risk management audits	24%
Special projects	28%
Actuarial/accounting services	38%
Staff	
Total	206

Risk management professionals	103
Includes: 25 principal consultants, 30 consultants, 23 actuaries, 25 analysts; 5 CPCUs, 11 ARMs, 19 FCASs, 21 ACASs	
Clients	
Total	450
Minimum size	None

Consulting since: 1922.
Services: Most risk management services.
Locations: Los Angeles; Atlanta; Boston; New York; Philadelphia; Hamilton, Bermuda; Montreal, Canada.

Compensation: By the project, on retainer, by the hour: principal consultant, \$450; consultant, \$275; analyst, \$150.

SRMC member.
Officers: James Blinn, Rusty Kuehn, Orin Linden, Jim MacGinnitie, Lee Smith, Steven Visner, partners.

Evazbo Risk Management Consulting Services Inc.

Popular Bank Building, Ninth Floor, Old San Juan, Puerto Rico 00901; 787-723-1950; fax: 787-723-8128

1996 revenues	
Total gross revenues	\$500,000
Risk management consulting revenues	\$500,000
Continuous consulting	80%
Risk management audits	10%
Special projects	10%
Staff	
Total	8
Risk management professionals	4
Includes: 1 principal consultant, 2 consultants, 1 analyst; 2 CPCUs, 2 ARMs	
Clients	
Total	25

Consulting since: 1974.
Services: Insurance coverage and limits analysis, claims consulting, loss prevention consulting.

Specialties: Manufacturing, health care providers, government.
Locations: Tampa, Florida; New York; Santo Domingo, Dominican Republic.

Compensation: By the project, on retainer, by the hour: principal consultant, \$150; consultant, \$100; analyst, \$75; clerical, \$25.

Officers: Edna Vazquez de Bonnet, president; Chandrissa Bonnet, vp; Gloria Gordils, secretary; L. Alexandre Bonnet, treasurer.



Ferguson Risk Management Inc.

122 Kirksway, Lake Orion, Mich. 48362; 810-853-2242; fax: 810-853-0996

1996 revenues	
Total gross revenues	\$130,000
Risk management consulting revenues	\$130,000
Continuous consulting	60%
Risk management audits	25%
Special projects	15%
Staff	
Total	2
Risk management professionals	1
Includes: 1 principal consultant, 1 consultant; 1 CPCU, 1 ARM	
Clients	
Total	7
Associations	1
Minimum size	\$100,000

Consulting since: 1992.
Services: Insurance coverage and limits analysis, broker and vendor services analysis, expert witness services.
Compensation: By the project, on retainer, by the hour: principal consultant, \$150; consultant, \$75.
Officers: Richard D. Ferguson, president/treasurer; Richard Zimmerman, vp/secretary.
Contact: Richard D. Ferguson.

R.M. Fields & Co. Ltd.

620 Chestnut St., Public Ledger Building, Suite 629, Philadelphia, Pa. 19106; 215-625-9639; fax: 215-625-9679

1996 revenues	
Special projects	90%
Actuarial/accounting services	10%
Staff	
Total	10
Risk management professionals	9
Includes: 4 principal consultants, 1 consultant, 1 actuary, 3 analysts	
Clients	
Total	50

Consulting since: 1981.
Services: Expert witness services, actuarial consulting, insurance archaeology and analysis.

Locations: Palo Alto, Calif.; London.
Compensation: By the project, by the hour: principal consultant, \$150 to \$225; consultant, \$100 to \$125; analyst, \$60 to \$75; clerical, \$35.

Officers: Henry R. Booth, managing director; David R. Jones, director.
Contact: Henry R. Booth.

First Risk Management—Legal Division—& Associated Cos.

636 Old York Road, Suite 220, Jenkintown, Pa. 19046; 215-885-1125; fax: 215-885-1161

1996 revenues	
Continuous consulting	24%
Risk management audits	1%
Special projects	75%
Staff	
Total	5
Risk management professionals	2
Includes: 1 principal consultant, 1 consultant; 1 CPCU, 2 ARMs	
Clients	
Total	40
Minimum size	None

Consulting since: 1988.
Parent: First Risk Management Co.
Services: Insurance coverage and limits analysis, expert witness services, litigation support consulting on insurance risk matters.
Specialties: Attorneys.
Compensation: By the project, by the hour: principal consultant, \$395; clerical, \$80.
SRMC member.
Officers: Leonard J. Silver, president; Bonnie Esposito, secretary.
Contact: Leonard J. Silver.

Fortune Risk Management Inc.

9000 W. Sheridan St., Suite 149, Pembroke Pines, Fla. 33024; 954-436-7384; fax: 954-436-7385

1996 revenues	
Continuous consulting	80%
Special projects	20%
Staff	
Total	3
Risk management professionals	2
Includes: 1 principal consultant, 1 consultant; 2 CPCUs, 1 ARM	
Clients	
Total	19
Associations	1

Consulting since: 1991.
Services: Most risk management services.
Compensation: By the project, on retainer, by the hour: principal consultant, \$120 to \$200; consultant, \$90 to \$150; clerical, \$25.
SRMC member.
Officers: David E. Fortune, president; John H. Nugent, vp.
Contact: David E. Fortune.

Continued on page 32

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Professional designations are as follows: ACAS - Assoc., Casualty Actuarial Society; ARM - Assoc. in Risk Management; CIC - Certified Insurance Counselor; CPCU - Chartered Property Casualty Underwriter; CSP - Certified Safety Professional; FCAS - Fellow, Casualty Actuarial Society; PE - Project Engineer; CMC - Certified Management Consultant.

Continued from previous page

Staff	
Total	6
Risk management professionals	3
Includes: 1 principal consultant, 2 consultants; 2 CPCUs, 3 ARMs	
Clients	
Total	50
Associations	15
Minimum size	None

Consulting since: 1979.
Services: Insurance coverage and limits analysis; loss prevention consulting; design, implementation and monitoring of association-endorsed insurance programs.
Specialties: Public sector, associations, property management.
Compensation: By the project, by the hour: principal consultant, \$125; consultant, \$110; analyst, \$60.
Officers: Dennis G. Tweedale, president; Barbara B. Tweedale, vp/secretary.
Contact: Joy M. Gander-Rozzell, senior consultant
** Estimate.*

Kevin F. Donoghue & Associates

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

1996 revenues	
Continuous consulting	73%
Risk management audits	18%
Special projects	9%
Staff	
Total	14
Risk management professionals	11
Includes: 7 principal consultants, 2 consultants; 2 CPCUs, 1 ARM	
Clients	
Total	155
Associations	2

Consulting since: 1971.
Services: Most risk management services.
Locations: Boca Raton, Fla.
Compensation: By the hour.
SRMC member.
Officers: Kevin F. Donoghue, president; Joseph Tangney, executive vp; Dwight Levick, Joseph Boyle, Joseph Grillo, Edward M. Taylor, senior vps.
Contact: Michael E. Norek, senior vp.



EQE International Inc.

44 Montgomery St., Suite 32F, San Francisco, Calif. 94104; 415-989-2000; fax: 415-433-5107

1996 revenues	
Total gross revenues	\$42,000,000
Continuous consulting	25%
Risk management audits	5%
Special projects	70%
Staff	
Total	350
Includes: 50 principal consultants, 200 consultants, 100 analysts; 1 CPCU, 200 PEs	
Clients	
Total	1,000
Minimum size	\$5,000

Consulting since: 1981.
Services: Consulting on design of risk management information systems, natural hazards risk management.
Locations: Irvine, Calif.; Golden, Colc.; St. Louis; Stratham, N.H.; New York; Seattle; Sofia, Bulgaria; Warrington, England; Paris; Tokyo; Auckland, New Zealand; Aberceen, Scotland; Singapore; Madrid, Spain.
Compensation: By the project.
Certified under ISO 9000.
Officers: D.O. Frazier, chairman; P.I. Yanev, president; J.J. Johnson, COO; S. Horn, executive vp; R. Kunar, vp-London office.
Contact: Charles Scawthorn.

Ecology & Environment Inc.

Buffalo Corporate Center, 368 Pleasant View Drive, Lancaster, N.Y. 14051-1813; 716-684-8060; fax: 716-684-0844

1996 revenues	
Special projects	100%
Staff	
Total	750

Consulting since: 1970.
Services: Loss prevention consulting, loss settlement assistance, forensic environmental consulting services.
Locations: 25 offices worldwide.
Compensation: By the project.
Officers: Gerhard Neumaier, president; Gerald A. Stroble, executive vp; Ronald J. Skare, vp-sales; Frank B. Silvestro, Ronald L. Frank, executive vps.

Effective Risk Management

The Atrium, Suite 500, 19200 Von Karman Ave., Irvine, Calif. 92612-1540; 714-251-1500; fax: 714-251-1715

1996 revenues	
Continuous consulting	30%
Risk management audits	10%
Special projects	60%
Staff	
Total	1
Includes: 1 principal consultant; 1 ARM, 1 CIC	
Clients	
Total	23
Minimum size	None

Consulting since: 1993.
Services: Most risk management services.
Compensation: By the project, on retainer, by the hour: principal consultant, \$175 to \$250; clerical, \$35.
SRMC member.
Officers: Pauline Thomas, principal.

Elam Consulting Inc.

15 Northtown Drive, Box 2, Jackson, Miss. 39211; 601-952-0403; fax: 601-977-0807

1996 revenues	
Continuous consulting	85%
Risk management audits	10%
Special projects	5%
Staff	
Total	3
Includes: 2 principal consultants, 1 consultant	
Clients	
Total	100
Minimum size	\$100,000

Consulting since: 1988.
Services: Most risk management services.
Compensation: By the project, on retainer, by the hour: principal consultant, \$150; consul-

tant, \$100; clerical, \$50.
Officers: J. Eric Elam, president.

Empire Risk Management

1470 Ben Sawyer Blvd., Suite 12, Mount Pleasant, S.C. 29464; 803-849-7475; fax: 803-849-1607

1996 revenues	
Total gross revenues	\$498,274
Risk management consulting revenues	\$357,410
Continuous consulting	70%
Risk management audits	20%
Special projects	10%
Staff	
Total	6
Includes: 2 principal consultants, 2 consultants; 2 CPCUs, 3 ARMs, 2 CSPs	
Clients	
Total	16
Associations	1
Minimum size	\$500,000

Consulting since: 1991.
Services: Most risk management services.
Specialties: Transportation, associations, professional employer organizations.
Compensation: By the project, by the

hour: principal consultant, \$165; consultant, \$90 to \$110; analyst, \$75; clerical, \$55.
Officers: D.W. Speer, president; Beverly Speer, secretary.

Environmental Risk Ltd.

120 Mountain Ave., Bloomfield, Conn. 06002; 860-242-9933; fax: 860-243-9055

1996 revenues	
Total gross revenues	\$6,000,000
Risk management consulting revenues	\$2,600,000
Continuous consulting	60%
Risk management audits	20%
Special projects	10%
Actuarial/accounting services	10%
Staff	
Total	60
Risk management professionals	44
Includes: 4 principal consultants, 40 consultants; 5 PEs	
Clients	
Total	400
Associations	3
Minimum size	None

Continued on next page

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Matrix Risk Consultants, Inc., 3491 Newmark Dr., Miamiburg, OH 45342
 Phone: 937/438-7200 FAX: 937/438-7220

Continued from previous page

SRMC member.
Contact: Donn P. McVeigh, managing director.

Crisis Management International Inc.
 8 Piedmont Center, Suite 420,
 Atlanta, Ga. 30305; 404-841-3400;
 fax: 404-841-3404

1996 revenues	
Risk management consulting revenues	\$330,000
Continuous consulting	5%
Risk management audits	20%
Special projects	75%
Staff	
Total	5

Clients	
Total	81
Associations	5
Minimum size	None

Consulting since: 1989.
Services: Loss prevention consulting, violence preparedness audits, bomb preparedness audits.
Compensation: By the project, by the hour: principal consultant, \$250; consultant, \$250.
Contact: Bruce T. Blythe, president/CEO.

If your company was not included in the directory of risk management consultants and would like to receive a questionnaire for next year, please call Richard Trout at 312-649-5483.

Mac Curless Co.
 7623 E. 26th St., Wichita,
 Kan. 67226; 316-687-5533;
 fax: 316-687-3516

1996 revenues	
Risk management audits	100%
Staff	
Total	1
Risk management professionals	1
Includes: 1 principal consultant, 1 PE	

Clients
 Total: 2
 Minimum size: None
Consulting since: 1996.
Services: Loss prevention consulting, expert witness services.
Compensation: By the project, by the hour: principal consultant, \$85 to \$135.
Contact: Mac Curless, sole proprietor.



**Deloitte & Touche L.L.P.—
 Risk Management
 Consulting Services**
 333 Clay St., Suite 2300,
 Houston, Texas 77002;
 713-756-2000; fax: 713-756-2008

1996 revenues	
Total gross revenues	\$2,000,000,000
Risk management consulting revenues	\$20,900,000
Continuous consulting	20%
Risk management audits	20%
Special projects	50%
Actuarial/accounting services	10%

Staff	
Total	128
Risk management professionals	104
Includes: 12 principal consultants, 58 consultants, 19 actuaries, 15 analysts; 5 CPCUs, 4 ARMs, 13 FCASs, 6 ACASs, 10 CMCs	

Clients
 Total: 500
 Minimum size: None
Consulting since: 1978.
Services: Most risk management services.
Locations: Birmingham, Ala.; Phoenix; Costa Mesa, Los Angeles and San Francisco, Calif.; Hartford, Conn.; Washington; Chicago; Las Vegas; Newark, N.J.; New York; Columbus, Ohio; Pittsburgh; Portland, Ore.; Dallas; Houston; Seattle; Sydney, Australia; Calgary, Montreal, Toronto and Vancouver, Canada; London.
Compensation: By the project, on retainer, by the hour: principal consultant, \$275 to \$450; consultant, \$150 to \$250; analyst, \$90 to \$150; clerical, \$40 to \$60.
Officers: Harvey N. Michaels, Mark Charon, Kevin Calland, Don Wilks, Vince Cali, William D. O'Connell, Gregory Higgins, Jan A. Lommelle, Chris Vandenoever, Greg Pollard, partners/principals.

Dempsey, Myers & Co.
 426 Danbury Road, Wilton,
 Conn. 06897; 203-762-5052;
 fax: 203-762-9826

1996 revenues	
Risk management consulting revenues	\$1,800,000
Actuarial/accounting services	100%

Staff	
Total	13
Risk management professionals	11
Includes: 6 principal consultants, 5 consultants	

Clients
 Total: 50
Consulting since: 1982.
Services: Claims consulting, loss settlement assistance, business interruption/fidelity claim preparation.
Locations: Chicago.
Compensation: By the hour: principal consultant, \$150 to \$175; consultant, \$75 to \$135.
Officers: John D. Dempsey, William L. Myers, Michael J. Skweres.
Contact: John D. Dempsey.

Devine & Tweedale Inc.
 7633 Ganser Way, Suite 200,
 Madison, Wis. 53719;
 608-833-9595; fax: 608-833-8088

1996 revenues	
Risk management consulting revenues*	\$600,000
Continuous consulting	55%
Risk management audits	40%
Special projects	5%



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 215.665.5000, fax 215.665.5009, http://www.pmare.com

Continued from previous page

Coopers & Lybrand L.L.P.

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

1996 revenues	
Total gross revenues	\$63,690,000
Risk management consulting revenues	\$34,950,000
Continuous consulting	10%
Risk management audits	25%
Special projects	50%
Actuarial/accounting services	15%

Staff	
Total	375
Risk management professionals	153
Includes: 107 principal consultants, 107 consultants, 75 actuaries, 69 analysts; 12 CPCUs, 11 ARMs, 61 FCASs, 1 CSP, 20 ACASs, 2 CICs, 2 PEs	

Clients	
Total	1,852
Associations	102
Minimum size	None

Consulting since: 1979.
Services: Most risk management services.

Locations: Los Angeles; San Francisco; Denver; Washington; Tampa, Fla.; Atlanta; Chicago; Boston; Jersey City and Parsippany, N.J.; New York; Philadelphia and Valley Forge, Pa.; Dallas; Seattle; Brussels, Belgium; Hamilton, Bermuda; Toronto; London; Paris; Essen, Germany; Utrecht, Netherlands.

Compensation: By the project, on retainer, by the hour: principal consultant, \$335 to \$530; consultant, \$215 to \$340; analyst, \$130 to \$230; clerical, \$55 to \$100.

SRMC member.

Officers: Frederick O. Kist, managing principal; Michael R. Vogler, principal/national director-risk management; Cathy McKeon, principal; Michael Flaharty, principal/national director-claims.

Contact: Michael R. Vogler.

CORE Risk Services

P.O. Box 206, Oldenburg,
Ind. 47036; 812-933-0656;
fax: 812-933-0354

1996 revenues	
Continuous consulting	95%
Risk management audits	5%

Staff	
Total	2
Risk management professionals	1
Includes: 1 principal consultant; 1 ARM	

Clients	
Total	10
Associations	2
Minimum size	None

Consulting since: 1993.

Services: Most risk management services.

Compensation: By the project, on retainer, by the hour: principal consultant, \$125; clerical, \$40.

Officers: Robert L. Bernens, chairman; Mary Ellen Wilson, secretary.

**Corporate Risk Consultants
Division, Meadowbrook
Insurance Group Inc.**

26600 Telegraph Road,
Southfield, Mich. 48034;
810-358-1100; fax: 810-358-1614

1996 revenues	
Total gross revenues	\$3,850,000

Risk management consulting revenues	\$2,750,000
Continuous consulting	60%
Risk management audits	20%
Special projects	15%
Actuarial/accounting services	5%

Staff	
Total	37
Risk management professionals	11
Includes: 4 principal consultants, 3 consultants, 3 actuaries, 1 analyst; 6 CPCUs, 4 ARMs, 1 FCAS, 1 ACAS, 4 CICs	

Clients	
Total	72
Minimum size	None

Consulting since: 1978.

Services: Most risk management services.

Locations: Montgomery, Ala.; Miami, Fla.; Minneapolis; Kansas City, Mo.; New York; Hamilton, Bermuda.

Compensation: By the project, on retainer, by the hour.

Officers: Merton J. Segal, chairman/CEO; James R. Parry Sr., executive vp; Joseph Henry, Robert S. Cubbin, executive vps.

Contact: Jeffrey L. Bowlby, vp-marketing.

**Corporate Risk
Management Inc.**

350 E. Ogden Ave., Westmont,
Ill. 60559; 630-920-0000;
fax: 630-920-0157

1996 revenues	
Risk management consulting revenues	\$570,000
Continuous consulting	40%
Risk management audits	40%
Special projects	20%

Staff	
Total	6
Includes: 1 CPCU, 2 ARMs, 2 CICs	

Consulting since: 1979.

Services: Insurance coverage and limits analysis, broker and vendor services analysis, expert witness services.

Compensation: By the project, on retainer, by the hour: principal consultant, \$250; consultant, \$175; analyst, \$75.

Officers: Robert A. Wilson, president; Robert W. Wilson, executive vp; Scott R. Wilson, vp.

Contact: Robert A. Wilson.

**Corporate Risk
Management Inc.**

505 Fenton Place, Charlotte,
N.C. 28207; 704-335-0185;
fax: 704-377-2973

1996 revenues	
Continuous consulting	70%
Risk management audits	20%
Special projects	10%

Staff	
Total	7
Risk management professionals	5
Includes: 2 principal consultants, 1 consultant, 2 analysts; 1 CPCU, 2 ARMs	

Clients	
Total	60

Consulting since: 1978.

Services: Most risk management services.

Compensation: By the project, on retainer, by the hour: principal consultant, \$125; consultant, \$100; analyst, \$75; clerical, \$55.

Officers: William B. Heeney, president; Mark S. Moss, vp.

Contact: William B. Heeney.

Crain, Langner & Co.

3728 Waitley Drive, P.O. Box 531,
Richfield, Ohio 44286;
216-659-3142; fax: 216-659-6241

1996 revenues	
Total gross revenues	\$376,000
Risk management consulting revenues	\$345,000
Continuous consulting	40%
Risk management audits	25%
Special projects	35%

Staff	
Total	5
Risk management professionals	3
Includes: 2 principal consultants, 1 consultant; 2 CPCUs, 1 ARM	

Clients	
Total	100
Associations	10
Minimum size	None

Consulting since: 1939.

Services: Most risk management services.

Compensation: By the project, on retainer, by the hour: principal consultant, \$125 to \$140.

SRMC member.

Officers: Thomas E. Borrer, president; Kenneth R. Butler, vp.

Contact: Kenneth R. Butler.

**Creative Risk Concepts
International**

6114 LaSalle Ave., Suite 355,
Oakland, Calif. 94611;
510-531-9150; fax: 510-531-2531

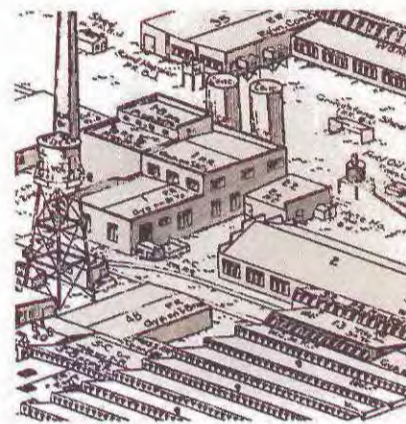
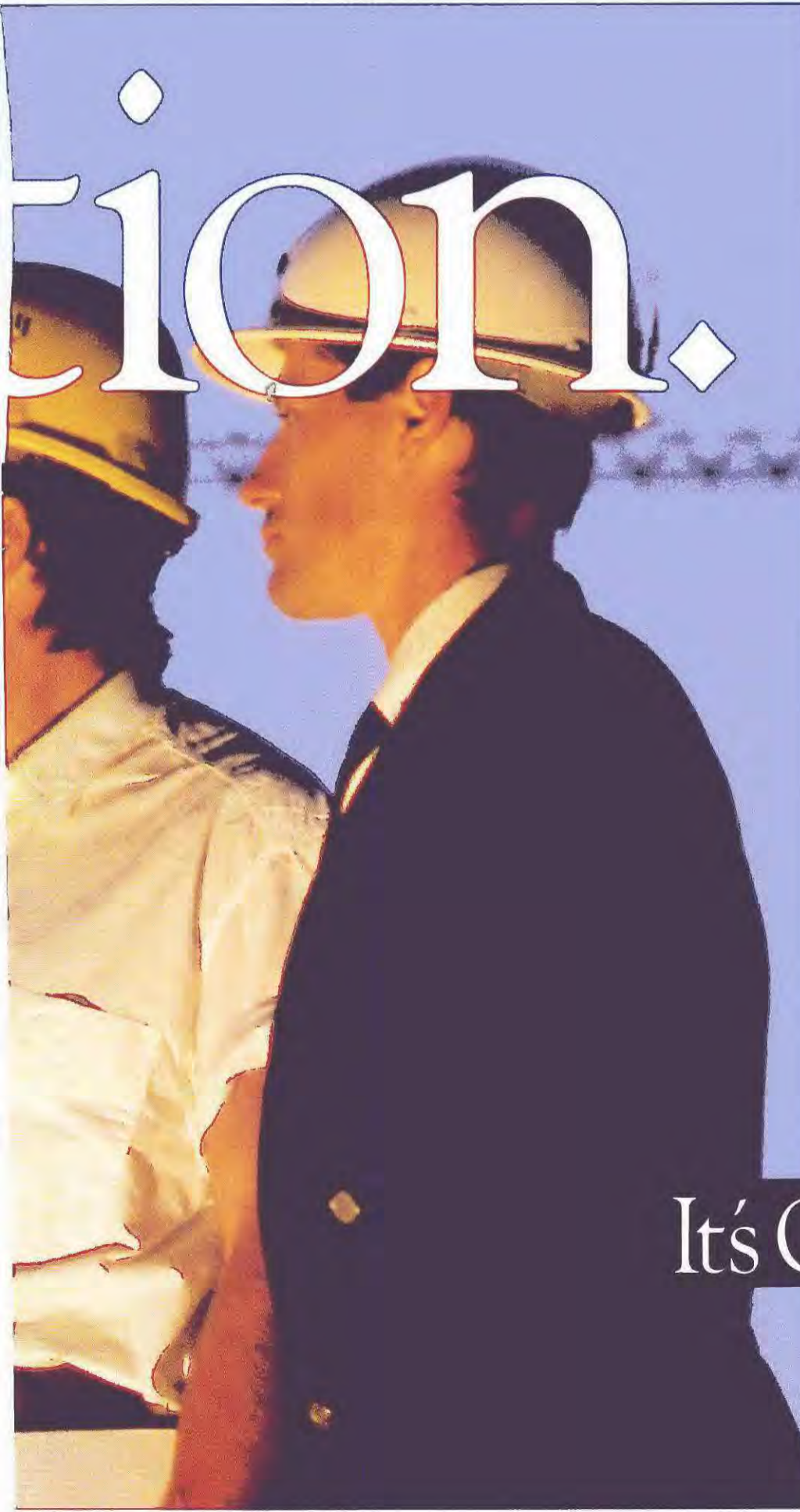
1996 revenues	
Continuous consulting	15%
Risk management audits	2%
Special projects	83%

Staff	
Total	11
Risk management professionals	1
Includes: 1 principal consultant; 1 CPCU, 1 ARM	

Consulting since: 1985.

Services: Alternative risk financing consulting, insurance coverage and limits analysis, expert witness services.

Compensation: By the hour: principal consultant, \$225.



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Park Ridge, Illinois 60068 847.825.4474

Continued on next page

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Casualty Actuarial Consultants Inc.

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

1996 revenues	
Actuarial/accounting services	100%
Staff	
Total	10
Risk management professionals	9
Includes: 9 actuaries; 1 FCAS, 3 ACASS	
Clients	
Total	190
Associations	120
Minimum size	None

Consulting since: 1989.
Services: Expert witness services, actuarial consulting.
Specialties: Individual and group self-insured risks, workers compensation groups, governmental entities.
Compensation: By the project, by the hour: principal consultant, \$175; consultant, \$150; analyst, \$100.
Officers: J. Edward Costner, president; Lisa N. Dennison, Cecilia M. LePere, senior vps.
Contact: J. Edward Costner, 615-371-5339 ext. 100.

Charlesworth & Associates L.C.

P.O. Box 12830, Overland Park,
Kan. 66212; 913-451-4730;
fax: 913-451-5985

1996 revenues	
Continuous consulting	60%
Risk management audits	30%
Special projects	10%
Staff	
Total	6
Risk management professionals	5
Includes: 3 principal consultants, 2 consultants, 1 CPCU, 5 ARMs	
Clients	
Total	40
Minimum size	None

Consulting since: 1977.
Services: Insurance coverage and limits analysis, claims consulting, loss prevention consulting.
Specialties: Manufacturing, health care providers, public sector.
Compensation: By the project, on retainer, by the hour: principal consultant, \$75; consultant, \$75.
Officers: Art Charlesworth, Bob Charlesworth, James Charlesworth, Connie McGraw, partners.

Chubb Services Corp.

25 Independence Blvd.,
Warren, N.J. 07059;
908-903-7181; fax: 908-903-7187

1996 revenues	
Total gross revenues	\$5,000,000
Risk management consulting revenues	\$1,600,000
Continuous consulting	46%
Special projects	54%
Staff	
Total	153
Risk management professionals	13
Includes: 9 principal consultants, 2 consultants, 1 actuary, 1 analyst; 1 CPCU, 2 ARMs, 8 CSPs, 2 PEs	
Clients	
Total	80
Minimum size	None

Consulting since: 1991.
Parent: Chubb & Son Inc.
Services: Claims consulting, loss prevention consulting, disaster recovery planning.
Specialties: Manufacturing, financial services, health care providers.
Locations: Los Angeles; Atlanta; Chicago; Louisville, Ky.; Westborough, Mass.; Murray Hill, N.J.; Harrisburg, Pa.; Houston.
Officers: Robert Felch, president; Patrick Pisano, executive vp-claims; Sam Lee, vp-risk management services; Robert Santoro, vp-self-insurance group administration; Jane Moran, vp-human resources.
Contact: Sam Lee.

Commercial Risk Consultants Inc.

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

1996 revenues	
Continuous consulting	90%
Risk management audits	5%
Special projects	5%
Staff	
Total	3
Risk management professionals	2
Includes: 1 principal consultant, 1 analyst; 1 CPCU, 1 ARM	
Clients	
Total	41
Minimum size	\$100,000

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

CONFIRM Inc.

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

1996 revenues	
Continuous consulting	60%

Risk management audits	10%
Special projects	10%
Actuarial/accounting services	20%
Staff	
Total	6
Risk management professionals	4
Includes: 1 CPCU, 1 ARM	
Clients	
Total	27
Minimum size	\$50,000

Consulting since: 1989.
Services: Most risk management services.
Specialties: Health care providers, public entities, educational.
Compensation: By the project, on retainer.
SRMC member.
Officers: James P. Faughnan Jr., president; Lawrence E. O'Brien, principal consultant; Florence Smith, corporate secretary; Paul Czesak, director-engineering services.

Consolidated Risk Management

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

1996 revenues	
Continuous consulting	80%
Risk management audits	10%
Special projects	10%
Staff	
Total	8
Risk management professionals	5
Includes: 2 principal consultants, 2 consultants, 1 analyst; 2 CPCUs, 2 ARMs	
Clients	
Total	29
Minimum size	None

Consulting since: 1985.
Services: Most risk management services.
Compensation: By the project, on retainer, by the hour: principal consultant, \$165 to \$195; consultant, \$88 to \$150; analyst, \$60; clerical, \$40.
Officers: Michael R. Weil, chairman; Michael A. Cristal, principals.
Contact: Michael R. Weil.

Consulting Services Inc. (CSI)

600 Eagleview Blvd., P.O. Box 640,
Exton, Pa. 19341; 800-858-0853

1996 revenues	
Risk management consulting revenues	\$9,000,000
Continuous consulting	5%
Risk management audits	90%
Special projects	5%
Staff	
Total	70
Risk management professionals	60
Includes: 3 ARMs, 5 CSPs, 1 PE	
Clients	
Total	30

Consulting since: 1985.
Parent: ECS Inc.
Services: Loss prevention consulting, environmental/health consulting, transportation risk management.
Locations: Los Angeles; San Francisco; Orlando, Fla.; Atlanta; Dallas; Houston.
Compensation: By the project, on retainer, by the hour.
Officers: William Koonenberg, president/CEO; David Rosenberg, executive vp; Frank Piliero, executive vp/CFO; James Splain, vp.
Contact: Claudia O'Brien.

Continued on next page



Factory Mutual System

Commercial/Retail/Wholesale
 Agricultural Properties
 Demolition Contractor
 Chemical Distributors
 Utility Contractor
 Contractors
 Research and Development
 Manufacturers
 Manufacturers
 Recycling/Reclamation Centers
 Commodities
 Treatment

Business Consultants
 Architects & Engineers
 Contractor
 Chemical Distributors
 Electronic Manufacturers
 Financial Institutions
 Mines/Mills
 Laboratories
 Dry Cleaners
 Textile Mill
 Commercial Real Estate
 Warehouses
 Service Stations
 Shopping Centers/Malls

Civil Engineers
 Architects & Engineers
 Drilling
 Excavation
 Colleges/Universities
 General/Specialty
 Fuel Blenders
 Fuel Blending
 Medical Waste Treatment
 Product Testing Company
 Petroleum Storage/Distribution
 Apartment Complexes
 Commercial Real Estate
 Quarry Trucks
 Fuel Blenders
 Storage

Mechanical Consultant
 Remediation Contractors
 Superfund
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 Water














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Continued from page 22

Consulting since: 1993.
Services: Alternative risk financing consulting, loss prevention consulting, workers compensation cost containment.
Specialties: Public sector, self-insurers and insurance cos.
Compensation: By the project, on retainer, by the hour: principal consultant, \$125; consultant, \$75.
Officers: J. Douglas Byrd, president; Dr. Clinton R. Collins, medical director.

**CGR**

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

1996 revenues

Continuous consulting.....70%
 Risk management audits.....20%

Special projects10%
Staff
 Total.....2.5
 Includes: 1 principal consultant, 1 consultant;
 1 CMC
Clients
 Total.....7
 Minimum size.....\$100,000

Consulting since: 1987.
Services: Most risk management services.
Compensation: By the project, on retainer, by the hour*: principal consultant, \$200; consultant, \$150; clerical, \$50.
Officers: Andre Goyette, principal; Jacques Pharand, consultant.
 *Canadian dollar.

CRM International Group

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

1996 revenues

Total gross revenues*\$11,777,000
 Risk management consulting revenues*\$10,953,000
 Continuous consulting93%

Risk management audits.....5%
 Special projects2%
Staff
 Total.....152
 Risk management professionals.....120
 Includes: 29 principal consultants, 57 consultants,
 3 actuaries, 31 analysts; 1 ARM
Clients
 Total.....200
 Associations.....3
 Minimum size.....\$200,000

Consulting since: 1980.
Parent: Forbes Group Ltd.
Services: Alternative risk financing consulting, loss prevention consulting, integrated risk management strategies.
Locations: London; Nairobi, Kenya; Cape Town, Durban, Johannesburg and Pretoria, South Africa.
Compensation: By the project, on retainer, by the hour: principal consultant, \$130; consultant, \$90; analyst, \$80.
Officers: F.D. Butler, managing director; A. Valsamakis, L. Ferreira, J.J. Wolff, J. Riley, divisional managing directors.
Contact: Steven Briers, marketing director.
 *In 1996 there was a 22% depreciation in the South African Rand. Exchange rate of 4.5=\$1 used.

Cannon Cochran Management Services Inc.

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

1996 revenues

Continuous consulting.....95%
 Actuarial/accounting services.....5%

Staff

Total.....314
 Risk management professionals.....15
 Includes: 15 principal consultants; 3 CPCUs,
 8 ARMs, 3 CSPs, 4 ACAS, 3 CICs

Clients

Total.....74
 Associations.....38
 Minimum size.....None

Consulting since: 1978.
Parent: ESOP.
Services: Most risk management services.
Locations: Little Rock, Ark.; Margate, Fla.; Atlanta; Oak Brook, Ill.; Des Moines, Iowa; Metairie, La.; Brighton, Mich.; N. Kansas City and St. Louis, Mo.; Las Vegas.
Compensation: By the project.
Officers: Robert L. Cowgill, chairman/CEO; Gary J. Schirmer, vice chairman; Stephen W.

Ferguson, president/COO; G. Bryan Thomas, executive vp/chief marketing officer; Steven F. Luebbert, executive vp.
Contact: Annie Mariage, 800-252-5059 ext. 200.

Cantor & Co.

9100 Wilshire Blvd., Suite 445 E,
 Beverly Hills, Calif. 90212;
 310-859-7277; fax: 310-859-7415

1996 revenues

Total gross revenues.....\$600,000
 Risk management consulting revenues.....\$200,000
 Special projects.....100%

Staff

Total.....6
 Risk management professionals.....4
 Includes: 1 principal consultant, 3 analysts

Consulting since: 1982.
Services: Alternative risk financing consulting, insurance coverage and limits analysis, consulting on design of risk management information systems.
Specialties: Health care providers, transportation, public sector.
Compensation: By the project, by the hour: principal consultant, \$180; analyst, \$100.
Officers: Alan B. Cantor, president; Judith J. Szarka, vp.
Contact: Alan B. Cantor.

Capell Industrial Risk Management Inc.

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

1996 revenues

Total gross revenues.....\$500,000
 Risk management consulting revenues.....\$225,000
 Continuous consulting75%
 Risk management audits.....5%
 Special projects.....20%

Staff

Total.....3
 Risk management professionals.....1
 Includes: 1 principal consultant

Clients

Total.....46
 Associations.....2
 Minimum size.....None

Consulting since: 1978.
Services: Most risk management services.
Specialties: Manufacturing, transportation, professional services.
Compensation: By the project, on retainer, by the hour: principal consultant, \$175; clerical, \$45.
Officers: James W. Capell, president.
Contact: 800-622-7355.

Caronia Corp.

3300 PGA Blvd., Seventh Floor,
 Palm Beach Gardens, Fla. 33401;
 800-227-6642; fax: 561-694-1990

1996 revenues

Risk management consulting revenues.....\$5,950,000
 Continuous consulting15%
 Risk management audits.....30%
 Special projects.....50%
 Actuarial/accounting services.....5%

Staff

Total.....100
 Risk management professionals.....35
 Includes: 2 principal consultants, 30 consultants,
 3 analysts; 2 CPCUs, 3 ARMs

Clients

Total.....189
 Associations.....15
 Minimum size.....None

Consulting since: 1972.
Services: Risk management organization studies, claims consulting, loss prevention consulting.
Specialties: Manufacturing, health care providers, public sector.
Locations: San Francisco; Denver; Washington; Tampa, Fla.; Atlanta; Chicago; Louisville, Ky.; New Orleans; Boston; Detroit; St. Louis; Albany and New York, N.Y.; Raleigh, N.C.; Portland, Ore.; Greenville, S.C.; Dallas, Fort Worth, Houston and Irvine, Texas.
Compensation: By the project, on retainer, by the hour: principal consultant, \$125; consultant, \$75; analyst, \$60; clerical, \$30.
Officers: Charles McGill, president; Benjamin Thompson, CFO; Kathleen Conway, COO; James Page, Alan Landberg, vps.

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True partnership
 depends
 on confidence
 and trust

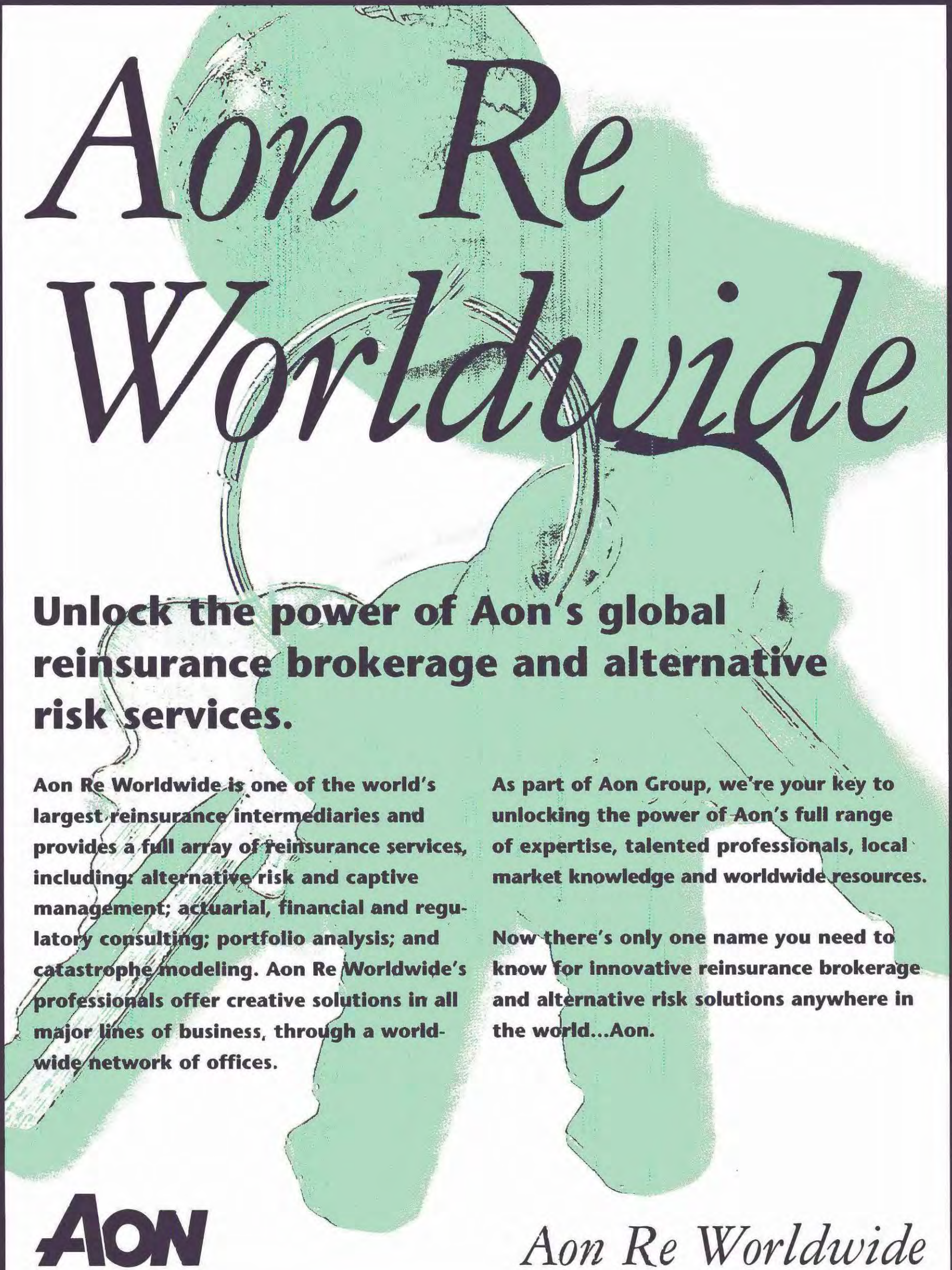
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Aon Re Worldwide

Continued from previous page

Services: Alternative risk financing consulting, broker and vendor services analysis, expert witness services.

Compensation: By the project, on retainer, by the hour: principal consultant, \$135; consultant, \$110.

Officers: Lou Golinvaux, chairman; Mark Tansey, president; Kenneth Hopkins, Leland Johnson, senior vps; Steve Davis, CFO.
Contact: Mark Flaten, vp.

Max Bernstein Co.

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

1996 revenues

Continuous consulting.....	75%
Risk management audits.....	20%
Special projects.....	5%

Staff

Total.....	4
Risk management professionals.....	3
Includes: 1 principal consultant, 2 consultants; 2 CPCUs, 1 ARM	

Clients

Total.....	19
------------	----

Consulting since: 1987.

Services: Alternative risk financing consulting, insurance coverage and limits analysis, broker and vendor services analysis.

Compensation: By the project, on retainer, by the hour: principal consultant, \$175; consultant, \$150.

Officers: Max Bernstein, president.

Betterley Risk Consultants Inc.

13 Loring Way, Sterling,
Mass. 01564-2465;
508-422-3366; fax: 508-422-3365

1996 revenues

Continuous consulting.....	30%
Risk management audits.....	30%
Special projects.....	40%

Staff

Total.....	1
Includes: 1 principal consultant; 1 CMC	

Clients

Total.....	30
------------	----

Associations.....	2
Minimum size.....	None

Consulting since: 1932.

Services: Most risk management services.
Compensation: By the project, on retainer, by the hour: principal consultant, \$200.

Contact: Richard S. Betterley, president.

Blackburn Group Inc.

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

1996 revenues

Continuous consulting.....	75%
Special projects.....	25%

Staff

Total.....	6
Risk management professionals.....	5
Includes: 1 principal consultant, 1 consultant, 3 analysts	

Clients

Total.....	160
------------	-----

Consulting since: 1991.

Services: Most risk management services.
Compensation: By the project, on retainer,

by the hour: principal consultant, \$125 to \$150; consultant, \$75 to \$125; analyst, \$50 to \$75; clerical, \$30 to \$40.

Officers: Robert J. Blackburn, managing principal.

Blades, Macaulay, Crout & Myers Inc.

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

1996 revenues

Continuous consulting.....	40%
Risk management audits.....	40%
Special projects.....	20%

Staff

Total.....	4
Risk management professionals.....	3
Includes: 2 principal consultants, 1 consultant; 1 ARM	

Clients

Total.....	25
Associations.....	3
Minimum size.....	None

Consulting since: 1926.

Services: Most risk management services.

Compensation: By the project, on retainer, by the hour: principal consultant, \$160 to \$180; consultant, \$120 to \$140.

SRMC member.

Officers: John J. Crout, president; Richard L. Myers, vp.

T.E. Brennan Co.

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

1996 revenues

Total gross revenues.....	\$2,024,000
Risk management consulting revenues.....	\$1,385,750
Continuous consulting.....	66%
Risk management audits.....	22%
Special projects.....	12%

Staff

Total.....	15
Risk management professionals.....	11
Includes: 6 principal consultants, 5 consultants; 3 CPCUs, 3 ARMs	

Clients

Total.....	249
Associations.....	7
Minimum size.....	None

Consulting since: 1895.

Services: Most risk management services.
Compensation: By the project, on retainer, by the hour: principal consultant, \$200; consultant, \$180; analyst, \$65.

SRMC member.

Officers: Arvid R. Tillmar, chairman/CEO; Thomas Gold, president.

Larry W. Buck & Associates Inc.

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

1996 revenues

Continuous consulting.....	80%
Risk management audits.....	10%
Special projects.....	10%

Staff

Total.....	3
Risk management professionals.....	2
Includes: 1 principal consultant, 1 consultant; 1 ARM	

Clients

Total.....	55
Minimum size.....	None

Consulting since: 1977.

Services: Most risk management services.
Compensation: By the hour: principal consultant, \$200; consultant, \$200.

SRMC member.

Officers: Larry W. Buck, president; N. Richard Magel, vp.

Ken Buhler Associates Inc.

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

1996 revenues

Risk management consulting revenues*.....	\$750,000
Continuous consulting.....	80%
Risk management audits.....	10%
Special projects.....	10%

Staff

Total.....	6
Risk management professionals.....	4
Includes: 2 PEs	

Clients

Total.....	15
------------	----

Consulting since: 1976.

Services: Loss prevention consulting, expert witness services, fire sprinkler system analysis.

Compensation: By the project, by the hour.

Officers: Ken Buhler, president; Randy Buhler, S. Reikin, vps.

* Estimate.

J.D. Byrd & Associates Inc.

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

1996 revenues

Continuous consulting.....	90%
Special projects.....	10%

Staff

Total.....	7
Risk management professionals.....	7
Includes: 1 principal consultant, 6 consultants; 1 ARM	

Clients

Total.....	12
Minimum size.....	None

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Continued from previous page

Locations: Bethlehem, Pa.; Houston.
Compensation: By the hour: principal consultant, \$180; consultant, \$155; analyst, \$130; clerical, \$55.
Officers: Geoffrey Egan, president; Terry Rettig, Kimble Clark, Steven Leftan, vps.
Contact: Richard Schreiber.

Associated Consultants Inc.

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

1996 revenues	
Total gross revenues	\$260,000
Risk management consulting revenues	\$220,000

Continuous consulting	95%
Risk management audits	5%

Staff	
Total	3
Risk management professionals	1
Includes: 1 consultant	

Clients	
Total	41
Associations	5
Minimum size	None

Consulting since: 1981.
Services: Most risk management services.
Specialties: Manufacturing, associations, real estate.
Compensation: By the hour: principal consultant, \$135; consultant, \$90; clerical, \$35.
SRMC member.
Officers: Robert K. Nelson, president.

AuditRate Inc.

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

1996 revenues	
Total gross revenues	\$800,000
Risk management consulting revenues	\$600,000
Continuous consulting	13%
Risk management audits	77%
Special projects	10%

Staff	
Total	9
Risk management professionals	6
Includes: 2 principal consultants, 2 consultants, 2 analysts; 2 CPCUs, 1 ARM, 1 CIC	

Clients	
Total	100
Associations	1

Minimum sizeNone

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

The directory begins on page 18; directory terms are explained on page 19.

**Bahr Consultants Inc.**

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

1996 revenues	
Continuous consulting	95%
Risk management audits	4%
Special projects	1%

Staff	
Total	2
Risk management professionals	1
Includes: 1 principal consultant; 1 CPCU, 1 ARM, 1 CIC	

Clients	
Total	55

Consulting since: 1988.
Services: Insurance coverage and limits analysis, loss prevention consulting.
Compensation: On retainer, by the hour: principal consultant, \$100.
SRMC member.
Contact: William H. Bahr, president.

Becher & Carlson Cos.

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

1996 revenues	
Continuous consulting	60%
Special projects	30%
Actuarial/accounting services	10%

Staff	
Total	47
Risk management professionals	27
Includes: 11 principal consultants, 13 consultants, 1 actuary, 2 analysts; 2 CPCUs, 2 ARMs, 1 ACAS, 1 CIC	

Consulting since: 1981.
Parent: American Re-Insurance Co.
Services: Alternative risk financing consulting, consulting on design of risk management information systems, actuarial consulting.
Locations: Atlanta; Honolulu; Princeton, N.J.; Burlington, Vt.; Hamilton, Bermuda.
Compensation: By the project.
Officers: David L. Carlson, president/CEO; Robert L. Glicksteen, senior vp/CFO; James J. Kofmehl Jr., Robert W. Hessel, Gregory K. Myers, senior vps.
Contact: Gregory K. Myers.

R.L. Beekman & Co. Inc.

1523 Court St., P.O. Box 6700,
 Saginaw, Mich. 48608-6700;
 517-791-4545; fax: 517-791-4714

1996 revenues	
Total gross revenues	\$1,131,627
Risk management consulting revenues	\$1,131,627
Continuous consulting	100%

Staff	
Total	11
Includes: 2 principal consultants, 3 consultants, 2 analysts; 4 CPCUs, 4 ARMs	

Clients	
Total	120

Consulting since: 1986.
Services: Insurance coverage and limits analysis, claims consulting, loss prevention consulting.
Locations: Ann Arbor, Mich.
Compensation: By the hour: principal consultant, \$100 to \$150; consultant, \$75 to \$125; analyst, \$50 to \$75; clerical, \$25 to \$50.
Officers: Richard Beekman, president.

Berkley Risk Services Inc.

920 Second Ave. S., Suite 700,
 Minneapolis, Minn. 55402-4023;
 612-376-4200; fax: 612-376-4299

1996 revenues	
Continuous consulting	83%
Risk management audits	12%
Special projects	5%

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

Clients	
Total	37
Associations	1
Minimum size	None

Consulting since: 1988.
Parent: W.R. Berkley Corp.

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Continued on next page

Continued from previous page

American Risk Managers Inc.

The Sanderson Building,
Suite 3, Hamilton, Ala. 35570;
205-921-7979; fax: 205-921-3146

1996 revenues	
Total gross revenues	\$593,000
Risk management consulting revenues	\$593,000
Continuous consulting	85%
Risk management audits	5%
Special projects	10%
Staff	
Total	12
Risk management professionals	5
Includes: 2 principal consultants, 3 consultants; 1 CPCU, 1 ARM, 1 CIC	
Clients	
Total	65
Minimum size	\$100,000

Consulting since: 1979.
Services: Most risk management services.
Locations: Tupelo, Miss.
Compensation: By the project, on retainer, by the hour: principal consultant, \$150; consultant, \$75; clerical, \$35.
Officers: Walter D. Haney Sr., chairman; Walter D. Haney Jr., president; Ginny Hughett, vp.
Contact: Walter D. Haney Jr.

Andersen Worldwide

1601 Market St., Philadelphia,
Pa. 19103; 215-241-7302;
fax: 215-241-7420

1996 revenues	
Total gross revenues	\$9,400,000,000
Risk management consulting revenues	\$26,220,385
Continuous consulting	6%
Risk management audits	6%
Special projects	78%
Actuarial/accounting services	10%
Staff	
Total	91,572
Risk management professionals	106
Includes: 18 principal consultants, 30 consultants, 10 actuaries, 48 analysts; 1 CPCU, 1 ARM, 10 FCASs, 1 ACAS	
Clients	
Total	822
Associations	25
Minimum size	None

Services: Most risk management services.
Locations: San Jose, Calif.; Hartford, Conn.; Atlanta; Chicago; New York; Nashville, Tenn.; Houston; Milwaukee.
Compensation: By the project, on retainer, by the hour: principal consultant, \$300 to \$450; consultant, \$240 to \$300; analyst, \$100 to \$215.
Officers: Michael L. Toothman, managing partner; David A. Borghesi, business interruption claims; Richard G. Gregoire, claim consulting; Mark C. Hargis, environmental risk analysis; Stephen E. Silver, business fraud risk services.
Contact: Ellen A. Semple, marketing manager, 215-241-8071.

Aon Management Institute Inc.

628 Hebron Ave., Corporate Center
II, Glastonbury, Conn. 06033;
860-659-6780; fax: 860-659-6787

1996 revenues	
Total gross revenues	\$3,000,000
Risk management consulting revenues	\$3,000,000
Continuous consulting	95%
Risk management audits	3%
Special projects	2%
Staff	
Total	16
Risk management professionals	9
Includes: 2 principal consultants, 8 consultants, 1 analyst; 3 CPCUs, 4 ARMs, 3 CSPs	

Consulting since: 1986.
Parent: Aon Corp.
Services: Claims consulting, loss prevention consulting, litigation management and training.
Locations: San Francisco; Hartford, Conn.; Chicago; St. Louis; New York; Dallas.
Compensation: By the project, on retainer, by the hour: principal consultant, \$250; consultant, \$195 to \$250; analyst, \$75 to \$90; clerical, \$20 to \$40.
Officers: Rebecca S. Bruce, president/CEO; Fred Muldoon, senior vp; Anne Ritter, Cathie Bigger, Barry Thompson, Bob Ferris, vps/managing consultants.

Applied Risk Control Corp.

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

1996 revenues	
Total gross revenues	\$735,000
Risk management consulting revenues	\$588,000

Continuous consulting	75%
Risk management audits	19%
Special projects	6%

Staff	
Total	12
Risk management professionals	10
Includes: 5 principal consultants, 2 consultants, 3 analysts; 1 ARM, 1 CSP, 1 PE	

Clients	
Total	110
Associations	5

Consulting since: 1985.
Services: Most risk management services.
Locations: Los Angeles; Atlanta; Chicago; Kansas City, Kan.
Compensation: By the project, on retainer, by the hour: principal consultant, \$105; consultant, \$90.
Officers: Harry P. Mirijanian, president.

Applied Risk Management

2101 Webster St., Suite 900,
Oakland, Calif. 94612;
510-452-9300; fax: 510-452-1479

1996 revenues	
Total gross revenues	\$29,000,000
Risk management consulting revenues	\$2,855,000
Continuous consulting	70%
Risk management audits	15%
Special projects	15%

Staff	
Total	261
Risk management professionals	11
Includes: 11 consultants	

Clients	
Total	23
Minimum size	None

Consulting since: 1980.

Services: Claims consulting; ergonomics; workers compensation program design, implementation and audit.

Locations: Palm Springs, Calif.; Dallas and El Paso, Texas.

Compensation: By the project, by the hour: consultant, \$140 to \$165; analyst, \$110; clerical, \$80.

Officers: Irvin D. Nicholas, president/CEO; William Handley, Larry Dean, Jay Ayala, Dan Nicholson, senior vps.

Aptech Engineering Services Inc.

1282 Rearwood Ave.,
Sunnyvale, Calif. 94089;
408-745-7000; fax: 408-734-0445

1996 revenues

Total gross revenues	\$12,000,000
Risk management consulting revenues	\$300,000
Special projects	100%

Staff	
Total	50
Risk management professionals	5
Includes: 5 principal consultants; 1 CSP, 10 PEs	

Clients	
Total	2
Minimum size	\$100,000

Consulting since: 1990.
Services: Claims consulting, loss prevention consulting, expert witness services.
Specialties: Manufacturing, utilities, technology.

Continued on next page



Continued from previous page

J.H. Albert International Insurance Advisors Inc.

72 River Park, Needham, Mass. 02194; 617-449-2866; fax: 617-449-5340

1996 revenues	
Total gross revenues	\$6,400,000
Risk management consulting revenues	\$6,400,000
Continuous consulting	80%
Risk management audits	5%
Special projects	15%

Staff	
Total	39
Risk management professionals	33
Includes: 9 principal consultants, 24 consultants; 18 CPCUs, 13 ARMs, 2 CSPs	

Clients	
Total	800
Associations	6
Minimum size	None

Consulting since: 1967.
Services: Most risk management services.
Compensation: By the hour; principal consultant, \$175 to \$325; consultant, \$135 to \$150; analyst, \$105.

SRMC member.

Officers: Joseph H. Albert, president; Michael A. Rodman, executive vp; George W. West, Thomas L. Atkins, Martin S. Berman, vps.

Contact: Joseph H. Albert.

Aldrich & Cox Inc.

3075 Southwestern Blvd., Suite 202, Orchard Park, N.Y. 14127-1287; 716-675-6300; fax: 716-675-2098

1996 revenues	
Continuous consulting	75%
Risk management audits	20%
Special projects	5%

Staff	
Total	12.25
Risk management professionals	8.25
Includes: 3.25 principal consultants, 5 consultants; 5 CPCUs, 2 ARMs	

Clients	
Total	80
Minimum size	None

Consulting since: 1951.

Services: Most risk management services.
Compensation: By the project, by the hour; consultant, \$80 to \$165.

SRMC member.

Officers: Charles H. Cox, president; James B. Hood Jr., executive vp; Michael B. Coyle, Ernest A. Hoffoth, vps.

Contact: Charles H. Cox.

All Risks Ltd. Inc.

294 Broad St., Red Bank, N.J. 07701; 800-842-9921; fax: 908-758-1888

1996 revenues	
Continuous consulting	23%
Risk management audits	16%
Special projects	61%

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

Clients	
Total	16
Minimum size	None

Consulting since: 1970.

Services: Insurance coverage and limits analysis, expert witness services, policy premium audits.

Specialties: Utilities, professional services, public sector.

Compensation: By the project, on retainer, by the hour; principal consultant, \$180; analyst, \$50.

SRMC member.

Officers: Hubert M. Farrow Jr., president.

Alpha Risk Management Inc.

60 Cuttermill Road, Great Neck, N.Y. 11021; 516-829-3500; fax: 516-829-6029

1996 revenues	
Total gross revenues	\$1,800,000
Risk management consulting revenues	\$1,800,000
Continuous consulting	60%
Risk management audits	15%
Special projects	25%

Staff	
Total	15
Risk management professionals	9
Includes: 7 principal consultants, 1 consultant, 1 analyst	

Clients

Total	51
Associations	1

Consulting since: 1973.

Services: Most risk management services.

Locations: Montreal.

Compensation: By the project, on retainer, by the hour.

Officers: Herbert H. Feldman, president/CEO; Judith Scott, managing director-Canada; James Branigan, executive vp; Fran Carleton, Anne M. Reyerson, senior vp.

Continued on next page

Explanation of terms used in this directory

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

Listings begin with financial/statistical information. This section includes: total 1996 gross revenues and 1996 revenue generated by risk management consulting, including the percent attributed to continuous risk management consulting, risk management audits, special risk management projects and actuarial/accounting services.

The staff section provides figures in full-time equivalents for the number of total employees and professional employees assigned to risk management consulting, including the breakout of principal consultants, consultants, actuaries, analysts and professional designations as defined below.

Next is the total number of risk management consulting clients, including the number of association clients and minimum-size client accepted by risk and insurance budget, if applicable.

The next section begins with the year risk management consulting services began, parent company, if applicable, and services.

If a company specializes in a limited number of services, three or fewer, those specialized services are shown. Otherwise, the company is assumed to offer general risk management consulting services, which can include some or all of these: alternative risk financing consulting, insurance coverage and limits analysis, broker and vendor services analysis, consulting on design of risk management information systems, risk management organization studies, claims consulting, loss prevention consulting, expert witness services, loss settlement assistance, actuarial consulting.

Companies listed provide consulting to all or most types of business or industry unless otherwise noted under the specialties heading. Majority-owned locations providing risk management consulting other than the home office are listed next.

Compensation specifies if the company is paid on a project basis, on a retainer basis and/or by the hour. The range of hourly charges are given for a principal consultant, consultant, analyst and clerical work.

Listings conclude with a line noting **SRMC membership** if a Society of Risk Management Consultants member is on staff, a line noting if the company is certified under **ISO 9000**, the names and titles of the company's top officers and the name of a **contact** for readers seeking additional information.

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

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

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BI directory of risk management consultants



**AFM Associates Ltd./
Waterstreet Group Inc.**
10421 Byrum Woods Drive,
Raleigh, N.C. 27613; 919-846-1414;
fax: 212-750-8460

1996 revenues	
Total gross revenues	\$325,000
Risk management consulting revenues	\$325,000
Continuous consulting	15%
Risk management audits	5%
Special projects	75%
Actuarial/accounting services	5%
Staff	
Total	4
Risk management professionals	4
Includes: 2 principal consultants, 1 consultant, 1 analyst; 1 CPCU	
Clients	
Total	3
Minimum size	\$300,000

Consulting since: 1988.
Services: Alternative risk financing consulting, insurance coverage and limits analysis, alternative risk transfer and reinsurance analysis.
Specialties: Health care providers, transportation, foreign governmental entities.
Locations: New York; Sao Paulo, Brazil.
Compensation: By the project, on retainer.
Officers: Anthony F. Motola, CEO; Andrew A. Alberti, chairman; Carlos B. de Moura, principal partner-Brazil; Hugh Bailey, senior consultant.
Contact: Anthony F. Motola.

AIG Risk Management
70 Pine St., New York, N.Y. 10270;
212-770-7000; fax: 212-770-5693

1996 revenues	
Total gross revenues	\$172,736,000
Risk management consulting revenues	\$160,645,000
Continuous consulting	80%
Risk management audits	5%
Special projects	5%
Actuarial/accounting services	10%
Staff	
Total	496
Risk management professionals	79
Includes: 16 principal consultants, 29 consultants, 19 actuaries, 15 analysts; 20 CPCUs, 9 ARMs, 8 FCASs, 9 CSPs, 12 ACAS, 8 CICs	
Clients	
Total	600
Minimum size	\$250,000

Consulting since: 1974.
Parent: American International Group.
Services: Most risk management services.
Locations: Los Angeles; San Francisco; Atlanta; Chicago; Boston; Cleveland; Philadelphia; Pittsburgh; Dallas; Houston; Burlington, Vt.; Hamilton, Bermuda; Toronto; London.
Compensation: By the project, on retainer.
Officers: Charles Dangelo, president; Kim Piersol, CFO; Edward Garofolo, chief underwriter; Michael Curio, senior vp.
Contact: Kim Piersol, 212-770-7420.

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

1996 revenues	
Total gross revenues	\$414,000
Risk management consulting revenues	\$414,000
Continuous consulting	78%
Risk management audits	8%
Special projects	14%
Staff	
Total	5
Includes: 1 principal consultant, 2 consultants, 1 analyst; 2 CPCUs, 2 ARMs, 1 CSP, 1 CIC	

Consulting since: 1986.
Services: Most risk management services.
Compensation: By the project, on retainer, by the hour: principal consultant, \$125 to \$195; consultant, \$85 to \$115; analyst, \$65.
Officers: Robert Abrahamson, executive consultant/CEO.

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

1996 revenues	
Continuous consulting	5%
Risk management audits	15%
Special projects	5%
Actuarial/accounting services	75%
Staff	
Total	9
Risk management professionals	6
Includes: 1 principal consultant, 1 consultant, 2 actuaries, 2 analysts; 1 CPCU, 1 ARM, 2 FCASs, 1 ACAS	
Clients	
Total	58

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

Contact: Bob Ingco, president/chief actuary.

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

1996 revenues	
Total gross revenues	\$3,300,000
Risk management consulting revenues	\$3,000,000
Continuous consulting	40%
Risk management audits	10%
Special projects	24%
Actuarial/accounting services	26%
Staff	
Total	21
Risk management professionals	14
Includes: 4 principal consultants, 5 consultants, 2 actuaries, 3 analysts; 4 CPCUs, 5 ARMs, 1 FCAS, 1 ACAS, 1 CIC	
Clients	
Total	300

Consulting since: 1982.
Services: Most risk management services.
Locations: Sacramento, Calif.
Compensation: By the project, by the hour: principal consultant, \$185 to \$200; consultant, \$120 to \$150; analyst, \$45 to \$80; clerical, \$25 to \$45.
SRMC member.
Officers: Steve P. Kahn, Michael M. Kaddatz, Greg Trout, Steven A. Glicksman, principals.
Contact: Michael Kaddatz.

Associations	65
Minimum size	None

Consulting since: 1982.
Services: Most risk management services.
Locations: Sacramento, Calif.
Compensation: By the project, by the hour: principal consultant, \$185 to \$200; consultant, \$120 to \$150; analyst, \$45 to \$80; clerical, \$25 to \$45.

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

Advanced Insurance Management
33 N. Addison, Suite 100,
Addison, Ill. 60101; 800-288-9256;
fax: 630-279-9219

1996 revenues	
Continuous consulting	5%

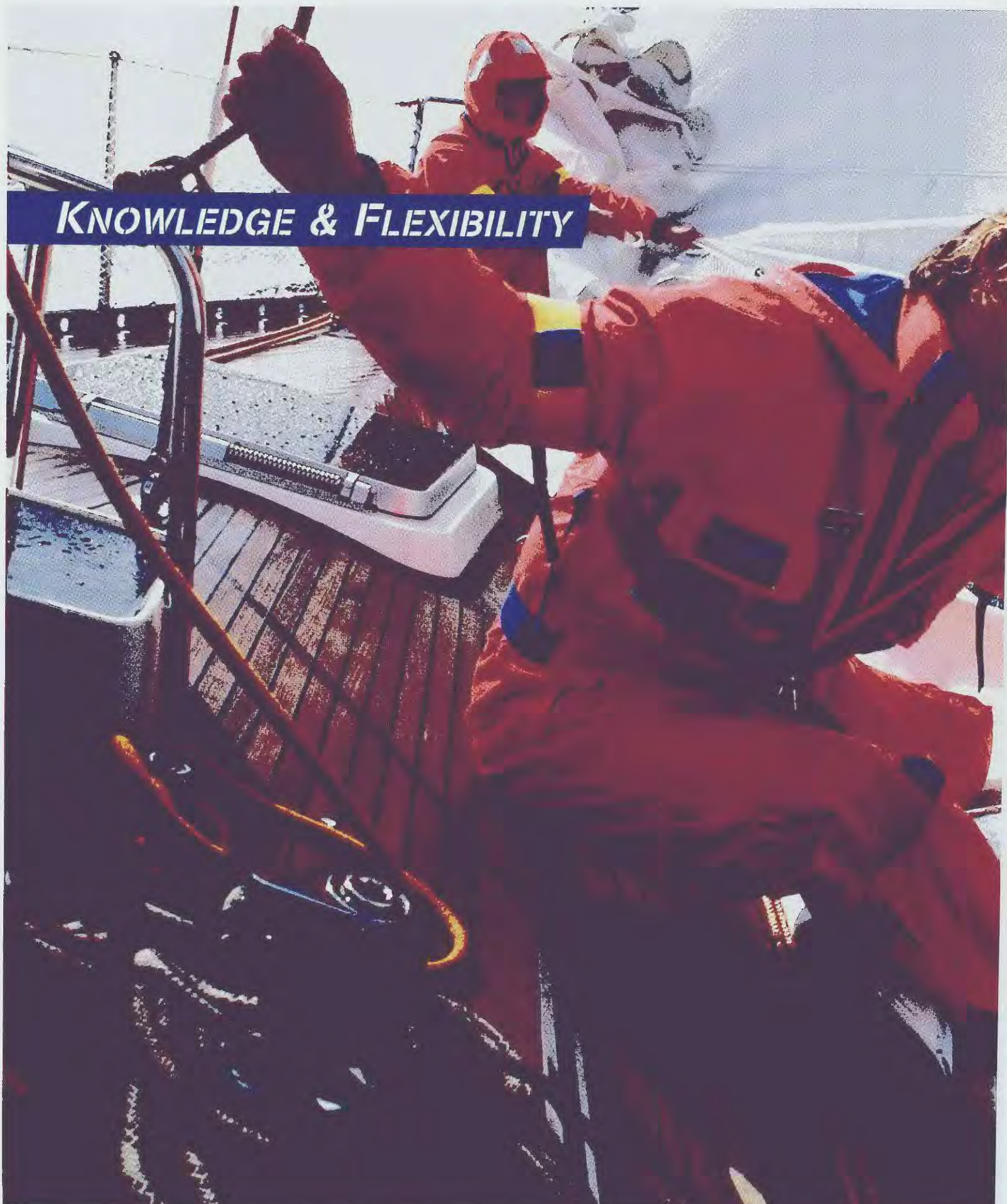
Risk management audits	5%
Special projects	90%

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

Clients	
Total	22
Minimum size	\$5,000

Consulting since: 1987.
Services: Insurance coverage and limits analysis, expert witness services, reviewing workers compensation premium computations and recovering overcharges from current and past policies.
Specialties: Manufacturing, contractors.
Compensation: By the project, by the hour: principal consultant, \$125; consultant, \$75.
Contact: Edward J. Priz, principal/owner.

Continued on next page



Business Insurance

JANUARY 6, 1997

Reporting Weekly on Corporate Risk, Employee Benefit and Managed Health Care News

RIMS gears up to push liability reform in 1997

By MARK A. HOFMANN

NEW YORK—The Risk & Insurance Management Society Inc. plans to push for broad-ranging liability reforms at both the state and federal level after Congress and state legislatures convene later this month.

But in addition to pursuing such traditional goals, the risk management group also plans to give emphasis to certain issues not usually prominent on RIMS' agenda, such as health care and pension reform.

Issues that retain their standing spots at the RIMS agenda this year include reform of Superfund, union cleanup liability, creating uniform product liability, the operations of the National Safety Council and administration.

"I don't see any

in RIMS' wish list

J. Drapson, RIMS

"The same

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Make contact *before* the gathering begins as these executives turn to our RIMS Preview issue for an advance look at the meeting's hottest topics — and the best Atlanta has to offer. Network *during* the conference as they browse through our Directory of Captive Managers and peruse the accomplishments of the 1997 Risk Manager of the Year. Follow up *after* RIMS when our post-conference Reports on Employee Benefits/Workers Comp and Risk Management sessions are widely-read.

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Publishing: April 21 ■ Closing: April 9

RIMS Report: Risk Management

Publishing: April 28 ■ Closing: April 16

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EPL

Continued from page 14

piqued risk managers' curiosity, it did not cause them to open their checkbooks.

"There was a lot of interest, but not many quotations stuck, because frankly, it was not a good buy," he said.

But now, "it's becoming a part of an organization's P/C portfolio," said Mr. Coombs.

In fact, the market for EPL has, like the markets for most other professional liability products, become one in which the buyer can get just about anything he or she wants.

Limits of \$100 million or more are available (BI, July 29, 1996). In some cases, coverage is available for punitive damages as well

as actual damages. Although there is no standard form, policies generally are written on a claims-made basis and include defense costs within the limits.

ceeding with a government regulator, such as a filing with the Equal Employment Opportunity Commission.

Nevertheless, "clients don't typ-

don't see the need for this coverage," said Peter Sinnott, a consultant with Watson Wyatt Worldwide in Chicago. The senior management of many companies views the Texaco settlement as a fluke, he said.

One reason for this is that some companies apparently don't want to know how wide their exposure is, said several consultants.

Mr. Betterley said that sometimes it is "really difficult" to find out what a client's loss experience really is. The matter often lies outside the risk manager's traditional area, and the information isn't tracked, he said.

"The biggest role that we play is that of a facilitator" bringing parties together to assess risks, said Risk Resources' Mr. Coombs. In large companies, internal human resources departments may assess

'There're still a lot of firms that are well-managed companies but don't see the need for this (EPL) coverage,' says Peter Sinnott of Watson Wyatt Worldwide.

Coverage usually can be triggered by a variety of circumstances: a lawsuit; a written demand for damages or written allegation of discrimination, sexual harassment or wrongful termination; and an administrative pro-

ically understand what it covers. There's a fairly strong feeling out there that it doesn't provide as much coverage as it seems," said Mr. Betterley.

"There're still a lot of firms that are well-managed companies but

the risk rather than risk management, he said.

Another problem in determining exposure is a lack of data, said Tillinghast Towers-Perrin's Ms. Chanzit. "People are reluctant to share it with people in the company, much less outside the company," she said.

Risk managers often are not aware of the allegations, which is why a lot of companies haven't bought this type of insurance, said Deloitte & Touche's Mr. Pouzar. "Risk managers are becoming increasingly aware that this is an uninsured risk," he said.

Mr. Coombs said that only a tiny portion of companies, perhaps less than 10%, carry EPL coverage. He said the situation is comparable to the early days of D&O insurance. "Just like D&O is a form of malpractice insurance, so is employment practices," he said.

"We see this issue come up in discussions of D&O liability," said Paul Van Zuiden, a consultant in Watson Wyatt's Chicago office. At issue is whether EPL coverage should be on the D&O policy or a separate policy, he said, adding that some of the new D&O policies do not include EPL coverage.

Another factor driving corporate interest in employment practices issues is consolidation, said Deloitte & Touche's Mr. Pouzar.

"Anyone doing a due diligence" in preparation for a merger or acquisition has to look at the liability, he said. Often, the person performing the due diligence finds that the company either doesn't have reserves set up or doesn't have insurance, he said.

"So senior management is looking at ways to risk manage this liability," he said.

Corporations also are looking beyond insurance to mitigate their exposure, noted several consultants.

"Organizations are taking internal steps" to cut their exposures through promulgating very firm policy statements regarding non-discrimination and inappropriate behaviors, said Mr. Charron.

Tillinghast-Towers Perrin's Ms. Chanzit noted that even if an incident occurs, a company can help mitigate the situation by moving quickly to deal with it.

"People still have a tendency of avoidance," she said. A supervisor hears of an occurrence that could lead to trouble but doesn't want to get involved and does nothing instead of reporting or documenting the incident.

That's the wrong approach, she said. Instead, the company needs to respond aggressively, even though doing so might cause problems.

"By having a little pain up front you can avoid big pain later," she said. **BI**



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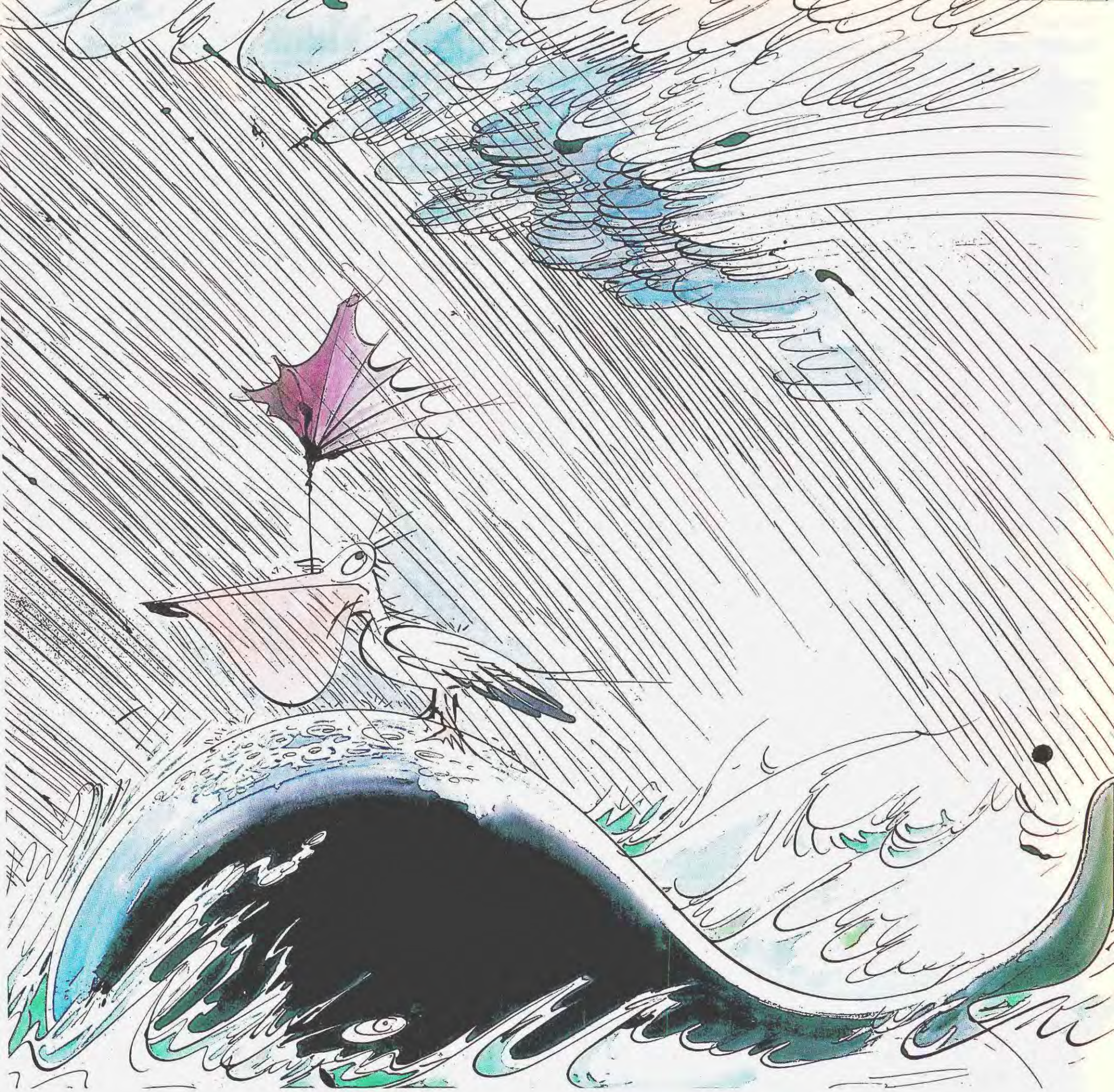
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Risk managers seeking EPL knowledge and coverage

By MARK A. HOFMANN

Multimillion-dollar discrimination settlements, a softening insurance market and concern about lurking liabilities have piqued risk managers' interest in protecting themselves against employment practices liability exposures.

Despite the heightened interest, though, employment practices issues still remain lower on many risk managers' radar screens than concerns with other forms of what basically are business malpractice issues, such as directors and officers liability, say risk management consultants.

Part of the reason is lack of understanding of how EPL insurance works and what it covers, consultants say. In other cases, they add,

the lack of interest reflects the fact that such matters often are handled outside the risk management department.

"I think there is heightened interest. But I think people aren't sure quite how to proceed with it. The question we get asked most often right now is how much coverage to buy if we can buy coverage, and what is the biggest foreseeable loss?" said Lisa Chanzit, a consulting actu-

ary in Tillinghast-Towers Perrin's Boston office.

"People are also asking us—which probably should come first—to 'Do an assessment or an audit of our human resource operations and procedures and tell us what we're doing right and wrong to prevent these potential losses,'" Ms. Chanzit added.

"It's a concern to me when you simply look at the proliferation of litigation," said Millicent Workman,

risk manager of Mueller Industries Inc. in Memphis, Tenn.

"There's a lot of publicity on the big cases, such as the Texaco case. But what's also out there that you're not seeing are settlements against smaller companies," according to Ms. Workman, who said Mueller Industries carries employment practices liability insurance.

"I think you'll see risk managers taking more of an interest in it, such as maybe buying coverage for the first time or increasing their limits if they have coverage," she predicted.

Risk management consultants agree that a series of high-profile, high-settlement employment practices cases have caused clients to pay greater attention to what they need to do to minimize and mitigate their

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Two things started it: the Americans with Disabilities Act and the Clarence Thomas/Anita Hill hearings,' says Ed Pouzar.

exposure.

"Two things started it: the Americans with Disabilities Act and the Clarence Thomas/Anita Hill hearings," said Ed Pouzar, senior manager and risk management practice leader in Deloitte & Touche L.L.P.'s New York office.

"And it's just been gaining momentum. Texaco is just the most recent example of this type of settlement. Every major corporation today has these types of allegations on the table," said Mr. Pouzar.

Texaco Inc. offered late last year to pay more than \$176 million to settle a racial discrimination suit brought against it by African-American employees (*BI*, Dec. 23/30, 1996). Earlier this month, the class of 1,342 African-American employees who sued Texaco Inc. for racial discrimination accepted the company's \$115 million settlement offer, declining to sue to company separately. The rest of the \$176.1 million total settlement will be used for pay increases for African-American employees and for the establishment of an equality and tolerance task force.

"The dollar amount has been the attention-grabber. It's out there and it's being visibly litigated," agreed Mark Charron, a partner in Deloitte & Touche's Hartford, Conn., office.

Because the employment practices exposure is a relatively new one for many risk managers, their questions run the gamut from the most basic to the extremely sophisticated, say consultants.

"It's primarily the confusion of 'A, whether we should buy the insurance and B, if so, from whom?' There's been an incredible proliferation of sources of EPL. Everybody and his brother is in this market now," said Richard S. Betterley, president of Betterley Risk Consultants Inc. of Sterling, Mass.

The proliferation of underwriters, and an accompanying liberalization of terms and conditions, is a far cry from the situation when standalone EPL products first appeared in the early 1990s.

"I think many consultants have changed their outlook in respect to EPL insurance," said Stephen A. Coombs, president of Risk Resources in Westchester, Ill.

The first policies offered low limits and restrictive terms, Mr. Coombs pointed out. While the products

See EPL on page 16

Continued from previous page parties together where it's never been done before."

"You got to have the people in the room to tell you what the risks are," said Ms. Sauer of J&H.

No skill is more important to risk managers and consultants in this role than the ability to communicate, particularly beyond the language of risk management, consultants said.

"Having a set of skills that allow us to understand the big picture is critical," Ms. Sauer said. "You need to talk the talk of risk management but also of the CFO and others in the business."

Communication is critical, especially when dealing with financial people. "If we can explain it to them in terms of their world, it somehow helps them to understand it," said Richard S. Better-

ley, president of Betterley Risk Consultants Inc. in Sterling, Mass.

Communicating the consultant's goals, which typically include conducting a company-wide risk as-

people become forthcoming and provide the needed information.

"Once you have their support, it's so much easier to get the job done," Mr. Coombs said.

'Because these are new ideas, many times it takes more meetings and more material to have them assimilate the information and apply it,' says Stephen Coombs.

essment, also helps develop trust with the various people involved and convince them that consultants are not there to "cut off people's legs," said Mr. Coombs of Risk Resources.

When a level of trust is created,

Without the necessary information, a consultant cannot help the risk manager properly evaluate the risks.

Getting the information from the far-flung locations of a multinational organization can some-

times be difficult. "You have to be able to obtain and access information from these different businesses and countries," Mr. Coombs said. "Trying to determine how all those pieces fit in is quite challenging."

Despite the increased number of people involved, consulting on non-traditional risk management programs does not necessarily take more time, consultants said.

"The time-consuming part is understanding the language the different audiences speak," said Mr. Miccolis of Tillinghast. "You need to make an internal investment to learn their language and issues."

Although some concepts take more time to discuss, because there are fewer non-traditional options, the overall time expenditure remains about the same, said Mr. Betterley.

"Because these are new ideas, many times it takes more meetings and more material to have them assimilate the information and apply it," Mr. Coombs said.

But corporate clients aren't the only ones who need to be up to speed on the new programs.

A risk manager who implemented some non-traditional concepts in her company's risk management program found consultants lacking.

Becky Huntsman, corporate risk manager for Vishay Intertechnology Inc. in Malvern, Pa., said she is generally satisfied with the work of risk management consultants—except when dealing with non-traditional strategies.

"They really don't seem to be innovative enough," she said.

She learns of new programs by attending seminars or from underwriters, not from consultants. Ms. Huntsman recommends that consultants "keep more abreast of new products and alternative products available" and become more proactive in dealing with clients.

Also, when she gathered the company's CFO and other financial people to discuss innovative ideas with the consultant, she preferred to let the underwriter make the presentation because "it was beyond the expertise," of the consultant.

While interest in non-traditional programs like strategic risk management have increased, few programs actually have been implemented.

"We're still in some stage of infancy" with the plans, said Mr. Rodman of J.H. Albert.

Many clients are interested and discuss the ideas, "but when it comes down to actually deciding to proceed, the caution flags come out," Mr. Betterley said.

"You will see increased levels of interest if the market should turn around," Risk Resources' Mr. Coombs said. In a soft market, companies can afford to simply buy insurance rather than look at new alternatives, he said. **BI**

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Actuaries

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"I do believe the auditing companies are winning assignments without competing," he said. The accounting firms' risk management work is often priced competitively low and entices the client by making actuarial work part of a larger package of number-crunching.

Typically, Mr. Yonkunas said, the Big Six accounting firms are in a key position to offer actuarial services when they review a company's financial books and records, a time that is often convenient for the risk manager.

"Our focus is on developing strategy to manage risk. The core piece of that is the risk assessment phase," Mr. Yonkunas said. "The focus is not what are the numbers, but what's driving the numbers and how bad (losses) can get."

He contrasted this with much of the work done by accounting firms, which he said often is non-strategic and intended to fulfill mere regulatory compliance.

Still, the similarities between actuarial services offered by risk management consulting firms and accounting firms often outweigh any differences, said Richard Sherman, an Ashland, Ore.-based risk management consultant and actuary. Joint ventures are common between the two types of companies, he said.

"I think there is a definite area of overlap," said Mr. Sherman, who outlined several types of projects for which any well-equipped risk management consulting firm or accounting firm with actuarial expertise could compete:

- Analyses of funding levels for retirement programs.
- Feasibility studies on self-insurance alternatives, with cost comparisons.
- Analyses of variability for

self-insured clients.

- Estimates of proper reserves for self-insured losses.
- Proper funding levels for future years.
- Allocation of claim costs among corporate divisions.

"Twenty years ago, very few of these services were provided by actuaries," Mr. Sherman added. "They were provided by brokers."

Arvid R. Tillmar, CEO of Milwaukee-based T.E. Brennan Co., a midsize risk management consulting firm, agreed that risk management consulting firms with no actuarial talent on staff already are at a distinct disadvantage and may have to decline certain projects.

"The firms that don't have this capability are walking away from it or forming alliances (with actuaries)," he said. **BI**

Consultants

Continued from page 3

Inc. in Needham, Mass.

But, he added, once risk management ideas are explained, they are understood. "It's not rocket science," he said.

It's not hard to teach people about the risk concepts, as they are relatively easy to understand, Ms. Sauer agreed. "We try to get them to think more broadly and dig deeper at what the risks are and try to chart them by importance," she said.

Union Carbide Corp. in Danbury, Conn., relied on a consultant to help establish its non-traditional risk financing program, which combined finite risk and integrated risk elements (*BI*, Feb. 26, 1996).

"The advantage is consultants have a broad view and understand the finance, tax and insurance issues," said Richard M. Inserra, as-

whole.

Mr. Miccolis of Tillinghast said it's important to make an overall assessment of the client and its goals. He looks at the business the client is in and how it operates, the company's strategic objectives and where it wants to be in three to five years, and what financial measures it uses to gauge financial progress.

From there comes a broad picture of the risks. "Risks are the things that will potentially get in the way of hitting their targets," he said.

Bringing together the various people in the organization to make an overall assessment is a critical role of the consultant, said Steve Coombs, president of Risk Resources in Westchester, Ill.

"We're facilitators," he said. "In many cases we're bringing the *Continued on next page*

'If we can explain it to them in terms of their world, it somehow helps them to understand it,' Richard Betterley says.

sistant treasurer-risk management and insurance. "They understood what it was we were looking to achieve and were able to work with us to get it done."

To be effective risk advisers, consultants need to think expansively and look at the company as a

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